



CABINET

Date of Meeting	Tuesday 24 th September 2019
Report Subject	Revenue Budget Monitoring 2019/20 (Month 4)
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

This monthly report provides the first detailed revenue budget monitoring position for 2019/20 for the Council Fund and Housing Revenue Account for the new financial year and presents the position, based on actual income and expenditure, as at Month 4. The report projects how the budget would stand at the close of the financial year if all things remained unchanged.

The format of the report has been changed to emphasise the key areas affecting the Council, emerging risks to the financial position and to reinforce links with the Medium Term Financial Strategy (MTFS).

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 £2.983m – a reduction of £0.118m from the deficit figure of £3.101m - reported in the Interim Revenue Budget Monitoring July, 2019
- A projected contingency reserve balance as at 31 March 2020 of £1.886m

Housing Revenue Account

- Net in-year revenue expenditure forecast to be £0.081m higher than budget
- A projected closing balance as at 31 March 2020 of £1.242m

Both the Council and WLGA continue to campaign and lobby Welsh Government for specific additional national funding for high demand - high cost services. The increasing demands on out of county /Children's Services care continue to provide significant challenges.

RECOMMENDATIONS	
1	To note the overall report and the projected Council Fund contingency sum as at 31 st March 2020.
2	To note the projected final level of balances on the Housing Revenue Account (HRA).
3	To agree a budget virement within Social Services to realign the budget to meet current service needs (paragraph 1.07).

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 £2.983m • A projected contingency reserve balance as at 31 March 2020 of £1.886m 																																																												
1.02	<p>Table 1. Projected Position by Portfolio</p> <p>The table below shows the projected position by portfolio:</p> <table border="1"> <thead> <tr> <th>Portfolio/Service Area</th> <th>Approved Budget</th> <th>Projected Outturn</th> <th>In-Year Over / (Under) spend</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Social Services</td> <td>65.978</td> <td>65.978</td> <td>0.000</td> </tr> <tr> <td>Out of County Placements</td> <td>9.033</td> <td>11.027</td> <td>1.994</td> </tr> <tr> <td>Education & Youth</td> <td>8.535</td> <td>8.404</td> <td>(0.131)</td> </tr> <tr> <td>Schools</td> <td>91.946</td> <td>91.946</td> <td>0.000</td> </tr> <tr> <td>Streetscene & Transportation</td> <td>30.547</td> <td>32.114</td> <td>1.567</td> </tr> <tr> <td>Planning & Environment</td> <td>5.929</td> <td>5.994</td> <td>0.065</td> </tr> <tr> <td>People & Resources</td> <td>4.464</td> <td>4.502</td> <td>0.038</td> </tr> <tr> <td>Governance</td> <td>9.007</td> <td>9.146</td> <td>0.139</td> </tr> <tr> <td>Strategic Programmes</td> <td>3.860</td> <td>3.860</td> <td>0.000</td> </tr> <tr> <td>Housing & Assets</td> <td>15.711</td> <td>15.666</td> <td>(0.045)</td> </tr> <tr> <td>Chief Executive</td> <td>2.842</td> <td>2.678</td> <td>(0.164)</td> </tr> <tr> <td>Central & Corporate Finance</td> <td>23.498</td> <td>23.019</td> <td>(0.479)</td> </tr> <tr> <td>Total</td> <td>271.350</td> <td>274.333</td> <td>2.983</td> </tr> </tbody> </table>	Portfolio/Service Area	Approved Budget	Projected Outturn	In-Year Over / (Under) spend		£m	£m	£m	Social Services	65.978	65.978	0.000	Out of County Placements	9.033	11.027	1.994	Education & Youth	8.535	8.404	(0.131)	Schools	91.946	91.946	0.000	Streetscene & Transportation	30.547	32.114	1.567	Planning & Environment	5.929	5.994	0.065	People & Resources	4.464	4.502	0.038	Governance	9.007	9.146	0.139	Strategic Programmes	3.860	3.860	0.000	Housing & Assets	15.711	15.666	(0.045)	Chief Executive	2.842	2.678	(0.164)	Central & Corporate Finance	23.498	23.019	(0.479)	Total	271.350	274.333	2.983
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1.03	The reasons for the projected variances are summarised within Appendix 1 which shows the detail of all variances over £0.050m and a summary of minor variances for each portfolio. This provides the overall position for each portfolio and the overall position for the Council Fund.
1.04	<p>Following a review of the format of the Revenue Budget monitoring report some enhancements have been made which will aim to highlight the following key information for Members:</p> <ul style="list-style-type: none"> • The key major variances to bring to the attention of Cabinet • The tracking of in year financial risks • Potential MTFS Impact of the current in year monitoring position
	Major Variances to highlight this Month
1.05	<p>Out of County Placements</p> <p>At this early stage in the financial year, there is a projected overspend of £1.994m for the provision of Out of County Placements.</p> <p>The Council included an additional amount of £1.655m in the 2019/20 budget to reflect the number of clients and care packages at that particular time. However, in the early part of 2019/20 there has been an increase in the number of high cost placements.</p> <p>This has created a projected overspend of £1.571m in Social Services Children's Services and a projected overspend of £0.423m within Education & Youth Inclusion Services. This is based on current clients and their assessed need.</p> <p>This projection includes externally provided placement costs for over 150 children, some of which lie within Flintshire's geographic boundary. There is the potential for this to impact on future years 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>A Report on 'Improving the in-house offer for Out of County Placements for Children' taken to the Joint Education & Youth and Social & Health Care OS Committee in July, 2019 outlined the Council's strategy and commitment in ensuring safe, high quality, support for Children's Services.</p> <p>As requested by Corporate Resources Overview and Scrutiny Committee a separate report will be considered on the key issues and latest position at the meeting on 19 September.</p>
1.06	<p>Street Scene and Transportation</p> <p>Transportation and Logistics - £1.286m Overspend</p> <p>The pressure in school transport costs are as a result of several factors:-</p>

