

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	27 NOVEMBER 2017
SUBJECT:	REVENUE BUDGET MONITORING, QUARTER 2 2017/18
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. In February 2017, the Council set a net budget for 2017/18 with net service expenditure of £126.157m to be funded from Council Tax income, NDR and general grants. An additional £0.490m was approved for expenditure on schools, which was to be funded from Council reserves. The total budget approved for 2017/18 is, therefore, £126.647m.
2. The budget for 2017/18 included required savings of £2.444m. This includes £490k of savings for Learning which will be funded by reserves as agreed by Council. The revised amount of savings for 2017/18 is £1.954m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net (under)/overspends shown.
3. This report sets out the financial performance of the Council's services for the first half of the financial year, which relates to the period 1 April 2017 to 30 September 2017. The projected position for the year as a whole is also summarised.
4. The overall projected financial position for 2017/18, including Corporate Finance and the Council Tax fund, is an overspend of £1.924m. This is 1.53% of the Council's net budget for 2017/18.
5. It is recommended that:-
 - (i) To note the position set out in appendices A and B in respect of the Authority's financial performance to date and expected outturn for 2017/18;
 - (ii) To note the summary of Contingency budgets for 2017/18 detailed in Appendix C;
 - (iii) To note the position of the invest to save programmes in Appendix Ch. The Executive is also asked to approve a proposed change for £20k of Learning's £87k Invest-to Save allocation for implementing the ONE management information system; to be used to fund another Learning Invest-to-Save project for the development of an online shop and website for Oriel Ynys Môn;
 - (iv) To note the position of the efficiency savings 2017/18 in Appendix D;
 - (v) To note the monitoring of agency and consultancy costs 2017/18 in Appendices DD and E;
 - (vi) To approve the capitalisation of Equal Pay costs up to £2.566m in accordance with the Welsh Government Capitalisation Directive which is effective to 31/03/2018.

B - What other options did you consider and why did you reject them and/or opt for this option?		
n/a		
C - Why is this a decision for the Executive?		
This matter is delegated to the Executive.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Yes		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer’s report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix A - Revenue Budget Monitoring Report – Quarter 2, 2017/18 • Appendix B – Table of Forecast Revenue Outturn 2017/18 • Appendix C – Summary of Contingency Budgets 2017/18 • Appendix CH – Review of the Invest-to-Save projects • Appendix D - Review of Efficiency Savings 2017/18 • Appendix DD - Information regarding monitoring of Agency Staff • Appendix E - Information regarding monitoring of Consultants 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2017/18 Revenue Budget (as recommended by this Committee on 14 February 2017 and adopted by the County Council on 28 February 2017). 		

REVENUE BUDGET MONITORING – QUARTER 2 2017/18**1. General Balance – Opening Position**

- 1.1 The Council had £13.357m of earmarked reserves and school reserves amounting to £2.089m at the start of the financial year. The provisional outturn for 2016/17 resulted in general balances at the start of the current financial year of £8.697m. The final general balance at 1 April 2017, following a small number of post-audit adjustments is £8.355m. The minimum balance of the general reserve has been set at £6m as approved by Full Council on 28 February 2017.
- 1.2 The Quarter 1 report highlighted the risk that approximately £2m of Equal Pay claims may need to be funded from the above general balance once they are settled. The Council has successfully secured a Capitalisation Directive for up to £2.556m from Welsh Government, which will allow the Council to capitalise any Equal Pay costs incurred by 31 March 2018. This will help spread the cost over a number of years, through the Minimum Revenue Provision (MRP) charge. If borrowing is taken out over a 10-year period to fund the costs this would incur interest charges of approximately £62k per year for 10 years. Any Equal Pay Costs incurred beyond 31 March 2018 may affect Council reserves as the Capitalisation Directive expires at this date.

2. Projected Financial Performance by Service

- 2.1 The details of the financial performance by service for the period and the projected out-turn position for each is set out in Appendix B. An overspend of £2.706m (2.49%) on services is predicted as at 31 March 2018. An improvement of £343k from Quarter 1. An underspend of £0.331m is estimated on Corporate Finance, an improvement of £97k from Quarter 1 due to underspends forecast on earmarked contingencies. In addition, a surplus of £450k is predicted on the collection of Council Tax, of which £261k is due to a surplus on the new Council Tax Premium. However, this is a reduction on the forecast surplus Council Tax reported for Quarter 1 of £695k. The current total revenue forecast for 2017/18 is an overspend of £1.924m, which is 1.53% of the Council's total net revenue budget. This is an improvement of £195k on the overspend of £2.119m (1.68%) reported at Quarter 1.
- 2.2 The table below summarises the significant variances (£100k or higher). The forecast takes no account of any added pressures which may arise if the winter weather is severe (highway winter maintenance, social care costs). There is the risk, therefore, that the overspend might be higher than £1.924m. The most significant budgetary pressure on the Council is the cost of Corporate Parenting. The Children and Families Service is expected to overspend by £1.899m. This is a statutory demand-led Service over which there is limited control. If the Council overspends in accordance with the current forecast, the general reserve would be put under considerable pressure and would be close to the minimum £6m set by the Section 151 Officer and approved by Full Council.
- 2.3 A review of earmarked reserves was recommended in the Quarter 1 report to identify any earmarked reserves which, are no longer needed or priority, which could be returned to the general reserve to help fund the overspend. This review of earmarked reserves is currently being progressed and will be reported back to the Executive later in the year.

