

CABINET

Date of Meeting	Tuesday, 21st January 2020
Report Subject	Revenue Budget Monitoring 2019/20 (Month 8)
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

This monthly report provides the latest detailed revenue budget monitoring position for 2019/20 for the Council Fund and Housing Revenue Account for the financial year and presents the position, based on actual income and expenditure, as at Month 8. 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 £1.892m which is a favourable movement of £0.301m from the deficit figure of £2.193m reported at Month 7.
- A projected contingency reserve balance as at 31 March 2020 of £2.977m.

Housing Revenue Account

- Net in-year revenue expenditure forecast to be £0.131m higher than budget which is a negative movement of £0.109m from the deficit figure of £0.022m reported at Month 7.
- A projected closing balance as at 31 March 2020 of £1.192m.

As reported in previous reports and to assist with mitigating the overall projected overspend the following measures were introduced from Month 6:-

- 1) All non-essential spend be reviewed and challenged with a view to ceasing/delaying where able and

- 2) Further Portfolio Management Team challenge of recruitment to vacancies i.e. ceasing/delaying.

At Month 6, this resulted in identifying a one-off delay in spend of £0.530m which helped to significantly reduce the overall overspend position. Further reductions in the overspend at both Month 7 and Month 8 has been achieved predominantly from the continuation of these measures. Work will continue into Month 9 and beyond with the same rigour and challenge in an attempt to further improve the overall position.

The Chief Officer Team has set a target of reducing the overspend position to within a range of £1.500m - £1.750m by the end of the financial year, although this would still be in excess of the performance indicator target set within the MTFs of £1.350m, being 0.5% of the Net Revenue Budget.

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).

REPORT DETAILS

1.00	EXPLAINING THE MONTH 8 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 £1.892m • A projected contingency reserve balance as at 31 March 2020 of £2.977m <p>To assist with mitigating the overall projected overspend the following measures have previously been introduced:-</p> <ol style="list-style-type: none"> 1) All non-essential spend is subject to ongoing review and challenge with a view to ceasing/delaying where able and 2) Further Portfolio Management Team challenge of recruitment to vacancies i.e. ceasing/delaying <p>At Month 6, this resulted in identifying a one-off delay in spend of £0.530m which helped to significantly reduce the overall overspend position. Further reductions in the overspend at both Month 7 and Month 8 has been achieved predominantly from the continuation of these measures. Work</p>

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The Chief Officer Team has set a target of reducing the overspend position to within a range of £1.500m - £1.750m by the end of the financial year, although this would still be in excess of the performance indicator target set within the MTFS of £1.350m, being 0.5% of the Net Revenue Budget.

1.02 Table 1. Projected Position by Portfolio

The table below shows the projected position by portfolio:

Portfolio/Service Area	Approved Budget	Projected Outturn	In-Year Over / (Under) spend
	£m	£m	£m
Social Services	65.944	65.936	(0.007)
Out of County Placements	9.033	11.112	2.079
Education & Youth	8.534	8.193	(0.341)
Schools	91.941	91.941	0.000
Streetscene & Transportation	30.353	31.626	1.273
Planning & Environment	5.897	5.887	(0.010)
People & Resources	4.439	4.527	0.088
Governance	9.203	9.016	(0.186)
Strategic Programmes	5.272	5.272	0.000
Housing & Assets	15.171	14.706	(0.465)
Chief Executive	2.760	2.616	(0.144)
Central & Corporate Finance	22.810	22.407	(0.395)
Total	271.350	273.242	1.892

1.03 The reasons for the favourable movement of £0.301m from the previous month are shown in Appendix 1. The reasons for the overall projected variances are summarised within Appendix 2 showing 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 Enhancements to the format of the Revenue Budget monitoring report have been made which aim to highlight the following key information for Members:

