

Isle of Anglesey County Council	
Report to:	EXECUTIVE COMMITTEE
Date:	28 JUNE 2022
Subject:	REVENUE BUDGET MONITORING, OUTTURN 2021/22
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER FINANCE
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Report Author:	BETHAN HUGHES OWEN – ACCOUNTANCY SERVICES
Tel:	MANAGER
E-mail:	01248 752663 BethanOwen2@ynysmon.llyw.Cymru
Local Members:	n/a
A –Recommendation/s and reason/s	
<ol style="list-style-type: none"> 1. On 9 March 2021, the Council set a net budget for 2021/22 with net service expenditure of £147.420m, to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £1.333m. The budget for the Council Tax Premium was reduced by £0.121m to £1.514m. £0.300m was used from general reserves to ensure that a balanced budget was set with the agreed Council Tax rise of 2.75%. 2. Unlike previous years, the budget for 2021/22 does not include any requirements on the services to make savings. The increase of 3.4% in funding from Welsh Government was a welcome increase. The settlement for 2022/23 showed a funding increase of 9.2% and provided early indications for the likely funding for financial years 2023/24 and 2024/25. 3. This report sets out the financial performance of the Council's services at the end of quarter 4, 31 March 2022. A further report will be presented to the Executive upon completion of the draft Statement of Accounts. 4. This financial year, claims have been made in relation to the Covid crisis to the Welsh Government, which totalled £6.135m, with £3.854m having been received. The Welsh Government has stated that no further funding will be released to cover the loss of income going into the new phase of the Covid pandemic. 5. The overall financial position for 2021/22, including Corporate Finance and the Council Tax fund, is a projected underspend of £4.798m. This is 3.25% of the Council's net budget for 2021/22. 6. It is recommended that:- <ol style="list-style-type: none"> (i) To note the position set out in Appendices A and B in respect of the Authority's financial performance to date and expected outturn for 2021/22; (ii) To note the summary of Contingency budgets for 2021/22 detailed in Appendix C; (iii) To note the position of the invest to save programmes in Appendix CH; (iv) To note the monitoring of agency and consultancy costs for 2021/22 in Appendices D and DD; (v) To note the schools balances in Appendix E. 	
B – What other options did you consider and why did you reject them and/or opt for this option?	
Not applicable	

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 – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	The report is for monitoring purposes only and is used along with other reports to set the medium term financial strategy and annual budget. In setting the annual budget, the impact on the long term needs of the Island will be assessed.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The citizens of Anglesey were consulted as part of the 2021/22 budget setting process and will be consulted on future budgets.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable

E – Who did you consult?**What did they say?**

1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	SLT have been provided with a copy of Appendix B to this report.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	The financial position at the end of quarter 3 was reviewed by the Finance Scrutiny Panel at its meeting on 14 February 2022.
9	Local Members	N/A

F - Appendices:

- Appendix A – Provisional Revenue Outturn Report for 2021/22
- Appendix B - Table of Provisional Outturn 2021/22
- Appendix C - Summary of Contingency Budgets position for 2021/22
- Appendix CH - Review of the Invest-to-Save projects 2021/22
- Appendix D - Information regarding monitoring of Agency Staff 2021/22
- Appendix DD - Information regarding monitoring of Consultants 2021/22
- Appendix E – Schools Balances

Ff - Background papers (please contact the author of the Report for any further information):

2021/22 Revenue Budget (as recommended by this Committee on 2 March 2021 and adopted by the County Council on 9 March 2021).

REVENUE BUDGET MONITORING – OUTTURN

1. General Balance

The Council Fund held £14.079m of earmarked reserves and school reserves amounting to £3.974m at the start of the financial year. The audited outturn for 2020/21 resulted in a general balance at the start of the current financial year of £11.437m.

The position of General balances at outturn is as follows:-

Executive Meeting	Amount £m	Purpose
Draft opening balance	(11.437)	Audited general reserve at 31 March 2021
Surfacing Play Areas	0.300	Approved by full Council as part of setting the Capital Programme 2021/22, 9 March 2021
Amlwch Harbour Repairs	0.050	Delegated decision taken by the Section 151 Officer in consultation with the Portfolio Holder – Finance
Transfers In from Unrequired Earmarked Reserves	(0.719)	The Executive will receive a report on this in July 2022 where further details will be provided along with a request for Executive to approve these returned earmarked reserves which are no longer needed for their original purpose.
Service Reserves	1.376	To Create Service Reserves agreed by Executive 12 July 2021
Roof Repairs Canolfan Addysg y Bont	1.500	Roof Repairs agreed by Executive 29 July 2021
Establishing a New Port Health Authority	0.100	Establish a New Port Health Authority – Set up costs
Roof Repairs Canolfan Addysg y Bont	1.500	Roof Repairs agreed by full Council 11 February 2022
Flood scheme match for grant funding	0.070	Approved by full Council as part of setting the Capital Programme 2021/22, 9 March 2021
Protective screens for Pupils relocated from Canolfan Addysg y Bont due to roofing problems	0.008	Delegated decision by Deputy Section 151 Officer
Revised Council Fund General Balance	(7.252)	

