

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	21 MAY 2018
SUBJECT:	REVENUE BUDGET OUTTURN 2017/18
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WILLIAMS
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	BETHAN HUGHES OWEN
TEL:	01248 752663
E-MAIL:	Bethanowen2@ynysmon.gov.uk
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 provisional outturn of the financial year which relates to the period 1 April 2017 to 31 March 2018.
4. The overall projected financial position for 2017/18, is an overspend of £1,762k. This is in line with the forecast overspend which was reported at quarter 3. The explanations for significant variances on the controlled budgets by services are included within the report. This is 1.34% of the Council's net budget for 2017/18.
5. A number of items are excluded from the service budgets, as expenditure against these headings are outside the control of the services. After taking into account these items, the overall overspend for the council decreases to £1,704k and it is this sum that is available to be transferred to the Councils General balances.
6. It is recommended that:-
 - (i) To note the position set out in Appendices A and B in respect of the Authority's financial performance 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;
 - (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) That the outturn reported in this document remains provisional until the completion of the statutory audit.

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)	Comments incorporated in the report
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)	Comments incorporated in the report
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 – Provisional Outturn, 2017/18 • Appendix B – Table of Provisional Outturn 2017/18 • Appendix C – Summary of Contingency Budgets 2017/18 • Appendix CH – Review of the Invest-to-Save projects 2017/18 • Appendix D - Review of Efficiency Savings 2017/18 • Appendix DD - Information regarding monitoring of Agency Staff 2017/18 • Appendix E – Summary of Consultancy Expenditure Outturn per department 2017/18 		
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 4 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 final outturn for 2016/17 resulted in general balances at the start of the current financial year of £8.355m. The following decisions made by the Executive during the financial year have reduced the general reserves by £630k. The £630k is made up of £250k due to additional redundancy costs approved by the Executive on 17 July 2017, £28k for the removal of the Rovacabin and £95k to fund initial costs for a major road strengthening project at Beaumaris which is subject to regular subsidence during extreme weather (approved by Executive on 29 January 2018), £221k approved by the Executive on 17 July 2017 for Children Services Staffing Contracts. The remaining £36k is a contribution towards costs in Ysgol Syr Thomas Jones which was approved by the Executive on 20 March 2017. Following a review of earmarked reserves it has been possible to transfer £211k back to general balances.
- 1.2 The outturn for 2017/18 following accounting adjustments is an overspend of £1,704k. Therefore the general balances at 31st March 2018 is £6,232m. The minimum balance of the general reserve has been set at £6m as approved by full Council on 28 February 2018.

2. Projected Financial Performance by Service

- 2.1 A net overspend of £2,351k (2.14%) on budgets controlled by Services is an improvement on the estimated outturn reported at Quarter 3 which predicted an overspend on Services of £2,461k. However, an underspend of £655k (4.02%) on Corporate Finance will fund the overspend on services. In addition, there has been a shortfall of £66k on the collection of Council Tax. This then gives a total revenue outturn for 2017/18 excluding accounting adjustments of an overspend of £1,762k. Following the accounting adjustments of £58k, the total overspend that will be transferred to the general fund for 2017/18 is £1,704k.
- 2.2 The table below summarises the significant variances (£100k or higher)

Summary of provisional controlled budget outturn variances at 31 March 2018	
	(Under) / Overspend £000
Learning	890
Children and Families Services	1,778
Adult Services	215
Highways	(100)
Council Business	181
Culture	(144)
Corporate Transformation	(158)
Corporate and Democratic costs	(207)
Corporate Finance and Benefits Granted	(655)
Other (total of variances less than £100k)	(38)
Total Variance over/(under)spend	1,762

