

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	16 FEBRUARY 2015
SUBJECT:	REVENUE BUDGET MONITORING, QUARTER 3 2014/15
PORTFOLIO HOLDER(S):	COUNCILLOR H E JONES
HEAD OF SERVICE:	RICHARD MICKLEWRIGHT / BETHAN HUGHES OWEN
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. In February 2014, the Council set a net budget for 2014/15 with net service expenditure of £126.7m to be funded from council tax income and general grants.
2. The budget for 2014/15 included required savings of £6.3m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net under/overspends shown.
3. This report sets out the financial performance of the Council's services up to the end of December 2014 and the projected position for the year as a whole, identifying the overall position and the sources of the main variances.
4. The overall projected financial position for 2014/15 is an overspend of £154k (0.001%) and explanations for significant variances are included within the report.
5. It is recommended that the following are noted:-
 - (i) the position set out in respect of financial performance to date;
 - (ii) the projected year end deficit; and
 - (iii) actions being taken to address the projected year end deficit.

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)	No issues raised.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	No issues raised.
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:		
Appendix A - Revenue Budget Monitoring Report – Quarter 3, 2014/15		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2014/15 revenue budget (as recommended by this Committee on 10 February 2014 and adopted by the the County Council in February 2014); • 2014/15 quarter 1 revenue budget monitoring report (as presented to, and accepted by, this Committee on 8 September 2014); and • 2014/15 quarter 2 revenue budget monitoring report (as presented to, and accepted by, this Committee on 3 November 2014). 		

REVENUE BUDGET MONITORING – QUARTER 3, 2014/15

1. General Balance – Opening Position and Planned Contribution in 2014/15

1.1 As reported to this Committee on 30th September 2014, the out-turn position for 2013/14 was significantly better than expected; so that the general balance at the start of the current financial year stood at £5.7m.

2. Period to end of Quarter 3 (herein referred to as 'the period') – Financial Performance by Service

2.1 Details of the financial performance by service for the period and the projected out-turn position for each is set out in Annex A (for ease of comparison, the equivalent table as contained in the Quarter 2 report can be found in Annex B). The overall forecast is for a net overspend on the services of £154k. The table below summarises the variances.

Summary of projected variances at 31 March 2015 based upon financial information as at January 2015	
	(Under) / Overspend £000
Central Education	(115)
Social Care (Adult/Children's Service)	(703)
Leisure	115
Highways	100
Planning & Public Protection	161
Corporate – other services	187
Finance (excl. Benefits Granted)	717
ICT	(338)
Other	30
Net	154

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service underspent by £156k (4%) during the period. The forecast for the year end is an underspend of £115k (2%); this is a £203k (4% of service's annual budget) reduction in the forecast underspend reported for Quarter 2 (£318k, 4%). The reasons for the forecast underspend are as follows:

- Home tuition is projected to be underspent by £85k (19%) due to savings on premises hire and consultancy. This is a demand led budget and so there is a heightened degree of uncertainty when forecasting;
- Primary school meals are projected to be underspent by £80k (17%) due to the new cating contract which is proving to have enhanced cost effectiveness;
- Out of county costs are forecast to be underspent by £270k (24%) by the year end, although this is a demand led budget and there is, therefore, a heightened degree of uncertainty when forecasting;
- There are other minor forecast underspends which total £264k.

- The above underspends are forecast to be countered by the following overspends: £120k relating to integration budgets as a higher than anticipated number of pupils requiring support transferring from primary schools to secondary schools (this is a pseudo delegated budget); £130k relating to consultancy services provided by Cynnal (36%); £120k (5%) on transport (buses and taxis); £135k (15%) on central administration costs (including NNDR and electricity); and £109k of miscellaneous minor overspends.

3.1.1.2 The reasons for the variance in the forecasts from the Quarter 2 report are the forecast integration budget overspend of £120k, together with a £33k adjustment in relation to a grant and £50k net overspend from other minor adjustments.

3.1.2 Culture

3.1.2.1 This service was £6k (1%) underspent during the period, with this forecast to become an overspend of £78k (4%) by the year end. The reasons for this are as follows:-

- Museums and galleries are forecast to be £120k overspend due to non achievement of income targets; this is in part due to the Oriel Ynys Mon income budget reflecting expectations following on from the Venice Exhibition in 2013/14 which is expected to fall short by £60k;
- The library services are forecast to be £50k underspent, largely due to a vacant post; and
- Other minor variances amounting to a net overspend of £8k.

