

CYNGOR SIR YNYS MÔN	
Adroddiad i:	SGRIWTINI
Dyddiad:	12 MEDI 2015
Pwnc:	MONITRO'R GYLLIDEB REFENIW, CHWARTER 1 2016/17
Aelod(au) Portffolio:	Y CYNGHORYDD H E JONES
Pennaeth Gwasanaeth:	MARC JONES
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Aelodau Lleol:	d/b
A - Argymhelliad/Argymhellion a Rheswm/Rhesymau	
<ol style="list-style-type: none"> 1. Ym mis Mawrth 2016, gosododd y Cyngor gyllideb net ar gyfer 2015/16 gyda gwariant net y gwasanaethau, swm o £124.037 i gael ei gyllido o incwm o'r Dreth Gyngor, Grantiau Cenedlaethol Annomestig a grantiau cyffredinol. 2. Roedd angen arbedion o £3.46m ar gyfer y gyllideb am 2016/17. Mae'r rhain wedi cael eu hymgorffori yng nghyllidebau unigol y gwasanaethau a chaiff llwyddiant neu fethiant i'w cyflawni eu hadlewyrchu yn y tanwariant/gorwariant a ddangosir. 3. Mae'r adroddiad hwn yn nodi perfformiad ariannol Gwasanaethau'r Cyngor am y chwarter cyntaf o'r flwyddyn ariannol sy'n cynnwys y cyfnod rhwng 1 Ebrill 2016 a 30 Mehefin 2016. Ceir crynodeb hefyd o'r sefyllfa a ragamcenir am y flwyddyn gyfan. 4. Y sefyllfa ariannol gyffredinol a ragamcenir ar gyfer 2016/17 gan gynnwys cyllid corfforaethol a chronfa'r Dreth Gyngor yw gorwariant o £366k. Mae hyn cyfateb i 0.3% o gyllideb net y Cyngor ar gyfer 2016/17. 5. Argymhellir :- <ol style="list-style-type: none"> (i) Y dylid nodi'r sefyllfa yng nghyswllt y perfformiad ariannol hyd yma; (ii) Bod yr Argymhelliad i'r Pwyllgor Gwaith fod unrhyw incwm gweddilliol o Ddatblygiadau Cynllunio Mawr yn cael ei drosglwyddo i gronfa wrth gefn glustnodedig ar ddiwedd y flwyddyn er mwyn cyllido cefnogaeth yr awdurdod i ddatblygiadau mawr yn y dyfodol. 	
B - Pa opsiynau eraill wnaethoch chi eu hystyried a beth oedd eich rhesymau dros eu gwrthod ac/neu ddewis yr opsiwn hwn?	
d/b	
C - Am ba reswm y mae hwn yn benderfyniad i'r Pwyllgor Gwaith?	
Mae'r mater wedi'i ddirprwyo i'r Pwyllgor Gwaith.	
CH - A yw'r penderfyniad hwn yn gyson â'r polisi a gymeradwywyd gan y Cyngor llawn?	
Ydyw	
D - A yw'r penderfyniad hwn o fewn y gyllideb a gymeradwywyd gan y Cyngor?	
Ydyw	

DD - Gyda phwy wnaethoch chi ymgynghori?		Beth oedd eu sylwadau?
1	Prif Weithredwr / Uwch Dim Arweinyddiaeth (UDA) (mandadol)	1 Medi 2016
2	Cyllid / Adran 151 (mandadol)	d/b – Swyddog Adran 151 yw awdur yr adroddiad hwn
3	Cyfreithiol / Swyddog Monitro (mandadol)	I'w gadarnhau
4	Adnoddau Dynol (AD)	
5	Eiddo	
6	Technoleg Gwybodaeth Cyfathrebu (TGCh)	
7	Sgriwtini	
8	Aelodau Lleol	
9	Unrhyw gyrff allanol / arall/eraill	
E - Risgiau ac unrhyw gamau lliniaru (os yn berthnasol)		
1	Economaidd	
2	Gwrthdodi	
3	Trosedd ac Anhrefn	
4	Amgylcheddol	
5	Cydraddoldebau	
6	Cytundebau Canlyniad	
7	Arall	
F - Atodiadau:		
<ul style="list-style-type: none"> • Atodiad A – Adroddiad Monitro'r Gyllideb Refeniw – Chwarter 1, 2016/17 • Atodiad B – Tabl o'r Alldro Refeniw a ragamcener ar gyfer 2016/17 • Atodiad C – Crynodeb o'r Cyllidebau Wrth Gefn 2016/17 		
FF - Papurau Cefndir (cysylltwch os gwelwch yn dda gydag awdur yr Adroddiad am unrhyw wybodaeth bellach):		
<ul style="list-style-type: none"> • Cyllideb Refeniw 2016/17 (fel y cafodd ei hargymell gan y Pwyllgor hwn ar 1 Mawrth 2016 a'i mabwysiadu gan y Cyngor Sir ar 9 Mawrth 2016); 		