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

- 3.1.1.1** This service was overspent by £890k (30.63%) at outturn which is in line with the forecast overspend of £878k (31.23%) at quarter 3. The significant areas of overspend are: out-of-county costs £280k; School Transport £329k and other Central Education overspent by £235k.
- 3.1.1.2** Out of County (including EOTAS) has an overspend year-end position of £280k. This is a demand led budget with the Out of County element of £135k due to an increase in out of county placements of children in care. The Education Other than at School element £164k of the heading has become part of the new SEN strategy for Anglesey and Gwynedd since September but has continued to incur legacy pupil costs not provided for under the new strategy
- 3.1.1.3** The schools transport costs has a history of overspending and is another demand led budget. The final position for this financial year is an overspend of £329k, it is a. The implementation of the 'One Transport System' is now taking place with the expectation of streamlining routes to reduce the current costs
- 3.1.1.4** Central Education has seen overspends in the Secondary integration budget £47k which is again a demand led budget, a £22k overspend due to redundancy costs relating to the new SEN Joint Strategy, and £156k of one off costs in establishing the new partnership. Income was under achieved in post 16 bus passes which resulted in an overspend of £28k and in Pre School Childcare club that has resulted in a £59k overspend. Consultancy costs are also over budget by £22k - this has been the result of restructures within the department which has meant that consultants have covered vital roles during a transitional period.

3.1.2 Culture

- 3.1.2.1** This service was £144k (10.95%) underspent at outturn. The majority of the underspend £139k has arisen within the Library Service where vacancies remain unfilled at year end however the consultation and restructure are now complete and staff budgets should be fully utilised for the forthcoming year. There was an underspend of £34k on general budgets left over from the restructure of Libraries and Culture and supporting museums and sites. There was an overspend of £8k for the Archives services which was attributable to staffing enhancements to cover management gaps in the tourist sites which were not outsourced as expected.

3.2 Adults Social Care

- 3.2.1** This service was £215k (0.95%) overspent at outturn which is slightly different from the forecast out-turn at quarter 3 of an overspend of £59 (0.26%).
- 3.2.2** The elements within the outturn variance are as follows:-
- Services for the Elderly: underspend of (£202k);
 - Physical Disabilities (PD): overspend of £223k;
 - Learning Disabilities (LD): overspend of £481k;
 - Mental Health (MH): overspend of £109k;
 - Provider Unit: underspend of (£224k); and
 - Management and Support: underspend of (£173k).

- 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. There has also been an increase in demand over the final quarter.
- 3.2.4** The Service has taken action to help offset the overspend by reducing expenditure in the areas it has more control over. The internal provider unit was underspent by £224k and Management and Support were underspent by £173k.
- 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 year end 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 services, potentially less costly services offering better potential outcomes for them. In addition 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. Their aim is to work with service users and providers to support their progression, imaginative use of technology and shared care to respond to changes in Supporting People income in 2017/18 and beyond.
- 3.2.7** Continued upward demographic trends have in practice put pressure on a number of the department's budget areas. Some success has been seen in managing demand, however the Welsh Government's recognition of these pressures especially in the context of the winter period, and an additional grant received, has assisted the function greatly in reaching this position.

3.3 Children's Services

- 3.3.1** The service was overspent by £1,778k (21.44%) at outturn which is in line with what has been reported throughout the financial year. The largest overspend is on Looked after Children which is overspent by £1,920k. This is a demand led area. The £1,920k includes an overspend on Foster Carers of £224k, Out of County Placements of £942k and Non-Standard Placements of £775k.
- 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 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 £220k.

3.3.5 To mitigate the overspend on these placements, the Service has implemented an action plan for 2018/19 and beyond 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 overspent by £7k (0.68%) at outturn. The overspend has arisen due to an increase in the expenditure within the homelessness provision. Net expenditure has risen from £43k in 2016/17 to £161k in 2017/18. The increase within this provision is not only an Anglesey issue, as other Authorities across Wales are also experiencing an increase in demand and rising costs. The budget for 2018/19 has been increased for Homelessness following additional funding from Welsh Government. This overspend has been mitigated by underspends within welfare reform as well as the ability to offset officer time to specific grants.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Maritime and Leisure)

3.5.1.1 The Service, overall, was overspent by £17k (0.87%) at the year end which is in line with the projected to be overspent of £30k (1.55%) at quarter 3.

3.5.1.2 The Economic Development element of the service was underspent by £85k. These are underspends within staffing due to vacant posts and surplus recharge income from major programmes.