- 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 data-bbox="320 197 724 235">Out of County Placements</p> <p data-bbox="320 271 1273 342">At this stage in the financial year, there is a projected overspend of £2.080m for the provision of Out of County Placements.</p> <p data-bbox="320 383 1382 526">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, throughout 2019/20 to date, there has been an increase in the number of high cost placements.</p> <p data-bbox="320 566 1372 710">This has created a projected overspend of £1.576m in Children’s Social Services and a projected overspend of £0.503m within Education & Youth Inclusion Services. This is based on current clients and their assessed need.</p> <p data-bbox="320 750 1353 822">The projection includes externally provided placement costs for over 150 children, some of which lie within Flintshire’s geographic boundary.</p> <p data-bbox="320 862 1385 1037">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 Overview and Scrutiny Committees in July, 2019 outlined the Council’s strategy and commitment in ensuring safe, high quality, support for Children’s Services.</p> <p data-bbox="320 1077 1350 1189">A separate report was also presented to Corporate Resources Overview and Scrutiny Committee on the key issues and latest position at the meeting on 19 September.</p>
1.06	<p data-bbox="320 1227 804 1265">Streetscene and Transportation</p> <p data-bbox="320 1301 1385 1444">A considerable amount of financial challenge work is ongoing within the Streetscene and Transportation portfolio to address the overspend position and through the mitigation measures identified below, are committed to reducing this overspend further by financial year end.</p> <p data-bbox="320 1485 1043 1523">Transportation and Logistics - £0.986m Overspend</p> <p data-bbox="320 1563 1347 1630">The pressure in school transport costs totalling £0.938m is as a result of several factors:-</p> <ul data-bbox="368 1671 1378 2072" 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 Connah’s 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 continuing to try to contain this figure within a cost pressure range which had an estimated ceiling of £0.800m.</p> <p>A separate report was presented to Corporate Resources Overview and Scrutiny Committee on the key issues and latest position at the meeting on 19 September.</p> <p>Increased transport provision to Social Services service users of £0.048m.</p> <p>Service Delivery – £0.200m 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 and currently total £0.150m. A claim to Welsh Government was submitted for these additional costs but unfortunately was not approved for funding.</p> <p>Following ongoing vandalism to Household Recycling Centres, additional costs of £0.050m have been incurred.</p> <p>Regulatory Services - £0.124m Overspend</p> <p>The Car Park income shortfall of £0.200m is based on the average shortfall in income against monthly projections for each town using the first full ten months of implementation (received in 2018/19) of the increased tariff charges and projected for 2019/20. In recent months, a large section of car parking at Flint Retail Park has been closed for development, which will result in a displacement of vehicles into Council car parks providing a potential increase in car parking income for the remaining months of 2019/20.</p> <p>The waste strategy service are likely to have an improved position of up to £0.100m, based on the commissioning period for the North Wales Residual Waste Treatment Project (NWRWTP) being shorter than anticipated compared to when the original £0.425m pressure was calculated. Maximum WG grant funding is available from the full service period commencement in December 2019. However, this is partly offset by a revision to the project support recharges from the portfolio of £0.024m.</p> <p>Other cumulative variances across the service reflect a £0.037m underspend.</p>
1.07	<p>Social Services</p> <p>The overall position for Social Services is a projected underspend of £0.007m, an adverse movement of £0.161m since Month 7.</p>

	<p>There are 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 2 and consideration has been given to further realignment of budgets within the Portfolio to address changes in service delivery.</p> <p><u>Additional Winter Pressures Grant</u> On 1 October Welsh Government announced additional funding of £30 million to support the delivery of frontline health and social care services this winter.</p> <p>Of the £30 million, £17 million will be allocated to Regional Partnership Boards to promote integrated, regional planning. For Flintshire the allocation from this regional funding is £0.805m and will be awarded between Flintshire County Council and BCUHB.</p> <p>This funding is to be used towards additional services to meet demands on social care resources linked to winter pressures. Some of these additional pressures have already been drawn down from budgets and are reflected in the projected outturn. Therefore, it is estimated that there will be £0.320m in funding to support these additional in-year front line pressures and this has been built into the figures since Month 7.</p>
1.08	<p>Central & Corporate Finance</p> <p>Pension; £0.809m 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. Current monitoring 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; £0.150m 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. The position will continue to be reviewed in-year and any further improvement reported on in future monitoring reports.</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 have resulted in an increase in the Councils updated 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 throughout the year. 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 £6.197m or 90% of the efficiencies will be achieved. However when taking into account of the conscious decision of Cabinet to re-phase the efficiency target from the reduction in Aura Subsidy this improves 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 3 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 £0.150m remained 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</p>

	reduced over recent years and there is always a risk that the market rates may reduce further.																								
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"> <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>The latest projection for the MTFS was considered by Cabinet in October and this was followed by consideration of pressures and efficiencies at specific Scrutiny Committees throughout November and December. County Council endorsed the pressures and solutions identified to date at its meeting on 11th December.</p>																								