REVENUE BUDGET MONITORING – QUARTER 1 2016/17

1. General Balance – Opening Position

1.1 The provisional outturn for 2015/16 resulted in general balances at the start of the current financial year of £8.412m, a healthier position than previously expected. £1m of this has been allocated to an improvement project reserve as approved by the Executive on 1 March 2016. This leaves a balance of £7.412m. However, it is important to note that this figure is unaudited and may be subject to change following completion of the external audit. The final audit report is due to be completed by 30 September 2016.

2. Projected Financial Performance by Service

2.1 The details of the financial performance by service for the period and the projected out-turn position for each is set out in this Appendix. An overspend of £125k on services is predicted at 31 March 2017. In addition an overspend of £110k is estimated on Corporate Finance and a shortfall of £131k is predicted on the collection of Council Tax. The total revenue forecast for 2016/17 is an overspend of £366k. The table below summarises the significant variances (£100k or higher).

Summary of projected variances at 31 March 2017 based upon financial information as at 30 June 2016	
	(Under) / Overspend £000
Children's Social Care	270
Planning and Public Protection	(110)
Waste	145
Corporate - Other Services	(167)
Resources – excluding benefits granted	131
Resources – benefits granted	(228)
Corporate Finance	110
Council Tax Collection	131
Other (total of variances less than £100k)	84
Net over/(under) spend on services	366

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service was underspent by £20k (1.9%) at the end of quarter 1. The forecast for the year-end is an underspend of £62k (less than 1%). The forecast underspend is mainly a result of a number of minor compensating over and underspends.

3.1.1.2 Individual budgets projected to overspend by the end of the financial year include: an overspend of £60k on the contribution to Cynnal and £60k on school transport. Budgets where significant underspends are projected include an underspend of £80k on youth services and £125k on administration and staffing recharges to grants. Officers will continue to monitor the budgets and activities on a regular basis to ensure any significant variance from this projection is identified and the related risks or opportunities flagged up at the earliest opportunity.

3.1.2 Culture

3.1.2.1 This service was £30k (8.8%) underspent during the period, with the forecast outturn for the year being an underspend of £46k. Museums and Galleries are expected to underspend by £10k and Library Services are expected to underspend by £30k.

3.2 Adults Social Care

3.2.1 This service was £77k (1.4%) underspent for the period, with the forecast outturn for the year as a whole being a predicted overspend of £16k (less than 1%).

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

- Services for the Elderly: forecast overspend of £15k;
- Physical Disabilities (PD): forecast overspend of £31k;
- Learning Disabilities (LD): forecast overspend of £275k;
- Mental Health (MH): forecast overspend of £206k;
- Provider Unit: forecast underspend of £473k; and
- Management and Support: forecast underspend of £38k.

3.2.3 The most significant budgetary pressures are in learning disabilities and mental health services.

3.2.4 Since 59% of the Service's budget is demand-led, work is continuously on-going on predicting future costs of this demand-led budget. The year-end prediction at each month-end is based on the latest available information on each adult placement. Indeed, the circumstances can change from one week to the next. This volatility makes predicting the year-end position extremely difficult and can result in large swings from one period to the next.

3.2.5 In order to attempt to manage overspends, allocation of placements is closely managed through weekly placement panels. Senior staff scrutinise proposed placements, influence care and attempt to ensure that both the outcomes for service users are achieved and the most efficient service possible proposed for individuals. Where there are opportunities to propose more cost-effective service options, these are acted upon. Generally, the level of low level service offered is minimal. Attempts to restrict access to residential, nursing, domiciliary or day care services for eligible service users would potentially place the department in breach of its statutory duties. Where replacement posts in areas that do not directly deliver statutory services requests to recruit to these posts they will be subject to careful consideration. It is of note that the majority of posts are service delivery posts in care homes, day centres or provide assessment or access services in the form of social work, occupational therapy and reception posts.

3.3 Children's Services

3.3.1 The service was overspent by £14k (less than 1%) during the period and is projected to be overspent by £270k (3.6%) for the year as a whole. This includes a projected overspend of £297k for Looked-after-Children (LAC).