3.5.1.3 The Maritime section has no variance, the underspend achieved of £75k has been transferred to an earmarked reserve for the painting of Beaumaris Pier. The £75k was made up of the underspends in seasonal staff and income being over achieved.

3.5.1.4 The Leisure section was overspent by £102k at year-end. 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. Leisure Centre Income was underachieved by £92k, whilst there was an additional overspend of £35k on the Leisure Centre Cafes.

3.5.2 Planning and Public Protection

3.5.2.1 This service was £18k underspent (0.81%) at outturn. This is due to overspends in certain areas and compensating underspends in others. The overspends are in relation to planning control where £17k was spent on technology development and consultancy costs were more than the budget allowed for. The Planning & Environmental Grant will no longer be received by the function and this overspend of £35k will continue until additional funding is sought from elsewhere from the functions budgets. In Environmental Health there was a one off cost which has meant that it is overspent by £15k, income from within the Markets £18k and Countryside and Coast £9k have not met their targets.

3.5.2.2 The main underspends for the function can be seen in Planning Administration £21k, Building Control £28k, Implementation and Conservation £26k, AONB £36k and Licencing £22k, which were the result of vacant posts, supplies and services and improved income

- 3.5.2.3** Essential maintenance and Health and Safety Works were completed in the 4th quarter amounting to £43k which is the main reason for the reduced under spend from that forecasted at quarter 3.
- 3.5.2.4** Planning Fees income in relation to Major Developments have been taken to the reserves, £351k has been transferred during the 2017/18 financial year, leaving the reserve with a balance of £592k.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £100k (1.56%) underspent at year end, which is different from the projected overspend at the end of quarter 3 of £86k (1.31%). During the final quarter the service have worked towards reducing expenditure in order to relieve the burden on the Authority and have seen an increase in their income for example from Road Closures. A grant for the sum of £75k was received in April 2018 from Welsh Government which was to be utilised for exceptional winter maintenance costs during 2017/18. This grant was used for the increase in gritting costs.
- 3.6.1.2** Two separate grants of £375k and £150k were received from Welsh Government as a contribution towards the repair costs incurred following the flood in November 2017. The £150k grant was utilised within the Highways maintenance budgets and the £375k was utilised against expenditure directly associated with the floods, where the costs amounted to £593k. The balance to be funded by the Authority from the general reserves was £218k. The need to utilise a sum from general balances to make up the shortfall was reported to the Executive as part of the budget setting report. It is expected that some expenditure will also be incurred during 2018-19.
- 3.6.1.3** The winter maintenance reserve which was created following an executive decision has increased by £21k to a balance of £54k
- 3.6.1.4** There are a number of compensating over and underspends, with the most significant overspend being £60k on Maintenance Design and £60k on the new maintenance contract. The largest underspend is in Street Works, which underspent by £209k which is due to income generation.

3.6.2 Waste

- 3.6.2.1** The Waste service was £63k (1.02%) underspent at outturn. This is a slight difference from the predicted outturn underspend of £20k (0.32%) at the end of quarter 3. The difference between the estimated and final is in the main part attributable to an improvement in the level of income generation over the last quarter.
- 3.6.2.2** The Penhesgyn Transfer Station was underspent by £88k. There are various factors for this; the main contributing factors were underspends on premises and transport costs £46k alongside income being overachieved by £49k. An underspend of £65k was achieved on Penhesgyn Electricity Generation, this was the result of underspends on the supplies and services, which compensated for the income target not being achieved. Waste collection costs for the year was overspent to the sum of £93k due to additional collection of waste for recycling.

3.6.2.3 It is important to note that a realignment of budgets exercise was undertaken during 2017-18 and implemented during the budget setting of 2018/19.

3.6.3 Property

3.6.3.1 Property Services was overpent by £55k (5.09%) at outturn. The Service was predicted to be underspent by £7k (0.61%) at year-end. The difference between the predicted outturn and actual outturn is the result of units becoming vacant, the Fish Stock in Holyhead no longer being occupied and there have been refunds that have been paid out that were not part of the original prediction as they occurred during the final quarter. The overspend on the cleaning increase from a prediction of £14k to £56k actual, which were the direct results of implementing changes later than the envisaged date.

