

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	28 SEPTEMBER 2020
SUBJECT:	REVENUE BUDGET MONITORING, QUARTER 1 2020/21
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. On 10 March 2020, the Council set a net budget for 2020/21 with net service expenditure of £142.146m, to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £1.115m. The budget for the Council Tax Premium was reduced by £0.051m to £1.393m.
2. The budget for 2020/21 included required savings of £0.307m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net (under)/overspends shown. The savings target for 2020/21 was significantly less than prior years due to an increase of 3.8% in funding from Welsh Government. This was a welcome increase following several years of reduced funding which led to significant savings targets each year of over £2m. The Welsh Government have not been able to provide any indication on the proposed level of funding beyond 2020/21 due to the fact the the UK Government's Comprehensive Spending Review has been cancelled due to Brexit, the General Election in December 2019 and then dealing with the Coronavirus pandemic.
3. The Welsh Government have provided £232m to date to meet the additional costs incurred by Councils in dealing with the pandemic, which has covered the cost of purchasing PPE, supporting the Adult Care Sector, providing additional services for the homeless, helping with the costs of transferring to home working, funding the cost of weekly payments to parents of children who would normally receive free school meals and covering the loss of income incurred by Councils as a result of the closure of services. On the 17 August, the Welsh Government announced a further fund of £260m to help Councils during quarters 3 and 4. Funds have been allocated to the 22 Welsh Councils on a claims basis and the amounts claimed in quarter 1 have been incorporated into the forecasts in this report.
4. This report sets out the financial performance of the Council's services at the end of quarter 1, 30 June 2020. The projected position for the year as a whole is also summarised. It should be noted that predicting the final year-end position at the end of quarter 1 is difficult and the position can change considerably as we move through the remainder of the financial year. For 2020/21, predicting the final year end position is even more difficult because it is still unclear when some of the Council's service will return to normality and what the additional costs will be in providing those services in a way that minimises the risk of the spread of the virus e.g. additional PPE, increased cleaning, reduced service capacity impacting on income levels.

5. To date, 3 claims have been made in relation to the Covid 19 crisis to the Welsh Government, totalling £1.665m, for extra expenditure incurred during quarter 1. For quarter 1 reporting purposes, £725k has been applied to forecasted figures for the loss of income, due to only this amount being confirmed by Welsh Government. A claim for £95k has been submitted which will be reflected in further quarterly monitoring reports once the claim has been confirmed. The Welsh Government has stated that further funding will be released to cover the loss of income during the remainder of the financial year but this has not been taken into account in the forecast. The receipt of this additional funding will improve the final position of some services compared to this forecast.
6. These figures do not take into consideration winter pressures. Historically, winter pressures can be seen within the Highways and Adult services and it can be hard to quantify the full extent of extra costs which could be incurred this early in the financial year. The full extent of the forecasts and costs will be noted in the quarter 3 and quarter 4 reports respectively.
7. The overall projected financial position for 2020/21, including Corporate Finance and the Council Tax fund, is nearly a balanced budget position with a small overspend of £0.027m. This is 0.02% of the Council's net budget for 2020/21.
8. 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 2020/21. This position is dependant on the continued support from Welsg Government to fund the loss of income and the additional costs which the Council face during the remainder of the financial year as a result of the Coronavirus;
 - (ii) To note the summary of Contingency budgets for 2020/21 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 for 2020/21 in Appendix D;
 - (v) To note the monitoring of agency and consultancy costs for 2020/21 in Appendices DD, E and F.

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?

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	The report has been considered by the SLT and the comments made have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer has commented on the report as a member of the SLT
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 1, 2020/21 • Appendix B – Table of Provisional Outturn 2020/21 • Appendix C – Summary of Contingency Budgets 2020/21 • Appendix CH – Review of the Invest-to-Save projects 2020/21 • Appendix D - Review of Efficiency Savings 2020/21 • Appendix DD - Information regarding monitoring of Agency Staff 2020/21 • Appendix E - Information regarding monitoring of Consultants • Appendix F – Detailed information regarding the expenditure on Consultants 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2020/21 Revenue Budget (as recommended by this Committee on 2 March 2020 and adopted by the County Council on 10 March 2020). 		

REVENUE BUDGET MONITORING – QUARTER 1 2020/21

1. General Balance

The Council Fund held £8.760m of earmarked reserves and school reserves amounting to £0.197m at the start of the financial year. The draft outturn for 2019/20 resulted in a general balance at the start of the current financial year of £7.060m. This was an improvement on the opening balance for the previous year, 2018/19, where the general balance had reduced to £5.912m. The draft underspend of £308k contributed to this and movements in reserves, such as the return of earmarked reserves no longer needed. This may, however, be subject to change with any post-audit adjustments.