**Summary of projected variances at 31 March 2018
based upon financial information as at 30 September 2017**

	(Under) / Overspend £000
Learning	548
Children and Families Services	1,899
Adults Services	191
Council Business	207
Corporate and Democratic costs	(248)
Corporate Finance and Benefits Granted	(331)
Council Tax Collection	(450)
Other (total of variances less than £100k)	108
Total Variance over/(under)spend	1,924

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service was overspent by £318k (16.33%) at the end of Quarter 2. The forecast for the year-end is an overspend of £618k (22.37%). This overall forecast remains the same as that reported at Quarter 1. However, there have been several compensating changes across a number of areas within Central Education. The most significant change is an increase of £83k in the overspend on out-of-county placements due to 5 new placements. Out-of-County placements is expected to be overspent by £225k at the year-end. The overspend on Integration Secondary is forecast to reduce by £34k to £27k. Similarly, there is an improvement of £61k on non delegated school costs due to a refund of PSBA broadband costs and this budget is now expected to underspend by £12k. School Transport costs continue to cause budgetary pressures with an overspend of £367k forecast for year-end on taxis. The budget for Cynnal is expected to overspend by £78k.

3.1.1.2 The Service has secured an invest-to-save bid for the One Management system. Investment in this system is expected to reduce expenditure on taxis for future years. Joint working with the Procurement Service is also expected to bring efficiencies against the taxis budget.

3.1.2 Culture

3.1.2.1 This Service was £53k (6.5%) underspent during the period, with the forecast outturn for the year is an underspend of £70k (5.17%). The majority of the underspend has arisen within the Library Service where vacancies remain unfilled until the final outcome of the review of libraries is known.

3.1.2.2 In addition, there is a risk that the Council may also be subject to a one-off dilapidations charge following the early termination of the lease on South Stack. The Executive will be asked for a decision on how this should be funded, if the Council is liable for these costs.

3.1.2.3 During the budget setting process, the budget for the Melin Llynonn Site was removed as the transfer of the site was planned. However, the site transfer is taking more time than envisaged and, as a result the Council still is incurring costs (£13k by the end of Quarter 2). As costs relating to the maintenance of the site will be incurred over the winter, the costs will continue to rise and may be as high as £40k by the end of the financial year.

3.2 Adults Social Care

3.2.1 This service was £350k (3.01%) overspent for the period, with the forecast outturn for the year as a whole being a predicted overspend of £191k (0.85%). This is an improvement of £108k from the forecast overspend of £299k reported in Quarter 1.

3.2.2 The elements within the forecast outturn variance are as follows:-

- Services for the Elderly: forecast underspend of (£247k);
- Physical Disabilities (PD): forecast overspend of £276k;
- Learning Disabilities (LD): forecast overspend of £268k;
- Mental Health (MH): forecast overspend of £178k;
- Provider Unit: forecast underspend of (£198k); and
- Management and Support: forecast underspend of (£86k).

3.2.3 The most significant budgetary pressures are in Physical Disabilities, Learning Disabilities and Mental Health Services. This is due to a small number of high cost specialist placements which are needed to meet the complexity of needs of these Service Users.

3.2.4 The Service has taken action to help offset the overspend by reducing expenditure in the areas it has more control. The internal provider unit is forecasting an underspend of £198k and Management and Support are expected to underspend by £86k by year-end. The Service has also undertaken a review of its budgets as mentioned in the report for Quarter 1 and has realigned budgets from underspending areas, such as the provider unit to where the more significant budget pressures are.

3.2.5 Approximately 59% of the Service's budget is demand-led. Work is continuously on going on predicting future costs of this demand-led budget. The year-end prediction at each month-end is based on the latest available information on each adult placement. This makes predicting the full-year position extremely difficult and can result in large swings from one period to the next.

3.2.6 Grant bids have been successfully made to Intermediate Care Funds to secure support in Learning Disabilities, specifically to support service users' progression to different, potentially less costly services, offering better potential outcomes for individuals. In addition to this, the department is engaging on a period of co-production with providers of supported living services, with a view to changing how outcomes are met for individuals within this environment.

3.2.7 This year is a challenging year as a number of significant budget pressures have occurred including a reduction of Supporting People income and increases in supported living fees associated with terms and conditions. Additional pressures arising from the Living Wage requirements have been reduced as the Service has been fortunate to receive the "Social Care Workforce Grant" which has supported the Service in funding these Living Wage cost pressures.

3.3 Children's Services

3.3.1 The service was overspent by £783k (17.91%) during the period and is projected to be overspent by £1,899k (23.74%) for the year as a whole. This includes a projected overspend of £1,814k on Looked-after-Children (LAC). This is a reduction of £207k from the overspend reported at Quarter 1. This improvement is due to reduced costs of Corporate Parenting with 2 expensive placements having come to an end

3.3.2 The projections are based on:-

- a worst case assumption on the demand/costs for Looked After Children based on the service costs/demand/likely demand for the future;
- assumptions relating to case decisions/developments. These are far from predictable and individual circumstances can, and do, change. Based on the information available at this point, and assumptions relating to case decisions/developments, a best possible projection has been made. The cost of LAC are, by nature, demand led and can vary between £3k - £10k per week in specialist provision.