	<p>The in-year position will continue to be monitored as we move to finalise the budget process for 2020/21.</p> <p>The Provisional Settlement for Flintshire was received on 16th December and the implications are currently being worked through in detail.</p> <p>The full Cabinet report on the MTFS can be accessed via the link in 6.01.</p> <p>Further Risks for MTFS</p> <p>All Portfolios will continue to 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) 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.</p>
1.19	<p>Taking into account the current projected overspend at this stage, and previously agreed allocations, the balance on the Contingency Reserve at 31 March 2020 is projected to be £2.977m as detailed in Appendix 4.</p>
1.20	<p>The projected level of school balances are currently being reviewed as part of the first detailed monitoring of the new academic year. At this stage there is the potential for a significant reduction in overall balances. However, in the past schools have benefitted from the notification in-year of external grant funding opportunities. An update will be provided in future monitoring reports.</p>
1.21	<p>Housing Revenue Account</p> <p>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.</p>
1.22	<p>The 2019/20 budget for the HRA is £36.239m which includes a movement of £0.158m to reserves.</p>
1.23	<p>The monitoring for the HRA is projecting in year expenditure to be £0.131m greater than budget and a closing un-earmarked balance as at 31 March 2020 of £1.192m, which at 3.29% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%.</p>
1.24	<p>The budget contribution towards capital expenditure (CERA) is £13.717m.</p>

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	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The Revenue Budget Monitoring Report reflects the 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 1.17.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None required

5.00	APPENDICES
5.01	Appendix 1: Council Fund – Movement in Variances from Month 7 Appendix 2: Council Fund – Budget Variances Appendix 3: Council Fund – Programme of Efficiencies Appendix 4: Council Fund – Movement on Un-earmarked Reserves Appendix 5: Housing Revenue Account Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Medium Term Financial Strategy and Budget 2020/21 http://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=391&MId=4453&Ver=4&LLL=0

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Dave Ledsham (Strategic Finance Manager) Telephone: 01352 704503 E-mail: dave.ledsham@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	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.

Council Fund: the fund to which all the Council's revenue expenditure is charged.

Financial Year: the period of twelve months commencing on 1 April.

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.

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. 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 8 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Social Services		
Older People		
Reablement Services	0.065	Variance due to budget transfer to Professional and Admin Support (£0.033m) and Localities (£0.034m) within the Older People Budget.
Resources & Regulated Services	-0.184	Additional budget of £0.137m transferred to Extra Care as approved within the Month 2 Interim Revenue Budget Monitoring Report. Other minor positive movements of £0.037m.
Minor Variances	-0.022	
Adults of Working Age		
Resources & Regulated Services	0.045	Increase in projected costs for the in-house supported living service of £0.027m. The balance of the movement is due to the net increase in service user care packages.
Residential Placements	0.115	This increase is due to the net increase in residential care packages.
Substance Misuse	-0.032	Decrease due to reduced costs of residential care package.
Minor Variances	0.008	
Children's Services		
Minor Variances	0.021	
Safeguarding & Commissioning		
Charging Policy income	0.140	Transfer of budget for £0.137m to Older People, Extra Care budget as agreed within the Month 2 Interim Revenue Budget Monitoring Report.
Minor Variances	0.002	
Total Social Services (excl Out of County)	0.160	
Out of County		
Children's Services	-0.019	
Education & Youth	-0.126	Aggregate impact of a number of ended placements, a change of placement and provider rate changes
Total Out of County	-0.145	
Education & Youth		
Integrated Youth Provision	-0.041	Staffing reallocations totalling -£0.024m plus a number of other minor favourable movements of -£0.017m
Minor Variances	-0.007	
Total Education & Youth	-0.048	
Schools	0.000	
Streetscene & Transportation		
Service Delivery	0.058	Movement of £0.050m in relation to vandalism at Household Recycling Centres, this has increasingly become a challenge at each of the sites and is ongoing. Managers are actively working to support the staff operating the sites and taking action to ensure the safety of the sites.
Transportation	-0.072	Movement due to validation of forecasting methodology for school transport following retendering of high cost routes and overall route review.
Other Minor Variances	0.022	
Total Streetscene & Transportation	0.008	
Planning, Environment & Economy		
Business	-0.026	Additional EHO post now moved into establishment through a vacant post
Development	-0.037	Increase in Planning Fee Income and Highways Development Control Fee income, revised projected outturn
Minor Variances	0.050	Cumulative minor variances, each of less than £0.025m across the portfolio.
Total Planning & Environment	-0.013	