Executive Meeting	Amount £m	Purpose
Draft opening balance	-7.060	Draft audited general reserve at 31 March 2020
Revised Council Fund General Balance	-7.060	As mentioned above, this may change following any post-audit adjustments.

The current predicated outturn for 2020/21 is an estimated underspend of £0.027m. If this trend continues, the Council general reserve is likely to decrease to £7.033m by the year-end. This is close to the minimum balance recommended for the general reserve which has been set at £7.1m for 2020/21, as approved by the full Council on 10 March 2020.

2. Financial Performance by Service

2.1 The details of the financial performance by service for the period and the projected outturn position for each is set out in Appendix B. An underspend of £0.959m on services is predicted as at 31 March 2020. An overspend of £0.241m is estimated on Corporate Finance. In addition, an overspend of £0.745m is predicted on the Collection of Council Tax, of which £1.2m is due to a shortfall on the collection of general Council Tax. However, a surplus of £0.445m on the Council Tax Premium offsets a significant part of the Council Tax shortfall. The current total revenue forecast for 2020/21 is an underspend of £0.027m, which is 0.02% of the Council's total net revenue budget.

2.2 The table below summarises the significant variances (circa £100k or higher). Please note that these figures relate to the position in respect of the controllable budgets within each service:-

**Summary of projected variances at 31 March 2021
Based upon financial information as at 30 June 2020**

	(Under) / Overspend £000
Learning	(1,139)
Adults	195
Children's Service	(1,382)
Highways, Waste and Property	138
Regulation and Economic	1,023
Benefits Granted	207
Council Tax, including Council Tax Premium	745
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	200
Other (total of variances less than £100k)	40
Total Variance over/(under)spend	27

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Delegated Schools Budget

Once the Council sets the budget for schools, responsibility for the budget is delegated to the schools and annual under or overspends are held in individual school reserves. As the majority of schools were closed for all but one week of the summer term, schools will have incurred less costs than normal e.g. supplies and services, supply teachers and exam fees. Any underspending that will result will feed through to an increase in school balances. The Council is not intending to claw back any of the underspend. The overall position for the delegated schools budget will not be known until the end of the financial year.

Central Education

3.1.2 This service was underspent by £449k (23.09%) at the end of quarter 1. The forecast for the year-end is an underspend of £1,238k (26.07%). Many of these budgets are demand-led, therefore, with the closure of schools due to the Coronavirus Pandemic, there is no or reduced demand as highlighted below in 3.1.3. These demand-led services may change once schools are fully operational, which will increase costs.

3.1.3 There are a number of over and underspends across the Service. The most significant of which are listed below.

- School meals are forecast to underspend by £504k due to no demand for school meals due to the closure of schools for the first four months of the financial year. The Council subsidises school meals, therefore, reduced demand leads to reduced expenditure against the school meals budget.
- The out-of-county placements budget had reduced demand in 2019/20 due to eleven children leaving out-of-county placements due to turning 16+ or returning to placements on Anglesey. Only four new placements took place. An underspend of £783k is forecast for out-of-county placements. As the lockdown eases, the number of children requiring out-of-county placements may begin to rise, which will impact the forecasted underspend.

- There are some budgets within the service which are under pressure but are covered by the estimated underspend. The joint Môn and Gwynedd Additional Learning Needs service is estimated to overspend by £194k. There are budget pressures circa £50k each in secondary additional learning needs, Clwb Gofal and further education.

3.1.2 Culture

- 3.1.2.1** This service was £2k (0.50%) underspent during the period and the forecast outturn for the year is an overspend of £99k (7.71%). This is due to lost income from the closure of the Oriel estimated at £136k. This presumes that Welsh Government stops compensating local authorities for lost income after quarter 1, when the Oriel is able to open. Any additional funding will reduce this overspend. Libraries is helping to reduce the service's overspend and is expected to underspend by £50k due to vacant posts and a saving on relief staff while the libraries were closed due to Covid-19. There are small overspends expected in culture grants and archives.

3.2 Adults Social Care

- 3.2.1** This service was £716k (11.07%) overspent for the period and the forecast outturn for the year as a whole is a predicted overspend of £195k (0.72%). This excludes potential winter pressures grant as the Council has not received a grant offer for these pressures to date. If Welsh Government provides an offer of grant funding, this will be reflected in a future budget monitoring report. The underlying overspend for the service is £446k for the year. However, when the £251k contingency for Adults social care additional demand is applied, this reduces the overspend to £195k. This shows there is still high demand for adults social services. An additional £1.028m budget was provided to the service as part of 2020/21 budget-setting due to Adults Services budgets being under pressure in 2019/20. A contingency for £251k was also included in budget-setting for Adult Services Demand, which has been taken into account in the forecast as mentioned.