	<ul style="list-style-type: none"> - The effect of non-statutory school transport arrangements and ongoing transport policy anomalies; - An increase in mainstream secondary education pupil transport and Special Educational Needs (SEN) pupil transport, both in-County and for Out of County placements, along with increases in the number of school escorts to accompany SEN pupils and in the number of single occupancy routes; - Transporting enrolment cohort to Connahs Quay High School and placing duplicate vehicles on public bus services as a response to non-eligible pupil displacement; - An increase in number of school days for 2019/20 <p>Work is in hand to try to contain this figure within original cost pressure range which had an estimated ceiling of £0.930m. As requested by Corporate Resources Overview and Scrutiny Committee a separate report will be considered on the key issues and latest position at the meeting on 19 September.</p> <p>Service Delivery – £0.100m Overspend</p> <p>Following the extreme weather event during June 2019, the service has incurred additional revenue pressures from responding and resolving flooding issues across the County. The network damage was widespread and included road foundations being undermined, particularly on roads adjacent to water courses, and road surfaces being lifted by inspection covers, due to the pressure created by the sheer volume of water within the drainage system. The costs include the additional staffing costs towards responding and repairing the highway along with costs of plant and materials. A claim to Welsh Government has been submitted for these additional costs, which is currently awaiting confirmation on eligibility and award of funding.</p>
1.07	<p>Social Services</p> <p>The overall position for Social Services is projecting a balanced outturn</p> <p>There are however some significant variances both adverse and favourable that underpin this position due to overspends within Children’s Services and net underspends within Adults Services.</p> <p>All details of variances are provided in Appendix 1 and consideration has been given to potential realignment of budgets within the Portfolio to address changes in service delivery.</p> <p>It is recommended that an amount of £0.250m is transferred within Adults Services from Resources & Regulated Services, which is underspending due to decreases in high cost placements, to the Mental Health Residential Service which is experiencing higher than expected demand for services.</p>
1.08	<p>Central & Corporate Finance</p> <p>Pension; £0.697m underspend</p>