3.1.2.2 This outlook is an increase of £23k (1% of the service's annual budget) in the forecast overspend since Quarter 2 (£55k, 2%), which is due to an increase to the forecast overspend on museums and galleries of £20k, a forecast underperformance against income budgets and £3k of other minor adjustments increasing the overspend.

3.2 Communities

3.2.1 Social Care (Adult/Children's Services)

3.2.1.1 This service was £766k (4%) underspent for the period, with this forecast to be £703k (2%) for the year as a whole.

3.2.1.2 The elements within the projected underspend are as follows:-

- Older People and Adults Unit forecast underspend (£587k, 4%):-
 - Services for the Elderly: forecast underspend of £497k (8%);
 - Physical Disabilities: forecast underspend of £111k (7%);
 - Mental Health: forecast underspend of £94k (5%); and
 - Learning Disabilities: forecast overspend of £116k (2%).
- Provider Unit: forecast underspend of £93k (1%);
- Children and Young People's Unit: forecast underspend of £65k (1%)
- Other minor variances: forecast overspend of £41k (6%).

3.2.1.3 As previously reported the Services for the Elderly is a volatile area and a substantial amount of work on improving the projections over all client groups as well as realigning budgets between Residential Care and Home Care to follow demand has been completed.

3.2.1.4 The forecast outturn position is in line with that reported for Quarter 2 (the projected underspend is £59k (<1% of service's annual budget) higher). The main reasons for the projected underspends continue to be savings on employee costs, overachievement of income and a reduction in repairs and maintenance and supplies and services expenditure.

3.2.2 Housing (Council Fund)

3.2.2.1 This service was underspent by £64k (4%) during the period, with a forecast underspend of £73k (4%) by the year end (an increase of £21k on projected underspend, which is 1% of the service's annual budget). The items identified as contributing to the forecast underspend, as detailed in the previous report, still stand; those items include:- vacant posts and underspends on the Homeless section relating to B&B costs, countered by overspends on the Private Sector Leasing Scheme.

3.2.3 Housing (HRA)

3.2.3.1 This service was overspent by £114k during the period and is forecasted to be overspent by £150k by the year end; this is a £49k increase on the overspend forecast at Quarter 2.

3.3 Sustainable Development

3.3.1 Economic Development

3.3.1.1 This service was underspent by £102k (15%) at the end of the period, with the projected outturn for the year as a whole being on budget; the forecast is identical to the that at Quarter 2.

3.3.2 Leisure

3.3.2.1 This service was £6k (1%) underspent during the period, with an overspend of £115k (5%) forecast for the year as a whole. The reasons for this are as follows:-

- The Park and Outdoor Facility budgets formed part of the efficiency savings accepted for 2012/13 but not all sites have been outsourced, the projected overspend is £105k (£nil budget);
- The golf course has a projected overspend of £70k due to not realising its income targets, an issue dating back to the 1990's;
- Sports development is projected to be £20k (17%) overspent.
- The overspends will be mitigated to some extent by projected surplus on leisure centres of £80k (9%), which is due to successful income generation.

3.3.2.2 The total current forecast overspend is £37k (2% of the service's annual budget) higher than that within the Quarter 2 report, due to minor adjustments to forecasts.

3.3.3 Maritime

3.3.3.1 This service was overspent by £91k (79%) at the end of the period, with a projected overspend of £40k (10%) by the year end.

3.3.3.2 The reasons for the projected overspend are as follows:-

- Foreshore income forecast to underachieve by £35k (61%), with the peak season having drawn to a close and no significant further income anticipated before the year end;
- Mooring fees to fall short by £25k (27%);
- Other minor overspends of £21k;
- These are mitigated to an extent by projected savings on contractual works of £41k. This is a budget to cover reactive costs and forecasting is more challenging than for other areas.

3.3.3.3 The forecast overspend is £32k (8% of the service's annual budget) lower than reported for Quarter 2; this is due to an £18k reduction in the forecast shortfall in mooring fees and other minor adjustments.