3.3.3 The Local Authority has to meet the cost of court directed interventions e.g. parent and child residential/supported accommodation assessments, supervised contact and other specialist assessments, which are also unpredictable and demand-led. The Public Law Outline requires that these assessments are in place pre proceedings also, which is placing a demand on the team budgets.

3.3.4 Children's Services are currently going through a restructuring process where the focus will be on Early Intervention and Intensive Intervention. The focus of the new structure is on preventive work and supporting children to remain living at home safely. Additional resources provided for the Edge of Care project will support this, but this will take time. The significant increase in children being looked after by the Local Authority is the main reason why the Service is overspending. The Service has seen a 72% (47/81) increase in children who are subject to Full Care Orders over the last 3 years. The average annual cost for a residential placement is £220,000 and we currently have 14 children placed in residential care.

3.3.5 To mitigate the overspend on these placements the Service has implemented an action plan for 2017/18 which includes: reviewing children/young people currently in residential placements; aiming to increase placement options on the Island; supporting children to return home when it is safe to do so and reviewing funding approval for residential placements. Consent for all residential placements now requires the approval of the Head of Service.

3.4 Housing (Council Fund)

3.4.1 This service was underspent by £27k (2.75%) during the period. The service is expected to be within budget at the end of the financial year. There has been a thorough review of the budget to take into account the new structure. This has highlighted that the Service will achieve a balanced budget.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Maritime and Leisure)

- 3.5.1.1** The Service, overall, was underspent by £82k at the end of quarter 2 (6.8%). The service is projected to be overspent by £110k (5.68%) by 31 March 2018. This is an increase on the forecast overspend of £80k predicted during Quarter 1.
- 3.5.1.2** The Economic Development element of the service is forecast to be within budget at year-end. There are underspends within staffing due to vacant posts but until the result of the service's restructuring exercise is finalised, it is difficult to predict whether any savings from this will arise in 2017/18.
- 3.5.1.3** The Maritime section is also expected to be within budget at year-end. Recent improvements in the system for billing for mooring fees may be able to increase income in the future. This forecast does not include any potential impact from adverse weather conditions.
- 3.5.1.4** The Leisure section is forecast to overspend by £110k at year-end; this is an increase of £30k from Quarter 1. The leisure centres' income, including from cafes, continue to be a pressure as the service is finding it increasingly more difficult to achieve income targets. The figure is net of savings on outdoor areas, which are currently being transferred to outside bodies.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service was £57k underspent (5.58%) during the period and is projected to be £97k (4.49%) underspent by the year-end. This is an increase in the underspend of £14k predicted during Quarter 1. The more significant improvements are in Licensing and Environmental Health within the Public Protection section due to one-off unexpected income.
- 3.5.2.2** Most of the budgets within Planning and Public Protection are underspending slightly, with the exception of Planning Delivery Wales, Property & Environmental Grant (PEG), Countryside and Coast and Markets, which are estimated to overspend slightly. The Planning Section is predicted to underspend by £22k overall by year-end. Public Protection is forecast to underspend by £75k for the financial year. The Major Developments income has not been projected at this early stage due to a lack of information.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £53k (1.24%) overspent during the period and is projected to be £100k (1.52%) overspent by the year-end. The forecast now includes the impact of the new highways maintenance contract which is more expensive than the previous maintenance contract which has expired. This is expected to incur an extra £200k of costs hence the increase in the overspend from Quarter 1. However, underspends in other Highways budget areas will reduce the impact of this down to £100k. This forecast outturn does not include any prediction on the Works Budget as this budget is affected by winter maintenance requirements and any storm damage, which might increase Highways costs in the future.

3.6.1.2 There are a number of compensating over and underspends, with the most significant overspend being £100k on Maintenance Design and the above-mentioned Maintenance contract. The largest underspend is in Street Works, which is predicting an underspend of £100k.

3.6.2 Waste

3.6.2.1 The Waste service was £58k (1.56%) underspent at the end of this quarter and the service is predicted to underspend by £25k (0.39%) at the end of the financial year. This is an improvement of £55k as the Service was estimated to overspend by £30k at year-end during Quarter 1.

3.6.2.1 The Electricity Generating Site at Penhesgyn has improved from £40k overspend to a predicted underspend of £15k due to reduced expenditure on supplies and services. An underspend of £30k is forecast for Penhesgyn Transfer Station due to underspends on transport and premises. The underspend on Waste Disposal is also forecast to increase from £10k in Quarter 1 to £30k in Quarter 2 due to reduced Waste disposal costs. This is due to an increase in recycling following the launch of the trolley boxes. Waste collection costs are predicted to overspend by £50k due to additional collection of waste for Recycling.