3.3.2 The projections are based on :-

- a worst case assumption on the demand/costs for Looked After Children based on the service costs/demand/likely demand for the future.
- assumptions relating to case decisions/developments. These are far from predictable and individual circumstances can, and do, change.

Based on the information available at this point, and assumptions relating to case decisions/developments, a best possible projection has been made.

Cost of LAC are by nature demand led and can vary between £3 – 10k per week in specialist provision

3.3.3 The Local Authority is having to meet the cost of court directed interventions e.g. Parent and child residential/supported accommodation assessments, supervised contact and other specialist assessments which are also unpredictable and demand led. The Public Law Outline requires that these assessments are in place pre proceedings also – which is placing a demand on the team budgets.

3.3.4 The Executive, at its meeting of 25 July 2016 approved the release of additional funding to Children's Services to fund the Edge-of-Care team. This team will provide a preventative approach to the delivery of the wellbeing of children and reducing the number of Looked-after-children on Anglesey. £100k has been set aside for 2016/17 from contingencies and £241k will be added to the service's budget for 2017/18 and 2018/19. The service expects to start to see the benefits of this project in terms of cost avoidance from Q4 in 2016/17.

3.4 Housing (Council Fund)

3.4.1 This service was underspent by £106k (24%) during the period. The service is expected to be within budget at the end of the financial year. The main variances relate to Supporting People grants and the Homelessness budget. The Supporting People expenditure will be in line with the budget by the end of the financial year. The Homelessness budget is demand led and we are currently predicting expenditure to be in line with the budget by the financial year end but, at this early stage, it is difficult to accurately forecast the expenditure.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Maritime and Leisure)

3.5.1.1 The Service overall was underspent by £21k at the end of quarter 1 (2.8%). The service is projected to be overspent by £50k (2.5%) by 31 March 2017.

3.5.1.2 The Economic Development element of the Service is forecast to be within budget at year-end.

3.5.1.3 The Maritime service is expected to be within budget at year-end. It is expected that the income targets will not be achieved but these will be compensated through remedial action taken by underspending within supplies and services.

3.5.1.4 The forecast for the Leisure service at year-end is an overspend of £50k. This is to take into account the closure of Holyhead Leisure Centre during the summer period for essential maintenance work and repairs following storm damage last financial year. It does not currently include any element of further risk associated with income under-achievements.

3.5.2 Planning and Public Protection

3.5.2.1 This service was £120k underspent (18.0%) during the period and is projected to be £110k (4.4%) underspent by the year-end.

3.5.2.2 Most of the budgets within Planning and Public Protection are underspending with the exception of Planning Delivery Wales, Environmental Health and Trading Standards which are estimated to overspend slightly. The significant underspend forecast is in Planning Control (£100k). The underspend in this area is due to increased income, a trend which is continuing from 2015/16. The Major Development section is also underspending by £100k due to surplus income. However, the Executive is asked for this to be transferred to an earmarked reserve to support implementation of major developments in the future.

3.5.2.3 It is intended, over the next quarter, to split the Planning Control budget into two separate budgets, one for the day-to-day routine planning control work and another for the major development work. This will provide a better estimate of the underlying on-going budget position for Planning Control which will allow for a more accurate budget for 2017/18.

3.6 Highways, Waste and Property

3.6.1 Highways

3.6.1.1 This service was £152k (7.8%) overspent during the period and is projected to be £80k (1.3%) overspent by the year-end. This forecast outturn does not include any prediction on the Works Budget as this budget is affected by winter maintenance requirements and any storm damage.

3.6.1.2 The estimated overspend is largely due to estimated shortfalls in income budgets in Maintenance Management (£50k); in car parking income of (£25k) and an overspend of £5k in Lighting Management.

3.6.1.3 The service continues to try to reduce this overspend and an update on remedial action taken will be reported at quarter 2.

3.6.2 Waste

3.6.2.1 The waste service was £317k (19.4%) overspent at the end of this Quarter. The service is predicted to overspend by £145k at the end of the financial year. This forecast excludes the impact of moving to three weekly collection from 1 October 2016 due to uncertainty around tonnages collected. The budgetary impact of this will be assessed and reported during quarter 3 budget monitoring.

3.6.2.2 Costs are exceeding budget on the Penhesgyn Transfer Station due to agency costs and repairs and maintenance costs. This site is projected to overspend by £60k by year-end. There is shortfall of income collected from Penhesgyn Electricity Generation Site which is estimated to under achieve the target by £85k for the financial year.

3.6.3 Property

3.6.3.1 Property Services overspent by £22k (14.3%) during the quarter with office rationalisation, electrician, plumbing, repairs and maintenance being the main budgetary pressures. However, the service is taking action to reduce the overspend and is forecast to achieve a balanced budget by 31 March 2017.

