

CABINET

Date of Meeting	Tuesday, 25 th September 2018
Report Subject	Revenue Budget Monitoring 2018/19 (Month 4)
Cabinet Member	Leader of the Council and Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

This monthly report provides the latest revenue budget monitoring position for 2018/19 for the Council Fund and Housing Revenue Account. This is the first full detailed monitoring report for the new financial year and presents the position, based on actual income and expenditure, as at Month 4 of the financial year. The report projects how the budget would stand at the close of the financial year if all things remained unchanged.

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

Council Fund

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

Housing Revenue Account

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

RECOMMENDATIONS

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

REPORT DETAILS

1.00	EXPLAINING THE MONTH 4 POSITION
1.01	<p>Council Fund Projected Position</p> <p>The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, is as follows:</p> <ul style="list-style-type: none">• An operating deficit of £0.660m (the actual net in-year expenditure forecast shows a £2.680m surplus once the positive impact of a £1.400m contribution due to the agreed change to the accounting policy for Minimum Revenue Provision (MRP) and receipt of a VAT rebate for £1.940m are included, noting that both sums have been allocated out to the Contingency Reserve to support the Medium Term Financial Strategy)• A projected contingency reserve balance as at 31 March 2019 of £8.145m

1.02	It is recommended that the £1.400m contribution recovered from the change in the accounting policy for MRP, and the VAT rebate of £1.940m, are transferred from the Council Fund to the Contingency Reserve to support the Medium Term Financial Strategy.																																																																
1.03	<p>Projected Position by Portfolio</p> <p>The table below shows the projected position by portfolio:</p> <table border="1" data-bbox="320 454 1334 1429"> <thead> <tr> <th data-bbox="320 454 772 645">TOTAL EXPENDITURE AND INCOME</th> <th data-bbox="772 454 970 645">Revised Budget</th> <th data-bbox="970 454 1161 645">Projected Outturn</th> <th data-bbox="1161 454 1334 645">In-Year Over / (Under) spend</th> </tr> <tr> <td></td> <th data-bbox="772 645 970 701">£m</th> <th data-bbox="970 645 1161 701">£m</th> <th data-bbox="1161 645 1334 701">£m</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 651 772 701">Social Services</td> <td data-bbox="772 651 970 701">64.725</td> <td data-bbox="970 651 1161 701">64.506</td> <td data-bbox="1161 651 1334 701">(0.219)</td> </tr> <tr> <td data-bbox="320 701 772 757">Out of County note 1</td> <td data-bbox="772 701 970 757">7.274</td> <td data-bbox="970 701 1161 757">8.851</td> <td data-bbox="1161 701 1334 757">1.577</td> </tr> <tr> <td data-bbox="320 757 772 813">Education & Youth</td> <td data-bbox="772 757 970 813">7.908</td> <td data-bbox="970 757 1161 813">7.849</td> <td data-bbox="1161 757 1334 813">(0.059)</td> </tr> <tr> <td data-bbox="320 813 772 869">Schools</td> <td data-bbox="772 813 970 869">89.806</td> <td data-bbox="970 813 1161 869">89.806</td> <td data-bbox="1161 813 1334 869">0.000</td> </tr> <tr> <td data-bbox="320 869 772 925">Streetscene & Transportation</td> <td data-bbox="772 869 970 925">29.851</td> <td data-bbox="970 869 1161 925">30.742</td> <td data-bbox="1161 869 1334 