	<p>There was a significant underspend on the pension contribution account in 2018/19 with £0.600m contributing towards the 2019/20 budget. Early analysis suggests that there is a further efficiency in year.</p> <p>There are various factors affecting the position including the financial impact of the transfer of various services being less than anticipated and 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 2020/21 budget.</p> <p>Income Target; £0.163m un-achieved</p> <p>The Council is continuing to review its fees and charges and to investigate new sources of income. A report to Cabinet in July recommended a process for the annual review of fees and charges with the aim of achieving full cost recovery wherever possible. It is likely that the position will improve in year and this will be reported on in a later monitoring report.</p>
1.09	<p>Tracking of In-Year Risks and Emerging Issues</p> <p>At the time of setting the Budget for 2019/20 a number of significant risks were identified and an update is provided below.</p>
1.10	<p>Out of County Placements</p> <p>A key risk identified at the time of setting the 2019/20 budget was the general rising costs of social care and the upward trend in the number of cases of Out of County placements across Wales. 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 impact of the current pressures on Out of County Placements are being considered as part of the Councils latest forecast for 2020/21.</p>
1.11	<p>School Transport</p> <p>Managing the increasing demand into future years in mainstream secondary education pupil transport and Special Educational Needs (SEN) pupil transport, both in-County and for Out of County placements, along with further potential increases in the number of school escorts to accompany SEN pupils and the number of single occupancy routes;</p>
1.12	<p>Achievement of Planned In-Year Efficiencies</p> <p>The 2019/20 budget contains £6.939m of specific efficiencies which are tracked and monitored. In 2018/19 the level of efficiency achievement was 98% which was an improvement on the 94% achieved during the previous year. The Council aims to achieve a 95% rate in 2019/20 as reflected in the MTFs KPI's.</p>

	<p>The current assessment of the efficiencies to be achieved in 2019/20 shows that £6.217m or 90% of the efficiencies will be achieved.</p> <p>However when taking into account the decision of Cabinet to re-phase the efficiency from the Aura Subsidy this changes the achievement rate to 91%.</p> <p>The risk remains that any ongoing under-achievement of efficiencies will have a recurring and negative impact on the 2020/21 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 2020/21 being reviewed as part of the ongoing work on the MTFS.</p>																								
1.13	<p>Income</p> <p>The Council introduced its Income Strategy in late 2017. A target of £0.163m 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 being considered as part of business planning and annual review.</p>																								
1.14	<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 has reduced over recent years and there is always a risk that the market rates may reduce further.</p>																								
1.15	<p>Schools Pressures</p> <p>In recent years there has been considerable pressure on secondary school budgets. 7 out of 11 secondary schools in Flintshire carried forward deficits into 2019/20 and a summary is provided below. Schools are required to submit a licensed deficit application to the Council and this is reviewed by the Chief Officer, Education & Youth and the Section 151 Officer.</p> <table border="1" data-bbox="400 1458 1238 1816"> <thead> <tr> <th>School</th> <th>Deficit Balance brought forward</th> <th>% of budget</th> </tr> </thead> <tbody> <tr> <td>Connah's Quay High School</td> <td>-34,477</td> <td>-0.8%</td> </tr> <tr> <td>St. Richard Gwyn</td> <td>-508,276</td> <td>-16.2%</td> </tr> <tr> <td>Ysgol Treffynnon</td> <td>-646,173</td> <td>-29.5%</td> </tr> <tr> <td>Castell Alun High School</td> <td>-8,674</td> <td>-0.2%</td> </tr> <tr> <td>Ysgol Maes Garmon</td> <td>-173,177</td> <td>-6.7%</td> </tr> <tr> <td>Argoed High School</td> <td>-56,000</td> <td>-2.2%</td> </tr> <tr> <td>St. David's High School</td> <td>-452,609</td> <td>-23.9%</td> </tr> </tbody> </table> <p>This position is being reviewed by the Council on a school by school basis due to concerns about the deteriorating position. The issue has also been highlighted by Estyn as a specific recommendation in its recent inspection report.</p>	School	Deficit Balance brought forward	% of budget	Connah's Quay High School	-34,477	-0.8%	St. Richard Gwyn	-508,276	-16.2%	Ysgol Treffynnon	-646,173	-29.5%	Castell Alun High School	-8,674	-0.2%	Ysgol Maes Garmon	-173,177	-6.7%	Argoed High School	-56,000	-2.2%	St. David's High School	-452,609	-23.9%
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1.16	<p>Other In-Year Issues</p> <p>Inflation</p> <p>Included within the 2019/20 budget are provision for Non Standard Inflation fuel (£0.034m), Energy (£0.329m) and NDR/Price (£0.204m). As in previous years, these amounts are held centrally until later in the year when actual cost pressures are known. It is currently assumed that all of these allocations will be required in 2019/20 but this will be kept under review throughout the financial year.</p> <p>In previous years, the Council has had to make a payment associated with the Carbon Reduction Scheme. This scheme has now ended and the impact of this is likely to result in higher energy charges for the Council. The funding associated with this has now been added to the central inflation budget and will be allocated according to need</p>
1.17	<p>MTFS Impact</p> <p>Cabinet considered the latest projection for the MTFS in April which showed a budget gap of £13.3m.</p> <p>The gap included pressures for the following services which are currently under review in view of the emerging in year position:</p> <ul style="list-style-type: none"> • Out of County Placements – Current projection of £1.994m with a pressure of £1.156m already included for 20/21 • School Transport - currently projecting an overspend of £1.286m in 2019/20 - £0.700m assumed in the forecast (reducing due to non-statutory school transport arrangements and ongoing transport policy anomalies being removed from July 2020). <p>Further Risks for MTFS</p> <p>Any efficiencies not achievable by 20/21 will need to be included as a further pressure together with the impact on any grant funding that does not continue into 20/21.</p> <p>All Portfolios consider their financial position, the risks within their service and the impacts on the Medium Term on a monthly basis as part of their Portfolio Management Team meetings.</p>
1.18	<p>Reserves and Balances</p> <p>Un-earmarked Reserves</p> <p>The 2018/19 outturn reported to Cabinet in July showed un-earmarked reserves at 31 March 2019 (above the base level of £5.769m) of £8.252m.</p> <p>As approved in the 2019/20 budget an amount of £2.221m was utilised as part of the strategy to balance the budget. In addition an amount of £0.062m was approved to operate a Sustainable Drainage System (SuDS)</p>

