



CABINET MEETING

Date of Meeting	Tuesday, 26 September 2017
Report Subject	REVENUE BUDGET MONITORING 2017/18 (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 current revenue budget monitoring position for 2017/18 for the Council Fund and Housing Revenue Account. This is the first full monitoring report for the 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 equal.

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

Council Fund

- Net in year expenditure forecast to be £1.256m more than budget
- Projected contingency reserve balance as at 31 March 2018 of £3.878m

Housing Revenue Account

- Net in-year expenditure forecast to be £0.026m higher than budget
- Projected closing balance as at 31 March 2018 of £1.090m

RECOMMENDATIONS

1	To note the overall report and the projected Council Fund contingency sum as at 31 st March 2018.
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 service needs (paragraph 1.10).
4	To approve an allocation of £0.052m from the contingency reserve to provide financial support to meet in-year budget pressures anticipated for 2017-18 in respect of regional economic development structures and support for events (paragraph 1.29).

REPORT DETAILS

1.00	EXPLAINING THE MONTH 4 POSITION																																																																																				
1.01	<p><u>Council Fund Overall Position</u></p> <p>The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, is as follows;</p> <ul style="list-style-type: none"> • Net in year expenditure forecast to be £1.256m • Projected contingency reserve balance of £3.878m 																																																																																				
1.02	<p><u>Council Fund Latest In-Year Forecast</u></p> <p>The table below shows the projected position by portfolio.</p> <table border="1"> <thead> <tr> <th>TOTAL EXPENDITURE AND INCOME</th> <th>Original Budget</th> <th>Revised Budget</th> <th>Projected Outturn</th> <th>In-Year Over / (Under) spend</th> </tr> <tr> <td></td> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Social Services</td> <td>61.471</td> <td>62.945</td> <td>63.259</td> <td>0.314</td> </tr> <tr> <td>Community & Enterprise</td> <td>12.518</td> <td>12.540</td> <td>11.970</td> <td>(0.570)</td> </tr> <tr> <td>Streetscene & Transportation</td> <td>27.467</td> <td>27.480</td> <td>29.391</td> <td>1.910</td> </tr> <tr> <td>Planning & Environment</td> <td>5.043</td> <td>4.932</td> <td>5.436</td> <td>0.503</td> </tr> <tr> <td>Education & Youth</td> <td>10.966</td> <td>10.934</td> <td>10.858</td> <td>(0.076)</td> </tr> <tr> <td>Schools</td> <td>88.862</td> <td>88.862</td> <td>88.862</td> <td>0.000</td> </tr> <tr> <td>People & Resources</td> <td>4.283</td> <td>4.147</td> <td>4.604</td> <td>0.457</td> </tr> <tr> <td>Governance</td> <td>7.675</td> <td>7.651</td> <td>7.896</td> <td>0.246</td> </tr> <tr> <td>Organisational Change 1</td> <td>5.801</td> <td>5.821</td> <td>5.900</td> <td>0.079</td> </tr> <tr> <td>Organisational Change 2</td> <td>2.422</td> <td>2.288</td> <td>2.100</td> <td>(0.189)</td> </tr> <tr> <td>Chief Executive</td> <td>3.008</td> <td>2.940</td> <td>2.824</td> <td>(0.116)</td> </tr> <tr> <td>Central & Corporate Finance</td> <td>25.642</td> <td>24.616</td> <td>23.312</td> <td>(1.303)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>255.156</td> <td>255.156</td> <td>256.412</td> <td>1.256</td> </tr> </tbody> </table>					TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	Projected Outturn	In-Year Over / (Under) spend		£m	£m	£m	£m	Social Services	61.471	62.945	63.259	0.314	Community & Enterprise	12.518	12.540	11.970	(0.570)	Streetscene & Transportation	27.467	27.480	29.391	1.910	Planning & Environment	5.043	4.932	5.436	0.503	Education & Youth	10.966	10.934	10.858	(0.076)	Schools	88.862	88.862	88.862	0.000	People & Resources	4.283	4.147	4.604	0.457	Governance	7.675	7.651	7.896	0.246	Organisational Change 1	5.801	5.821	5.900	0.079	Organisational Change 2	2.422	2.288	2.100	(0.189)	Chief Executive	3.008	2.940	2.824	(0.116)	Central & Corporate Finance	25.642	24.616	23.312	(1.303)						Total	255.156	255.156	256.412	1.256
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1.03	<p>The reasons for the projected variances are summarised within Appendix 1 with key significant portfolio variances explained in paragraphs 1.04 to 1.08 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 variance is managed corporately with the relevant portfolio not expected to meet any shortfall.</p>
1.04	<p><u>Streetscene & Transportation</u></p> <p>There is a projected overspend of £1.910m within this portfolio.</p> <p>The overspend partly comprises of the materialisation of some of the known significant risks identified when the 2017/18 budget was set by Council and include additional costs of £0.675m following re-procurement for covering various public transport routes and the confirmed reduction of the Single Environment Grant of £0.111m.</p> <p>Further variations relate to various conscious decisions including a delay in the decision to review subsidised bus routes (£0.205m), additional transport costs arising from a school closure (£0.200m), a reduction in car parking income in Flint (£0.050m), and the none achievement of efficiencies for Shared specialist Plant with Neighbouring Authorities (£0.050m) and transferring some service maintenance responsibilities to other organisations (£0.050m).</p> <p>The net position on the projected overspend excluding the above decisions is a net operating deficit of £0.569m.</p> <p>Major variations affecting the above operating deficit include a further decrease of £0.200m in the level of income from Renewable Energy Production over and above the pressure included in the 2017/18 budget (£0.150m for Gas Engines), anticipated increases in Motor insurance premiums (£0.100m) and street lighting (£0.131m) reflecting a 16% increase.</p> <p>Work is ongoing to assess any potential impact on these in year variances on the Medium Term Financial Strategy (MTFS) forecast for 2018/19.</p>
1.05	<p><u>Social Services</u></p> <p>The projected outturn for Out of County placements in Children's Services is currently £0.625m due to the number of Child and Parent placements. This overspend is being partly mitigated by underspends within the Social Services portfolio. The volatility and risk of this service to the in-year and ongoing financial position will need to be closely monitored and any potential impact on 2018/19 considered.</p>
1.06	<p><u>Planning & Environment</u></p> <p>There is a projected in-year Planning Fee Income shortfall of £0.325m. The impact of the Welsh Government requirements for major developers to enter into pre consultation for a period of 28 days prior to submitting an application has delayed the submission of some high value applications which in turn</p>