925">0.891</td> </tr> <tr> <td data-bbox="320 925 772 981">Planning & Environment</td> <td data-bbox="772 925 970 981">5.620</td> <td data-bbox="970 925 1161 981">5.627</td> <td data-bbox="1161 925 1334 981">0.006</td> </tr> <tr> <td data-bbox="320 981 772 1037">People & Resources</td> <td data-bbox="772 981 970 1037">4.473</td> <td data-bbox="970 981 1161 1037">4.474</td> <td data-bbox="1161 981 1334 1037">0.001</td> </tr> <tr> <td data-bbox="320 1037 772 1093">Governance</td> <td data-bbox="772 1037 970 1093">8.158</td> <td data-bbox="970 1037 1161 1093">8.021</td> <td data-bbox="1161 1037 1334 1093">(0.136)</td> </tr> <tr> <td data-bbox="320 1093 772 1149">Strategic Programmes</td> <td data-bbox="772 1093 970 1149">5.164</td> <td data-bbox="970 1093 1161 1149">5.164</td> <td data-bbox="1161 1093 1334 1149">0.000</td> </tr> <tr> <td data-bbox="320 1149 772 1205">Housing & Assets</td> <td data-bbox="772 1149 970 1205">13.213</td> <td data-bbox="970 1149 1161 1205">13.223</td> <td data-bbox="1161 1149 1334 1205">0.010</td> </tr> <tr> <td data-bbox="320 1205 772 1261">Chief Executive</td> <td data-bbox="772 1205 970 1261">2.961</td> <td data-bbox="970 1205 1161 1261">2.695</td> <td data-bbox="1161 1205 1334 1261">(0.266)</td> </tr> <tr> <td data-bbox="320 1261 772 1317">Central & Corporate Finance</td> <td data-bbox="772 1261 970 1317">25.175</td> <td data-bbox="970 1261 1161 1317">20.691</td> <td data-bbox="1161 1261 1334 1317">(4.484)</td> </tr> <tr> <td data-bbox="320 1317 772 1373"></td> <td data-bbox="772 1317 970 1373"></td> <td data-bbox="970 1317 1161 1373"></td> <td data-bbox="1161 1317 1334 1373"></td> </tr> <tr> <td data-bbox="320 1373 772 1429">Total</td> <td data-bbox="772 1373 970 1429">264.328</td> <td data-bbox="970 1373 1161 1429">261.649</td> <td data-bbox="1161 1373 1334 1429">(2.680)</td> </tr> </tbody> </table> <p data-bbox="320 1462 1394 1653">Note 1: For 2018/19 the projection for Out of County Placements are shown as a separate line in the above table to give greater clarity on the overall position for this area of expenditure which has previously been reported within both the Social Care and Education & Youth portfolios.</p>	TOTAL EXPENDITURE AND INCOME	Revised Budget	Projected Outturn	In-Year Over / (Under) spend		£m	£m	£m	Social Services	64.725	64.506	(0.219)	Out of County note 1	7.274	8.851	1.577	Education & Youth	7.908	7.849	(0.059)	Schools	89.806	89.806	0.000	Streetscene & Transportation	29.851	30.742	0.891	Planning & Environment	5.620	5.627	0.006	People & Resources	4.473	4.474	0.001	Governance	8.158	8.021	(0.136)	Strategic Programmes	5.164	5.164	0.000	Housing & Assets	13.213	13.223	0.010	Chief Executive	2.961	2.695	(0.266)	Central & Corporate Finance	25.175	20.691	(4.484)					Total	264.328	261.649	(2.680)
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1.04	The reasons for the projected variances are summarised within Appendix 1 with the more significant portfolio variances explained in paragraphs 1.05 to 1.25 below. As has been the practice in recent years where a variance has been due to a conscious change to policy or practice, the resulting cost pressure is managed corporately where the respective portfolio is not able to meet any shortfall without impacting on service duties, standards, and performance.																																																																
1.05	<p>Social Services</p> <p>Children's Services - Family Placement; £0.221m overspend</p>																																																																