	Approving Body (SAB), £1.000m for investment in change and an amount of £0.100m for the ongoing resourcing of the Victim Contact Team within Social Services.
1.19	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 £1.886m as detailed in Appendix 3.
1.20	Earmarked Reserves A summary of earmarked reserves as at 1 April 2019 and an estimate of projected balances as at the end of the financial year will be included in the month 5 report.
1.21	Housing Revenue Account The 2018/19 Outturn Report to Cabinet on 16 July 2019 showed an un-earmarked closing balance at the end of 2018/19 of £1.165m and a closing balance of earmarked reserves of £1.056m.
1.22	The 2019/20 budget for the HRA is £36.239m which includes a movement of £0.158m to reserves.
1.23	The monitoring for the HRA is projecting in year expenditure to be £0.081m greater than budget and a closing un-earmarked balance as at 31 March 2020 of £1.242m, which at 3.4% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.
1.24	The budget contribution towards capital expenditure (CERA) is £13.717m.

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

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 1.09 to 1.15.

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: Dave Ledsham (Finance Manager) Telephone: 01352 704503 E-mail: dave.ledsham@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> <p>Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.</p> <p>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.</p> <p>Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p>

Underspend: when referring to expenditure the actual expenditure incurred is less than budget. When referring to income the actual income achieved exceeds the budget.

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	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Social Services					
Older People					
Localities	18.780	18.087	-0.693	Residential and Nursing Care is projecting a £0.456m underspend due to fluctuation in demand for residential and nursing care placements and increases in capital limits. Staff budgets are underspending within Intake/First Contact and Localities Teams, not all staff are currently paid top of grade and there are also in-year savings due to short term vacancies.	ICF Grant funding is used to fund residential care to reduce the amount of time people spend in hospital. If this funding is fully spent during the year slippage on the residential care budget is required to continue minimising hospital stays.
Reablement Services	0.544	0.418	-0.127	This service is expected to underspend due to in-year savings from vacancies.	
Resources & Regulated Services	6.672	7.308	0.636	Council provided residential care is £0.420m overspent due to relief and agency cover. Relief and agency staff are required to maintain the mandatory level of staff within the residential homes, however the amount of budget to fund this is low and does not contain contingencies for sickness absences. There are also pressures from buildings expenditure such as repairs and maintenance.	
Minor Variances	0.851	0.861	0.010		
Adults of Working Age					
Resources & Regulated Services	24.240	23.559	-0.680	This is due to a combination of a decrease in high cost placements at the end of 2018/19 with the subsequent full year financial impact showing in 2019/20 and inflation provision for care provider fee increases not automatically passing to all providers and in some cases are only considered upon request.	This service area is subject to changes in demand for services. There are always a number of potential service users which may require services in the future. Although these service users are known to us at this time the most appropriate care package has not yet been determined and full costs associated for their care cannot yet be estimated and included within this month's financial projections. There is also potential for providers to request increases in their fees and the Council is currently negotiating with a specialist provider over a proposed uplift for 2019/20. A virement amount for £0.250m has been requested to be transferred to the Mental Health service.
Transition & Disability Services	0.784	0.676	-0.108	This service is expected to underspend due to not all staff at top of grade and one off in-year vacancy savings.	
Residential Placements	1.241	1.603	0.362	The overspend is because of the number of residential placements currently funded.	This service is a demand led service and can be volatile. A budget virement for £0.250m from Disability Services is requested.
Professional Support	0.823	0.739	-0.084	Salary underspends due to staff not being top of scale and vacancy savings.	
Minor Variances	2.942	2.930	-0.013		
Children's Services					
Family Placement	2.564	2.872	0.309	The overspend is due to current demands on the service from the number of fostering placements, which in some cases avoid making an Out of County placement. The main pressure areas are payments for foster care, foster agencies and special guardianship payments.	