3.6.3 Property

3.6.3.1 Property Services underspent by £33k (5.45%) during the quarter. The Service is predicted to be underspent by £11k (1.07%) at year-end. This is a reduction of £22k from the underspend predicted at Quarter 1.

3.6.3.2 Repairs and Maintenance of the Council buildings are estimated to overspend by £50k. The estimated surplus of rental income of £60k reported at Quarter 1 is now expected to reduce to a surplus of £14k. An underspend of £16k on employees is now predicted due to vacancy Management.

3.7 Transformation

3.7.1 The Transformation function overspent by £168k (9.01%) during the period. Most of this relates to commitments raised at the start of the year. Transformation, in total, is expected to overspend by £70k (1.82%). This relates to the estimated overspend of £100k in ICT discussed below in 3.7.1.1. and is reduced by an underspend of £30k in Corporate Transformation.

3.7.1.1 The ICT section's budgets are under pressure due slipped commitments from 2016/17 and as a result of significant activity in relation to corporate projects that require additional resources to ensure the Council Corporate objectives are met. The function continues to forecast an overspend of £100k at the end of the financial year.

3.7.1.2 The HR section continues to predict a balanced budget for the financial year.

3.7.1.3 The Corporate Transformation section is forecast to underspend by £30k at year-end due largely to vacancy management and external funding towards a project post. Last quarter the function was forecasting expenditure to be in line with the budget.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget showed an overspend of £127k (7.93%) by the end of the period. This high level of expenditure will be brought back more in line with budget as the year progresses. The function is predicted to overspend by £40k (1.46%) for the financial year. This is a slight increase from the overspend of £32k predicted for Quarter 1. This is due to budget pressures (£60k) in Revenues and Benefits section, such as an overspend on bailiffs, agency staff and lower than budgeted administration grants.

3.9 Council Business

3.9.1 The function is £104k (12.72%) overspent as at 30 September 2017 and an overspend of £207k (12.82%) is predicted for the financial year. This is a significant increase on the overspend of £50k reported for Quarter 1. An overspend of £300k is predicted on consultancy to cover temporary vacancies and external legal fees. The service has been unable to fill the posts from internal resources. The full cost of these are partly offset by an underspend of £75k on staffing and surplus land charges income amounting to £33k. The unbudgeted trade union post is also increasing budgetary pressures by £10k.

3.10 Corporate and Democratic Costs

3.10.1 The function was underspent by £224k (21.36%) during the period. An underspend of £248k (12.93%) is projected at year-end. This is an increased underspend compared to the predicted underspend of £172k reported at Quarter 1. This is due to an estimated underspend in pension contributions to Gwynedd Council (£78k); pensions discounts of (£72k) which the Council secured by paying the 3 year fund deficit contribution as one lump sum rather than as a monthly payment. There is also reduced spend on Coroners' Fees (£31k). In addition there is a return of (£28k) income previously provided for as bad debt and a one-off income of £44k was paid to the council after the completion of the winding up of Cwmni Gwastraff Môn Arfon.

3.11 Corporate Management

3.11.1 The function was £49k (12.78%) underspent at the end of this Quarter. An underspend of £80k (10.46%) is projected for the financial year due to savings arising from the restructuring of Strategic Management.

4. Corporate Finance (including Benefits Granted)

- 4.1** Corporate Finance including Benefits Granted, is expected to underspend by £331k (1.89%) at year-end. Benefits Granted is expected to underspend by £152k due to a reduction in the number of applicants receiving assistance under the Council Tax Reduction Scheme. An underspend of £194k is also projected on capital financing costs due to savings made from internal borrowing and delaying the refinancing of loans. This surplus has decreased from the previous quarter due to the increase in the base rate from 0.25% to 0.50%, which was confirmed on 2 November 2017. Any borrowing made by the Council will now be more expensive though the lowest possible interest rate is selected when making borrowing decisions. It is also possible that the Council will need to externalise some of its internal borrowing (£5m) to increase the Council's daily cash balances and ensure that cash flow difficulties are not experienced. This internal borrowing achieved savings in interest payable but now needs to be externalised as the Council's cash balances are lower than they were in previous years. This impact of this is included in the forecast of capital financing costs.
- 4.2** Appendix C summarises the financial position on contingency budgets at the end of this quarter. A total contingencies budget of £1.380m was approved as part of the 2017/18 budget. This includes a £300k savings target from voluntary redundancies. A net £328k has been vired to/from services to fund specific projects, budgetary issues or to release savings from voluntary redundancies. A prudent forecast for the underachievement of £227k clawback of budget from voluntary redundancy savings has been made at this stage. It is hoped that this will improve as the year progresses. £1.067m has been committed from contingencies and it is expected that the majority of contingencies will be spent by year-end in accordance with the necessary approvals for use of contingency budgets. However, there is a projected underspend of £336k on the Earmarked Contingencies for Social Services due to delays in the Edge of Care Project and effective budget management in Adults Services. The total projected underspend on contingencies excluding the savings target is £213k. Underspends are also forecast on County Elections (£53k) and General Contingencies (£65k). An overspend of £203k is projected on the salary and grading contingency due to a higher than anticipated number of staff receiving redundancy payments. This is in addition to the £250k already approved and funded from the General Reserve for redundancy related costs.