	<p>There is a projected overspend of £0.221m within this service due to the current demands on the service from additional fostering placements which in some cases wherever practical are a more cost effective and appropriate solution than an out of county placement. The main pressure areas are payments to foster carers and agencies, special guardianship payments, and Christmas supplements.</p>
1.06	<p><u>Children's Services - Professional Support; £0.197m overspend</u></p> <p>There is a projected overspend of £0.197m within this service. Most of this relates to an under provision of budget for the ongoing need to support child protection issues via the Victim Contact team and a request to fund £0.100m from the contingency reserve is included in this report.</p>
1.07	<p><u>Older People Localities - £0.131m underspend</u></p> <p>Underspends due to lower than anticipated underspends on domiciliary care provision and a number of short term vacancies within the service however these are partially offset by a projected overspend in Residential and Nursing Care due to an increased number of placements following the increase of the capital limit to £40k.</p>
1.08	<p><u>Older People Resources & Regulated Services - £0.141m underspend</u></p> <p>The projected underspend reflects demand influences within externally provided supported living services.</p>
1.09	<p><u>Older People - Provider Services (Contribution to North East Wales Community Equipment Store (NEWCES)); £0.142m underspend</u></p> <p>There is a projected in year underspend of £0.142m following renegotiation with our NEWCES partners. This recurring saving has been earmarked for use as part of the funding strategy for the Council's new extra care facilities, however due to the expected delay in the opening of the new Llys Raddington, Flint extra care facility until September 2018, the planned budget virement to establish the required full year budget for the new facility need not take place until 2019/20.</p>
1.10	<p><u>Older People - Provider Services - Resources & Regulated Services; £0.142m underspend</u></p> <p>There is a projected in year underspend of £0.142m due to the expected delay in opening of the new Llys Raddington, Flint extra care facility which is not now expected to be open until September 2018.</p>
1.11	<p><u>Mental Health Services - Residential Placements; £0.290m overspend</u></p> <p>There is an ongoing pressure due to the numbers of long term residential placements despite the maximisation of opportunities to secure joint funding opportunities from BCUHB. This area will be kept under review as part of the ongoing review of the 2019/20 Medium Term Financial Strategy (MTFS).</p>
1.12	<p><u>Development & Resources – Charging Policy Income; £0.108m underspend</u></p>

	<p>The projected underspend is due to surplus income which is mainly due to changes to disregards rules on financial assessments.</p>
1.13	<p><u>Development & Resources underspends – Business Support Service; £0.078m, Safeguarding £0.059m and Good Health £0.061m</u></p> <p>Mainly due to a number of short term vacancies and additional income from Welsh Government for Deprivation of Liberty Safeguards (DoLS).</p>
1.14	<p>Out of County Placements</p> <p>There is a projected overspend of £1.577m in Out of County placements which includes clients in both Social Services Children’s Services and Education and Youth Inclusion Services. This is based on current clients and packages and is subject to variation during the year.</p> <p>The projection includes a contingency sum of £0.150m to cover the net additional costs of further new placements, ending placements, and changes in placement costs.</p>
1.15	<p>Streetscene & Transportation</p> <p><u>Ancillary Services and Performance – £0.151m Overspend</u></p> <p>A delay in the development of the new Rockcliffe HRC site has resulted in additional running costs of £0.050m. Shortfall in Recycling income due to falling plastic recycling prices resulting from external market factors £0.185m. Additional income of £0.100m above the original projections following rollout of brown bin charges.</p>
1.16	<p><u>Highways Network - £0.350m Overspend</u></p> <p>Overspend due to additional cost of waste Leased Vehicles in their final year of contract plus an element of Vehicle insurance Costs £0.072m.</p> <p>Following increased car park charges from May 2018, together with charges in Flint being implemented for the first time, initial forecasts have indicated lower than anticipated income levels compared to original projections. In addition officers have recently been appointed to meet the demands of parking enforcement requirements across the County. These overall variances total £0.160m.</p>
1.17	<p><u>Transportation and Logistics - £0.242m Overspend</u></p> <p>There pressure is due to the additional transport costs of pupils from John Summers High School transferring to Connah’s Quay High School, Buckley Elfed and the Mold Campus. The part year pressure was met from the Education Transition budget in 2017/18.</p>
1.18	<p>Planning, Environment & Economy</p> <p><u>Development - £0.152m underspend</u></p>