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Family Support	0.371	0.484	0.113	This is due to the number of court directed contact sessions which require support workers to attend. Sessional workers were historically used, however the need to use sessional workers has increased to a point whereby, under employment regulations, sessional workers are required to be issued fixed term contracts.	Some parts of this service are being reviewed with a view to making it more cost efficient.
Legal & Third Party	0.178	0.485	0.307	Legal costs are overspent due to the number of cases going through the courts and the use of external legal professionals. Direct payments have recently seen an increase in demand.	
Professional Support	5.176	5.403	0.227	To support adequate levels of child protection the established staffing structure needs to be maintained at the required standard as much as possible. Vacancies are therefore minimised and challenges to recruitment leads to the use of agency staff, this leads to an increase in costs as agency rate is higher than non-agency staff. The use of agency staff is monitored and kept to a minimum as much as possible but it is not possible to avoid altogether.	
Minor Variances	1.125	1.131	0.007		
Safeguarding & Commissioning					
Charging Policy income	-2.733	-2.916	-0.183	Charging policy income is expected to exceed the budgeted amount due to increases in the non-residential care maximum weekly charge cap and an increase to the base number of service users. who contribute to their care.	
Business Support Service	1.238	1.132	-0.106	There are a number of short term vacancy savings and some posts currently occupied by staff who are not at top of grade.	
Safeguarding Unit	0.926	0.847	-0.079	The underspend is due to a number of short term vacancy savings and some posts currently occupied by staff who are not top of grade.	
Management & Support	-1.929	-1.736	0.193	There is a shortfall from the assumed proportion of grant allocations announced by Welsh Government which were included within the 2019/20 budget. The total shortfall across the three grants is £0.283m, although some of this is partly mitigated by one off refunds from the Regional Collaboration Unit.	
Vacancy Management	-0.080	-0.235	-0.155	Short term vacancy savings transferred from across the portfolio, offset by the inflation adjustment resulting from the implementation of the new pay model.	
Minor Variances	2.266	2.328	0.062		
Total Social Services (excl Out of County)	65.978	65.978	-0.001		
Out of County					
Children's Services	5.288	6.859	1.571	The overspend is influenced by a significant increase in the number of placements and the full year impacts of new placements which emerged during 2018/19.	A threefold approach to mitigation by :- 1) - direct action e.g Commissioning Practice 2) Expenditure controls within the same service or portfolio 3) After exhaustion of 1 and 2, consider how to effect corporate level mitigation
Education & Youth	3.745	4.168	0.423	The overspend is influenced by a significant increase in the number of placements and the full year impacts of new placements which emerged during 2018/19.	A threefold approach to mitigation by :- 1) - direct action e.g Commissioning Practice 2) Expenditure controls within the same service or portfolio 3) After exhaustion of 1 and 2, consider how to effect corporate level mitigation