3.3.4 Highways

3.3.4.1 This service was £176k (3%) underspent during the period but is projected to be £100k (1%) overspent by the year end (excluding the effects of the works budgets (traffic, lighting and maintenance) as the forecast year end position is unknown at this time).

3.3.4.2 The main reason for the projected overspend is the underachievement of income (including car parks, development control, traffic, maintenance and lighting) amounting to £100k (65%).

3.3.4.3 The forecast outturn position is an improvement of £52k (1% of the service's annual budget) from the forecast within the Quarter 2 report. This is due to minor adjustments to forecast income.

3.3.4.4 As previously reported, one of the main reasons that the works budgets cannot be accurately forecast at this time is that they are significantly affected by the winter's weather conditions.

3.3.5 Planning and Public Protection

3.3.5.1 This service was £138k (8%) overspent during the period and is projected to be £161k (6%) overspent by the year end. The reasons for the projected overspend are:-

- Planning Delivery Wales grant where employee costs have not reduced in line with the reduced grant (£32k);
- Environmental Health income forecast to underachieve (£40k, 41%);
- Pest Control income forecast to fall short (£25k, 49%), due to underachievement of income on both commercial and domestic work;
- Licencing income to underachieve (£39k, 29%); and
- Other minor overspends of £25k.

3.3.5.2 The above forecast excludes the effects of Energy Island and the Animal Movement Licensing which cannot be projected with sufficient certainty at this time.

3.3.5.3 These forecasts are virtually unchanged from the overspend within the Quarter 2 report of £163k (5%).

3.3.6 Property

3.3.6.1 This service was £38k (4%) underspent during the period and is projected to be £38k (8%) overspent for the year as a whole. The reasons for the forecast overspend are as follows:

- Salary costs are forecast to be underspent by £111k (8%), due to vacant posts and secondments; and
- Other variances, including office rationalisation and utility charges, amounting to a net overspend of £149k.

3.3.6.2 The forecasts overspend is £38k (8% of annual budget) more than that reported for Quarter 2; this is due to forecast overspend on repairs and maintenance, which are being limited to emergencies to limit the deficit.

3.3.7 Waste Management

3.3.7.1 This service was £40k (1%) overspent by the end of the period, with a projected overspend of £35k (<1% of the annual budget) for the year as a whole due to an overspend on storage costs. This is inline with the forecast provided in the Quarter 2 report.

3.4 Deputy Chief Executive

3.4.1 Corporate - Other Services

3.4.1.1 This budget was £167k (15%) overspent during the period, with a projected overspend for the year as a whole of £187k (13%). The reasons for the projected overspend are as follows:

- The 'savings to be found' budget is forecast to be overspent by £176k unless the systems and procurement savings budget adjustments are reallocated to services;
- The North Wales Collaboration budget is forecast to be £36k underspent as this is no longer underway; and
- There are other minor forecast variances amounting to a net overspend of £47k.

3.4.1.1 The forecast overspend for the year is £19k (1% of total annual budget) higher than that reported for Quarter 2. This is due to minor adjustments to forecasts.

3.4.2 Corporate & Democratic

3.4.2.1 This budget area was £83k (12%) underspent during the period, with an underspend of £83k (4%) projected by the year. This is due to a higher than anticipated uptake in the Members' Superannuation Scheme resulting in a £32k (100%) forecast overspend but countered by forecast savings on Members' expenses (£24k, 3.5%), WPGA subscriptions (£6k, 10%) and £85k as a result of audit adjustments in relation to the 2013/14 Statement of Accounts.

3.4.2.2 The year end projection has improved since Quarter 2 by £109k (5% of the annual budget). The reasons for the variance are the forecast savings on 'other Members' expenses' and the savings resulting from the 2013/14 Statement of Accounts post audit adjustments, as detailed in section 3.4.2.1.

3.4.3 Deputy Chief Executive's Office

3.4.3.1 The budget was overspent by £8k (1%) during the period and is projected to be £34k (3%) overspent by the year end. This is due to:-

- unachievable savings to be found of £51k (100%);
- forecast expenditure on the Sycle support of £33k, for which there is no budget in place; and
- Savings on the S151 Officer salary of £50k if the post remains vacant until year end. This saving could be offset against overspends on interims within Finance.