3.7 Transformation

3.7.1 The Transformation function overspent by £267k (34%) during the period, much of which will be funded later in the year from earmarked reserves and from grants which will bring the overspend back to a balanced budget. An overspend of £100k in ICT will be offset by predicted underspends in the Corporate Transformation team (£50k) and the Anglesey and Gwynedd Partnership (£50k).

3.7.1.1 The ICT function's budgets are under-pressure due to the significant activity in relation to the smarter working projects. In addition a restructure of the function is also creating budgetary pressures as the function requires a structure and resources to meet the needs of the Council and the smarter working agenda. The function is therefore predicting an overspend of £100k as mentioned above.

3.7.1.2 The HR function is predicting a balanced budget for the financial year.

3.7.1.3 The Corporate Transformation function is predicting an underspend of £100k due to an underspend in Corporate Transformation team of £50k arising from vacancies and the Anglesey and Gwynedd Partnership is estimated to underspend by £50k.

3.8 Resources

3.8.1 Benefits granted, which includes the Council Tax Reduction Scheme, overspent by £12k during the period, however, this function is forecast to underspend by £228k by the end of the financial year as the current caseload is lower than the original estimate when the budget was set.

3.8.2 The remainder of the Resources Function budget showed an overspend of £254k by the end of the period. The function is forecast to overspend by £131k by the end of the financial year. The key budgetary pressures relate to accounting consultancy (£30k); bank charges (30k); overspend on staffing in Revenues and Benefits (£25k); software support, cash system and new burdens (£40k) and a savings to be found against tendering (£61k) which is not achievable from the bank retendering exercise.

3.9 Council Business

3.9.1 The function is £70k (21%) underspent as at 30 June 2016 and an underspend of £62k (4.1%) is predicted for the financial year. The more significant reasons for this is due to an expected underspend in Committee Services (£30k) and land charges over-achievement of income.

3.10 Corporate and Democratic Costs

3.10.1 The function was underspent by £10k during the period. An underspend of £5k is projected at year-end

3.11 Corporate Management

3.11.1 The function was £18k underspent at the end of this Quarter. However an underspend of £100k is projected for the financial year due to savings arising from the restructuring of Strategic Management.

4. Corporate Finance

4.1 Corporate Finance is expected to overspend by £110k at year-end. This is due to a shortfall on the Corporate savings target of £200k relating to Smarter Working. An original target of £300k was set as savings and, although the savings that can be clearly linked to the project, closure of offices can be credited against this budget, other savings in staff administration and general administration costs are being realised within service budgets and not accounted for against this target. That is not to say that that the Smarter Working project will not deliver the £300k savings envisaged at the outset.

4.2 There is also a significant shortfall on interest receivable on the Authority's bank deposits (£100k), which has worsened by the cut to the official bank rate from 0.50% to 0.25%. It is recommended that this budget is reviewed for 2017/18 for a more realistic budget. These overspends are offset in part due to reduced borrowing costs due to the Authority's use of balances rather than external borrowing on the capital programme. This internal borrowing, however, may not be possible into the future due to the significant capital projects, particularly in relation to the 21st Century Schools programme.

4.3 Appendix C summarises the financial position on contingency budgets at the end of this Quarter. A total contingencies budget of £2.038m was approved as part of the 2016/17 budget. A net £60k has been vired to services to fund specific projects or budgetary issues approved by the Section 151 Officer. A review of budgets during quarter 1 identified that 3 posts within one service had been funded twice, the over funding has been removed from the service budget and is held within the general contingency. £795k has been committed from contingencies and it is expected that the remaining £1.304m will be fully spent by year-end in accordance with the necessary approvals for use of contingency budgets. However, it should be noted that the general contingency is in place to meet unforeseen costs during the year and it is difficult to predict the demands on this budget. For the purposes of this report, we have predicted that the general contingency will be fully utilised although this will be reviewed during the remainder of the financial year.

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 2015. 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 taxbase 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 underachieve the target figure by £131k. Although it is estimated that the actual Council Tax collected will exceed the budget by £252k, this will not be sufficient to cover the increase in the provision for bad and doubtful debts which is currently projected to be £383k.