	will affect the fee income received. This is resulting in lower numbers of applications submitted than previously predicted. This will need to be kept under review in year though it has been highlighted as a potential pressure for 2018/19.																		
1.07	<p><u>Community & Enterprise</u></p> <p>There is currently a projected underspend on the Council Tax Reduction Scheme (CTRS) of £0.407m based on existing demand which will need to be kept under review throughout the year together with a favourable variance on the Council Tax Collection fund of £0.153m.</p>																		
1.08	<p><u>Central & Corporate Finance</u></p> <p>There is a positive variance of £1.303m projected within this area which is mainly due to one off additional funding from the Intermediate Care Fund from Health (£0.500m), the impact of estimated additional funding announced by Welsh Government for Social Services Pressures (£0.595m) and a positive variance on other Social Care pressures as referenced in the budget report for 2017/18 (£0.512m).</p> <p>Other major variances within this area include a positive variance on the pension fund contributions due to a lower than anticipated pressure to fund the in-year increase due to the actuarial review of £0.288m. However, this is offset by a current shortfall in the income target of £0.412m and lower than anticipated levels of car parking income from car parking permits at County Hall of £0.080m.</p>																		
1.09	<p><u>Significant Movements between Original and Revised Budget</u></p> <p>There has been an accounting adjustment to transfer £1.696m from Central & Corporate Finance to Social Services. This is the amount required to meet the 2017/18 independent care fee increase.</p>																		
1.10	<p><u>Proposals for budget realignment – Social Services</u></p> <p>Following a review of services within Social Services for Adults, it is considered appropriate to seek Cabinet approval for realignment of budget between some areas of Older People, which are currently reflecting underspends, and Learning Disabilities which is experiencing some significant demand influenced pressures as shown in the table below.</p> <table border="1"> <thead> <tr> <th>Service area :</th> <th>Increase in budget : £(m)</th> <th>Decrease in budget : £(m)</th> </tr> </thead> <tbody> <tr> <td>Older People - Locality teams (Residential Care)</td> <td></td> <td>(0.200)</td> </tr> <tr> <td>Older People - Locality teams (Domiciliary Care)</td> <td></td> <td>(0.100)</td> </tr> <tr> <td>Disability Services – Resources & Regulated Services</td> <td>0.242</td> <td></td> </tr> <tr> <td>Older People - Resources & Regulated Services (Supporting People)</td> <td>0.058</td> <td></td> </tr> <tr> <td>Total :</td> <td>0.300</td> <td>(0.300)</td> </tr> </tbody> </table>	Service area :	Increase in budget : £(m)	Decrease in budget : £(m)	Older People - Locality teams (Residential Care)		(0.200)	Older People - Locality teams (Domiciliary Care)		(0.100)	Disability Services – Resources & Regulated Services	0.242		Older People - Resources & Regulated Services (Supporting People)	0.058		Total :	0.300	(0.300)
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1.11	Within Older People, purchased Residential & Nursing Care is currently projected to underspend by £0.349m due to a decrease in service users and additional income from service user properties and free nursing contributions from BCUHB. It is considered that £0.200m from within this underspend can be realigned to address pressures in other areas of Adults Social Services.
1.12	Also within Older People, purchased Domiciliary Care is projected to underspend by £0.206m due to demand influences. It is considered that £0.100m from this underspend can be realigned to address pressures in other areas of Adults Social Services.
1.13	It is recommended that £0.242m of the total be allocated to Domiciliary Day Care and Direct payments Supported Living group of services within Learning Disabilities - Resources & Regulated Service which is currently projecting an overspend of £0.319m.
1.14	The remaining £0.058m is recommended to be allocated to meet a shortfall of Supporting People grant income within Older People – Resources & Regulated Services. There is currently a projected shortfall arising from the Councils overall allocation due to meeting the eligibility criteria.
1.15	<p>Tracking of In Year Risks and Emerging Issues</p> <p>At the time of setting the Budget for 2017/18 a number of significant risks were identified and an update is provided below:</p>
1.16	<p><u>Single Environment Grant</u></p> <p>As part of the 2017/18 budget, Council undertook a decision to manage the in year risk of any potential reduction in this grant. The actual reduction for 2017/18 has been confirmed as £0.111m (3.83%) which has been incorporated as a projected overspend in the outturn.</p> <p>In Year Risk status: Green Longer Term Risk Status: Red</p>
1.17	<p><u>Transportation Costs</u></p> <p>Another identified risk were the costs of procuring the local public and school bus services. It is projected that additional costs of £0.675m will be incurred in 2017/18 as there are unlikely to be any mitigating factors to resolve this in the current financial year.</p> <p>In Year Risk status: Green Longer Term Risk Status: Red</p>
1.18	<p><u>Social Care Fees</u></p> <p>Within the 2017/18 budget it was agreed that the level of fee increases to the Independent Sector would be contained within the budget provided and that any remaining amount be set aside as a risk contingency to assist with managing the ongoing budget risks identified above. Negotiations have been concluded and the increase has been able to be met within the available resources.</p>

