

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	15 JUNE 2015
SUBJECT:	REVENUE BUDGET MONITORING, PROVISIONAL OUTTURN 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 provisional financial performance of the Council's services for the year as a whole, identifying the overall position and the sources of the main variances.
4. The overall draft financial position for 2014/15 is an underspend of £599k and explanations for significant variances are included within the report. It should be noted that work is ongoing in the areas of Benefits Granted and Corporate Finance and so these budgets have been included within this report with nil variance; any significant variances arising in these areas will be reported verbally at the relevant committee meetings.
5. It is stressed that that these figures will remain provisional until the audit of the Statement of Accounts is finalised. The Statement of Accounts will be presented for audit by the end of June and the audit is expected to be completed this September; the final outturn position will be reported at the first appropriate opportunity thereafter.
6. It is recommended that the following are noted:-
 - (i) the position set out in respect of financial performance for 2014/15;
 - (ii) 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)	TBC
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A - Revenue Budget Monitoring Report – Provisional Outturn 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); • 2014/15 Quarter 2 Revenue Budget monitoring report (as presented to, and accepted by, this Committee on 3 November 2014); and • 2014/15 Quarter 3 Revenue Budget monitoring report (as presented to, and accepted by, this Committee on 16 February 2015). 		

REVENUE BUDGET MONITORING – PROVISIONAL OUTTURN, 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. Year ending 31st March 2015 – Financial Performance by Service

2.1 Details of the financial performance by service for the year is set out in Annex A (for ease of comparison, the equivalent table as contained in the Quarter 3 report can be found in Annex B). The overall provisional outturn is a net underspend of £599k.

3. Explanation of significant variances (significant defined as £100k or more) – please note all references to variances and outturn positions below are provisional. These only include controllable variances.

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service underspent by £65k (2%) during the year. This is a £50k (1% of service's annual budget) reduction in the forecast underspend reported at Quarter 3 (£115k, 2%). The reasons for the provisional underspend are as follows:-

- Transport costs for pupils to schools, colleges and other educational establishments was overspent by £143k;
- Secondary integration was overspent by £100k, this is a demand led budget;
- Cynnal was overspent by £126k, as a result of unbudgeted costs for the Service Level Agreement for services such as IT support, curriculum support and administration management. Discussions are currently underway to ensure these issues are addressed for 2015/16;
- Out of county underspent by £218k (19%), this is a demand led budget; and
- There were other minor variances amounting to a net overspend of £216k.

3.1.2 Culture

3.1.2.1 This service overspent by £103k (6%) during the year. This is a £25k (2% of service's annual budget) increase in the forecast overspend reported at Quarter 3 (£78k, 4%). The reasons for the provisional underspend are as follows:-

- Museums and galleries overspent by £160k due to non achievement of income targets; a significant reason being Oriol Ynys Môn (£158k behind budget) which did not meet income targets which reflected expectations following on from the Venice Exhibition in 2013/14;
- Other minor variances amounting to a net underspend of £57k.

3.2 Communities

3.2.1 Social Care

- 3.2.1.1** This service underspent by £370k (1%) during the year. This is a £333k (1% of service's annual budget) reduction in the forecast underspend reported at Quarter 3 (£703k, 2%).
- 3.2.1.2** As previously reported, the service is subject to volatility and a substantial amount of work on improving the projections, as well as realigning budgets between Residential Care and Home Care to reflect demand, has been completed.
- 3.2.1.3** The provisional outturn position shows a lower underspend than that forecast and reported during the year. This is due in part to an increased demand at the year end for Residential Care and Mental Health as well as a change in accounting treatment to realign costs to the accounting periods to which the services related. The reasons for the provisional underspends continue to include 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 underspent by £252k (15%) during the year. This is a £179k (11% of service's annual budget) increase in the forecast underspend reported at Quarter 3 (£73k, 4%).
- 3.2.2.2** The items identified as contributing to the full year underspend, as detailed in previous reports, still stand; those items include:- vacant posts, Community Safety (due to prior year adjustment to the grant income) and underspends in the Homeless section relating to B&B costs, which were countered by overspends on the Private Sector Leasing Scheme.

3.2.3 Housing (HRA)

- 3.2.3.1** This service underspent by £864k during the year. This is a £714k increase in the forecast underspend reported at Quarter 3 (£150k). The main reason for the provisional position is improved income (£900k) as a result of Welsh Government increases to rents over and above the budget, and reduced expenditure with subcontractors at the BMU.