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

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Total Out of County	9.033	11.027	1.994		
Education & Youth					
Inclusion & Progression	4.084	4.078	-0.006		
Integrated Youth Provision	1.295	1.295	-0.000		
School Improvement Systems	1.716	1.615	-0.102	Variance largely relates to Early Entitlement, 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. A further influence is the full year impact of the cessation from January 2019 of minimum of 5 children payments for playgroups.	
Business Change & Support	0.433	0.434	0.001		
School Planning & Provision	0.702	0.680	-0.023		
Archives	0.305	0.303	-0.002		
Holding Accounts	0.000	0.000	0.000		
Minor Variances	0.000	0.000	0.000		
Total Education & Youth	8.535	8.404	-0.132		
Schools	91.946	91.946	-0.000		
Streetscene & Transportation					
Service Delivery	8.536	8.637	0.100	Following the extreme weather event during June 2019, the service has incurred additional revenue pressures from responding and resolving flooding issues across the County. The network damage was widespread and included road foundations being undermined, particularly on roads adjacent to water courses, and road surfaces being lifted by inspection covers, due to the pressure created by the sheer volume of water within the drainage system. The costs include the additional staffing costs towards responding and repairing the highway along with costs of plant and materials. A claim to Welsh Government has been submitted for these additional costs, which is currently awaiting confirmation on eligibility and award of funding. Potential total cost up to £0.180m. The flooding has also impacted the capital programme creating an additional pressure of £0.350m for highway repairs.	Awaiting outcome of the claim to Welsh Government.
Highways Network	8.360	8.362	0.002		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Transportation	8.598	9.884	1.286	The pressure in school transport costs are as a result of several factors across the service. Effect of non-statutory school transport arrangements and delay in implementing policy on removing historic transport anomalies. Increase in mainstream secondary education pupil transport and Special Educational Needs (SEN) pupil transport, both in County and out of County placements, along with an increase in number of school escorts to accompany SEN pupils and growth in number of single occupancy routes. Transporting enrolment cohort to Connahs Quay High School and placing duplicate vehicles on public bus services as a response to non-eligible pupil displacement. There is also an increase in number of school days in 2019-20. The Transportation service are attempting to mitigate the £1.238m variance figure to the lower range previously provided of £0.930m. Increased transport provision to Social Services of £0.048m. The Transportation service are looking to mitigate this pressure through a route optimisation exercise.	The Transportation Service are attempting to mitigate some of the pressure.
Regulatory Services	5.053	5.232	0.179	Car Park income. The pressure is based on the average shortfall in income against monthly projections for each town following the first full ten months of implementation (received in 2018/19) of the increased tariff charges. A large section of car parking at Flint Retail Park has now been closed for development which may result in an increase in car parking income. The waste strategy service may have a slightly improved position of up to £0.100m, pending confirmation on award of grant funding from Welsh Government for the North Wales Residual Waste Treatment Project.	Keep car park income closely monitored.
Total Streetscene & Transportation	30.547	32.114	1.568		
Planning, Environment & Economy					
Business	1.588	1.656	0.068	Extension of two EHO contracts has been agreed due to increasing service pressures and demands	
Access	1.339	1.392	0.053	Grant Income Target not realised due to cessation of Single Revenue Grant in March, 2019 of £0.027m. Service Review within Rights of Way team resulting in an increase in staff costs across 4 posts of £0.026m.	In-year vacancy savings across the Portfolio will be utilised to assist in mitigating increased staff costs from service reviews.
Management & Strategy	1.391	1.347	-0.044	Staffing related Business Planning Efficiencies yet to be achieved fully pending all Service Review outcomes within the Portfolio. These are currently more than mitigated by vacancy savings in Planning Policy, Land Drainage and Admin services	Vacancy savings across the Portfolio will be utilised to assist in mitigating the unachieved efficiencies in the short term.
Minor Variances	1.611	1.598	-0.013		
Total Planning & Environment	5.929	5.994	0.064		
People & Resources					
HR & OD	2.375	2.405	0.031		
Corporate Finance	2.089	2.097	0.007		
Total People & Resources	4.464	4.502	0.038		
Governance					