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

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

	<p>The 2018/19 budget contains £5.511m of specific efficiencies which are tracked and monitored. In 2017/18 the level of efficiency achievement was 94% which was an improvement on the 91% achieved during the previous year. The Council aims to achieve a 95% rate in 2018/19 as reflected in the MTFs KPI's.</p> <p>The current assessment of the efficiencies to be achieved in 2018/19 shows that £5.411m or 98% of the efficiencies will be achieved. The risk remains that any ongoing under-achievement of efficiencies will have a recurring and negative impact on the 2019/20 budget. Further details on the current status on efficiencies can be seen in Appendix 2 with the overall impact in relation to any impact for 2019/20 being reviewed as part of the ongoing work on the MTFs.</p>
1.30	<p>Other Tracked Risks</p> <p>In addition, there are a number of risks being tracked that may be subject to change and these are summarised below:</p>
1.31	<p>Income</p> <p>The Council introduced its Income Strategy in late 2017. A target of £0.200m remains to be achieved from the identification of new sources of income and the review of fees and charges. The Council now has additional capacity to pursue this strategy with a number of potential opportunities will be considered as part of business planning and annual review.</p>
1.32	<p>Recycling Income</p> <p>The market rate for income received from recycling plastic, paper and card are extremely volatile and can fluctuate rapidly. Recycling income is already lower than budgeted for and there is a risk that the market rates may reduce further.</p>
1.33	<p>Schools Pressures</p> <p>There are a number of risks affecting schools in 2018/19:</p> <p>Pay – The NJC pay award has meant that schools have had a significant pressure to meet the cost of this in 2018/19 due to a high number of schools staff being on the lower grades that have received a higher percentage increase. Whilst schools did receive £1.1m in funding as part of the budget for 2018/19 the pressures in year are significantly higher.</p> <p>Teachers Pay – The recent announcement on teachers' pay will mean a significant pressure on schools from September 2018/19. The Council is in contact with Welsh Government regarding the funding of this which needs to be funded from central funding. If this is not agreed then this will place another large pressure on school budgets.</p> <p>Schools in a deficit position– Flintshire has a number of secondary schools with significant deficits - future impacts of the pay awards as detailed below will impact on this position. (Deficits as at 31/3/18 are £1.285m)</p>

1.34	<p>Other In-Year Issues</p> <p>Inflation</p> <p>Included within the 2018/19 budget are provision for pay (£0.937m), food (£0.124m), fuel (£0.069m) and Energy (£0.442m). As in previous years, these amounts are held centrally until later in the year when any pressures on these budgets emerges. At that stage, an allocation for the pressure will be allocated to the portfolio in question.</p>
1.35	<p>An allocation of £0.075m from the inflation provided for Energy has been transferred to the Street Lighting service due to an inflationary increase that has already occurred.</p>
1.36	<p>The pay award provided in the 2018/19 budget was based on 1% of the total pay budget. The actual national agreed pay award agreed was a minimum of 2% on pay, with additional increases on the lower pay scales.</p> <p>At the time of setting the 2018/19 budget this was acknowledged as an area that would need to be subject to a one off contribution from the contingency reserve and Cabinet are recommended to approve this to enable the appropriate level of funding to be transferred to Portfolios.</p> <p>The amount requested to be funded from the Contingency Reserve is £1.084m as detailed in paragraph 1.27. This recurring amount is being built into the current forecast for 2019/20.</p>
1.37	<p>Reserves and Balances</p> <p>Un-earmarked Reserves</p> <p>The 2017/18 outturn reported to Cabinet in July showed un-earmarked reserves at 31 March 2018 (above the base level of £5.769m) of £7.928m.</p> <p>As agreed in the 2018/19 budget an amount of £1.945m was approved as part of the strategy to balance the budget and in addition County Council on 1 March approved a one off amount of £0.460m for schools, on a temporary basis. The available Contingency Reserve after taking account of these contributions is therefore £5.523m.</p>
1.38	<p>Taking into account the current projected overspend at this stage, and previously agreed allocations, the balance on the Contingency Reserve at 31 March 2019 is projected to be £8.441m as detailed in appendix 3.</p>
1.39	<p>The projected overspend of £0.197m on Children’s Services professional support includes an amount of £0.104m in respect of the Victim Contact team, which is continuing to support a specific investigation into child sexual exploitation (CSE). There is an expected need to continue to support a specific investigation throughout 2018/19 and also into 2019/20.</p> <p>As in previous years it is recommended that funding of £0.100m be allocated in 2018/19 from the contingency reserve in recognition of the ongoing pressures within this area of Children’s Services professional support due to the investigations into CSE. It is further recommended that funding of</p>

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

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

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

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

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

7.00	GLOSSARY OF TERMS
7.01	<p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Council Fund: the fund to which all the Council's revenue expenditure is charged.</p> <p>Financial Year: the period of twelve months commencing on 1 April.</p> <p>Housing Revenue Account: the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.</p> <p>Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.</p> <p>Reserves: these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.</p>

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

Underspend: when referring to expenditure the actual expenditure incurred is less than budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a –ve.

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

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

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