3.3 Sustainable Development

3.3.1 Economic Development

- 3.3.1.1** This service underspent by £20k (1%) during the year. This is a £20k (1% of service's annual budget) reduction in the forecast outturn variance reported at Quarter 3 (£0k); the full year underspend and the variance against the Quarter 3 forecast were due to minor variances against budgets.

3.3.2 Leisure

- 3.3.2.1** This service underspent by £15k (1%) during the year. This is a £130k (6% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£115k, 5%). The reasons for the provisional underspend are as follows:-

- The Park and Outdoor Facilities budgets formed part of the efficiency savings accepted for 2012/13 but not all sites have been outsourced, the overspend was £101k (£nil budget);
- The indoor sports and recreation facilities underspent by £171k, this was largely due to leisure centres being £166k underspent, mainly as a result of underspends on premises (£96k) and income £84k ahead of targets;
- The golf course overspent by £66k due to not realising its income targets, an issue dating back to the 1990's;
- Other minor variances amounting to a net underspend of £11k.

3.3.2.2 The most significant reason for the variance to the Quarter 3 forecast was the improved performance of the leisure centres, which outperformed the Quarter 3 forecast by £91k as a result of improved income and savings on expenditure.

3.3.3 Maritime

3.3.3.1 This service overspent by £29k (14%) during the year. This is an £11k (5% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£40k). The full year overspend was due to a number of minor variances.

3.3.4 Highways and Transport

3.3.4.1 This service underspent by £51k (1%) during the year. This is a £151k (2% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£100k, 1%). The full year underspend was due to a number of minor variances. The main reason for the variance from the Quarter 3 forecast was income.

3.3.5 Planning and Public Protection

3.3.5.1 This service underspent by £51k (2%) during the year. This is a £212k (8% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£161k, 6%). The full year underspend was due to a number of minor variances. The main reason for the variance from the Quarter 3 forecast was income.

3.3.6 Property

3.3.6.1 This service overspent by £18k (2%) during the year. This is a £20k (2% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£38k, 8%). The full year overspend and the variance from the Quarter 3 forecasts were due to a number of minor variances against budgets and forecasts.

3.3.7 Waste Management

3.3.7.1 This service underspent by £127k (2%) during the year. This is a £162k (2% of service's annual budget) movement from the forecast overspend reported at Quarter 3 (£35k, <1%). The full year underspend and the variance from the Quarter 3 forecasts were due to a number of minor variances against budgets and forecasts.

3.4 Deputy Chief Executive

3.4.1 Corporate - Other Services

3.4.1.1 This service overspent by £205k (14%) during the year. This is an £18k (1% of service's annual budget) increase in the forecast overspend reported at Quarter 3 (£187k, 13%). The reasons for the provisional overspend are an overspend on the 'savings to be found' budget of £176k and movements on the Euro account and other minor variances.

3.4.2 Corporate & Democratic

3.4.2.1 This service overspent by £232k (12%) during the year. This is a £315k (7% of service's annual budget) movement in the forecast underspend reported at Quarter 3 (£83k, 4%). The reasons for the provisional underspend and the variance from the Quarter 3 forecast are due to balance sheet adjustments made during the final quarter, including payments and receipts in advance of £275k and other minor adjustments.

3.4.3 Deputy Chief Executive's Office

3.4.3.1 This service underspent by £24k (2%) during the year. This is a £58k (6% of service's annual budget) movement in the forecast overspend reported at Quarter 3 (£34k, 3%). The reasons for the provisional underspend and the variance from Quarter 3 are minor variances against budgets and forecasts.

3.4.4 Finance – Excluding Benefits Granted

3.4.4.1 This service overspent by £733k (98%) during the year. This is a £16k (2% of service's annual budget) increase in the forecast overspend reported at Quarter 3 (£717k, 83%).

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 the Section 151 Officer and other agency staff amounts to £528k;
- 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;
- There are a handful of other minor variances, which amount to a net overspend of £94k.

3.4.5 Human Resources

3.4.5.1 This service underspent by £124k (51%) during the year. This is a £124k (51% of service's annual budget) increase in the forecast at Quarter 3 (£0k). The reasons for the provisional underspend and the variance from Quarter 3 are minor variances against the budgets and forecasts.