3.7 Transformation

3.7.1 The Transformation function underspent by £174k (4.46%) at year end.

3.7.1.1 The ICT section was £45k overspent at outturn. The Anglesey Connected budget has overspent by £104k. This is primarily the result of the numbers of users of the network decreasing and therefore the ability to recharge the service costs to others has been reduced. There has been an overspend on staffing costs, which also includes the use of agency staff of £42k. However, due to the number of projects that have been undertaken by the department during the year, it has been possible to recharge staff time to these, which has meant that the overall overspend is less than what was predicted in quarter 3.

3.7.1.2 The HR function underspent by £61k at year-end. This is due to an underspend on central training of £25k and an underspend of £32k due to vacant posts in the function.

3.7.1.3 The Corporate Transformation underspent by £158k at year-end due to a number of vacant posts which accounted for £95k and savings on the Ynys Môn and Gwynedd Partnership of £81k. The only area under pressure within Transformation was Cyswylt Môn, which overspent by £19k.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £3k (0.10%) under budget at outturn. The function was predicted to overspend by £44k (1.57%) for the financial year at quarter 3. The function has seen budget pressures amounting to £45k in the Revenues and Benefits section, due to the Housing Benefit Grant being lower than budgeted by £48k and a shortfall in the income from Court Costs arising from debt recovery of Council Tax and Business rates of £51k. However, due to a restructure, there were underspends in the staffing budgets amounting to £32k, and other small underspends which reduced the overall overspend.

3.8.2 Finance Management was overspent by £52k mainly due to a difficulty in achieving the savings target. Accountancy Service was underspent by £13k, due to an underspend on staffing of £50k. However, this was offset by a number of budget pressures, the most significant of which is bank charges of £27k and postage costs of £9k.

3.8.3 The Procurement section was underspent by £72k, the main factors being staffing budget savings of £6k and the centralised budgets for stationery, photocopiers and furniture underspending by £62k. Internal Audit was underspent by £14k due to a vacant post.

3.9 Council Business

3.9.1 The function is £181k (11.55%) overspent at outturn which is an improvement on the predicted outturn at quarter 3 of an overspend of £257k (15.91%). This is mainly due to an overspend of £266k on agency fees owing to maternity cover and long-term sickness absence. The full cost of these are partly offset by an underspend of £91k on staffing and surplus land charges income amounting to £35k. The unbudgeted trade union post is also increasing budgetary pressures by £9k. Democratic Services was overspent by £21k compared with £55k overspend predicted during the last quarter due to an unbudgeted government grant. The committee services were over-spent by £45k, which was mainly due to the corporate copier costs, which can no longer be recharged out to services following the decision to centralise costs. These budgets have been realigned in 2018/19.

3.10 Corporate and Democratic Costs

3.10.1 The function was underspent by £207k (9.35%) at outturn. The total underspend is due to underspends in pension contributions to Gwynedd Council of £83k as well as 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 was an underspend on the Coroners' Fees of £69k. In addition, there is a return of £28k on income previously provided for as bad debt and one-off income of £44k which was paid to the Council after the completion of the winding up of Cwmni Gwastraff Môn Arfon. There was minimal spend within the Corporate Risk section which resulted in a £39k underspend; the budget has been reduced for 2018/19.

3.10.2 There were budget pressures in staff counselling of £26k as there was no budget for this expenditure as well as a disputed invoice in relation to the External Audit on the Housing Subsidy Grant. Accounting changes to the provisions within Corporate Insurance and Penhesgyn have resulted in a net pressure for the function of £109k.