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

- Services for the Elderly: Forecast overspend of £102k – there is an underlying overspend of £353k, however, this is reduced to £102k due to applying the Adults Demand contingency of £251k. There are various over and underspends within the Service, however, the largest underlying forecast overspends are within residential care (£280k) and nursing care for older people (250k).
- Physical Disabilities (PD): Forecast underspend of £84k – the largest underspends relate to home support (£35k) and equipment and adaptations (£37k). There were less aids and adaptation work being carried out due to the Covid-19 pandemic.
- Learning Disabilities (LD): Forecast overspend of £291k – residential care is forecast to overspend by £182k due to extra demand for high cost placements for individuals with complex care needs. Day care is also under pressure with an overspend of £66k expected for the year. Supported and other accommodation is forecast to overspend by £301k. Savings of £300k were expected in this area due to a tendering exercise, however, this was not implemented due to Covid-19. The tendering process has been placed on hold. A large underspend of £221k is forecast for home care as more individuals take-up direct payments and organise their own home care.
- Mental Health (MH): Forecast overspend of £53k – residential care is projected to overspend by £165k due to high demand for mental health residential placements. An underspend of £107k on community support is forecast due to vacant posts.

- Provider Unit and Management and Support: Forecast underspend of £167k. This is due to vacant posts and a regional transformation project which would have cost £68k not going ahead due to Covid-19.

3.2.3 The quarter 1 figures indicate significant demand pressures within the quarter. In order to fully investigate the issues, the department will be considering each specific individual line which has led to the significant projected overspend. Within each, the following will be considered:-

- Nature of cyclical trend (year by year and month by month trend);
- Reasons behind the trend;
- Further steps that can be taken to manage demand.

Any feedback will be reported to the Executive and Finance Scrutiny Committee.

3.3 Children's Services

3.3.1 The service was underspent by £292k (9.84%) during the period and is projected to be underspent by £1,382k (12.62%) at year-end. Most of the sections within Children's services are underspending, with looked after children forecast to underspend by £1,336k. Children with disabilities are expected to overspend by £194k.

3.3.2 Looked after Children are forecast to underspend due to an expected underspend of £1,500k on out-of-county placements. This is linked to the large underspend in Learning as both Learning and Children's Services fund out-of-county placements. A number of young people left out-of-county placements in 2019/20 due to their age or placements on the Island. There has been an increase in foster carer placements due to the Foster Carer benefits introduced last year. Foster care placements are projected to overspend by £113k and non-standard placements are forecast to overspend by £117k. The underspend in out-of-county placements more than covers these overspends. It is a concern that some of the underspend might relate to reduced opportunities to identify children and young people at risk of significant harm due to the lockdown. Children with disabilities services are overspending due to high cost specialist placements which will eventually be moved to the Council's Specialist Small Group Home when it is operational.

3.3.3 Given the pandemic, Children and Families Services have seen a reduction in referrals coming into the service and a slight reduction in the amount of children coming into the care of the Local Authority. It is predicted that referrals will increase and, indeed we will need to potentially bring some children into care as they will have been subjected to significant harm. Therefore, we need to be mindful of the financial demands of these pressures for the forthcoming months.

3.4 Housing (Council Fund)

3.4.1 This service was underspent by in total £6k (1.33%) during the period but is forecast to achieve a balanced budget at year-end. Homelessness (B and B) costs continue as a budgetary pressure with an overspend of £12k to date. It is anticipated that underspending on other budgets elsewhere in the Service will match the overspend on the Homelessness budget.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