	In Year Risk Status: Green	Longer Term Risk Status: Red	
1.19	<p><u>Out of County Placements</u></p> <p>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 which at M4 is projecting an overspend of £0.625m. Legal and Social Service Managers will be making a compelling case for alternative care arrangements to placements at forthcoming court cases, to reduce the financial impact.</p> <p>In Year Risk Status: Green</p>		Longer Term Risk Status: Red
1.20	<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> <p><u>Achievement of Planned In-Year Efficiencies</u></p> <p>The Council set a challenging target for the level of efficiencies to be achieved in year as part of its approach to annual budget planning. These efficiencies are generated from the three year service portfolio business plans and from corporate financial planning. The 2017/18 budget contains £8.433m of specific efficiencies which are tracked and monitored. In recent years the level of efficiency achievement has averaged at around 85% though the council aspires to raise this to 95% in 2017/18 as reflected in the recent MTFS KPI's.</p> <p>The current assessment of the efficiencies to be achieved in 2017/18 shows that £7.171m (85%) of the efficiencies would be achieved which is lower than the target. There is a further risk that any ongoing under-achievement of efficiencies will have a recurring and negative impact on the 2018/19 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 2018/19 being reviewed as part of the ongoing work on the MTFS.</p> <p>In Year Risk status: Amber</p>		Longer Term Risk Status: Red
1.21	<p><u>Inflation</u></p> <p>The 2017/18 budget includes Non Standard Inflation for Energy, Food and Fuel at 2% however this will need to be kept under review due to the volatility of markets which may be affected by global events and the impact of negotiations relating to Brexit. MTFS projection for Inflation for 2018/19 reflects an increasing pressure.</p> <p>In Year Risk status: Amber</p>		Longer Term Risk Status: Amber
1.22	<p><u>Income</u></p>		

