

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>CORPORATE SCRUTINY COMMITTEE AND EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>17 SEPTEMBER 2015 21 SEPTEMBER 2015</b>
<b>SUBJECT:</b>	<b>REVENUE BUDGET MONITORING, QUARTER 1 2015/16</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR H E JONES</b>
<b>HEAD OF SERVICE:</b>	<b>RICHARD MICKLEWRIGHT / BETHAN HUGHES OWEN</b>
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<b>LOCAL MEMBERS:</b>	<b>n/a</b>

### A - Recommendation/s and reason/s

1. In February 2015, the Council set a net budget for 2015/16 with net service expenditure of £124.6m to be funded from Council Tax income, NNDR and general grants.
2. The budget for 2015/16 included required savings of £4.3m. 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 for the first quarter 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.
4. The overall projected financial position for 2015/16 is an overspend of £1,620k which is 1.3% of the Council's net budget for 2015/16. The 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 this.

### 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

<b>DD - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT)</b> (mandatory)	TBC
2	<b>Finance / Section 151</b> (mandatory)	n/a – this is the Section 151 Officer's report
3	<b>Legal / Monitoring Officer</b> (mandatory)	TBC
4	<b>Human Resources (HR)</b>	
5	<b>Property</b>	
6	<b>Information Communication Technology (ICT)</b>	
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	
9	<b>Any external bodies / other/s</b>	
<b>E - Risks and any mitigation (if relevant)</b>		
1	<b>Economic</b>	
2	<b>Anti-poverty</b>	
3	<b>Crime and Disorder</b>	
4	<b>Environmental</b>	
5	<b>Equalities</b>	
6	<b>Outcome Agreements</b>	
7	<b>Other</b>	
<b>F - Appendices:</b>		
<ul style="list-style-type: none"> <li>Appendix A - Revenue Budget Monitoring Report – Quarter 1, 2015/16</li> </ul>		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>2015/16 revenue budget (as recommended by this Committee on 16 February 2015 and adopted by the the County Council on 26 February 2015).</li> </ul>		

## REVENUE BUDGET MONITORING – QUARTER 1 2015/16

## 1. General Balance – Opening Position and Planned Contribution in 2015/16

1.1 The provisional outturn for 2014/15 resulted in general balances at the start of the current financial year of £7.5m, a healthier position than previously expected.

## 2. Period to end of Quarter 1 (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. The overall forecast is for a net overspend on the services of £1,620k. The table below summarises the variances.

<b>Summary of projected variances at 31 March 2016 based upon financial information as at July 2015</b>	
	<b>(Under) / Overspend £000</b>
Adult Social Care	452
Leisure	146
Highways and Transport	166
Planning and Public Protection	142
Waste Management	256
Corporate - Other Services	176
Other	282
Net	1,620

## 3. Explanation of Significant Variances

**Please Note:-**

**‘Significant Variances’ are defined in this context as variances over £100k; and Variances expressed in percentage terms are a percentage of the net budget requirement.**

## 3.1 Lifelong Learning

## 3.1.1 Central Education

3.1.1.1 This service was underspent by £4k (<1%) during the first quarter. The forecast for the year end is an overspend of £51k (1%). The forecast overspend is mainly as a result of a forecast overspend of £200k on Integration placements (11%), countered by a forecast saving of £150k (13%) on Out of County placements.

## 3.1.2 Culture

3.1.2.1 This service was £14k (3%) underspent during the period, with this forecast outturn for the year being a £5k (<1%) overspend.

## 3.2 Communities

## 3.2.1 Adult Social Care

3.2.1.1 This service was £117k (3%) overspent for the period, with the forecast outturn for the year as a whole being a predicted overspend of £452k (2%) .

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

- Older People and Adults directorate has a forecast overspend (£450k, 2%):-
  - Services for the Elderly: forecast overspend of £327k (5%);
  - Physical Disabilities: forecast underspend of £57k (4%);
  - Learning Disabilities: forecast overspend of £165k (7%);
  - Mental Health: forecast overspend of £129k (3%);
  - Provider Unit: forecast underspend of £114k (2%); and
  - Management and Support: overspend of £2k (<1%).

**3.2.1.3** The forecast overspend for Adult Social Care is due in a large part to the additional cost pressures on the service in 2015/16; examples of the cost pressures the service are facing include the implications of the Supreme Court judgement delivered in March 2014 around the Deprivation of Liberty Safeguards, the impact of a 1.7% increase in the fees paid to external care homes and the significant reduction in Intermediate Care Funding from WG. We are also predicting an overspend on Mental Health due to a small number of more needy clients.