- 3.5.1.1** The service, overall, was underspent by £194k (32.67%) for the period with a projected outturn being £920k (4.88%) overspent.
- 3.5.1.2** The Economic Development element of the service is projected to overspend by £23k at year-end. This is due to an estimated shortfall in income targets due to the lockdown and Covid-19 pandemic.
- 3.5.1.3** The Destination section is forecast to be underspend by £20k. While there is reduced income due to the lockdown, savings on the vacant Destination Manager post and seasonal staff will compensate for this, hence the forecast underspend.
- 3.5.1.4** The Leisure section has been hit hard due to closure of all leisure centres due to lockdown. Welsh Government is compensating the service for loss of income up to the end of quarter 1. The service is forecast to overspend by £917k but this forecast assumes that no additional Welsh Government support will be received for any future loss of income as a result of the Leisure Centres remaining closed until mid August and then operating at reduced capacity thereafter. However, the announcement on 17 August 2020 of an additional £260m of funding across Wales may change this position and could result in the Council receiving additional funding. Any changes will be incorporated into the quarter 2 budget monitoring report.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service was £16k overspent (3.88%) for the period. The forecast outturn for the year is an overspend of £103k (4.83%).
- 3.5.2.2** The Public Protection section was underspent by £24k for the period but the forecast outturn position is £33k overspend. Dog/pest control, Environmental Health and Registrars are each estimated to overspend by circa £20k. All impacted by a shortfall on income arising from the pandemic. Underspends in Trading Standards and Corporate Health and Safety are forecast due to vacant posts.
- 3.5.2.3** The Planning section was overspent by £40k for the period and is forecast to overspend by £70k at year-end. Planning control is projected to overspend by £50k due to a shortfall on income budgets due to the first half of the lockdown. Building control is forecast to overspend by £20k, again due to a shortfall on income targets. These income streams were not covered in the first tranche of support from Welsh Government as the income levels may recover during the remainder of the year as the lockdown eases and deferred planning and building control applications are received during the second half of the year.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £145k (11.51%) overspent for the period. However, the forecast position at year-end is a £43k underspend (0.68%).

3.6.1.2 There are several small compensating over and underspends. The most significant overspend is £70k on Fleet due to a shortfall on income from other services due to the Covid restrictions. This is compensated by a £70k underspend on departmental support due to a vacant post and savings in transport costs and supplies and services costs. This forecast excludes winter maintenance costs as it is too early in the year to predict the outturn on these costs. Any significant winter costs could worsen the outturn estimated this quarter, however, the Council does maintain an earmarked reserve of £54k which is available to help fund any significant costs which may arise during the winter period.

3.6.2 Waste

3.6.2.1 The Waste service was £32k (2.07%) overspent for the period the service is predicted to have an outturn position of £10k overspend (0.12%).

3.6.2.2 The forecast for the year-end includes overspends and compensating underspends within different sections of the service. One of the most notable of the variances include a £40k underspend on recycling due to a vacant post, surplus income from recyclates and reduced expenditure on supplies and services. Waste Collection is putting pressure on the budget with an overspend of £50k forecast for the year. This is mainly due to residual costs prior to the award of the new waste collection contract. There were also legal and technical consultancy fees incurred for the tendering exercise. In addition, an overspend of £35k is estimated for public conveniences for the year.

3.6.3 Property

3.6.3.1 The service's position for the period is a £22k (3.63%) underspend but with a forecast for the year-end position being £171k (19.19%) overspent.

3.6.3.2 The main reason for the projected overspend within the Property service is a forecast underachievement of £114k on capitalised professional fees arising from delays in the 21st Century Schools programme, part of which is due to the lockdown. A delay in capital projects within the 21st Century Schools programme has reduced the fee earning work within Property in this financial year. However, this work is expected to increase in future financial years when the 21st Century Schools Band B projects are progressed. In addition, a shortfall in Industrial Unit rents of £50k is expected due to the Council granting 'one month free rent' to all tenants of the Council's industrial units and sundry properties to support local business during the lockdown period. This loss of income is not covered by the Welsh Government as it was a local decision and the loss of income did not arise directly from the lockdown.

3.7 Transformation

3.7.1 The Transformation function overspent by £363k (22.66%) for the period. However, the projected year-end position is an underspend of £57k (1.14%).

3.7.1.1 The ICT section was overspent by £464k (43.75%) for the period and is expected to be £115k (4.12%) overspent at year-end. Software budgets have historically been insufficient, particularly as the Council has improved its ICT functionality and ability to enable home working. In 2019/20, ICT overspent by £213k. Additional budget was provided to mitigate the budgetary pressure, however, an overspend remains likely. Expansion of citrix licences and VASCOs to enable widespread homeworking during the lockdown period and beyond has increased budgetary pressures further, though Welsh Government has supported the Council by providing 50% funding towards increased ICT cost.

3.7.1.2 The HR function was underspent by £106k (28.18%) for the period, and is projected to be £76k (5.65%) underspent at year-end. Vacant posts are expected to cause an underspend of £27k. Central training is also forecast to be underspent by £45k. This is due to the Covid-19 outbreak preventing the usual training to take place.

3.7.1.3 The Corporate Transformation was overspent by £5k (2.82%) for the period but is expected to be underspent at the year-end by £96k (11.25%). All budget areas are expected to underspend, with the most significant an underspend of £58k on the Ynys Môn and Gwynedd Partnership.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £48k (5.64%) underspent for the period, with the projection for outturn being an overspend of £19k (0.61%).