	Included within the 2017/18 budget are provision for pay (£0.915m), targeted price inflation (£0.313m), food (£0.051m), fuel (£0.033m) and Energy (£0.061m).
1.25	Portfolios have received their allocations for pay and price and there is a remaining balance of £0.014m which is included within the overall outturn figure.
1.26	No allocations have been made so far for non-standard inflation (NSI) in 2017/18. Areas that may be subject to NSI increases will be monitored throughout the year and any emerging pressures will be considered in future reports though at present it is anticipated that the allocation will be spent in full.
1.27	<p>Reserves and Balances</p> <p><u>Un-earmarked Reserves</u></p> <p>The 2016/17 outturn reported to Cabinet on 18 July 2017 showed un-earmarked reserves at 31 March 2016 (above the base level of £5.769m) of £5.133m.</p>
1.28	Taking into account the current projected overspend at Month 4 and previously agreed allocations the balance on the Contingency Reserve at 31 March 2018 is projected to be £3.878m as detailed in appendix 3.
1.29	There is a request for approval of an allocation of £0.052m from the contingency reserve to provide financial support to meet in-year budget pressures anticipated for 2017-18 in respect of regional economic development structures and support for events as described in paragraphs 1.30 and 1.31.
1.30	The Council is a partner in two regional economic development structures; the North Wales Economic Ambition Board (NWEAB) and the Mersey Dee Alliance (MDA). Through both structures, the Council has been able to play a major role in creating a shared economic policy for the region and there are positive signs that significant Government investment in the area will be forthcoming as a result. The Council pays an annual contribution towards the costs of each of these bodies from the economic development budget but the scale of contribution is expected to increase for 2017/18 to a level beyond the ability of the service to absorb. It is proposed that the economic development service continues to pay £0.030m of the annual costs of supporting the NWEAB and MDA and that the remaining £0.022m is funded from the contingency reserve.
1.31	Historically the Council has supported county wide and town focussed events. Streetscene provides signage and waste management services to events at a cost to the Authority that, with tightening budgets, has become unsustainable. It is recommended that a corporate contribution is made to the service of £0.030m to enable them to support major events in 2017/18.
1.32	<u>Earmarked Reserves</u>

	A summary of earmarked reserves as at 1 April 2017 and an estimate of projected balances as at the end of the financial year will be included in the month 5 report.
1.33	Housing Revenue Account The 2016/17 Outturn Report to Cabinet on 18 July 2017 showed an un-earmarked closing balance at the end of 2016/17 of £1.116m and a closing balance of earmarked reserves of £0.526m.
1.34	The 2017/18 budget for the HRA is £33.633m which includes a movement of £0.035m from reserves.
1.35	The Month 4 monitoring for the HRA is projecting in year expenditure to be £0.026m lower than budget and a closing un earmarked balance as at 31 March 2018 of £1.090m, which at 3.2% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.

2.00	RESOURCE IMPLICATIONS
2.01	The Revenue Budget Monitoring Report reflects the planned use of the financial resources of the Council for the current financial year and details the variations in the first 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 which are covered in the main section of the report from paragraph 1.15 to 1.23.

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)

	<p>Telephone: 01352 702287</p> <p>E-mail: sara.dulson@flintshire.gov.uk</p>
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7.00	GLOSSARY OF TERMS
7.01	Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.
7.02	Council Fund: the fund to which all the Council's revenue expenditure is charged.
7.03	Financial Year: the period of twelve months commencing on 1 April.
7.04	Housing Revenue Account: the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.
7.05	Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.
7.06	Reserves: these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.
7.07	Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.
7.08	Underspend: when referring to expenditure the actual expenditure incurred is less than budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a –ve.
7.09	Variance: difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.
7.10	Virement: the transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.

7.11	Medium Term Financial Strategy: a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.
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Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Social Services					
Older People					
Localities	16.727	15.903	(0.823)	Residential and Nursing Care shows a projected underspend of £0.349m, due to a decrease in service users, increase in free nursing income from Betsi Cadwaladr University Health Board (BCUHB) and additional property income. Domiciliary Care reflects a projected underspend of £0.206m based on existing service users. There is an underspend of £0.093m on Intake/First Contact of which £0.064m is due to part year vacancy savings from the Single Point of Access team. Locality Teams reflect an underspend of £0.165m due to short term vacancy savings. Minor variances £0.010m.	The level of projected underspends on some areas of this service have been critically reviewed and it is recommended that £0.300m is realigned to meet service pressures within other areas of the Adults Services budget as detailed within the report.
Reablement Services	0.469	0.376	(0.093)	Additional Continuing Health Care (CHC) funding from BCUHB	Continue to monitor and review