At outturn, there is an underspend of £4.798m on controllable and non – controllable budgets which has increased the Council's General Reserve to £12.050m. From this, a decision has already been made to fund £0.5m for highway refurbishment (Executive 2 March 2022) and £0.248m will be transferred to the individual service specific reserves (as per the agreed policy which allows each service to hold up to 2.5% of their net revenue budget or £75k, whichever is the higher, as a service specific reserve). This will leave the general reserves balance at £11.302m. This figure is unaudited and may change through post audit adjustments. The net revenue budget for 2021/22 was set at £147.420m, and this level of general balance equates to 7.7% of the 2021/22 net revenue budget. The target figure is 5% (£7.1m) and this figure is above the target figure.

2. Financial Performance by Service

2.1 The details of the financial performance by service is set out in Appendix B. An underspend of £2.671m on services is the unaudited position as at 31 March 2022. An underspend of £0.578m is estimated on Corporate Finance. In addition, an over achievement on income of £0.160m is predicted on the collection of the standard Council Tax and Council Tax Premium. In addition additional Revenue Support Grant was received in March 2022 £1.389m. The current total revenue forecast for 2021/22 is an underspend of £4.798m, which equates to 3.25% of the Council's total net revenue budget.

2.2 Table 1 below summarises the significant variances (circa £100k or higher):-

Table 1

	(Under)/Overspend £'000
Learning	(255)
Adults	(283)
Children's Service	(370)
Housing	(127)
Waste	(1,206)
Economic Development	(157)
Planning and Public Protection	(545)
Transformation	(388)
Resources	(252)
Corporate and Democratic Costs	(327)
Corporate Finance	(840)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	487
Funding	(389)
Other (total of variances less than £100k)	(146)
Total Variance over/(under)spend	(4,798)

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Delegated Schools Budget

Once the Council sets the budget for schools, responsibility for the budget is delegated to the schools and annual under or overspend is held in individual school reserves. The balances of the schools reserves now stands at £7.827m (Appendix E), compared to £3.974m at 31 March 2021. Grants were received in March 2022 from Welsh Government which allowed the schools to claim for expenditure already incurred during the year. This has, therefore, meant that the school balances have significantly increased compare to that reported in March 2021. The unaudited balance is £7.827m, compared to £3.974m at the end of 2020/21, with no schools currently in deficit.

Central Education

3.1.2 This service was underspent by £148k at outturn. Many of these budgets are demand-led.

3.1.3 There are a number of over and underspends across the Service. The most significant of which are listed below:-

- The school meals provision was underspent by £200k (£186k at quarter 3). A new contract was awarded in September 2021, the overall cost of this new contract was less than that of the previous contract. The underspend, however, was partly offset by an increase in the free school meals uptake, resulting in an increased cost. The new school meals contract has allowed the Authority to reduce the price paid by parents for primary school meals from £2.50 to £2.20.

- The underspend on out of county placements was £133k (£545k forecast at the end of quarter 3). This is a demand led budget and the budget evolves and changes depending on the needs of the pupils. The overall underspend of the section was much higher. Following the decision at budget setting 2022/23 to realign the budget to current costs, a significant amount of the underspend has been transferred to a reserve, so that if in the future there is a sudden increase in demand, there is funding available to cover the cost.
- Clwb Gofal Plant was overspent by £54k (£58k as at quarter 3). This budget is, again, demand led and, with the increase in the number of parents working from home and some Covid restrictions still being in place, the demand for this provision has decreased.
- School Transport was overspent by £370k at the end of the year. The demand for this service has increased and, whilst additional budget has been allocated, the forecast is still showing a substantial overspend. A new bus route has been added to the service, some contracts have had to be retendered, with the retendered cost being higher than the original contract. In addition to this, 8 contracts have also been returned to the Authority as not being able to be delivered due to rising costs, which has meant a retendering exercise and an increase in costs for the Authority.