3.8.2 Revenues and Benefits are expected to be £94k overspent for the year mainly due to reduced court cost income of £106k. The Accountancy section is looking at an overspend of £56k, mainly due to bank charges of £40k. Internal Audit is expected to have an underspend of £18k arising from staff vacancies. The Procurement section is expected to be £113k underspent due to initiatives in purchasing. i.e centralised purchasing budgets and procurement card rebates.

3.9 Council Business

3.9.1 The function was £47k (10.57%) underspent for the period, but the forecast for the year-end position is an overspend of £24k (1.44%) overspend.

3.9.2 Legal Services are expected to be overspent by £41k, in large part due a shortfall in legal fees income and land charges income, potentially due to the pandemic lockdown period. An overspend of £12k is expected on Legal agency staff to cover staff vacancies/absences. Democratic Services are forecasted to underspend by £17k. There are underspends projected in each of its functions, with the largest underspend being within the Electoral services (£9k).

3.10 Corporate and Democratic Costs

3.10.1 The Corporate and Democratic budget was overspent by £23k (2.97%) for the period and the forecast year-end position is an overspend of £57k (2.05%).

3.10.2 There are sections within the department that are forecasting to overspend at year-end, whilst there are mitigating underspends in other areas. The main areas of concern are within the Corporate other area, which is expected to overspend by £95k; within this staff counselling is forecast to overspend by £25k. An underspend of £31k is expected on the apprenticeship levy and an underspend of £16k is forecast on Members' support and expenses.

3.11 Corporate Management

3.11.1 The function was £11k (6.98%) underspent for the period with the forecast at year-end being an underspend of £37k (5.91%). This relates to the residual budget of £58k following the management restructure in 2019/20. Unbudgeted expenditure on transport and general supplies and services reduces this down to £37k.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, is expected to overspend by £241k (1.41%) at year-end. An overspend of £207k is forecast on benefits granted due to a rise in the number of Council Tax Reduction Scheme claims as a consequence of the increased Universal Credit claimants which have resulted from the economic fallout of the Covid-19 crisis. An overspend of £34k is forecast on interest receivable due to the reduction of the interest base rate to 0.01% due to the economic impact of Covid-19.

4.2 The budget for 2020/21 included some items retained centrally as contingency budgets, these amount to £1,115k. The general contingency is £371.5k, which is for ad-hoc unexpected budgetary pressures arising through the year. A salary and grading contingency of £150k is included for unbudgeted salary and grading costs such as redundancy payments. Contingencies amounting to £593k were included in the budget which can only be used for the costs approved. £250k was included for Adult Services extra demand, this has already been used to fund increased demand for services to the Elderly. A risk contingency for £235k was also included in the budget to contribute towards any pay award for 2020/21 agreed which is over the 2% budgeted for during budget-setting. The pay award has now been agreed at 2.75%. This will cost the Council an additional £340k, therefore, the risk contingency will be used towards the pay award. The balance of £105k will be funded from the salary and grading contingency. There are also smaller contingencies for the Regional Growth bid, STEM and lone-working. It is assumed at this stage that all contingency budgets will be used by year-end.

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 2019. 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 significantly underachieve the target by £1,200k due to continued erosion of the tax base with significant numbers of self catering properties switching to business rates. Covid-19 is also impacting on the collection of Council Tax and an increase in the bad debt provision has been made to reflect this impact. The Council Tax Premium budget, which is additional Council Tax charge on second homes on Anglesey (since 1 April 2017), may potentially overachieve its budget by £455k. This improves the Council Tax deficit position. In total, therefore, a deficit of £745k is forecast on the collection of Council Tax.

6. Invest to Save

6.1 An invest to save programme was undertaken in 2016/17, with an allocation of £983k for individual projects. To date, £699k has been spent or committed from this allocation of funding up to and including 2020/21. All projects are at various stages of development, with some closer to completion than others. The full details of the expenditure and progress on each of the projects can be seen in Appendix CH. Where the projects are not completed at year-end, they will continue into 2021/22 and the funding will still be available within the invest to save reserve.

7. Budget Savings 2020/21

7.1 Budget savings of £307k were removed from service budgets for 2020/21. £224k of the savings are likely to be achieved, however, £63k is not expected to be delivered. The most significant shortfall will be within Highways, Waste and Property where £57k of savings will be difficult to achieve due to reduced car parking income arising from the Covid-19 lockdown. A full detailed analysis can be seen for each Service in Appendix D.

8. Agency and Consultancy Costs

8.1 During the year to date, £104k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies. The full details can be seen at Appendix DD.

8.2 Expenditure on consultancy services in quarter 1 was £47k, this is considerably less than usual due to Covid-19 (£159k in quarter 1 2019/20). The full summary of expenditure per service and additional details of the expenditure can be seen at Appendix E.