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Community Equipment Contribution	0.503	0.393	(0.110)	Following implementation of an updated Section 33 partnership agreement for the North East Wales Community Equipment Store (NEWCES), the contribution levels of partners has resulted in a reduced level of contribution from FCC. From 2018/19 this saving has been earmarked for funding of some of the revenue costs of the new extra care facilities.	Future utilisation of the excess of budget to meet some of the revenue costs of the new extra care facilities.
Resources & Regulated Services	5.920	5.634	(0.286)	The main influences on the projected underspend are short term vacancy savings within provider home care services (£0.131m) and extra care schemes (£0.181m), due to recruitment and retention difficulties in the care sector. This underspend is partly offset by a pressure arising from the cessation of Supporting People grant allocation of £0.058m from the Councils overall allocation due to meeting the eligibility criteria. There is a further projected underspend of £0.034m on Residential Care due mainly to short term vacancy savings, with minor variances making up the balance of £0.002m.	Proposed realignment of £0.058m of budget to partly mitigate some of the pressure arising from the Supporting People grant income no longer being allocated.

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Minor Variances	0.234	0.232	(0.003)		
Disability Services					
Resources & Regulated Services	19.450	20.012	0.563	There are long standing and ongoing demand influenced pressures within the externally provided Supported Living services amounting to a total of £0.482m of the overall projected overspend. The next significant impact relates to Work Opportunities and Day Services which reflects a pressure of £0.169m, which is due partly to the delay in letting a new contract under an alternative delivery model (ADM) for these services. There is a projected underspend of £0.088m on externally purchased care on Physical Disabilities and Sensory Impairment (PDSI).	Proposed realignment of £0.242m of budget to address pressures within the support group of services within Supported Living providing Domiciliary/Day care and direct payments
Disability Services	0.716	0.783	0.067	There is a pressure of £0.123m on the budget for school leavers in transition to adulthood which is offset by a projected underspend of £0.047m against the resource panel allocation for residential and domiciliary care. Minor variances £0.009m.	Continue to monitor and review

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Administrative Support	0.168	0.040	(0.128)	The projected underspend is due mainly to short term vacancy savings.	Continue to monitor and review
Transition & Disability Services	0.620	0.568	(0.052)	The projected underspend is due mainly to short term vacancy savings.	Continue to monitor and review
Minor Variances	0.072	0.072	0.000		
Mental Health Services					
Residential Placements	1.127	1.427	0.300	There is a long standing and ongoing pressure due to the numbers of long term residential placements, despite maximisation of opportunities to secure joint funding contributions from BCUHB	Continue to monitor and review
Minor Variances	2.537	2.509	(0.028)		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Children's Services					
Family Placement	2.464	2.604	0.141	There is a long standing and ongoing pressure due to sustained demand influences beyond the level of the allocated budget.	Continue to monitor and review
Family Support	0.356	0.440	0.083	There are pay pressures due to a combination of new contractual arrangements having been implemented for sessional workers and a number of the staff working significant additional hours.	Continue to monitor and review
Professional Support	4.898	5.084	0.186	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	Continue to monitor and review
Out of County Placements	3.607	4.232	0.625	This pressure is a continuation of the experience in 2016/17, where there was a significant increase in the number of high cost placements which was partly influenced by interpretations of additional responsibilities under the Social Services and Well-being (Wales) Act 2014.	Continue to monitor and review
Minor Variances	1.330	1.294	(0.036)		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Development & Resources					
Charging Policy income	(2.641)	(2.756)	(0.115)	The projected underspend is due to surplus income which is mainly caused by the full year impact of changes to disregard rules on financial assessments which came into effect from August 2016	Continue to monitor and review
Safeguarding Unit	0.810	0.889	0.079	There are continued significant demand influenced pressures on this service particularly within Adults safeguarding due to a significant increase in the numbers of referrals and the ongoing impact of the Deprivation of Liberty Safeguarding (DoLS) assessments.	Continue to monitor and review
Good Health	0.896	0.837	(0.059)	The projected underspend is due to a number of short term vacancy savings	Continue to monitor and review
Minor Variances	2.681	2.686	0.005		
Total Social Services	62.945	63.259	0.314		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Community & Enterprise					
Customer And Housing Services	1.580	1.558	(0.021)	Minor variances.	Continue to monitor and review.
Council Fund Housing	(0.372)	(0.395)	(0.023)	Minor variances.	Continue to monitor and review.
Regeneration	0.412	0.459	0.047	Continuing shortfall of £0.050m in markets due to historical income targets which have increased in line with inflation and where charges have not increased at the same rate. Other minor variances (£0.003m).	Continue to monitor and review.
Revenues & Benefits	10.780	10.207	(0.573)	Underspend on the budgeted provision for the Council Tax Reduction Scheme of (£0.407m). Surplus on the Council Tax Collection Fund of (£0.153m). Other minor variances (£0.013m).	Continue to monitor closely as these areas are highly volatile and projections are likely to change throughout the year.
Housing Programmes	0.140	0.141	0.001	Minor variances.	Continue to monitor and review.
Total Community & Enterprise	12.540	11.970	(0.570)		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Streetscene & Transportation					
Ancillary Services & Performance					
Waste Collection	7.099	7.475	0.377	Adverse variance of £0.200m relating to lower than anticipated energy production at the Landfill sites and reduced electricity sales from reducing levels of gas extraction. Environment and Sustainable Development (ESD) grant pressure £0.111m due to the reduction of the grant in 17/18 of 3.7%. Delay in the development of the new Rockcliffe HRC site resulting in additional running costs of two existing sites continuing to operate £0.050m	Energy production income levels being monitored monthly and contracts being prepared for the service to be outsourced. Reported in Programme Board Efficiency Tracker Keep under review as part of MTFS Indicative reduction in ESD grant for 18/19 of 6.9% - £0.199m
Parking & Enforcement	(0.088)	(0.038)	0.050	Shortfall of income from Flint Car Parking £0.050m. Part year pressure against £0.100m target due to the town centre re-development being ongoing and impacting on the rollout of changes across the town.	Keep under review as part of MTFS Reported in Programme Board Efficiency Tracker
Other Minor Variances	0.795	0.796	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
Highways Network					
Highways Network	7.419	7.623	0.204	Due to ongoing discussions on Community Asset Transfers (CATs), the maintenance liability being transferred for Cemeteries to Town/Community Councils totalling £0.050m has not yet been implemented. Street lighting energy prices above the 2% standard with an increase of 16% resulting in a pressure of £0.131m	Keep under review as part of MTFS. Reported in Programme Board Efficiency Tracker. Continue to monitor street lighting energy prices.
Transportation & Logistics					
Logistics & Resource Services	4.488	4.656	0.167	Shared specialist plant with neighbouring Authorities has not materialised from 16/17 business planning proposal £0.050m. Increase in Fleet insurance premium for 17/18 £0.100m	Keep under review as part of MTFS
School Transport	4.722	5.107	0.385	Ongoing additional subsidy costs following re-procurement for covering various school transport routes following the previous operator going into liquidation £0.185m. The transport costs of additional pupils from John Summers High School to Connahs Quay £0.200m	No additional funding from WG due to Statutory provision requirements. Ongoing consideration will be required in the MTFS taking account of the cost for future years. Hoping to reduce cost through the Transportation retendering exercise currently ongoing.