5. Collection of Council Tax

- 5.1** The Council Tax Fund budget is determined using the estimated collectable debt for the current year only, based on the tax base figure set in November 2016. It does not provide for arrears collected from previous years, adjustments to liabilities arising from previous years (exemptions, single person discounts etc.), changes to the current year's tax-base or the provision for bad and doubtful debts. These changes cannot be estimated and, invariably, lead to a difference between the final balance on the Council Tax Collection Fund and the original budget. The current projection is that the Council Tax Fund will overachieve the target figure by £189k. In addition, the Council Tax Premium budget, which is an additional Council Tax charge on second homes on Anglesey since 1 April 2017 may potentially overachieve its budget target by £261k. In total, therefore, a surplus of £450k is forecast on the collection of Council Tax.

6. Budget Savings 2017/18

6.1 Budget savings of £1.954m were removed from service budgets for 2017/18 with an additional £300k of savings to be found from voluntary redundancies, which is mentioned above. From the budgets savings identified, it is anticipated that £1.656m have or will be fulfilled by the year-end. However, £299k may potentially not be achieved. The most significant savings shortfall is expected in Learning which is predicted to underachieve on the target by £169k due to the delay in agreeing the reduction in cleaning hours and the failure to transfer Melin Llynnon. A full detailed analysis can be seen for each Service in Appendix D.

7. Invest-to-Save

7.1 An invest to save programme was undertaken in 2016/17 with an allocation of £983k for individual projects. To date, £217k has been spent or committed from this allocation of funding during 2017/18. All projects are at various stages of development, with some closer to completion than others. A full detail of the expenditure and progress on each of the programmes can be seen in Appendix CH. The appendix includes an item of £87k for Lifelong Learning for the modernisation of business and performance processes. The service planned to spend this, implementing unused modules of the ONE Management Information System. The project is expected to require approximately £67k, therefore, it is proposed that the remaining £20k be diverted to fund the development of an online shop and website for Oriel Ynys Môn which is also an Invest-to-Save project which should result in additional income. The Executive is asked to approve this change.

8. Agency and Consultancy Costs

8.1 During the first half of the year, £629k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff illness cover, while £367k was related to staff cover while Children's Services undergoes a restructure. Resources spent £121k on agency staff. The majority of this relates to £63k for debt recovery staff to increase the income collected by the Authority and £53k for the Northgate Payroll and HR project, which is funded from a specific reserve. The Waste Service spent £126k for site agents at the recycling centres. The majority of this, 63%, is funded by external grant. The full details can be seen at Appendix DD.

8.2 Expenditure on consultancy during Quarter 2 was £597k, with £382k of this funded externally from grants or contributions. There are number of reasons for the use of consultants and the full details of the expenditure can be seen at Appendix E.

9. Conclusion

9.1 A total overspend of £1.924m is projected for the year-ending 31 March 2018. £2.706m of this is on service budgets, which are made up of a number of over and underspends. This is an improvement on of £0.343m on Quarter 1. The Services that are still experiencing significant budgetary pressures are similar to 2016/17 (Children and Families Service, and Learning). The Heads of Service are aware of the issues and are working to reduce the level of overspending which is within their control at the year-end. Corporate Finance is expected to underspend by £0.331m and Council Tax, which includes the Council Tax Premium, is forecast to collect a surplus of £0.450m. The overall overspend is, therefore, reduced to £1.924m. The projected level of overspend is 1.53% of the Council's net budget. There is concern about the impact of this level of overspend on general balances should the overspend materialise. The general balances are currently sufficient enough to sustain the overspend without impeding on the minimum level target of £6m set by the Full Council on 28 February 2017.

9.2 It should be noted that Quarter 2 that the impact of winter maintenance has not been included in the forecast as there is no information available. Forecasts are subject to change as new information becomes available. However, with regular scrutiny from SLT and if remedial action is taken by Heads of Services these will help the services manage within the budgets they can control.

Service/Function	2017/18 Annual Budget	Q2 2017/18 Budget Year to Date	Q2 Actual & Committed spend	Q2 2017/18 Variance	Q2 Estimated Expenditure to 31 March 2018	Q2 Estimated Outturn 31 March 2018 over/(under)	Q1 Estimated Outturn 31 March 2018 over/(under)	2017/18 Projected Over/(Under) spend as a % of Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Corporate Management	761	380	332	-49	681	-80	-70	-10.46%
Total Service Budgets	108,616	58,616	59,936	1,320	111,322	2,706	3,049	2.49%
Levies	3,335	3,334	3,332	-2	3,335	0	0	0.00%
Discretionary Rate Reliefs	60	0	0	0	60	0	0	0.00%
Capital Financing	8,149	2,193	2,192	-2	7,955	-194	-235	-2.38%
General & Other Contingencies	1,280	1,280	1,067	-213	1,067	-213	0	-16.64%
Corporate Savings	-227	-114	0	114	0	227	150	-100.00%
Support Services contribution HRA	-678	0	0	0	-678	-0	0	0.07%
Benefits Granted	5,622	700	700	0	5,470	-152	-149	-2.70%
Total Corporate Finance	17,541	7,392	7,290	-102	17,209	-331	-234	-1.89%
Total Budget 2017/18	126,157	66,009	67,226	1,217	128,531	2,374	2,815	1.88%
							0	
Funding								
NNDR	-23,002	-11,501	-11,501	-0	-23,002	0	0	0.00%
Council Tax	-32,941	0	0	0	-33,130	-189	-348	0.12%
Council Tax Premium	-564	0	0	0	-825	-261	-347	72.75%
Revenue Support Grant	-69,650	-34,825	-34,825	-0	-69,650	0	0	0.00%
Total Funding 2017/18	-126,157	-46,326	-46,327	0	-126,607	-450	-695	0.36%
Total outturn including impact of funding	0	19,683	20,899	1,217	1,924	1,924	2,119	1.53%