MONTH 8 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
People & Resources		
HR & OD	-0.004	
Corporate Finance	0.017	
Total People & Resources	0.013	
Governance		
Revenues	-0.192	The variance in period 8 is a direct result of the ongoing review of council tax single person discount entitlements and the removal of discounts, where taxpayers are determined as not entitled to the 25% discount. The review is still ongoing but at the time of reporting, additional efficiency savings of circa £227k have been achieved as a result of the review. Minor variances across the service each of less than £0.025m.
Minor Variances	0.009	
Total Governance	-0.183	
Strategic Programmes		
Minor Variances	-0.000	
Total Strategic Programmes	-0.000	
Housing & Assets		
Housing Solutions	-0.079	Staffing savings due to ongoing management vacancies
Minor Variances	-0.002	
Total Housing & Assets	-0.081	
Chief Executive's	0.013	
Central & Corporate Finance	-0.025	
Grand Total	-0.301	

Budget Monitoring Report
Council Fund Variances

MONTH 8 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Social Services						
Older People						
Localities	18.815	17.777	-1.039	-1.035	Residential and Nursing Care is projecting a £0.540m underspend due to a fluctuation in demand for residential and nursing care placements and increases to capital limits. Staff budgets are underspending within Intake/First Contact and Localities Teams, not all staff are currently top of grade and there are in-year savings due to short term vacancies. One off funding for Additional Winter Pressures Grant from WG totalling £0.320m.	ICF (Intergrated Care Fund) Grant funding is used to fund residential care to reduce the amount of time people spend in hospital. Due to a reduced demand for this funding, within the independent sector residential homes, some of this funding is allocated to Council run residential homes for the same purpose.
Resources & Regulated Services	7.155	7.559	0.404	0.588	Council provided residential care is £0.401m 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 build expenditure such as repairs and maintenance. The final transfer of budget to Extra Care as agreed within the Month 2 Interim Revenue Budget Monitoring Report has now been made.	
Minor Variances	1.224	1.198	-0.027	-0.074		
Adults of Working Age						
Resources & Regulated Services	24.170	23.781	-0.389	-0.434	The outturn projection represents the current cost of care packages projected to the end of the financial year.	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 months financial projections.
Transition & Disability Services	0.718	0.658	-0.060	-0.058	Not all staff are paid at top of scale and there are also in-year one off vacancy savings.	
Residential Placements	1.241	1.853	0.612	0.497	The overspend is due to the number of residential placements currently funded.	
Professional Support	0.821	0.767	-0.054	-0.061	Not all staff are currently paid at top of grade and there are also one off in-year vacancy savings.	
Minor Variances	2.940	2.821	-0.119	-0.090		
Children's Services						
Family Placement	2.564	2.887	0.323	0.305	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 which would be more expensive. The main pressure areas are payments for foster carers, foster agencies and special guardianship payments.	
Family Support	0.371	0.519	0.148	0.161	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 level whereby, under employment regulations, sessional workers are required to be issued fixed term contracts.	Sections of this service are being reviewed with a view to making it more cost efficient.
Legal & Third Party	0.178	0.487	0.309	0.314	Legal costs are overspent due to the number of cases going through the courts and the use of external legal professionals. Direct payments have also increased in demand.	
Professional Support	5.237	5.312	0.075	0.054	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 agency 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	1.132	1.152	0.020	0.021		
Safeguarding & Commissioning						
Business Support Service	1.209	1.117	-0.092	-0.099	The underspend is due to a number of short term vacancy savings and some posts occupied by staff who are not top of grade.	
Safeguarding Unit	0.923	0.868	-0.055	-0.075	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	-1.722	0.207	0.207	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	-0.046	-0.270	-0.224	-0.224	Short term vacancy savings transferred across the portfolio.	
Minor Variances	-0.780	-0.828	-0.047	-0.164	Transfer of budget for £0.137m to Older People, Extra Care budget as agreed within the Month 2 Interim Revenue Budget Monitoring Report.	
Total Social Services (excl Out of County)	65.944	65.936	-0.007	-0.167		