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Transportation	1.615	2.310	0.695	Ongoing additional subsidy costs following re-procurement for covering various public transport routes following the previous operator going into liquidation £0.490m. The delay in introducing the Bus Subsidy efficiency in 17/18 £0.205m Bus Subsidy efficiency saving of £0.145m unlikely to be achieved in year. This is to be offset from any additional savings recognised from the School Transports re-procurement exercise if these come to fruition.	Keep under review as part of MTFS. Reported in Programme Board Efficiency Tracker
Other Minor Variances	1.430	1.463	0.033		
Total Streetscene & Transportation	27.480	29.391	1.910		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Planning & Environment					
Business					
Pollution Control	0.479	0.574	0.096	An increase in prosecutions relating to unlicensed and unsafe residential properties has resulted in two temporary Environmental Health Officers being recruited to deal with this increase in demand.	Continue to monitor and review.
Minor Variances	1.087	1.081	(0.006)		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible
Community					
Pest Control	0.004	0.040	0.035	Despite the fact that the service has seen an increase in referrals during 2016/17 and onwards into 2017/18, the income target is unlikely to be achieved, based on current projections.	Fees and charges have been subject to a review and Pest Control rates increased in line with an inflationary increase of 3%. Review the future of this service in Autumn 2017.
Minor Variances	0.898	0.873	(0.025)		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Development					
Development Management	(0.386)	(0.073)	0.314	The projected Planning Fee Income shortfall is currently £0.325m as the economy has not continued to recover to the extent which the 3 year Business Plan forecast. The impact of the Welsh Government requirements for major developers to enter into pre consultation for a period of 28 days prior to submitting an application has delayed the submission of some high value applications which in turn will affect the Fee income received. This has resulted in a lesser volume of applications being submitted than previously predicted. The annual income target for Pre Application Fees has already been met by the end of the first quarter which is an indication of developer interest in sites which have not yet materialised into the start of the formal planning process and with it the application fee.	Monitor Planning Application Fee levels and Pre Application Fee levels and amend projection as required
Minor Variances	0.158	0.155	(0.003)		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Access					
Greenfield Valley	0.326	0.275	(0.051)	Vacancy savings and reduced zero hours contracts	Service review within Countryside is currently being undertaken
Minor Variances	1.015	1.023	0.008		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible
Shared Services					
Minor Variances	0.177	0.177	(0.000)		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible
Strategy					
Minor Variances	0.834	0.833	(0.001)		Continue to monitor committed expenditure and reduce/remove committed expenditure where possible
Management Strategy	0.340	0.476	0.136	Balance of Business Planning Efficiencies for Staffing	Efficiencies to be identified as part of the Service Review. Some vacancy savings will assist in achieving this on a temporary basis. Continue to monitor committed expenditure and reduce/remove committed expenditure where possible
Total Planning & Environment	4.932	5.436	0.503		