3.1.4 Culture

- 3.1.4.1** This service was £108k (23.25%) underspent at outturn. (£49k (4.06%) at quarter 3). There are vacant posts within the Library Service which give rise to an £117k underspend at year end. The Oriel was overspent by £7k due to unachieved income. The Archives service was overspent by £3k.

3.2 Adults Social Care

- 3.2.1** The underlying position of the Service was an overspend of £1,102k however, due to the receipt of one off grants relating to Covid expenditure and additional grants from Welsh Government to the final position of the service was an underspend of £283k.

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

- Services for the Elderly: this division of the Service was underspent by £58k. There were various over and underspends within the Division, however, the largest underspend was within Assessment and Care, which was £205k underspent. This was, in most part, as a result of vacant posts and unspent agency budget. The Homecare Division was overspent by £50k which is due to demand, however without external grant funding the overspend would have been much greater. The Residential Care division of the service was also overspent by £54k. Again, this is a demand led budget and the level of overspend was reduced by the use of external grant funding. The Private Nursing Care for Older People division was also overspent to the sum of £179k, the overspend was reduced due to external grant funding. Other budgets within this area were underspent by £123k due to the allocating £96k of a grant received, to meet the costs of Deprivation of Liberty Safeguards work (DoLS), towards the costs incurred.
- Physical Disabilities (PD): the division was overspent by £200k for the year, which is in line with the position forecast at the end of quarter 3. The key elements within this area is an overspend of £269k in residential care following the addition of new clients. There were staffing vacancies and unspent agency budgets which bring the overall overspend down to £200k. Home Support ended with an overspend of £1k, this division had been allocated Social Care Workforce grant to the sum of £343k.
- Learning Disabilities (LD): was overspent by £640k at year end, which is a decrease of £143k from that forecasted in the previous quarter. This decrease has been the result of additional grant funding received to the amount of £152k.
- Mental Health (MH): was underspent at year end by £14k as was reported in the previous quarter.
- Provider Unit: this area was underspent by £813k, this underspend is partly due to difficulty in recruitment owing to the Covid pandemic, £358k on vacancies. The receipt of a hardship funding £243k and grants have contributed to the overall underspend.

3.3 Children's Services

- 3.3.1** Children's service would have overspent its budget by £511k but again, the receipt of additional grant funding of £881k from Welsh Government to cover Covid costs and to fund recovery work, resulted in an underspend of £370k, which compares to a forecasted underspend of £193k at the end of quarter 3.
- 3.3.2** The Looked After Children's budget was reporting a forecast overspend of £365k at quarter 3. The outturn is an overspend of £151k, this is a difference of £214k from one reporting period to the next. This budget is demand led and the difference is mainly the result of non standard placements coming to an end during the last quarter of the year, £85k, and out of county placements moving from Children's services to Adult Services £139k.
- 3.3.3** The other main variances within the service were an underspend of £255k within Commissioning and Social Work due to staffing costs and being able to fund core staffing positions through the ICF funding. Children Support Services was underspent by £48k due to staffing underspends and transportation. This is also true of the Integrated Family Support and Youth Services budgets, which were underspent by £134k and £77k respectively. However, the Family Support budget was overspent due to increases in secondary school taxi costs.

3.4 Housing (Council Fund)

- 3.4.1** This service was underspent by £128k at outturn, the forecast at quarter 3 was a breakeven position. Homelessness and homeless prevention were the biggest areas of concern throughout the year. Overall, homelessness section was overspent by £23k after claiming £390k from the Welsh Government Hardship Fund. There were compensating under and overspends within the service as a whole, due to staffing variances and the Supporting People budget was underspent by £44k.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

- 3.5.1.1** The service, overall, was underspent by £157k (18.09%) at outturn, but it was forecasted to be overspent by £4k (7.33%) at year end in quarter 3.
- 3.5.1.2** The Economic Development element of the service was overspent by £18k at year end. The income target for staffing projects such as Wylfa Newydd and National Grid were underachieved by £63k. External funding of these costs has ended and, without these avenues of funding, the budgeted income expectation cannot be met. The senior management restructure resulted in an underspend of £63k, which was compensated with the unachieved income in the centre facilities section. The other pressure points were in graphic design and subscription budgets.