MONTH 8 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Out of County						
Children's Services	5.288	6.864	1.576	1.596	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	4.248	0.503	0.629	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
Total Out of County	9.033	11.112	2.079	2.225		
Education & Youth						
Inclusion & Progression	4.095	4.013	-0.082	-0.078	Savings identified as part of the revenues spend review carried out at month 6 and beyond.	
Integrated Youth Provision	1.290	1.186	-0.105	-0.063	Underspends across the whole of the service identified through the challenge of non-essential spend.	
School Improvement Systems	1.702	1.578	-0.124	-0.136	In year savings identified through the challenge of non-essential spend across School Improvement and Early Entitlement	
Minor Variances	1.447	1.416	-0.031	-0.015		
Total Education & Youth	8.534	8.193	-0.341	-0.293		
Schools						
	91.941	91.941	0.000	0.000		
Streetscene & Transportation						
Service Delivery	8.558	8.758	0.200	0.142	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 made to Welsh Government was unsuccessful and the portfolio is now working to mitigate these costs. Potential total costs up to £0.180m. The flooding has also impacted the capital programme creating an additional pressure of £0.350m for highway repairs. It should be noted that this service area is also carrying a pressure of £0.050m in relation to vandalism at Household Recycling Centres. This has increasingly become a challenge at each of the sites and is ongoing. Managers are actively working to support the staff operating the sites and taking action to ensure the safety of the sites.	
Transportation	8.598	9.584	0.986	1.058	The pressures 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. There is a risk that School Transport costs may rise as a result of SEN and operator increases, this is a regional matter and the impact is being felt across all Councils in North Wales. There is also an increase in number of school days in 2019-20. The Transportation service have successfully reviewed high cost routes and retendered contracts where a more favourable rate may be secured. The impact of this to date is a further reduction in the forecast position to £0.938m and work is ongoing to mitigate this further. Increased transport provision to Social Services of £0.048m. The Transportation service are looking to mitigate this pressure through a route optimisation exercise.	
Regulatory Services	4.838	4.962	0.124	0.102	Car Parking Income has been reflected as an ongoing pressure within the MTFs as income is not reaching budgeted levels. Although November takings have improved the position marginally, the shortfall is around £0.200m and this will be closely monitored going forward to assure forecasts. The waste strategy service are now likely to have an improved position of up to £0.100m, based on the commissioning period for the North Wales Residual Waste Treatment Project (NRRWTP) being shorter than anticipated compared to when the £0.425m pressure was calculated. Maximum WG grant funding is available from the full service period commencement which is projected to be in December 2019. In addition, the recharge for Parc Adfer project support has been revised and amended accordingly.	
Other Minor Variances	8.360	8.323	-0.037	-0.037		
Total Streetscene & Transportation	30.353	31.626	1.273	1.264		
Planning, Environment & Economy						