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					
Inclusion & Progression	6.778	6.709	(0.069)	The underspend reflects the current level of Out of County placements. It is anticipated that the level of placements will increase during the year.	
Integrated Youth Provision	1.291	1.332	0.041	Minor variances	
School Improvement Systems	1.873	1.835	(0.038)	Minor variances	
Business Change & Support	0.400	0.390	(0.010)	Minor variances	
School Planning & Provision	0.592	0.592	0.000		
Total Education & Youth	10.934	10.858	(0.076)		
Schools	88.862	88.862	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
People & Resources					
HR & OD	2.029	2.268	0.240	Overspend is due to partial achievement of business planning efficiency and loss of income contribution from Wrexham for Occupational Health Services.	
Corporate Finance	2.118	2.336	0.218	There is a potential in year shortfall on the Finance Modernisation efficiency at this stage of the year of £0.200m. This is due to the roll out of manager self serve and the operating model review taking longer than planned.	
Total People & Resources	4.147	4.604	0.457		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Governance					
Legal Services	0.688	0.724	0.037	Minor variances.	
Democratic Services	1.924	1.927	0.003	Minor variances.	
Internal Audit	0.443	0.443	0.000	No variance.	
Procurement	0.168	0.284	0.116	Overspend is due to conscious decision to no longer pursue supplier income for registration onto the payment portal.	
ICT	4.428	4.518	0.090	Overspend is mostly due to partial achievement of business planning efficiencies.	Continue to monitor and review. The unachieved efficiencies are expected to be achieved in full next financial year.
Total Governance	7.651	7.896	0.246		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Organisational Change 1					
Public Libraries & Arts, Culture & Events	1.583	1.577	(0.006)	Minor variances.	Continue to monitor and review.
Museums	0.067	0.067	(0.000)	Minor variances.	Continue to monitor and review.
County Archives	0.286	0.286	0.000	Minor variances.	Continue to monitor and review.
Leisure	3.860	3.946	0.086	The establishment of Aura Leisure and Libraries is now set for 1st September. This has been delayed by 2 months due to a range of queries in 3 separate responses from the Financial Conduct Authority (FCA) in registering the company. Work with our legal advisors has shown that a number of these were not relevant and that the FCA should not have held up the application for this length of time. These issues are now resolved.	Continue to monitor and review.
Community Assets	0.024	0.024	0.000	Minor variances.	Continue to monitor and review.
Total Organisational Change 1	5.821	5.900	0.079		

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Organisational Change 2					
Administrative Buildings	1.241	1.115	(0.126)	£0.126m estimated efficiencies resulting from the closure of phases 3 and 4 in County Hall.	
Agricultural Estates	(0.189)	(0.142)	0.046	Minor variances	
Property Holdings	0.015	0.021	0.006	Minor variances	
Property Asset And Development	0.446	0.388	(0.057)	£0.057m in year salary savings.	
CPM & Design Services	0.691	0.470	(0.221)	£0.139m projected additional fee income above target. £0.070m in year salary savings. Other minor variances £0.012m.	
Industrial Units	(1.153)	(0.982)	0.171	£0.171m as a result of unachieved rental income. This will be offset against office efficiencies.	
Minor Variances	1.238	1.230	(0.009)		
Total Organisational Change 2	2.288	2.100	(0.189)		
Chief Executive	2.940	2.824	(0.116)	There are one off vacancy savings for £0.059m. Specialists budgets for sustainable development, Your Community/Your Council and Public Relations are expected to underspend by £0.030m. Minor variances £0.026m.	