APPENDIX C

Summary of the Financial Position on Contingency Budgets 2017/18 as at Quarter 2

	Original Budget £	Virements £	Amended Budget £	Committed to date (30/09/17) £	Current Remaining Un-Committed
General Contingency	283,635	- 105,900	177,735	112,970	64,765
Improvement	-	-	-	-	-
Salary and Grading	200,000	- 197,640	2,360	205,292	- 202,932
Cost of Change	92,000	-	92,000	92,000	-
Apprentiships Levy	290,000	-	290,000	327,478	- 37,478
County Elections	150,000	- 97,460	52,540	-	52,540
Edge of Care	240,000	-	240,000	159,000	81,000
Earmarked Contingency	425,000	-	425,000	170,000	255,000
Total contingency budgets	1,680,635.00	-401,000.00	1,279,635.00	1,066,740.78	212,894.22
VR Savings Target	-300,000.00	72,540.00	-227,460.00	0.00	-227,460.00
Total General and other Contingencies	1,380,635.00	-328,460.00	1,052,175.00	1,066,740.78	-14,565.78

Review of Invest-to-Save Projects

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under) spend £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	170,000	170,000	63,414	106,586	165,330	-4,670	The project is progressing well with an expected completion date of the 31st December 2017. There is a risk of some slippage into January 2018.
Transformation	Local Land and Property Gazetteer	Implement a LLPG system across the Council	10,800	10,800	10,800	8,750	2,050	10,800	0	Project physically complete.
Transformation	Customer Relationship Management System	Purchase and implementation of a CRM system	255,000	255,000	135,000	105,777	29,223	135,000	0	The project is progressing with all internal forms available on Monitor. 12 forms are now available on the internet and AppMôN for members of the public to use. Customers can now register for an account on AppMôn and/or the corporate website and 1600 customers have done so. The Waste and Recycling module will be implemented by the end of November 2017. The Contact Centre Module is currently being tested before it can be launched. A number of other CRM developments such as Waste Management Forms and Payment Gateway Integration will be progressed soon.

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under) spend £	Project Update
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	27,000	27,000	6,000	21,000	21,000	-6,000	Links to the CRM (see above) are in place. Cash management interface under development by Capita.
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	118,000	118,000	23,154	94,847	80,000	-38,000	The SAGE time management system has been procured and the implemented is being progressed. The digitisation project is progressing with current systems accessed and tested for integration into the new system. All planning letter templates are being progressed. Training dates are being organised and GIS map work is also progressing well. Approximately 3000 files and documents have been scanned to date.
Resources	Improving Income Collection Systems	Purchase and implement a new income management system which links to the current income streams and allows new income collection methods (AppMon etc) to link into the cash management system	150,000	150,000	47,478	9,488	37,990	47,478	0	The project's progress in line with, the consultants project plan and will progress into 2018/19 due to the extent of work required on the project.

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under) spend £	Project Update
Lifelong Learning	Modernisation of business and performance processes	Implement unused modules in the ONE Management Information system	87,000	87,000	87,000	0	87,000	87,000	0	The joint partnership work is progressing well with approximately £67k expected to spend by year-end on the ONE Management system. The service requests that the remainder of the reserve be used to fund the development of a website and online shop at Oriol Ynys Môn. This is also an invest-to-save project as it is likely to increase income.
I.T. / Transformation	Digital First / Digital By Default	Employ a Digital Lead Officer and Digital Services Analyst	£70,000 in year 1 and £50,000 in year 2	120,000	70,000	0	70,000	30,000	-40,000	Recruitment delayed pending sufficient progress on the CMS and CRM projects needed to make the post viable
Public Protection	Improved Digital Connectivity within the Public Protection Service	Implementation of a cloud based system to record inspection visits. The software is an all Wales solution and has been procured via a framework agreement supported by 19 out of 22 Councils in Wales.	£10,000 per year for 4.5 years	45,000	10,000	0	10,000	4,000	-6,000	No expenditure has been incurred to date but the scheme is likely to progress in the latter part of the year. Any underspend will need to carry-forward into 2018/19.
Total				982,800	675,278	216,583	458,696	580,608	-94,670	