MONTH 8 - SUMMARY

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Development	0.061	0.001	-0.061	-0.023	Higher than expected levels of Planning Fee Income received in the first half of the financial year. The projection is dependant on the number and value of the applications received, resulting in a changeable outturn to ensure an accurate reflection. Increased Fee income in Highways Development Control also contributes to the overall favourable variance.	
Access	1.337	1.402	0.066	0.065	Historic Income Target not realised due to cessation of Environment Single Revenue Grant in March, 2019 £0.027m. Service Review in Rights of Way resulting in increased staffing costs £0.028m. Minor Variances totalling £0.011m.	
Management & Strategy	1.390	1.330	-0.059	-0.076	Vacant posts across the service: Land Drainage and Planning Policy	
Minor Variances	3.110	3.154	0.044	0.037		
Total Planning & Environment	5.897	5.887	-0.010	0.003		
People & Resources						
HR & OD	2.367	2.429	0.062	0.066	The launch of the salary sacrifice scheme for AVSC was undertaken earlier this year and all existing employees paying AVSC have been written to encouraging them to take up the scheme together with information for all staff via the infonet workforce news. To date only £0.009m has been achieved through this scheme and this has been re-projected as a full year efficiency at £0.018m.	
Corporate Finance	2.073	2.099	0.026	0.009		
Total People & Resources	4.439	4.527	0.088	0.075		
Governance						
Legal Services	0.723	0.884	0.160	0.159	Overspend as a result of employing locums to December, 2019 covering absence to ensure continuing client service delivery in the area of child protection £0.090m. Previous years efficiency target that was dependant on demand reduction in another service that has not occurred, thereby preventing the consequent achievement of the efficiency £0.114m. Mitigated by the fee income and commitment challenge within the service totalling £0.044m.	
Internal Audit	0.834	0.788	-0.046	-0.045	Vacancy Savings	
Revenues	0.197	-0.043	-0.240	-0.049	At Period 8 together with an early indication of a potential surplus on the Council Tax Fund, Revenues is projecting a favourable variance as a direct result of the ongoing review of council tax single person discount entitlements and the removal of discounts where taxpayers are determined as not entitled to the 25% discount. The review is still ongoing but at the time of reporting, additional efficiency savings of circa £0.227m have been achieved from the review.	
Minor Variances	7.449	7.388	-0.061	-0.068	Cumulative minor variances, each of less than £0.025m across the portfolio.	
Total Governance	9.203	9.016	-0.186	-0.004		
Strategic Programmes						
Minor Variances	5.272	5.272	0.000	0.000		
Total Strategic Programmes	5.272	5.272	0.000	0.000		
Housing & Assets						
Caretaking & Security	0.263	0.206	-0.057	-0.057	Savings identified arising from the review and challenge of non-essential spend, of which £0.034m relates to staff cost savings arising from vacancies and reduced overtime payments. A further £0.015m saving on Repairs and Maintenance of Buildings arose from the challenge of non essential spend making a total of £0.049m for this service. The remaining £0.008m of the projected underspend relates to other minor savings.	Continue to review and challenge all non essential spend in future months.
CPM & Design Services	0.673	0.595	-0.077	-0.070	Mainly due to a surplus of income recovered via Service Level Agreements (SLAs) and also £0.012m arising from the review and challenge of non-essential spend.	Continue to review and challenge all non essential spend in future months.
Benefits	11.566	11.290	-0.275	-0.275	Projected underspend on the Council Tax Reduction Scheme (CTRS).	
Housing Solutions	1.062	0.957	-0.105	-0.026	Management savings due to ongoing vacancies	Continue to monitor and review
Minor Variances	1.608	1.658	0.050	0.045	Cumulative minor variances, each of less than £0.025m across the portfolio.	
Total Housing & Assets	15.171	14.706	-0.465	-0.383		
Chief Executive's	2.760	2.616	-0.144	-0.157	Vacant Posts	
Central & Corporate Finance	22.802	22.407	-0.395	-0.371	Over recovery of planned pension contributions recoupment against actuarial projections due to pay award increase mitigated by the under achievement of Income efficiencies and Workforce efficiencies.	
Grand Total	271.350	273.242	1.891	2.193		

2019/20 Efficiencies Outturn Tracker (Month 8)