In March 2022 the department was successful in their bid for grant funding. £1.002m was awarded, from this £106k was used for expenditure already incurred and £896k has been taken to earmarked reserves for expenditure to be incurred in 2022/23.
- 3.5.1.3** Destination was underspent by £117k at year end. The international travel restrictions over the summer season 2021 have resulted in more people taking their holidays in the UK, which has meant that our coastal attractions were busier than ever and Maritime income targets for registrations and launches was achieved by the end of quarter 1.
- 3.5.1.4** The Leisure section was underspent at year end by £58k. There is no longer a café provision in the centres but there are still income budgets. There have been reductions in the direct debit collections due to pool closures. This is a local issue and could not be claimed through the hardship fund. Leisure centres staffing were underspent by £41k in partly due to changes in the coaching terms and conditions. The Golf Course asset has now been sold, therefore, no further expenditure is being incurred in this area.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service is £545k underspent at outturn, the forecast at quarter 3 was an underspend of £319k.
- 3.5.2.2** The Public Protection section was underspent by £242k. It was forecasted to be underspent by £172k at quarter 3. The main variance from the forecasted outturn at quarter 3 is that vacant posts continued to be an ongoing issue and, whilst a recruitment drive was being undertaken, the positions remained unfilled at year end. Income for the Registrar's team was ahead of profile for the year and an unbudgeted grant was received in the last quarter.
- 3.5.2.3** The Planning section was underspent by £303k at outturn, the forecast at quarter 3 was an underspend of £147k. The main difference from quarter 3 to outturn for this section is that there was an increase in income performance across the service. In accordance with the Welsh Government requirements regarding planning fees, where by 15% of total planning fees for the year is to be kept for the development of the service, £101k has been transferred to the earmarked reserves. The Planning Control section had staffing vacancies, which amounted to £41k, and Building Control was also underspent £26k due to unutilised consultancy budget throughout the year.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £55k underspent at outturn. The forecasted position was £200k underspend (3.17%) at quarter 3. The majority of the sections within Highways were underspent at year end. The most notable are Departmental Support £76k, which have arisen from staffing cost savings, street works income overachieved against the income budget by £140k. Development Control has exceeded its income expectations and, therefore, underspent by £56k. Môn Community Transport was underspent to the sum of £36k. This is the result of less demand for the service following the Covid pandemic and restrictions. The works budget shows an overspend of £352k at year end but is the result of taking the opportunity to utilise the identified underspends across different areas of the Service. It is important to draw attention to Fleet Management as less use is now being made of the Authority's vehicles and, therefore, the service is unable to recharge out the cost. This showed an overspend of £120k against the Highways service, however, it should be noted that each of the other departments will have a corresponding underspend for fleet management.

3.6.2 Waste

- 3.6.2.1** The Waste service was £1.206m underspent at outturn, and the service was predicted to have an outturn position of a £560k underspend at quarter 3.
- 3.6.2.2** The forecast for the year end includes overspends and compensating underspends within different sections of the service. The most notable of the variances includes a £375k underspend on the Waste Collection, which includes the new waste collection contract costs. The recycling forecast has increased from £170k underspend at quarter 3 to £598k underspend at outturn due to the income recycling material sold exceeding profiled targets and an additional grant received from Welsh Government in March 2022. Green waste also exceeded its income targets. The Penhesgyn Transfer Station was £118k overspent at year end, mainly due to staffing costs

3.6.3 Property

- 3.6.3.1** The Service's position at outturn is a £17k underspend, the forecast for the year end position at quarter 3 was an overspend of £5k (0.51%).

- 3.6.3.2** The position for a number of budget headings varies, with some showing an overspent position, whilst others are underspending. However, the significant variances were in utilities costs, which were £70k underspent at year end, capitalised salaries underachieved by £51k due to delays in the 21st Century Schools Scheme. The Cleaning Services had various vacancies which amounted to a year end underspend for the section of £38k.

3.7 Transformation

3.7.1 The Transformation function underspent by £388k at outturn.

- 3.7.1.1** The HR function was underspent by £54k (2.86%) The underspend is derived from the central training budgets, due to the disruption to in person training and that the Denu Talent scheme did not go ahead this year.
- 3.7.1.2** The ICT section was underspent by £149k. All software and hardware budgets across the Council, excluding schools, have been centralised and are now managed within the ICT section; this was overspent to the sum of £117k. This budget has historically been overspent. The ICT section was underspent on salaries by £148k due to various vacant posts. Consultancy costs were also underspent by £48k. There was an increase in internal orders which created a surplus of £167k. However, there was an overspend on the cost of the new CRM system and £119k on software costs.
- 3.7.1.3** The Corporate Transformation section was underspent by £185k, this is the result of savings in salary expenses within both the Corporate Transformation team and Cyswllt Môn, alongside an underspend of £99k for the Ynys Môn Gwynedd Partnership.