**3.2.1.4** As previously reported, the Services for the Elderly is a volatile area and a substantial amount of work has taken place to improve the projections over all client groups as well as realigning budgets.

### **3.2.2 Childrens' Services**

**3.2.2.1** The service was £101k (2%) underspent during the period and is projected to be overspent by £97k (1%) for the year as a whole, which includes a projected overspend of £352k (12%) for Looked-after-Children; this includes a high cost placement under secure order provisions.

### **3.2.3 Housing (Council Fund)**

**3.2.3.1** This service was underspent by £71k (15%) during the period. Due to service restructuring being underway, forecast outturn has not been estimated at the time of writing this report.

### **3.2.4 Housing (HRA)**

**3.2.4.1** This service was underspent by £54k during the period, with a forecast underspend of £22k (1%) by the year end.

## **3.3 Sustainable Development**

### **3.3.1 Economic Development**

**3.3.1.1** This service was underspent by £39k (8%) at the end of the period, with the projected outturn for the year as a whole being on budget.

### **3.3.2 Leisure**

**3.3.2.1** This service was £31k (7%) overspent during the period, with an overspend of £146k (7%) 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 £100k (£nil budget);
- The golf course has a projected overspend of £50k due to not realising its income targets, an issue dating back to the 1990s (the responsibility for the course is to transfer to the Llangefní Partnership in July 2015);
- Miscellaneous minor variances amounting to a net underspend of £4k.

### **3.3.3 Maritime**

**3.3.3.1** This service was overspent by £6k (10%) at the end of the period, with the forecast outturn for the year to be to be quantified once the elements appertaining to specific income headings have been revised by the Function.

### **3.3.4 Highways**

**3.3.4.1** This service was £76k (5%) overspent during the period and is projected to be £166k (2%) 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 car park income amounting to £100k (20%) and other minor variances amounting to a net overspend of £66k.

### **3.3.5 Planning and Public Protection**

**3.3.5.1** This service was £53k (10%) underspent during the period and is projected to be £142k (5%) overspent by the year end. The reasons for the projected overspend are a number of miscellaneous minor variances.

### **3.3.6 Property**

**3.3.6.1** This service was £46k (91%) underspent during the period and is projected to be on budget for the year as a whole.

### **3.3.7 Waste Management**

**3.3.7.1** This service was £32k (2%) underspent by the end of the period, with a projected overspend of £256k (3%) for the year as a whole. The reasons for the forecast overspend are as follows:-

- Forecast overspend on waste collection contract of £229k (12%);
- Forecast overspend on the Penhesgyn Transfer Station of £100k (28%);
- Forecast underspend of £100k on waste disposal contract (5%); and
- Miscellaneous minor forecast variances amounting to a net overspend of £27k.

## **3.4 Deputy Chief Executive**

### **3.4.1 Corporate - Other Services**

**3.4.1.1** This budget was £31k (7%) overspent during the period, with a projected overspend for the year as a whole of £176k (7%). The reason for the projected overspend is the 'savings to be found' budget, a similar issue to that reported in 2014/15.

### **3.4.2 Corporate & Democratic**

**3.4.2.1** This budget area was £9k (2%) overspent during the period, with an overspend of £2k (<1%) projected for the year as a whole.

### **3.4.3 Deputy Chief Executive's Office**

**3.4.3.1** The budget was underspent by £2k (1%) during the period and is projected to be £84k (132%) overspent by the year end.

### **3.4.4 Finance – Excluding Benefits Granted**

**3.4.4.1** The service was overspent by £188k (26%) at the end of the period, with a forecast overspend of £97k (12%) for the year as a whole.

### **3.4.5 Finance - Benefits Granted**

**3.4.5.1** The forecast overspend for the year stands at £50k (1%). The bulk of the current overspend will be recoverable from the DWP in increased grant.

### **3.4.6 Human Resources**

**3.4.6.1** This section was overspent by £92k (41%) in the period but is forecast to be £30k (15%) underspent for the year as a whole. £73k of the period's overspend related to Job Evaluation, for which funding has been requested from reserves.

### **3.4.7 ICT**

**3.4.7.1** This section was overspent by £83k (20%) during the period and is forecast to be £26k (421%) underspent for the year as a whole.

### **3.4.8 Legal & Committees**

**3.4.8.1** This service overspent by £141k (42%) during the period and is forecast to be £7k (5%) overspent by the year end. £100k of the first quarter's overspend is due to election costs, which are to be re-imbursed.

