

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO	MEETING OF THE EXECUTIVE
DATE	9 SEPTEMBER 2013
SUBJECT	REVENUE BUDGET MONITORING, QUARTER 1 2013-14
PORTFOLIO HOLDER(S)	COUNCILLOR HYWEL EIFION JONES
LEAD OFFICER(S)	CLARE WILLIAMS
CONTACT OFFICER	TONY FURBER

Nature and reason for reporting:

This report outlines the position on the Council's revenue spending for the first quarter of 2013-14, together with a projected position for the year as a whole, an overview of available reserves and a review of progress by services in achieving agreed savings.

A – Introduction / Background / Issues

1. In March 2013 the Council set a net budget with net service expenditure of £128.8m and a contribution to general balances of £500k, giving a total of £129.3m to be funded from Council Tax Income and general grants.
2. This report sets out the financial performance of the Council's services for the first three months of the financial year and the projected position for the year as a whole, identifying the overall position and the sources of the main variances.
3. The overall projected financial position is a £1.299m overspend, explanations for significant variances are included within the report.
4. The budget for 2013-14 included required savings of £2.860m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net under/overspends shown.
5. Together these present the overall position in the management of the Council Fund for the year to date.

B – Considerations

General Balance – Opening Position And Planned Contribution In 2013-14

1. As reported to the Executive at its meeting on 9 June 2013, the final outturn position for 2012-13 was significantly better than expected, so that the general balance at the start of the current financial year stood at just over £6m. (This figure remains provisional until the Statement of Accounts for 2012-13 is approved later this month. No variation to it has been identified during the progress of the annual audit to date).

Quarter One – Financial Performance By Service

2. Detail of financial performance by service for the first three months of the year, and the projected outturn position for each, is set out in Appendix A. The overall forecast is for a net overspend on services of £1.299m. A summary identifying the main variances is shown below.

Summary projected Variance at 31.3.14 based on Quarter 1 Financial Information	
	Under/ (Over) Spend £'000
Central Education	593
Social Care	(1,295)
Leisure and Culture	(184)
Highways	(112)
Planning	(98)
Property	(159)
Corporate Management	(60)
Benefits Granted	(330)
Other	346
	(1,299)

3. Explanation of significant variances

Central Education £593k projected underspend

The underspend is due to additional income expected for post 16 and SEN. This income was not expected at the setting of the budget and is due to a review of the formula of the grant. The SEN is a volatile budget it is therefore possible the underspend could significantly reduce by the financial year end.

Social Care £1.295m overspend

The projected deficit of £1.295m is due to overspending in Residential care £363k Residential Mental Health Care £200k, underachieved income £232k Telecare and £500k in respect of savings the service is yet to deliver from the programme for the transformation of adult social care as set out in the Executive report in February 2013.

Officers are currently developing plans to deliver the savings identified and reduce the financial pressure on the service. Progress towards these will be monitored closely on a monthly basis, and progress reported in quarter 2 financial monitoring report.

Leisure and Culture overspend £184k

The Leisure centres are forecasting an overspend of £41k and parks and outdoor facilities £76k overspend, golf course £55k overspend and Archives £32k overspend. Officers are in the process of carrying out a full review of Leisure and Culture with an aim to achieve a balanced budget by the financial year end. Progress will be reported in quarter two financial monitoring report.

Highways overspend £112k

The overspend is due to the budgeted income for parks and development control not being achieved in quarter one. It is possible that the budget will balance by the end of the financial year.

Planning overspend £98k

The overspend is mainly due to budgeted planning income not being achieved in quarter one however it is possible that the budget income will be achieved by the end of the financial year.

Property overspend £159k

The overspend is mainly due to underachieved income.

Benefits Granted £330k (£250k Council Tax; £80k Discretionary Housing payments)

As from April 2013, Council Tax Benefit was replaced by the localised Council Tax Reduction Scheme. Up to April 2013 the recovery of council tax benefits from the Department for Work and Pensions (DWP) was more or less 100% of the benefits expenditure. From April 2013 the Council was allocated a fixed grant based on the average case load over three years, i.e. 2009/10 – 2011/12, from the Welsh Government.

It appears that the Welsh Government grant is insufficient to cover the increase in case load in Quarter 1 and associated Council Tax support liability for the year. The shortfall is projected to be £250k.

There is no provision within the 2013/14 budget for discretionary housing payments (DHP) in excess of the DWP grant. Due to welfare changes introduced in April 2013 i.e. spare room subsidy ("bedroom tax"), benefit cap, continued local housing allowance reforms and limiting of annual benefit increases to 1%, it is projected that current DHP payments will be £80k in excess of the DWP grant of £136k.

It is possible that the benefit claims could either increase or decrease by the financial year end, and is difficult to predict, as this will depend upon the future social and economic environment, demography, migration, and the prospects of employment within Anglesey.

Other net underspends £346k

This relates to the range of services for which the projected variance for the year is not shown in highlight in Appendix A.