Review of Efficiency Savings 2017/18

Service/Function	Budget Savings 2017/18 £'000	Achievable 2017/18 £'000	Potentially not- achievable 2017/18 £'000	Will not be achieved at all £'000	Comments
Lifelong Learning	610	441	169	0	Work is ongoing in relation to the school cleaners, it is anticipated that the saving will be fully achieved from 2018/19 onwards, however, it is likely that the £116k saving to the 2017/18 budget will not be achieved in this financial year, as the process has taken longer to implement than what had been anticipated. £40k will not be achieved due to the decisions made in relation to Melin Llynon, however this is being mitigated as a result of overachieved income on other heritage sites and museums. £13k will not be achieved in relation to the termination of the lease at South Stack, although the lease has been terminated, costs have been incurred to date to clear the site, these are one off costs.
Regulation and Economic Development	187	179	8	0	Work is continuing to take place in relation to the hours at the leisure centres with HR to ensure that the £3k shortfall is met. The £5k saving on the Leisure centre café outsourcing is still being worked on with Property and Procurement
Highways, Waste and Property	339	273	66	0	£6k savings on the general waste contract is forecast to be achieved, however the service are forecasting an underspend. The service is only likely to achieve £16k of the £26k target from outsourcing public conveniences due to limited interest from third parties.
Adults' Services	559	529	30	0	The savings proposed through changes to the provision of catering in residential care homes will not be implemented until Q3 and Q4, however the savings will be met from other budget lines and will be achieved from 2018/19 onwards
Housing	41	36.5	4.5	0	There has been a slight delay in the review of the energy performance, one officer has commenced the work while the second officer has not, therefore it will mean that the target will need to be adjusted.
Transformation	79	79	0	0	All savings are expected to be achievable from 2017/18
Council Business	18	18	0	0	All savings are expected to be achievable from 2017/18
Resources	121	100	21		Savings expected to be achieved, however, the savings on postage is dependent on the success of the Northgate Project, this will not be known until later in the financial year.
Total	1,954	1,656	299	0	

AGENCY COSTS APRIL TO SEPTEMBER 2017

	£	Funded From	Purpose
Children's Services	367,030.58	Core budget, Un-utilised staffing budget & reserves approved by Executive	To cover vacant posts whilst restructuring taken place
Resources	4,615.00	Staff Budget	To cover post for long-term Sickness
	53,202.35	Specific Reserve	To assist with the upgrading of the Northgate Payroll & HR Software
	63,409.00	Specific Core Budget & Staff Budget	Recovery of uncollected Debts
	121,226.35		
Transformation	8,828.43	Staff Budget	To cover staff sickness
Economic & Regeneration	5,880.01	Staff Budget	To meet statutory inspection targets
Waste	43,667.87	Core Budget	Site Agents at Recycling Centres
	82,102.80	Grant Funding	Site Agents at Recycling Centres
	125,770.67		
Total	628,736.04		

Information Regarding Monitoring of Consultants

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Amount spent on consultancy in Q1	310,775					
Central Education	69	✓			Core	Accreditation Fees
Central Education	200			✓	Core	3 First Aid Sessions at Ysgol Syr Thomas Jones
Central Education	9,800		✓		Core	Provide training and advice and policy development for safeguarding, health and safety advice and monitoring staff attendance across all schools.
Central Education	300	✓			Core	Professional Fees in relation to a pupil assesment
Central Education	250			✓	Grant	External support role for teachers of NQT in their first year of teaching.
Central Education	1,925			✓	Grant	Monitoring Welsh Language strategy on behalf of the Authority
Central Education	2,913	✓			Grant	ICT and Digital Courses
Total Central Education	15,457					
Culture	149	✓			Core	Artist Masterclasses
Culture	1,370	✓			Core	Artist to lead criw celf
Total Culture	1,519					

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Economic & Regeneration	1,000			✓	Core	North Wales Economic Ambition Board Advanced Manufacturing Director (IACC contribution)
Economic & Regeneration	3,357	✓			Core	Transmissions Infrastructure and Grid Connections Framework Agreement - Provision of support and advice in dealing with technical aspects of National Grid's proposed Development Consent Order application (North Wales Connection Project)
Economic & Regeneration	1,800			✓	External (Planning Performance Agreement - PPA)	2 Days Consultancy - Document Management System
Economic & Regeneration	9,031	✓			External (PPA)	Provision of expert archaeological planning advice
Economic & Regeneration	4,650	✓			External (PPA)	Socio-economic analysis
Economic & Regeneration	85,802	✓			External (PPA)	Multi-Disciplinary Framework Agreement - Provision of expertise, skills and capacity to support the development and implementation of activities relating to Major Energy Developments on the Island, with particular regard to the proposed new nuclear build at Wylfa.
Economic & Regeneration	148,290	✓			External (PPA)	Legal Service Framework Agreement - Provision of legal advice in respect of the Wylfa Nuclear New Build and any other Energy Island Projects.