6. Budget Savings 2016/17

- 6.1** Budget savings of £3.06m were removed from service budgets for 2016/17 with an additional £400k of savings from voluntary redundancies held as a contingency. It is difficult at this early stage to accurately assess whether all savings will be fully achieved, but early indications are that there are no significant issues arising which are preventing services from delivering the budgeted savings. It should be noted that some projects are not planned to commence until later in the year and delays in commencing these projects may result in a shortfall in the achieved savings.
- 6.2** Some staff who were identified for release under the voluntary redundancy programme have yet to be released as it is necessary to undertake a restructure within some teams and the release of staff is prevented until those restructures are complete.

7. Conclusion

- 7.1** A total overspend of £366k is projected for the year-ending 31 March 2017. £125k of this is on service budgets, though it must be highlighted that this is made up of a number of over and underspends. The Services that are still experiencing budgetary pressures are similar to 2015/16 (Children's Services, Waste and Resources) but the Heads of Service are aware of the issues and are working to reduce the level of overspending at the year end. The projected level of overspend is around 0.3% and the Council has a sufficient level of general reserves to fund this level of overspending should it materialise at the end of the financial year.
- 7.2** It should be noted that quarter 1 is early in the financial year and items such as the impact of winter maintenance have not been included in the forecast as there is no information available. Forecasts are subject to change as new information becomes available. However, with regular scrutiny from SLT and if remedial action is taken by Heads of Services these will help the services manage within the budgets they can control.

**PROJECTED REVENUE OUTTURN FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017 –
QUARTER 1**

Service/Function	2016/17 Annual Budget	Q1 2016/17 Budget	Q1 Actual & Committed spend	Q1 2016/17 Variance	Q1 Estimated Expenditure to 31 March 2017	Q1 Estimated Outturn 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Delegated Schools Budget	38,422	9,231	9,231	0	38,422	0
Lifelong Learning (Non - Schools, Culture)	10,494	2,920	2,870	(50)	10,432	(62)
Adult Services	22,343	5,400	5,323	(77)	22,359	16
Children's Services	7,443	1,851	1,865	14	7,713	270
Housing	869	444	338	(106)	869	0
Highways, Waste & Property						
Highways	6,618	1,935	2,087	152	6,698	80
Property	1,230	(154)	(132)	22	1,230	0
Waste	6,296	1,637	1,955	317	6,441	145
Regulation & Economic Development						
Economic	2,001	746	725	(21)	2,051	50
Planning and Public Protection	2,555	665	545	(120)	2,445	(110)
Corporate Transformation	3,532	787	1,054	267	3,532	0
Benefits Granted	5,913	1,915	1,927	12	5,685	(228)
Resources	3,843	1,227	1,481	254	3,974	131
Council Business	1,512	331	261	(70)	1,450	(62)
Corporate & Democratic costs	948	236	226	(10)	943	(5)
Corporate Management	722	180	161	(18)	622	(100)
Total Service Budgets	114,741	29,351	29,916	566	114,866	125

Service/Function	2016/17 Annual Budget	Q1 2016/17 Budget	Q1 Actual & Committed spend	Q1 2016/17 Variance	Q1 Estimated Expenditure to 31 March 2017	Q1 Estimated Outturn 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Levies	3,194	796	2,996	2,200	3,194	0
Capital Financing	8,302	0	236	236	8,214	(88)
Discretionary Rate Relief	60	0	0	0	58	(2)
General & Other Contingencies	1,979	0	0	0	1,979	0
Funding and use of Reserves	(4,238)	0	0	0	(4,038)	200
Total Corporate Finance	9,297	796	3,232	2,436	9,407	110
Total Budget 2016/17	124,037	30,146	33,148	3,003	124,172	235
Funding 2016/17						
NDR	(21,309)				(21,309)	0
Council Tax	(32,109)				(31,978)	131
Revenue Support Grant	(70,619)				(70,619)	0
Total Funding 2016/17	(124,037)				(123,906)	131
Total outturn including impact of funding					366	366

Summary of the Financial Position on Contingency Budgets 2016/17 as at Quarter 1

	Original Budget	Virements	Amended Budget	Committed to date	Current Remaining Un-Committed
	£	£	£	£	£
Improvement	400,000.00	29,190.00	429,190.00	0.00	429,190.00
General Contingency	317,927.00	123,050.00	440,977.00	155,000.00	285,977.00
Salary and Grading	500,000.00	-11,205.00	488,795.00	0.00	488,795.00
Cost of Change	136,000.00	-80,570.00	55,430.00	15,000.00	40,430.00
NNDR Allow disc rate	60,000.00	0.00	60,000.00	0.00	60,000.00
Earmarked Contingency	625,000.00	0.00	625,000.00	625,000.00	0.00
Total contingency budgets	2,038,927.00	60,465.00	2,099,392.00	795,000.00	1,304,392.00