3.11 Corporate Management

3.11.1 The function was £81k (11.0%) underspent at outturn, which is in line with the forecast of £80k (10.52%) at the end of Quarter 3. The underspend of £81k is due to savings arising from the restructuring of Strategic Management.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance including Benefits Granted, has underspent by £655k (4.02%) at year-end. The number of case loads has reduced from 6,233 to 5,998, resulting in an underspend of £258k on the Council tax reduction Scheme. A windfall of £84k following the 2015/16 Benefit Grant Audit will fund the shortfall of £80k in the DWP grant due to Homeless B & B rates exceeding the DWP allowance. The final DWP grant claim for 2017/18 has yet to be submitted and may therefore result in changes to the provisional figures. Discretionary Housing Payments have underspent by £20k due to the numbers of claims being received. There was an underspend of £449k on capital financing costs. £253k of this is due to savings made from internal borrowing, delaying the refinancing of loans and selecting the lowest borrowing options which comply with the Treasury Management Strategy Statement 2017/18. A surplus of £16k was achieved on interest receivable due to the Bank of England increase in the base rate from 0.25% to 0.50% and investing in approved investments which offered the highest interest rate. A saving of £180k was achieved on the Minimum Revenue Provision (MRP) due to a change in the method of calculation which introduced the Adjustment A into the MRP calculation. This is a permitted adjustment and was recommended by the Council's external Treasury Management's Consultants recent review of the Council's MRP Policy.

4.2 Appendix C summarises the financial position on contingency budgets at outturn. A total contingencies budget of £1.380m was approved as part of the 2017/18 budget. This included a £300k savings target from voluntary redundancies. There was an underachievement of £227k clawback of budget from voluntary redundancy savings. A net £1,486k has been vired to/from services to fund specific projects, budgetary issues or to release savings from voluntary redundancies. The Salary and Grading contingency was overspent by £313k due to a higher than anticipated number of staff receiving redundancy payments. This was in addition to the £250k already approved and funded from the General Reserve for redundancy related costs. However, contingencies was underspent by £330k on the Earmarked Contingencies for Social Services due to delays in the Edge of Care Project and effective budget management in Adults Services. Underspends are also achieved on County Elections £53k as well as General Contingencies £40k and Cost of Change £11k. The total overspend is £106k.

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 outturn position for the Council Tax Fund is an underachievement of £66k, which is different from the predicted overachieve figure of £334k in the previous quarter. This change has occurred due to an erosion of the tax base, through a greater number of exemptions being granted in the final quarter and the anticipated increase in the debit from the review of single person discounts not being completed in 2017/18. The review of single person discounts will now generate an additional debit in 2018/19.

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. £1.555m of the savings have been achieved, however, £399k have not been achieved. The most significant savings shortfall was in Learning where the service underachieved the target by £242k due to the delay in agreeing the reduction in cleaning hours and the failure to transfer Melin Llynonn. 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, £354k 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. The full detail of the expenditure and progress on each of the programmes can be seen in Appendix CH. Where the projects are not completed at year-end they will continue into 2018/19 and the funding will still be available within the invest-to-save reserve.

8. Agency and Consultancy Costs

- 8.1** During the year, £1,185k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff illness cover, while £755k was related to staff cover within Children's Services mainly while the service undergoes a restructure. Resources spent £104k on agency staff. The majority of this relates to £53k for the Northgate Payroll and HR project, which is funded from a specific reserve. The Waste Service spent £227k for site agents at the recycling centres. The majority of this sum, 59%, is funded by external grant. The full details can be seen at Appendix DD.
- 8.2** Expenditure on consultancy during Quarter 4 was £486k. The total expenditure on consultancy between 1 April 2017 to 31 March 2018 is £2.139m. The summary expenditure per department can be seen at Appendix E.
- 8.3** Due to the need to undertake other accountancy work including completing the financial statements for 2017/18, it has not been possible to complete the full analysis of consultancy costs. This information will be provided to the Committee when the 2017/18 draft financial statements are presented to the Committee in July.

9. Conclusion

- 9.1** There is an overspend of £1.762m for the year-ending 31 March 2018. This is in line with the expectation and reports made throughout the year. £2.351m of this is on service budgets, which are made up of a number of over and underspends. 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 was underspent by £0.655m in part due to a change in the method of calculation for Minimum Revenue Provision (MRP). This overspend is 1.39% of the Council's net budget. It is of concern that it was not possible for the Council's revenue expenditure to remain within budget for 2017/18 but the Council's success in remaining within budget and building up general reserves in previous years has allowed the Council to fund the overspend whilst still maintaining an acceptable level of General Balances. However, if services cannot address some of the financial difficulties they face during 2018/19 there is a significant risk that a further overspend will occur in 2018/19 which will erode the Council's general balances to an unacceptable level which will have to be addressed in future budgets in order that reserves are increased back to the required level.
- 9.2** This provisional outturn report is subject to change as new information becomes available between now and when the final Statement of Accounts is reported on in September.