### **3.4.9 Transformation**

**3.4.9.1** This section underspent by £279k (185%) during the period and is forecast to be £55k (14%) underspent for the year as a whole.

### **3.4.10 Audit**

**3.4.10.1** This section underspent by £5k (8%) during the period and is forecast to be on budget by the year end.

### **3.4.11 Corporate Finance**

**3.4.11.1** This budget header contains a number of areas such as investment income, financing costs and contingencies. It is too early to forecast the outturn positions on investment income and financing costs at this stage given the scope for uncertainty that can arise on these types of expenditure. The contingencies budgets, which amounted to £2.124m at the start of the year are expected to be on budget for the year as a whole. £372k of these budgets is already committed, which includes £301k of redundancy costs.

#### **4. Conclusion**

- 4.1** The net revenue expenditure incurred by the Authority to the end of June 2015 and the forecast financial position of each service has been outlined above and included in Annex A. An estimated overspend of £1.6m on services is predicted at this stage, though this may change in the future due to events, service demands and information which may impact on the forecast. The report highlights that the most significant estimated overspends are in Adults Social Care (£452k); Leisure (£146k); Highways and Transport (£166k); Waste (£256k) and Corporate – other services (£176k). The reasons for these estimated overspends are explained above. Heads of Service should consider all options for remedial action to try to reduce the estimated overspend in the future. While it is premature to take action now SLT will monitor the situation regularly and take action as necessary.

## FINANCIAL PERFORMANCE (COUNCIL FUND) – QUARTER 1, 2015/16

Directorate	Profiled Budget Q1 £'000	Actual & Commitments Q1 £'000	Variance Q1 £'000	Annual Budget £'000	Projected Outturn £'000	Projected Outturn Variance over/(under) spend £'000
<b>Lifelong Learning</b>						
Delegated Schools Budget	9,418	9,418	0	43,786	43,786	0
Central Education	1,048	1,044	-4	7,838	7,889	51
Culture	472	458	-14	1,750	1,755	5
Talnet	129	191	62	0	0	0
	<b>11,067</b>	<b>11,111</b>	<b>44</b>	<b>53,373</b>	<b>53,429</b>	<b>56</b>
<b>Communities</b>						
Adult Social Care	4,569	4,686	117	22,078	22,530	452
Childrens' Services	1,596	1,495	-101	6,581	6,678	97
Housing	485	414	-71	998	998	0
	<b>6,650</b>	<b>6,595</b>	<b>-55</b>	<b>29,657</b>	<b>30,206</b>	<b>549</b>
<b>Sustainable Development</b>						
Economic Development	485	446	-39	1,292	1,292	0
Leisure	463	493	31	2,224	2,370	146
Maritime	63	69	6	422	422	0
Highways & Transport	1,650	1,726	76	9,395	9,561	166
Planning & Public Protection	505	452	-53	2,859	3,001	142
Property	50	4	-46	448	448	0
Rechargeable Works	53	108	55	0	0	0
Directorate Management	15	7	-8	58	58	0
Waste	1,609	1,577	-32	7,062	7,318	256
	<b>4,892</b>	<b>4,883</b>	<b>-9</b>	<b>23,761</b>	<b>24,471</b>	<b>710</b>
<b>Deputy Chief Executive</b>						
Corporate - Other Services	421	452	31	2,596	2,772	176
Corporate and Democratic Costs	234	243	9	2,234	2,236	2
Deputy Chief Executive's Office	180	178	-2	-64	20	84
Finance - Excluding Benefits Granted	730	918	188	802	899	97
Finance - Benefits Granted	1,915	2,321	406	5,918	5,968	50
Human Resources	221	313	92	198	168	-30
ICT	408	490	83	-6	-32	-26
Legal and Committees	337	477	141	136	143	7
Transformation	151	-128	-279	377	322	-55
Audit	65	60	-5	0	0	0
Corporate Finance	783	783	0	5,664	5,664	0
	<b>5,444</b>	<b>6,106</b>	<b>662</b>	<b>17,855</b>	<b>18,160</b>	<b>305</b>
<b>Total</b>	<b>28,053</b>	<b>28,695</b>	<b>642</b>	<b>124,646</b>	<b>126,266</b>	<b>1,620</b>
<b>FUNDED BY</b>						
NNDR				21,986		
Council Tax				30,955		
Outcome Agreement Grant				725		
Revenue Support Grant				70,980		
				<b>124,646</b>		