3.4.3.2 The forecast position has improved since the Quarter 2 report by £110k (10% of the annual budget) due to the application of funding to the new post reported previously and due to savings on the S151 officer salary due to the anticipated expenditure being deferred.

3.4.4 Finance – Excluding Benefits Granted

3.4.4.1 The service was overspent by £688k (34%) at the end of the period, with a forecast overspend of £717k (83%) by the year end.

3.4.4.2 The reasons for the forecast overspend are as follows:-

- During the year there has been the requirement for an interim Section 151 Officer;
- Agency staff were employed to assist with closure of the 2013/14 accounts. The majority of these staff are no longer being contracted; three agency staff continue to be contracted to cover vacancies and to carry out specific project work that is separately funded;
- The total forecast overspend for S151 Officer and other agency staff amounts to £526k.
- The Housing Benefit Administration Grant is no longer separately allocated (now forms part of the Revenue Support Grant), and as funding was not allocated during last year's budget setting, this will be an additional pressure of £111k;
- The staffing costs for the Revenues and Benefits section are forecast to be £66k (7%) overspent due to pressures arising from changing staff requirements as a result of DWP policy changes.
- There are a handful of other minor forecast under and overspends, which amount to a net overspend of £14k.

3.4.4.3 The forecast overspend is £40k (5% of the annual budget) lower than forecast in Quarter 2 due to minor adjustments to the forecasts.

3.4.5 Human Resources

3.4.5.1 This section overspent by £186k (28%) in the period but is forecast to be on budget at the year end. The in year overspend is mainly due to spend on the Job Evaluation process, for which funding is requested to be applied from the Job Evaluation reserve, and also due to restructuring within the section not delivering the expected. The overspends are expected to be countered by the transfer of the Workforce Development Unit into the section which is projected to bring the section back on budget.

3.4.6 ICT

3.4.6.1 This section was underspent by £225k (17%) during the period and is forecast to be £338k underspent for the year as a whole. The reasons for the forecast underspend is vacant posts (including the ICT Manager post), with a forecast saving of £250k by the year end, and savings on Anglesey Connected of £100k. The Anglesey Connected savings are due to the service being wound down for replacement by a Welsh Government service and are to be earmarked for future use. These are countered by minor forecast overspends totalling £12k.

3.4.6.2 The forecast has improved by £150k since the Quarter 2 report as a result of a £50k increase to the forecast staffing underspend and as a result of the forecast saving on Anglesey Connected.

3.4.7 Legal & Committees

3.4.7.1 This service overspent by £98k (9%) during the period but is forecast to be £32k (22%) underspent by the year end. This is an improvement of £4k (3% of annual budget) on the Quarter 2 forecast, due to minor adjustments to projections. The current forecast underspend is due to the following:

- Savings on supplies and services (£40k, 25%) in relation to the Committee Services section;
- Savings on Scrutiny (£18k, 16%) as a result of staff budget restructuring and supplies and services savings; and
- These are countered by a forecast overspends on emergency planning (£18k, 28%), due to transitional costs, and other minor variances amounting to £8k.

3.4.8 Transformation

3.4.8.1 This section overspent by £10k (1%) during the period but is forecast to be £69k (9%) underspent by the year end. The main reason for the forecast underspend is the vacant Head of Service post. The current forecast is a £6k (<1% of total annual budget) improvement to the Quarter 2 figure, as a result of a minor adjustments to the projections.

3.4.9 Audit

3.4.9.1 This section overspent by £2k (1%) during the period and is forecast to be on budget by the year end. This forecast is unchanged since the Quarter 2 report.

3.4.10 Finance - Benefits Granted

3.4.10.1 The forecast overspend for the year now stands at £62k (1%), this is an improvement since Quarter 2 of £18k (<1% of annual budget).