The principal ones are:

- *Economic Development £98k underspend.* This relates to the profile of expenditure on match funding in respect of European Grants. Although an underspend is expected at the end of the year, the monies will be effectively committed against expenditure in the first months of 2014-15.
- *Waste £150k underspend.* £100k relates to contingency funding for the Penhesgyn gas management facility and £64k to savings on the Waste Collection contract, with the balance attributable to a range of smaller variances.
- *ICT £128k underspend.* This relates to staffing savings.

4. In the 'Funded By' section of Appendix A, Council Tax come is shown as flat against budget. There are some indications that there may be some over-achievement of income, but again these are not yet firm enough to incorporate them within the projected outturn.

C – Implications and Impacts	
1	Finance / Section 151
2	Legal / Monitoring Officer
3	Human Resources
4	Property Services (see notes – separate document)
5	Information and Communications Technology (ICT)
6	Equality (see notes – separate document)
7	Anti-poverty and Social (see notes – separate document)
8	Communication (see notes – separate document)
9	Consultation (see notes – separate document)
10	Economic
11	Environmental (see notes – separate document)
12	Crime and Disorder (see notes – separate document)
13	Outcome Agreements

CH – Summary

The report sets out the financial performance of the Council's services in the first quarter of 2013-14 and, based on this, sets out a projected year-end position of an overspend of £1.299m. The sources of the overspend are identified and the principal one is the continuing overspend in Adult Social Care, which at £1.295m is almost equal to the net projected deficit. A number of other overspending services are identified, together with some offsetting underspends, the main one resulting from additional grant income in Education of £600k.

An analysis of the main overspending areas is shown and the actions being taken to address them are outlined.

D – Recommendation

It is recommended that:

- The position set out in respect of financial performance to date, the projected year-end deficit, actions being taken to address this, be noted and monitored.
- That the impact increase of claimants be noted and monitored.
- That approval is given for the use of £60k from the Performance Improvement Reserve, to fund the costs in 2013-14 of the post of Corporate Programme Manager. **(B5)**
- That the funding of this post for future years be the subject of a growth bid within the 2014-15 budget process.

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Appendices:
Background papers

FINANCIAL PERFORMANCE APRIL TO JUNE 2013 AND PROJECTED OUTTURN 2013-14

Directorate	Actual + Commitments Q1 £'000	Profiled Q1 £'000	Variance Q1 £'000	Projected Outturn Expenditure £'000	Budget For Year £'000	Projected Variance For Year £'000
Lifelong Learning						
Delegated Schools Budget				43,354	43,354	0
Central Education	588	782	194	7,370	7,963	593
	588	782	194	50,724	51,317	593
Communities						
Social Care	5,470	5,761	291	31,410	30,115	-1,295
Leisure and Culture	811	753	-58	4,897	4,713	-184
Housing	1,575	1,573	-2	1,206	1,204	-2
	7,856	8,087	231	37,513	36,032	-1,481
Sustainable Development						
Economic Development	1,206	1,274	68	1,504	1,602	98
Fleet	125	0	-125	0	0	0
Highways	2,264	2,182	-82	10,740	10,628	-112
Planning	328	246	-82	1,710	1,612	-98
Public Protection	355	353	-2	1,478	1,476	-2
Property	78	-33	-111	979	820	-159
Rechargeable Works	109	52	-57	0	0	0
Directorate Management	15	14	-1	57	57	0
Waste	1,979	2,004	25	8,437	8,587	150
	6,459	6,092	-367	24,905	24,782	-123
Deputy Chief Executive						
Corporate- Other Services	377	384	7	2,009	2,016	7
Audit	57	56	-1	1	1	0
Corporate And Democratic Costs	242	245	3	2,150	2,154	4
Corporate Management	273	258	-15	1,045	985	-60
Finance - Excl Benefits Granted	708	693	-15	980	966	-14
Finance - Benefits Granted	2,489	2,230	-259	5,643	5,313	-330
Human Resources	158	143	-15	33	0	-33
ICT	401	425	24	-128	0	128
Legal and Administration	394	443	49	397	437	40
Policy	167	149	-18	30	0	-30
Corporate Finance	2,808	2,808	0	4,750	5,250	500
	8,074	7,834	-240	16,910	17,122	212
	22,977	22,795	-182	130,052	129,253	-799
FUNDED BY						
Council Tax Income				28,023	28,023	0
Special Grant				458	458	0
Outcome Agreement Grant				545	545	0
Revenue Support Grant				22,024	22,024	0
National Non-Domestic Rate Pool				78,203	78,203	0
				129,253	129,253	0

RECONCILE TO COUNCIL 050313, ENCLOSURE F, TABLE B

	Original	Addition- al Council Tax Income	Move Outcome Agreement Grant To TNSGI	Revised
Budget Requirement	128,492	166	545	129,203
Discretionary Rate Relief	50			50
Grand Total	128,542	166	545	129,253
Council Tax Income	27,857	166		28,023
Special Grant	458			458
Outcome Agreement Grant	0		545	545
Revenue Support Grant	22,024			22,024
National Non-Domestic Rate Pool	78,203			78,203
	128,542	166	545	129,253