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Economic & Regeneration	95,571	✓			External (PPA)	Transmissions Infrastructure and Grid Connections Framework Agreement - Provision of support and advice in dealing with technical aspects of National Grid's proposed Development Consent Order application.
Economic & Regeneration	600	✓			External (PPA)	Provide narrative on the unique sense of place of Anglesey
Economic & Regeneration	-28,597	✓			External (PPA)	Recovery of Fees paid
Economic & Regeneration	1,643			✓	External (VVP)	Multi-Disciplinary Framework Agreement - (Breakwater Warden's Building - concept design and costs)
Economic & Regeneration	5,181			✓	External (NDA)	Economic Deelopment Framework Agreement – (Supply Chain Gap Analysis)
Economic & Regeneration	10,000			✓	External (NDA)	Outline Planning fee for land on Llangefni Enterprise Zone (EZ5)
Economic & Regeneration	11,000			✓	External (Welsh Government)	Economic Development Framework Agreement – Final Evaluation and Strategy for Holyhead VVP
Economic & Regeneration	1,500			✓	External (Welsh Government)	Update for former schools site study
Economic & Regeneration	765	✓			Core	Diffusion Tube Monitoring
Economic & Regeneration	357	✓			Core	Supply and Analyse Diffusion Tubes

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Economic & Regeneration	886			✓	Core	Trailer Course
Economic & Regeneration	1,670			✓	Grant Contribution	PRA and mapping of the former Smelting/Sulphuric Acid Factory Amlwch
Economic & Regeneration	169			✓	Grant Contribution	Examination of bovine limbs
Economic & Regeneration	1,625			✓	Core	Feasibility Works at Amlwch Leisure Centre
Total Economic & Regeneration	357,802					
Highways	83			✓	Core	Parking adjudication service levy
Highways	836	✓	✓		Core	WPPP fixed contribution for processing of Parking FPN's
Highways	1,005	✓			Core	On-site visit by Spur/Conduent to rectify software download issues
Highways	2,072	✓				Staff time - Ynys Mon Remote data collection
Highways	3,795			✓	Core	SCRIM Surveys (Road Surface Skid Resistance)
Highways	1,500	✓	✓		Grant	Local Access Forum Secreterial Service
Total Highways	9,290					

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Schools	2,400				Core	Management Support for School
Schools	525				Core	Support for Governing Body
Schools	540			✓	Core	Art Sessions
Schools	750			✓	Core	Music / Drama Sessions
Schools	500			✓	Core	Sport Sessions
Schools	84			✓	Core	Translation Service
Schools	776			✓	Core	Creative Practitioner
Total Schools	5,575					
Waste	44,960	✓			Core Budget - Self Funded	Charges for the management of fixed penalty notices
Waste	750	✓			Core	Perimeter Gas Monitoring
Waste	3,174	✓			Core	Penhesgyn Landfill Gas Technical Support
Waste	206	✓			Core	Metering & Settlement Fee
Waste	74	✓			Core	DuoS Offtake Only
Waste	13,971	✓			Core	Landfill aftercare management
Waste	919	✓			Core	CQA supervision and PM of the works
Waste	3,600	✓			Core	Landfill Gas Plan Operation and Management strategy
Waste	1,812	✓			Core	Landfill Site Management

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Waste	2,000	✓			Core	Site Walk-over survey and report
Waste	1,253	✓			Core	CQA Report
Waste	2,694	✓			External Contribution & Grant	Bioaerosol monitoring
Waste	600	✓			External Contribution & Grant	Consultancy work carried out at Penhesgyn
Total Waste	76,012					
HRA	12,000			✓	Grant	Affordable Housing consultancy - Wylfa Newydd
HRA	4,801			✓	Core HRA	Expenses for Orchard system consultant
Total HRA	16,801					
Childrens Services	7,140			✓	Contingency	Set-up of Edge-of-Care team aimed at reducing number of Looked-after-Children

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Childrens Services	8,080		✓		Unutilised staffing budget and reserves approved by Exec	Chairing & Reviewing Child Protection Cases
Childrens Services	188			✓	Unutilised staffing budget and reserves approved by Exec	Recruitment campaign
Total Children's Services	15,408					

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Transformation	179			✓	Specific Core Budget	Installation & Consultancy
Transformation	4,250			✓	Specific Core Budget	Installation and Configuration services
Transformation	1,189					UPS Maintenance Contract
Transformation	1,325			✓	Specific Core Budget	Installation and Consultancy Services
Transformation	4,020			✓	Grant	Social Worker assessments
Total Transformation	10,963					
Council Business	24,070	No	Covers full-time post	post of Contracts Solicitor	Overspend on budget	Contracts and procurement advice - maternity cover to 04/18
Council Business	375			One off	Core Budget	Consideration and Advice of Tribunal Papers
Council Business	52,305	No	Covers full-time post	post of Contracts Solicitor	Overspend on budget	Contracts and procurement advice - maternity cover to 04/18
Council Business	4,426		Covers full-time post	Corporate Governance	Overspend on budget	Professional Services

Service	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Council Business	225			Yes		Workshop for Eisteddfod
Total Council Business	81,401					
Resources	1,250	✓			Core budget	VAT Consultancy
Resources	500			✓	Core budget	Work on equal pay claims
Resources	400			✓	Core budget	Consultancy on Civica system
Resources	900			✓	Core budget	Resourcelink Consultancy
Resources	3,597			✓	Core budget	EDMS project management costs
	6,647					
Total Quarter 2	596,876					
Total April to September 2017	907,651					