Projected Revenue Outturn for the Financial Year Ending 31 March 2018 – Quarter 4

Service/Function	Annual Budget 2017/18	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Propvisional Controllable Variance (Non-Exceptions)
	£	£	£,000	£,000	£,000
Lifelong Learning					
Delegated Schools Budget	44,064	44,064	0	0	0
Central Education	2,809	3,722	913	-23	890
Culture	1,364	1,227	-137	-7	-144
Adult Services	22,541	22,687	146	68	215
Children's Services	8,293	10,075	1,782	-5	1,777
Housing	1,034	1,087	53	-45	7
Highways, Waste & Property					
Highways	6,633	6,572	-61	-39	-100
Property	1,172	1,277	105	-50	55
Waste	6,294	6,083	-211	148	-63
Regulation & Economic Development					
Economic	2,006	2,069	63	-46	17
Planning and Public Protection	2,269	2,260	-9	-9	-18

Service/Function	Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Propvisional Controllable Variance (Non-Exceptions)
	£	£	£,000	£,000	£,000
Transformation					
Human Resources	1,214	1,140	-74	12	-62
ICT	1,817	1,861	44	1	45
Corporate Transformation	901	744	-158	0	-158
Resources	2,933	3,096	163	-166	-3
Council Business	1,571	1,752	181	0	181
Corporate & Democratic costs	2,212	2,005	-207	1	-206
Corporate Management	737	656	-81	0	-81
Total Service Budgets	109,864	112,377	2,514	-160	2,351
Levies	3,335	3,333	-2	0	-2
Capital Financing	8,060	7,611	-449	0	-449
Corporate adjustment for depreciation	0	0	0	0	0
Discretionary Rate Relief	0	0	0	0	0
General & Other Contingencies	-106	0	106	0	106
Funding and use of Reserves	0	0	0	0	0
HRA Central Support Services Contribution	-678	-760	-82	82	0
Benefits Granted	5,682	5,372	-310	0	-310
Total Corporate Finance	16,293	15,556	-737	82	-655

Service/Function	Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Propvisional Controllable Variance (Non-Exceptions)
	£000	£000	£000	£000	£000
Total Budget 2017/18	126,157	127,933	1,775	-80	1,696
Funding 2017/18					
NDR	-23,002	-23,002	-0	0	-0
Council Tax	-33,505	-33,577	-72	138	66
Revenue Support Grant	-69,650	-69,650	-0	0	-0
Total Funding 2017/18	-126,157	-126,229	-72	138	66
Net	0	1,704	1,704	58	1,762

NOTE : the figures have been rounded up to the nearest thousand.

SUMMARY OF THE OUTTURN POSITION ON CONTINGENCY BUDGETS 2017/18

	Original Budget	Utilised Contingency	Contingency Unused
	£	£	£
General Contingency	283,635	(243,180)	40,455
Improvement	-	-	-
Salary and Grading	200,000	(512,560)	(312,560)
Cost of Change	92,000	(80,740)	11,260
Apprentishps Levy	290,000	(290,000)	-
County Elections	150,000	(97,460)	52,540
Edge of Care	240,000	(240,000)	-
Earmarked Contingency	425,000	(95,000)	330,000
Total contingency budgets	1,680,635	(1,558,940)	121,695
VR Savings Target	(300,000)	72,540	(227,460)
Total General and other Contingencies	1,380,635	(1,486,400)	(105,765)