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	Change in accounting Policy for MRP	Liz Thomas	1.400	1.400	0.000	C	G	N/A
New Income Targets* (See below for further breakdown)	Additional Income Target 19/20	All	0.100	0.000	(0.100)	O	A	See income analysis below
Management of Workforce and Inflation cost pressures	Corporate Financing Efficiency for Pensions/Auto Enrolment & 17/18 Inflation	Gary Ferguson	1.144	1.144	0.000	C	G	N/A
Workforce Terms and Conditions	Essential Car User Allowance/Travel/AVC	Sara Dulson/Sharon Carney	0.250	0.100	(0.150)	O	A	To be confirmed
ADM Subsidies		Rachael Corbelli	0.400	0.285	(0.115)	C	G	Agreed re-profiling of subsidy reduction
Reduction in Corporate Management Costs		Joanne Pierce	0.250	0.256	0.006	C	G	£0.256m achieved to date though further efficiencies from CO post (Oct-March) may be achieved pending confirmation of resourcing
HRA/Council Fund Recharges		Rachael Corbelli	0.158	0.158	0.000	O	G	N/A
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	3.493	(0.359)				
Social Services								
Domiciliary Care Charging Cap		Neil Ayling	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	0.030	0.000	O	G	
Housing Programmes; Reductions in bond applications		Mel Evans	0.005	0.005	0.000	O	G	Delay to reviewing processes
Total Housing & Assets		0.035	0.035	0.000				
Streetscene & Transportation								
School Transport		Anthony Stanford	0.100	0.000	(0.100)	C	R	Decision not to review historic transport anomalies in year.
Review Security Arrangements in depot		Katie Wilby	0.005	0.005	0.000	O	G	
Total Streetscene & Transportation		0.105	0.005	(0.100)				Impact of not achieving the efficiency included in the Additional School Transport Costs range in the Month 2 report.
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% £68k)		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	6.197	(0.742)				

Less Previously agreed Decision	Agreed Re-profiling of Subsidy - AURA	(0.115)	0.115
Revised 2019/20 Budget Efficiencies		<u>6.824</u>	<u>6.197</u>
			<u>(0.627)</u>

		%	£
Total 2019/20 Budget Efficiencies		100	6.939
Total Projected 2019/20 Budget Efficiencies Underachieved		-11	(0.742)
Total Projected 2019/20 Budget Efficiencies Achieved		89	6.197
Total 2019/20 Budget Efficiencies (Less Previously agreed Decisions)		100	6.824
Total Projected 2019/20 Budget Efficiencies Underachieved		-9	(0.627)
Total Projected 2019/20 Budget Efficiencies Achieved		91	6.197

* New Income Targets		£m
Income Target Efficiency from Previous Years		(0.207)
Income Efficiency 19/20		(0.100)
Total Income Efficiency		<u>(0.307)</u>

	Efficiency	Amount Achieved	(Under)/Over Achievement
	2019/20	2019/20	2019/20
	£m	£m	£m
19/20 New Income Efficiencies from Business Planning			
Corporate			
Graphics Income	(0.005)	(0.005)	0.000
Management Recharge	(0.016)	(0.016)	0.000
Social Services			
Integrated Services	(0.010)	(0.010)	0.000
Workforce Development Income	(0.005)	(0.005)	0.000
Streetscene			
Income from external works within fleet services	(0.010)	(0.010)	0.000
Garden Waste Charges	(0.050)	(0.050)	0.000
Bereavement Services (01.10.19 to 31.03.20)	(0.003)	(0.003)	0.000
Planning, Environment & Economy			
Planning Fee Income	(0.025)	(0.025)	0.000
Countryside & Conservation	(0.023)	(0.023)	0.000
Business & Community - Food Safety, Taxi Licences, Pest Control & Weights & Measures (01.10.19 to 31.03.20)	(0.010)	(0.010)	0.000
Total 19/20 Income Efficiency	<u>(0.157)</u>	<u>(0.157)</u>	<u>0.000</u>
Total Balance Remaining	<u>(0.150)</u>		

New against target due to increase in fees from 1/10/19
Remaining amount is from from BP efficiencies in 19/20 budget

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		1.892
Total Contingency Reserve available for use		2.977

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 8 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £25k
Housing Revenue Account		
Income	(0.020)	Reduction in lost income in respect of void properties (£0.016m). Other minor variances (£0.004m).
Capital Financing - Loan Charges	0.000	
Estate Management	(0.018)	Additional salary savings of (£0.018m).
Landlord Service Costs	0.002	Minor variances.
Repairs & Maintenance	0.002	Minor variances.
Management & Support Services	0.143	Additional expenditure anticipated in respect of insurance excess costs of £0.153m. Other minor variances of (£0.010m).
Capital Expenditure From Revenue (CERA)	0.000	
HRA Projects	0.000	
Contribution To / (From) Reserves	(0.109)	Reduced contribution to reserves due to the projected outturn position (£0.109m).
Total Housing Revenue Account	0.000	