9. Conclusion

9.1 The initial projection at the end of the first quarter is that the outturn will be close to a balanced budget, with an overspend by £27k for the year-ending 31 March 2021. The service budgets are expected to underspend by £959k due to reduced demand for Children's Services and the impact the closure of schools during the period April to July 2020 has on central education budgets. Corporate finance is forecast to overspend by £241k due to increased benefits granted and a shortfall in interest receivable due to the economic impact of Covid-19. An underachievement of £1,200k is expected on the standard Council Tax. Surplus income of £455k is forecast on the Council Tax Premium. The net deficit on Council Tax overall is £745k.

APPENDIX B

Projected Revenue Outturn for the Financial Year ending 31 March 2021 – Quarter 1

Service/Function	2020/21 Annual Budget	Q1 2020/21 Budget Year to Date	Q1 2020/21 Actual & Committed spend	Q1 2020/21 Variance	Q1 2020/21 Actual & Committed Spend	Estimated Expenditure to 31 March 2021 at Q1	Estimated Outturn 31 March 2021 over/(under) at Q1	2020/21 Projected Over/(Under)spend as a % of Total Budget	Draft Over/(underspend) Last Year 2019/20 (Subject to Audit)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
<u>Lifelong Learning</u>									
Delegated Schools Budget	47,579	11,402	11,402	0	0.00%	47,579	0	0.00%	0
Central Education	4,748	1,946	1,497	(449)	-23.09%	3,510	(1,238)	-26.07%	(272)
Culture	1,285	500	497	(2)	-0.50%	1,384	99	7.71%	29
<u>Adult Services</u>	26,911	6,468	7,184	716	11.07%	27,106	195	0.72%	1,085
<u>Children's Services</u>	10,951	2,964	2,672	(292)	-9.84%	9,569	(1,382)	-12.62%	156
<u>Housing</u>	1,168	448	442	(6)	-1.33%	1,168	0	0.00%	(77)
<u>Highways, Waste & Property</u>									
Highways	6,287	1,256	1,401	145	11.51%	6,244	(43)	-0.68%	(192)
Property	891	(613)	(635)	(22)	3.63%	1,062	171	19.19%	44
Waste	8,030	1,563	1,595	32	2.07%	8,040	10	0.12%	(208)
<u>Regulation & Economic Development</u>									
Economic Development	1,882	593	399	(194)	-32.67%	2,802	920	48.88%	0
Planning and Public Protection	2,131	413	429	16	3.88%	2,234	103	4.83%	(117)
<u>Transformation</u>									
Human Resources	1,346	375	269	(106)	-28.18%	1,270	(76)	-5.65%	(35)
ICT	2,794	1,062	1,526	464	43.75%	2,909	115	4.12%	(85)
Corporate Transformation	853	167	172	5	2.82%	757	(96)	-11.25%	(192)

Service/Function	2020/21 Annual Budget	Q1 2020/21 Budget Year to Date	Q1 2020/21 Actual & Committed spend	Q1 2020/21 Variance	Q1 2020/21 Actual & Committed Spend	Estimated Expenditure to 31 March 2021 at Q1	Estimated Outturn 31 March 2021 over/(under) at Q1	2020/21 Projected Over/(Under)spend as a % of Total Budget	Draft Over/(underspend) Last Year 2019/20 (Subject to Audit)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Funding									
NDR	(24,313)					(24,313)	0	0.00%	0
Council Tax	(39,749)					(38,549)	1,200	-3.02%	207
Council Tax Premium	(1,393)					(1,848)	(455)	32.67%	
Revenue Support Grant	(76,692)					(76,692)	0	0.00%	0
Total Funding 2020/21	(142,146)	0	0	0	0	(141,401)	745	0.00%	207
Total outturn including impact of funding	0	35,729	32,232	(3,532)	-9.89%	27	27	0.02%	(308)

Summary of the Outturn Position on Contingency Budgets 2020/21

	Original Budget	Virements	Amended Budget YTD	Committed YTD	Currently Uncommitted Budgets	Budget Forecast
	£	£	£	£	£	£
General Contingency	371,550	(49,600)	321,950	2,340	319,610	-
Salary and Grading	150,000	(540)	149,460	-	149,460	-
Earmarked Contingency	593,350	-	593,350	-	593,350	-
Total General and other Contingencies	1,114,900	(50,140)	1,064,760.00	2,340.00	1,062,420.00	0.00