3.4.6 ICT

3.4.6.1 This service underspent by £404k during the year. This is a £66k increase in the forecast underspend reported at Quarter 3 (£338k). The reasons for the provisional underspend are as follows:-

- Savings on staffing of £286k;
- Savings on supplies and services of £122k;
- There are a handful of other minor variances amounting to a net underspend of £4k.

3.4.6.2 The forecast has improved by £66k since the Quarter 3 report as a result of savings of £122k on supplies and services and a handful of minor variances to the other forecasts.

3.4.7 Legal & Committees

3.4.7.1 This service underspent by £23k (21%) during the year. This is a £9k (8% of service's annual budget) increase in the forecast underspend reported at Quarter 3 (£32k, 22%). The reasons for the provisional underspend and the variance from the Quarter 3 forecast are minor variances against budgets and the forecasts.

3.4.8 Transformation

3.4.8.1 This service underspent by £153k (20%) during the year. This is a £84k (11% of service's annual budget) increase in the forecast underspend reported at Quarter 3 (£69k, 9%). The reasons for the provisional underspend and the variance from the Quarter 3 forecast are minor variances against budgets and the forecasts.

3.4.9 Audit

3.4.9.1 This service overspent by £14k (108%) during the year. This is a £14k (108% of service's annual budget) increase in the forecast underspend reported at Quarter 3 (£0k). The reasons for the provisional underspend and the variance from the Quarter 3 forecast are minor variances against budgets and the forecasts.

3.4.10 Finance (Benefits Granted) and Corporate Finance

3.4.10.1 Work was ongoing in relation to elements of these budgets at the time of drafting this report. Savings identified, including on interest payable and receivable of £398k, total £785k, other budgets have been taken to have nil variance; any significant variances arising on these budgets will be verbally reported to the appropriate committees.

4. Uncontrollable Variances

4.1 There are a number of variances which impact upon the bottom line. Annex A details these bottom line impacts. The most significant reconciling items between the services' controllable variances and the bottom line variances are statutory adjustments through the Movements in Reserves Statement (see the Statement of Accounts).

FINANCIAL PERFORMANCE (COUNCIL FUND) – PROVISIONAL OUTTURN, 2014/15

Directorate	Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variances	Provisional Controllable Variance	Provisional Uncontrollable Variances that impact on total outturn	Provisional Outturn Variance Impacting on Bottom Line
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lifelong Learning							
Delegated Schools Budget	43,546	43,546	0	4	-4	4	0
Central Education	7,586	9,626	2,040	2,105	-65	125	60
Culture	1,894	1,876	-18	-121	103	-121	-18
Communities							
Social Care	29,036	28,357	-679	-309	-370	-390	-760
Housing	1,260	2,391	1,131	1,383	-252	-212	-464
Sustainable Development							
Economic Development (inc. Maritime)	1,836	2,579	743	734	9	35	44
Leisure	2,381	2,283	-98	-83	-15	47	32
Highways & Transport	10,305	10,857	552	603	-51	-13	-64
Planning & Public Protection	2,779	2,720	-59	-8	-51	-67	-118
Property	452	1,929	1,477	1,459	18	-112	-94
Rechargeable Works	0	0	0	0	0	0	0
Directorate Management	57	55	-2	0	-2	0	-2
Waste	7,746	7,842	96	223	-127	84	-43
Deputy Chief Executive							
Corporate - Other Services	1,491	3,576	2,085	1,880	205	1,912	2,117
Corporate and Democratic Costs	1,896	2,611	715	483	232	483	715
Deputy Chief Executive's Office	1,000	22	-978	-954	-24	-954	-978
Finance - Excluding Benefits Granted	747	1,107	360	-373	733	-367	366
Finance - Benefits Granted	5,918	5,918	0	0	0	0	0
Human Resources	242	184	-58	66	-124	65	-59
ICT	0	0	0	404	-404	363	-41
Legal and Committees	109	137	28	51	-23	64	41
Transformation	747	250	-497	-344	-153	-344	-497
Audit	13	0	-13	-27	14	-27	-13
Corporate Finance	5,242	4,419	-823	0	-823	0	-823
Grand Total	126,283	132,285	6,002	7,176	-1,174	575	-599

FUNDED BY

NNDR	22,042
Council Tax	29,512
Outcome Agreement Grant	726
Revenue Support Grant	74,390
	<u>126,670</u>

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		