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Legal Services	0.725	0.892	0.167	Overspend as a result of employing 3 locums covering absence to ensure continuing client service delivery in the area of child protection £0.090m Unachievable efficiency target £0.090m mitigated by fee income and commitment challenge within the service by £0.013m	Absence Monitoring and monitor income generation
Democratic Services	2.068	2.039	-0.029		
Internal Audit	0.464	0.441	-0.023		
Procurement	0.320	0.295	-0.025		
ICT	4.687	4.710	0.023		
Customer Services	0.543	0.572	0.029	Service review completed and new structure in place	
Revenues	0.200	0.197	-0.002		
Total Governance	9.007	9.146	0.139		
Strategic Programmes					
Leisure	3.860	3.861	0.000		
Total Strategic Programmes	3.860	3.861	0.000		
Housing & Assets					
Enterprise Centres	-0.218	-0.163	0.055	Shortfall of income recovered from Rents and Service charges	Possible mitigation from £52k remaining in reserve relating to Flintshire Enterprise
Agricultural Estates	-0.213	-0.163	0.050	Shortfall of income recovered from Rents	
CPM & Design Services	0.675	0.602	-0.073	Surplus of income recovered via Service Level Agreements (SLAs)	
Industrial Units	-1.329	-1.247	0.082	Shortfall of income recovered from Rents and Service charges	Possible mitigation from £70k remaining in Rent income shortfall reserve
Benefits	11.570	11.296	-0.274	Projected underspend on the Council Tax Reduction Scheme (CTRS).	
Minor Variances	5.225	5.340	0.115		
Total Housing & Assets	15.711	15.666	-0.045		
Chief Executive's	2.842	2.678	-0.163	Vacant Posts	
Central & Corporate Finance	23.498	23.019	-0.480	Early analysis indicates a significant underspend on the pension contribution account in 2019/20. 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 underspend is mitigated by a £0.163m shortfall in the Income Budget due to income generation not yet achieving the required target.	The position is under review as part of the current work on the 2020/21 budget.
Grand Total	271.350	274.333	2.983		

2019/20 Efficiencies Outturn Tracker

Efficiency Description	Accountable Officer	Efficiency Target	Projected Efficiency	(Under)/Over Achievement	Efficiency Open/Closed (O/C)	Confidence in Achievement of Efficiency Based on (see below) R = High Assumption A = Medium Assumption G = Figures Confirmed	Reason for variation	Mitigating Action if Amber or Red
		2019/20 £m	2019/20 £m	2019/20 £m				
Portfolio								
Corporate								
Minimum Revenue Provision	Liz Thomas	1.400	1.400	0.000	C	G	N/A	N/A
New Income Targets* (See below for further breakdown)	All	0.100	0.000	(0.100)	O	A	See income analysis below	
Management of Workforce and Inflation cost pressures	Gary Ferguson	1.144	1.144	0.000	C	G	N/A	N/A
Inflation	Sara Dutton/Sharon Carney	0.250	0.150	(0.100)	O	A	To be confirmed	Full impact will need to be assessed during the financial year
Workforce Terms and Conditions							Agreed re-profiling of subsidy reduction	
ADM Subsidies	Rachael Corbelli	0.400	0.285	(0.115)	C	G	£0.256m achieved to date though further efficiencies from CO post (Oct-March) may be achieved pending confirmation of resourcing	N/A
Reduction in Corporate Management Costs	Joanne Pierce	0.250	0.256	0.006	C	G		
HRA/Council Fund Recharges	Rachael Corbelli	0.158	0.158	0.000	O	G		
Newsletter & Promotions	Karen Armstrong	0.029	0.029	0.000	O	G		
Workforce Reduction	Karen Armstrong	0.015	0.015	0.000	O	G		
IT Infrastructure	Gareth Owen	0.097	0.097	0.000	O	G		
Democratic Services	Gareth Owen	0.009	0.009	0.000	O	G		
Total Corporate Services		3.852	3.543	(0.309)				
Social Services								
Domiciliary Care Charging Cap	Neil Avling	0.264	0.264	0.000	O	G		
Business Systems Mobiles and Hardware		0.005	0.005	0.000	O	G		
Older Peoples Day Services		0.020	0.020	0.000	O	G		
Reduction in Voids		0.025	0.025	0.000	O	G		
Regional Efficiency		0.020	0.020	0.000	O	G		
Strategic Use of Grants		0.170	0.170	0.000	O	G		
Telecare		0.010	0.010	0.000	O	G		
Deferral of Recruitment		0.050	0.050	0.000	O	G		
Social Care Additional Funding		1.410	1.303	(0.107)	C	G	Grant allocation of £1.303m advised by WLGA	
Children's Services Additional Funding		0.110	0.000	(0.110)	O	A	Grant allocated to National Adoption Service arrangement with WCBC as lead - funding being fully spent on new staff	
Regional Allocation Health and Social Care		0.705	0.639	(0.066)	O	G	ICF funding £0.639m for Children's Services Edge of Care and complex needs	
Total Social Services		2.789	2.506	(0.283)				
Education & Youth								
Integrated Youth Provision		0.014	0.014	0.000	O	G		
School Planning and Provision		0.005	0.005	0.000	O	G		
School Improvement Systems		0.058	0.058	0.000	O	G		
Gwe Efficiency		0.006	0.006	0.000	O	G		
Total Education & Youth		0.083	0.083	0.000				
Housing & Assets								
Housing Solutions; Reduction to temporary accommodation	Jenny Griffiths	0.030	0.000	(0.030)	O	G	Delay to reviving processes	
Housing Programmes; Reductions in bond applications	Mel Evans	0.005	0.005	0.000	O	G		
Total Housing & Assets		0.035	0.005	(0.030)				
Streetscene & Transportation								
School Transport	Anthony Stanford	0.100	0.000	(0.100)	C	R	Decision not to review historic transport anomalies in year.	Impact of not achieving the efficiency included in the Additional School Transport Costs range in the Month 2 report.
Review Security Arrangements in depot	Katie Wilby	0.005	0.005	0.000	O	G		
Total Streetscene & Transportation		0.105	0.005	(0.100)				
Planning, Environment & Economy								
Service Review - Trading Standards	Sian Jones	0.035	0.035	0.000	O	G		
Supplies and Services review	Lynne Fensome	0.005	0.005	0.000	O	G		
Regeneration review of spending	Niall Waller	0.023	0.023	0.000	O	A		
Greenfield Valley Management Fee (10% E88k)	Tom Woodall	0.007	0.007	0.000	O	G		
Minerals & Waste shared service	Gary Nancarrow	0.005	0.005	0.000	O	A		
Total Planning, Environment & Economy		0.075	0.075	0.000				
Total 2019/20 Budget Efficiencies		6.939	6.217	(0.722)				
Less Previously agreed Decision	Agreed Re-profiling of Subsidy - AURA	(0.115)		0.115				
Revised 2019/20 Budget Efficiencies		6.824	6.217	(0.607)				
			%	£				
Total 2019/20 Budget Efficiencies			100	6.939				
Total Projected 2019/20 Budget Efficiencies Underachieved			-10	(0.722)				
Total Projected 2019/20 Budget Efficiencies Achieved			90	6.217				
Total 2019/20 Budget Efficiencies (Less Previously agreed Decisions)			100	6.824				
Total Projected 2019/20 Budget Efficiencies Underachieved			-9	(0.607)				
Total Projected 2019/20 Budget Efficiencies Achieved			91	6.217				