REVIEW OF INVEST-TO-SAVE PROJECTS 2017/18

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Expenditure 2017/18 £	Remaining budget 2017/18 £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	170,000	170,260	158,700	11,560	There is a currently a projected small underspend on the EDMS assuming project management ends in June 2018 as expected but additional back scanning costs may eat into this and unexpected costs from IT delays. As such the remaining funding will be needed in 2018/19
I.T	Local Land and Property Gazetteer	Implement a LLPG system across the Council	10,800	10,800	10,749	15,261	-4,512	Project Complete just need to agree revenue cost commitments on iExchange as part of original bid. The overspend will funded by the service.
I.T / Transformation	Customer Relationship Management System	Purchase and implementation of a CRM system	255,000	255,000	195,000	33,724	161,276	Waste Management solution live along with a number of other online services. Training undertaken in services and further integrations lined up. Core technology is in place now allowing more online services to be added with considerable interest from services such as Environmental Health and Housing. Supplier payments withheld on project milestones will be released shortly so funding will be needed in 2018/19..
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	Payment Gateway integration work complete on the CRM and AppMon side, delays on the Capita Side holding project back. The funding will be needed in 2018/19

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Expenditure 2017/18 £	Remaining budget 2017/18 £	Project Update
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	118,000	118,000	28,437	89,563	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 3,000 files and documents have been scanned to date. £13k of the revenue budget has been utilized in 2017/18 to fund the newly appointed officer. The remaining balance will be required in 2018/19 to fund the post.
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	150,000	59,078	90,922	Work to procure the upgraded Capita Cash Management system has been completed. A project plan has been developed which will lead to new modules being implemented and improvements to the cash management system being introduced during 2018/19.
Lifelong Learning	Modernisation of business and performance processes	Implement unused modules in the ONE Management Information system	72,000	72,000	67,000	52,259	14,471	The funding is required to fund ongoing costs related to the project in 2018/19. The project is progressing well, expected to be completed by January 2019. £15k has been taken from the original budget of £87k to create a project for the development of a website for the Oriol.

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Expenditure 2017/18 £	Remaining budget 2017/18 £	Project Update
Lifelong Learning	Mordernisation of business	Website for the Oriel	15,000	15,000	15,000	0	15,000	Project will be underway in 2018/19
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	20,000	0	20,000	The funding needs to be carried forward into 2018/19. The work is linked to the wider project on the corporate website. Expected to be fully utilized in 2018/19
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	70,000	0	70,000	No expenditure has been incurred to date as recruitment of the Digital Lead has been held pending implementation of new Web Content Management System in order to align all Digital Platforms and then get the best out of the 2 years of funding for the temporary posts. Funding needs to be carried forward into 2018/19
Total				982,800	828,009	353,729	474,280	

Review of Efficiency Savings 2017/18

Service/Function	Budget Savings 2017/18 £'000	Centre Achievable 2017/18 £'000	Not-achievable 2017/18 £'000	Comments
Lifelong Learning	610	368	242	Based on the number of hours cleaning provided by the Property department, £474k of the saving should be achieved moving forward, the remaining saving will be deducted from the Delegated School Budget as a general cut. The procedure to change the cleaners working hours has taken longer to action than anticipated, leading to an overspend in 2017/18, which will be funded from reserves. £40k will not be achieved as to date the council have been unable to transfer Melin Llynon, however this is being mitigated as a result of overachied income on other heritage sites and museums. £11k will not be achieved in relation to the termination of the ease at south stack, although the lease has been terminated, costs have been incurred to date to clear the site, these are one off costs. The cost of supply to cover sickness and maternity has not reduced to the expected level, the primary sickness scheme was overspent by £75k in 2017/18, which will result in a higher premium for future years, to claw back the deficit.
Regulation and Economic Development	187	179	8	Cleaning hours across the three leisure centres have now been reduced from 55 to 30 per week since November 2017, however a shortfall of £3k forecast out of the 10k savings proposal for 2018/19. The £5k saving on the Leisure centre café outsourcing is still being worked on with Property and Procurement process to take place innimently , to seek an alternative providor now that the cafe has been closed. Vending machine sales are up but will not be sufficient to cover the overspend.
Highways, Waste and Property	339	264	75	£6k savings on the general waste contract is forecasted to not be achieved, however the service are forecasting an underspend. The service has only achieved £16k of the £26k target from outsourcing public onveniences due to limited interest from third parties. The service was unable to achieve the £50k saving against highway mainetenance. Severe winter weather conditions and storms have resulted in an overall overspend position for Highway works. The MCT budget was overspent £9k although 1 route has been cut.
Adults' Services	559	519	40	The majority of savings achieved in full. The savings proposed through changes to the provision of catering in residential care homes were not implemented in 2017/18. The savings from developing specialist services in Garreglwyd only partially achieved due to delays in re-registration of home and alterations' works on home. However the savings were met from other budget lines and the savings will be achieved from 2018/19 onwards.