FINANCIAL PERFORMANCE (COUNCIL FUND) – QUARTER 3, 2014/15

Directorate	Profiled Budget Q3 £'000	Actual & Commitments Q3 £'000	Variance Q3 £'000	Annual Budget £'000	Projected Outturn £'000	Projected Outturn Variance £'000
Lifelong Learning						
Delegated Schools Budget	32,015	32,015	0	43,614	43,614	0
Central Education	4,284	4,128	-156	7,402	7,287	-115
Culture	1,175	1,169	-6	1,894	1,972	78
	37,474	37,312	-162	52,910	52,873	-37
Communities						
Social Care	21,148	20,382	-766	29,419	28,716	-703
Housing	1,477	1,413	-64	1,668	1,595	-73
	22,625	21,795	-830	31,087	30,311	-776
Sustainable Development						
Economic Development	683	581	-102	1,485	1,485	0
Leisure	1,096	1,090	-6	2,370	2,485	115
Maritime	115	206	91	395	435	40
Fleet	-37	19	56	-55	-55	0
Highways	6,227	6,051	-176	9,920	10,020	100
Planning & Public Protection	1,787	1,925	138	2,738	2,899	161
Property	1,033	995	-38	452	490	38
Rechargeable Works	211	100	-111	0	0	0
Directorate Management	43	45	2	57	57	0
Waste	5,587	5,627	40	7,890	7,925	35
	16,745	16,639	-106	25,252	25,741	489
Deputy Chief Executive						
Corporate - Other Services	1114	1281	167	1,491	1,678	187
Corporate and Democratic Costs	686	603	-83	1,896	1,813	-83
Deputy Chief Executive's Office	734	742	8	1,000	1,034	34
Finance - Excluding Benefits Granted	2,011	2,699	688	863	1,580	717
Finance - Benefits Granted	7,683	5,989	-1,694	5,918	5,980	62
Human Resources	662	848	186	242	242	0
ICT	1321	1096	-225	0	-338	-338
Legal and Committees	1112	1210	98	143	111	-32
Transformation	746	756	10	747	678	-69
Audit	173	175	2	13	13	0
Corporate Finance	5,321	5,321	0	5,108	5,108	0
	21,563	20,720	-843	17,421	17,899	478
Total	98,407	96,466	-1,941	126,670	126,824	154
FUNDED BY						
NNDR				22,042		
Council Tax				29,512		
Outcome Agreement Grant				726		
Revenue Support Grant				74,390		
				126,670		

FINANCIAL PERFORMANCE (COUNCIL FUND) - QUARTER 2, 2014/15

Directorate	Profiled Budget Q2 £'000	Actual & Commitments Q2 £'000	Variance Q2 £'000	Annual Budget £'000	Projected Outturn £'000	Projected Outturn Variance £'000
Lifelong Learning						
Delegated Schools Budget	22,102	22,102	0	43,609	43,609	0
Central Education	3,389	3,222	-167	7,407	7,089	-318
Culture	757	771	14	2,320	2,375	55
	26,248	26,095	-153	53,336	53,073	-263
Communities						
Social Care	14,229	13,648	-581	29,515	28,870	-645
Housing	925	873	-52	1,571	1,519	-52
	15,154	14,521	-633	31,086	30,389	-697
Sustainable Development						
Economic Development	474	391	-83	1,488	1,488	0
Leisure	794	796	2	1,945	2,023	78
Maritime	50	150	100	395	467	72
Fleet	-23	44	67	-55	-55	0
Highways	4,332	4,236	-96	9,920	10,072	152
Planning & Public Protection	1,297	1,421	124	2,738	2,901	163
Property	576	539	-37	452	452	0
Rechargeable Works	132	93	-39	0	0	0
Directorate Management	29	30	1	57	57	0
Waste	3,819	3,862	43	7,876	7,911	35
	11,480	11,562	82	24,816	25,316	500
Deputy Chief Executive						
Corporate - Other Services	598	652	54	1,490	1,658	168
Corporate and Democratic Costs	419	430	11	1,896	1,922	26
Deputy Chief Executive's Office	500	563	63	1,000	1,144	144
Finance - Excluding Benefits Granted	1,456	2,002	546	876	1,633	757
Finance - Benefits Granted	3,851	4,793	942	5,918	5,998	80
Human Resources	399	562	163	242	262	20
ICT	895	808	-87	0	-188	-188
Legal and Committees	753	886	133	149	121	-28
Transformation	291	254	-37	741	678	-63
Audit	112	114	2	0	0	0
Corporate Finance	4,844	4,844	0	5,120	5,120	0
	14,118	15,908	1,790	17,432	18,348	916
Total	67,000	68,086	1,086	126,670	127,126	456
FUNDED BY						
NNDR				22,042		
Council Tax				29,512		
Outcome Agreement Grant				726		
Revenue Support Grant				74,390		
				126,670		