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2019	14.021	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		8.252
Less – amount committed as part of balancing 2019/20 budget		(2.221)
Less – amount approved to operate a Sustainable Drainage System (SuDS) Approving Body (SAB)		(0.062)
Less – amount approved for investment in change		(1.000)
Less – allocation for ongoing resourcing of the Victim Contact Team		(0.100)
Less – projected outturn overspend		2.983
Total Contingency Reserve available for use		1.886

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Housing Revenue Account					
Income	(36.239)	(36.045)	0.194	There is a projected pressure of £0.194m on income. Of this pressure, £0.132m relates to loss of rental income on void properties and £0.060m relates to loss of income on garages which are not tenanted. The remaining £0.002m relates to other minor variances.	Further savings within the HRA will be sought to offset this pressure in year.
Capital Financing - Loan Charges	8.380	8.380			
Estate Management	1.701	1.683	(0.018)	Additional expenditure of £0.051m is anticipated during the year in respect of the purchase of software. Salaries efficiency arising from vacancy savings and grant recharges of £0.079m. Other minor variances of £0.010m.	
Landlord Service Costs	1.466	1.469	0.003	Minor variances.	
Repairs & Maintenance	8.530	8.530	(0.000)		
Management & Support Services	2.442	2.343	(0.099)	It is anticipated that savings of £0.099m will be achieved in Management and Support costs. This will be achieved through salary savings.	
Capital Expenditure From Revenue (CERA)	13.717	13.717			
HRA Projects	(0.155)	(0.154)	0.001	Minor variances.	
Contribution To / (From) Reserves	0.158	0.077	(0.081)	Reduction in contribution to reserves of £0.080m to offset additional expenditure across the HRA.	
Total Housing Revenue Account	0.000	(0.000)	(0.000)		