Service/Function	Budget Savings 2017/18 £'000	Centre Achievable 2017/18 £'000	Not-achievable 2017/18 £'000	Comments
Housing	41	16	25	There was a delay in starting the review of the energy performance of Council properties resulting in a shortfall in savings of £14.75k. Opportunities for the Empty Homes Officer to generate fee income through a second property have been few and far between and therefore this year's savings of £10k was not achieved in-year due to timing issues but will be achieved in Q1 2018/19. However, savings have been made from other budget lines in the service for 17/18. Other savings achieved in full.
Transformation	79	79	0	All savings are expected to be achievable from 2017/18.
Council Business	18	18	0	All savings are expected to be achievable from 2017/18.
Resources	121	112	9	Staffing savings achieved for 2017/18. £9k of postage saving not achieved as a result of Schools not having MyView payslips until Q4.
Total	1,954	1,555	399	

AGENCY COSTS APRIL TO MARCH 2018

	£	Funded From	Purpose
Economic & Regeneration	13,811.72	Un-utilised staffing budget	To meet statutory inspection targets
Waste	6,091.68	Revenue Budget	Clerical Waste Admin due to sickness within section
	93,717.68	Revenue Budget	External Site Operations / Staff long time Sickness / Retirement. Staff not available via HR Matrix
	133,634.21	Grant Funding	Site Operatives required to support lack of contract staff to cover additional work tasks with the introduction of three weekly refuse collection and additional recycling kerbside collections. Staff not available via HR Matrix
	19,137.05	Grant Funding	Additional tasks required short term for Litter picking during the Summer period April to mid October. Staff not available via HR Matrix
	252,580.62		
Childrens Services	185,844.19	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	10,114.60	Core budget, Un-utilised staffing budget & reserves approved by Exec	Specific piece of work
	535,968.44	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	33,622.20	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	27,974.85	Edge of Care Contingency	To cover vacant posts until post filled
	793,524.28		

	£	Funded From	Purpose
Transformation	20,862.13	Core Budget	Sickness and Vacancy
Resources	4,615.00	Staff budget	Staff sickness
	53,202.35	Core Budget	Northgate project
	2,080.00	Specific Core Budget	Agency staff requirement has ended as Revenues management and supervisor posts now appointed under the Revenue and Benefits Restructure.
	15,480.00	Specific Core Budget	Agency staff brought to assist with completion and respond to external auditor queries on the 2015/16 HB Subsidy Audit and to produce report on processes and recovery of Overpaid HB.
	29,063.00	Unutilised staffing budget	To cover vacant posts under new structure, pending a recruiting process.
	224.00	Specific Core Budget	Agency Staff ended 07/07/2017 and this was the final payment on an outstanding account
	104,664.35		
Total	1,185,443.10		

SUMMARY OF EXPENDITURE ON CONSULTANCY PER DEPARTMENT - Q1 to Q4					
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total to Date
Central Education	7,445	15,457	11,550	-424,367	-389,915
Culture	4,720	1,519	2,602	11,677	20,519
Economic & Regeneration	140,283	357,801	379,573	560,405	1,438,063
Highways	237	9,290	3,711	85,132	98,370
Schools	2,100	5,575	10,200	6,275	24,150
Waste	7,577	76,012	92,282	100,234	276,105
HRA	11,416	16,801	26,836	9,993	65,047
Adult Services	0	0	0	7,639	7,639
Childrens Services	11,969	15,408	12,255	1,500	41,133
Transformation	15,881	10,963	14,165	17,223	58,232
Council Business	56,207	81,401	78,432	52,229	268,269
Resources	52,936	6,647	114,131	57,686	231,401
Total	310,775	596,875	745,737	485,626	2,139,014