Review of Invest-to-Save Projects 2020/21

Service	Title	Description	Sum Allocated (in total - not just Yr 1) £	Balance at 1 April 2020 £	Allocation for 2020/21 £	Spent 2020/21 £	Remaining budget 2020/21 £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	0	0	0	0	Project closed. No further update.
I.T	Local Land and Property Gazetteer	Implement a LLPG system across the Council	10,800	0	0	0	0	Project closed. No further update.
I.T / Transformation	Customer Relationship Management System	Purchase and implementation of a CRM system	255,000	100,132	100,132	2,000	98,132	The CRM is now well established, with over 18,000 registered customers since January 2016, and is now operating as Business as Usual. IT are working with services under the direction of the Business Process Transformation Board to drive more payment forms online and available via the CRM in order to improve back end processes, enable efficiencies and improve customer experience. The system has proved invaluable during the current Covid-19 crisis and has been used to administer the collection of information for business support grants, free school meals, reopening Penhesgyn and Gwalchmai recycling centres, to name but a few of the forms that have been built. We are also investigating a booking system to allow the reopening of various Council buildings, such as Oriel Môn.
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	13,583	13,583	0	13,583	Project closed. No further update.

Service	Title	Description	Sum Allocated (in total - not just Yr 1) £	Balance at 1 April 2020 £	Allocation for 2020/21 £	Spent 2020/21 £	Remaining budget 2020/21 £	Project Update
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	15,374	15,374	0	15,374	No further expenditure to date. The ERDMS upgrade is progressing with Enterprise Live already installed on all relevant staff laptops and available via Citrix to ensure that staff can continue to work remotely. Staff are actively being encouraged to familiarise themselves with the upgrade, training will also be arranged. The system will endure an extensive period of testing to ensure complete functionality prior to the going 'live' date, hopefully during November 2020, with both I@W and Enterprise being utilised until then.
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	42,799	42,799	24,503	18,297	Full commitments have now been made and within the bid budgets. However, implementation will be ongoing into the next financial year due to Covid-19 matters putting things on hold, as many project staff in Capita, our Income Management Software company, having been furloughed early on under the restrictions. The remaining balance will be used for any unexpected items which remain.
Lifelong Learning	Modernisation of business and performance processes	Implement unused modules in the ONE Management Information system	67,000	0	0	0	0	Project closed. No further update.
Lifelong Learning	Modernisation of business	Website for the Oriel	20,000	11,474	11,474	0	11,474	There have been some delays with the company and Covid-19. The final bits of online shop are nearing completion and website is delivered but being tested. The company will be paid end Aug/early Sep once IT are happy that website is working well etc.
I.T. / Transformation	Digital First / Digital By Default	Employ a Digital Lead Officer and Digital Services Analyst	120,000	99,130	50,000	16,486	33,514	Two people have been recruited to the Temporary Digital Technician posts at Grade 5 and are currently in post.

Review of Efficiency Savings 2020/21

Service/Function	Budget Savings 2020/21 £'000	Achievable 2010/21 £'000	Possibly Unachievable 2020/21 £'000	Comments
Highways, Waste & Property	68	11	57	<p>Currently, savings of £10k are unlikely to be achieved by reducing the cost of running the Council's vehicle fleet by investing in more fuel efficient vehicles and improving administration procedures to reduce down time. This is due to the significant reduction of fleet vehicle use due to Covid-19. Four LPG vehicles were delivered in July which will be more fuel efficient.</p> <p>A saving of £47k by increasing car park fees is also unlikely to be achieved. This is due to car parks being closed to the public as part of the Covid-19 restrictions. All car parks have since reopened with unrevised charges implemented in coastal car parks, but parking in urban areas will remain free until August, in accordance with Executive Committee directive. Work is in progress to implement the revised fees. A claim for loss of income has been submitted to Welsh Government and the Authority is waiting for formal confirmation of whether this claim will be paid.</p>
Regulation and Economic Development	65	59	6	<p>A saving of £22k has been implemented in full by reducing the Development Control Team's administrative capacity. This has been achieved by the recent investment in the planning system.</p> <p>The expected increase in income of £1k is unlikely to be achieved given the current pandemic and it's effect on group gatherings and events.</p> <p>£37k saving by deleting the remainder of the Outdoor Facilities budget following the transfer of the assets from the Council's control has been fully achieved.</p> <p>The fees and charges for maritime services have been increased, although, the saving of £5k is not likely to be achieved due to the Covid-19 related restrictions and the shortening of the open season.</p>
Housing	101	101	0	<p>A saving of £37k has been achieved by deleting the vacant post of Strategic Development Officer.</p> <p>Savings of £4k by reducing the cost of administrative support to the Head of Housing is being achieved.</p>