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
Central and Corporate Finance	24.616	23.312	(1.303)	<p>Additional income generating activities, an underachievement of £0.412m, though work is continuing to identify areas of opportunity.</p> <p>Support Service recharge, has resulted in a shortfall of £0.234m due to a reduction in overall operating costs.</p> <p>Car parking permit income shortfall £0.080m.</p> <p>Reduced Audit fees, underspend of (£0.127m)</p> <p>Social Services, one off in year underspend of (£1.607m) held centrally to mitigate any in year overspends - (£0.512m) resulting from remaining pressure budgeted in 17/18 no longer required, (£0.500m) due to as funding was secured from the Regional Integrated Care Fund revenue grant allocation for a one off basis. An additional £0.595m of Welsh Government funding for Social Care recently confirmed.</p>	<p>Work is continuing to identify areas of opportunity to generate income.</p> <p>Keep under review as part of MTFS considerations</p> <p>Keep under review as part of MTFS considerations to assess 18/19 impact</p>

Budget Monitoring Report
Council Fund Variances

MONTH 4 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Cause of Major Variance	Action Required
				Projected Pension fund variance (£0.288m) due to surplus of budget required for increase in contributions in 2017/18. Minor variances (£0.006m)	Keep under review in year to consider potential for mitigation of 18/19 pressure
Grand Total	255.156	256.412	1.256		

2017/18 Efficiencies Outturn - Under or Over Achieved

Portfolio	Original Efficiency	Revised Efficiency	(Under)/Over
	2017/18 £(m)	2017/18 £(m)	2017/18 £(m)
People & Resources			
Finance - Implementation of Collaborative Planning Software to finance to improve and automate our processes thus enabling workforce efficiencies. Phased roll out of new finance model.	0.270	0.070	(0.200)
Review of Human Resources & Organisational Design operating model and job roles and various other efficiencies.	0.148	0.052	(0.096)
DBS recharges	0.080	0.047	(0.033)
Total People & Resources	0.498	0.169	(0.329)
Governance			
ICT - Reduction in management, staff and non pay costs.	0.350	0.264	(0.086)
Total Governance	0.350	0.264	(0.086)
Social Services			
Develop a 'progression' model for Supported Living.	0.250	0.041	(0.209)
Develop alternative approaches to in house day services and work opportunity schemes.	0.250	0.140	(0.110)
Total Social Services	0.500	0.181	(0.319)
Organisational Change 1			
Alternative Delivery Models	0.415	0.335	(0.080)
Total Organisational Change 1	0.435	0.355	(0.080)
Streetscene & Transportation			
Develop energy production at landfill.	0.100	0.000	(0.100)
Review subsidised bus routes.	0.350	0.145	(0.205)
Total Streetscene & Transportation	0.450	0.145	(0.305)
Planning & Environment			
Staffing - management restructure.	0.125	0.062	(0.063)
Self financing for Public Protection Services.			
- Animal & Pest Control.			
- Licencing Charging.	0.030	0.000	(0.030)
Increase in planning fees (15% WG increase) and applications	0.015	0.000	(0.015)
Increase in number of planning applications	0.035	0.000	(0.035)
Total Planning & Environment	0.205	0.062	(0.143)
Total 2017/18 Budget Efficiencies		%	£
Total Projected 2017/18 Budget Efficiencies Underachieved		100	8.433
Total Projected 2017/18 Budget Efficiencies Achieved		15	1.262
		85	7.171

APPENDIX 3

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2017	10.953	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		5.184
Less – allocation from the Contingency Reserve to support initial set up costs and final technical support for the Community Asset Transfer (CAT) of Holywell Leisure Centre and Alternative Delivery Model (ADM) agreed in 2016/17		(0.050)
Less – projected outturn overspend		(1.256)
Total Contingency Reserve as at 31st March 2018		3.878

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	(33.598)	(33.558)	0.040	Minor Variance	
Capital Financing - Loan Charges	7.545	7.545	(0.000)	No variance	
Estate Management	1.633	1.656	0.023	Minor Variance	
Landlord Service Costs	1.318	1.314	(0.004)	Minor variance	
Repairs & Maintenance	9.929	9.754	(0.175)	A saving of £0.175m is anticipated on Repairs and Maintenance. £0.107m is savings on staff costs, £0.070m relates to subcontractor spend. The remaining £0.002m is minor variances.	
Management & Support Services	2.272	2.280	0.008	Minor variance	
Capital Expenditure From Revenue (CERA)	10.890	10.990	0.099	The variance of £0.099m is due to an increase in the contribution from revenue towards capital costs. This increase is possible because of decreased costs elsewhere in the HRA. Contributing towards the capital budget from revenue reduces borrowing costs.	
HRA Projects	0.046	0.046		No variance	
Contribution To / (From) Reserves	(0.035)	(0.026)	0.009	Minor variance	
Total Housing Revenue Account		0.000	0.000		