Service/Function	Budget Savings 2020/21 £'000	Achievable 2010/21 £'000	Possibly Unachievable 2020/21 £'000	Comments
				<p>A saving of £36k by capitalising the staffing costs relating to the delivery of Disabled Facilities Grant will be achieved.</p> <p>Savings of £19k which were proposed by adjusting the charges to the Housing Revenue Account to reflect the increase in costs are likely to be achieved at year end review.</p> <p>A service budget review identified £15k of un-utilised budget which have now been deleted. There was no overspend at the end of quarter 1 so this saving is being achieved.</p>
Transformation	5	5	0	A saving of £5k was recognised by deleting budgets for loss usage telephone lines and mobile phones. No further line savings have been identified to date but, if found, the savings will be found from elsewhere in the department's budget as in 2019/20.
Resources	60	60	0	<p>A saving of £10k was proposed by reducing postage budgets as a result of investments in the Payroll and Housing Benefit systems which has allowed the transfer of information electronically rather than posting paper documents. Expenditure for quarter 1 is slightly above budget, but this is likely due to the timing of the expenditure.</p> <p>A corporate approach to the purchase of some goods is expected to release a saving of £50k. Expenditure at quarter 1 is within budget.</p>
Council Business	8	8	0	Reducing the cost of holding Civic events is expected to achieve a saving of £8k for the year. Expenditure at quarter 1 is within budget.
Total	307	244	63	

APPENDIX DD

Agency costs April to June 2020

Service	Amount £	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Schools	900	Core	Temporary	Teaching cover in specialised areas
	900			
Waste	7,040	Specific Core Budget	Temporary	Short term staff - not available through HR Matrix
	9,419	Specific Core Budget	Temporary	Additional tasks required short term. Staff not available via HR Matrix
	16,459			
Children Services	20,785	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	19,536	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	40,322			
Adult Services	36,490	Core Budget	Temporary	DOLS project
	10,192	Core Budget	Temporary	To cover vacant posts
	46,682			
Total	104,363			

APPENDIX E

Summary Consultancy Expenditure Q1 2020/21

Summary Consultancy Expenditure Q1 per Service		
Service	Qtr1 £	Total 2020/21 £
Central Education	8,685	8,685
Culture	0	0
Economic & Regeneration	1,125	1,125
Property	0	0
Highways	0	0
Schools	0	0
Waste	12,883	12,883
Housing	0	0
Corporate & Democratic	0	0
Adult Services	0	0
Children Services	2,466	2,466
Corporate	0	0
Transformation	630	630
Council Business	11,847	11,847
Resources	9,515	9,515
Total	47,151	47,151
Funded by:		
Unutilised Staffing Budget	46,016	46,016
Grant	630	630
External Contribution	505	505
Reserves	0	0
Total	47,151	47,151

Breakdown of Consultancy Costs Quarter 1 2020/21

	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		
Central Education	6,825		✓	<input type="checkbox"/>	Core	Professional Fees - service as Senior Officer, Education Department
	1,680			✓	Core	Professional Fees - service as Senior Officer, Education Department
	180			✓	Core	Annual hosting fee for website
Total Central Education	8,685					
Regeneration & Economic Development	505	✓	<input type="checkbox"/>	<input type="checkbox"/>	External	Morlais Project G2624
	240	<input type="checkbox"/>	<input type="checkbox"/>	✓	Core	Structural Checks Feb / March 2020
	135	✓	<input type="checkbox"/>	<input type="checkbox"/>	Core	Sampling of dark chocolates
	245	✓	<input type="checkbox"/>	<input type="checkbox"/>	Core	Worldpay - Direct Debits
Total Regeneration & Economic Development	1,125					
Waste	4,288	✓		Specific Work	Specific Core Budget	Provision of External Technical Support - Procurement of a new waste collection and cleansing contract
	41	✓		Specific Work	Specific Core Budget	DUoS Offtake
	42	✓		Specific Work	Specific Core Budget	Metering and Settlement fee
	357	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Gas Technical Support April 2020
	438	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Environment Permit Variation Application SEMP

	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		
	5,260	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Environment Permit Variation Application Task3
	2,458	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Annual Water Monitoring Survey and Report
Total Waste	12,883					
Children Services	2,455			✓	Core Budget	Form F Assessment
	11			✓	Core Budget	Purchase Birth Certificate
Total Children Services	2,466					
Transformation	630	✓			Grant	Assessor - Trainee Social Workers
Total Transformation	630					
Council Business	11,847			✓	Unutilised staffing budget	Cover for temporary staff absence
Total Council Business	11,847					
Resources	2,065	✓			Specific core budget	Tax advice & consultancy service
	7,450	✓			Specific core budget	Treasury Services Retainer Contracts
Total Resources	9,515					
Total Q1 - April - June	47,151					