3.8 Resources (excluding Benefits Granted)

- 3.8.1** The Resources function budget was £252k (2.33%) underspent at outturn, with the projection for the outturn being an underspend of £217k (6.71%) at quarter 3.
- 3.8.2** Staffing vacancies and secondments not being recruited to is the main variance for Revenues and Benefits, which has underspent by £86k. The Accountancy Section was at breakeven position, whilst the Payroll team were overspend due to staffing costs and unbudgeted expenditure on laptops. Internal Audit was underspend by £47k due to staffing vacancies during the year, one of which has been recruited to and the other vacancy is in the process of being recruited to. The Procurement section was £134k underspent due to initiatives in purchasing, i.e. centralised purchasing budgets, procurement card rebates and lower demand for certain expenditure which are covered by the central procurement budgets, as a result of increased home working (paper, photocopiers, stationery, furniture).

3.9 Council Business

- 3.9.1** The function was £64k underspent at outturn, which is relatively similar to that reported in quarter 3, £57k (0.70%).
- 3.9.2** Legal Services was underspent by £24k, which is different from that projected at quarter 3 of an overspend of £1k. This is, in large part, due to the overachieved income on land charges, which was £25k overachieved. There are variances within the staffing budget which compensate for each other which are, in large part, due to legal agency staff employed to cover staff vacancies / absences.
- 3.9.3** Democratic Services were forecasted to be underspent by £48k at quarter 3, however, the outturn position was a £40k underspend. Committee Services and Translation Services were underspent due to savings on staffing expenses and consultants. However, the Electoral Service was overspent by £16k. This was the result of the expenditure relating to the Council elections held in May 2022, which included the need for additional support staff.

3.10 Corporate and Democratic Costs

- 3.10.1** The function was underspent by £327k at outturn, the forecast year end position at quarter 3 was an underspend of £164k (5.45%).

3.10.2 Members Support & Expenses have a combined £12k underspend, this is the result of the pandemic restrictions which led to significant underspending of the travel, training and conferences budgets.

3.10.3 The corporate budgets, were underspent by £313k. There were underspends in grant audit fees £83k and historic pension payments to the Pension Fund £54k. However, there has been a £25k overspend on Staff Counselling, there is no budget for this expenditure. Secondary pensions contributions were £32k higher than budget. There are various other compensating under and overspends within other budget heads for the section.

3.11 Corporate Management

3.11.1 The function was £10k underspent at outturn. This is less of an underspend than was forecasted in quarter 3, £27k (4.25%). The reason for the change in the forecast to final outturn is that, following the pay settlement in February, officers were given back pay to April 2021 and the pay settlement was higher than budgeted pay award. Expenditure was also incurred on the recruitment exercises undertaken in the final quarter of the year. In general, the underspend is in relation to management restructure undertaken in 2019/20 and small underspends on transport and general office supplies.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, was overall underspent by £840k at year end. In the budget setting process, £300k was allocated from General Reserves, however, this was not called upon.

4.2 The Benefits Granted budget was overspent by £147k due to an increase in the number of claimants and lost housing benefit subsidy following the completion of the audits from previous years. The discretionary business rates and council tax relief budget was overspent by £31k due to the level of discretionary relief granted being higher than the allocated budget.

4.3 The budget for 2021/22 included some items retained centrally as contingency budgets, these amounted to £1,333k. The majority of these budgets were transferred into Service budgets during the year, which left £567k unallocated. Appendix C provides a summary of the contingencies budget, this shows that £783k has already been vired to approved budgets.

4.4 The capital financing budget is made up of 3 elements: the sum set aside to meet future repayments (Minimum Revenue Provision - MRP), interest payable on outstanding loans and interest received on cash balances held in the Council's bank accounts and other investments. Delays in capital projects, in particular the 21st Century Schools programme, lowered the Council's borrowing requirement which, in turn, has led to lower MRP and interest costs. During the pandemic, the Council maintained a higher than normal cash balance, although investment returns are very low (on average less than 0.2% during the year). As a result, the Capital Financing budget was underspent to the sum of £750k.

4.5 As part of the closure process, the final outturn position is adjusted to reflect unbudgeted costs, a provision for bad debts and adjustments to earmarked reserves. These adjustments total £488k (shown as Uncontrollable Variance Exceptions in Appendix B). After taking account of these adjustments, the final outturn position is a net expenditure underspend of £3,138k and an excess of funding of £1,549k (additional RSG and variance on Council Tax funding (see paragraph 5 below)).

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 2020. It does not provide for arrears collected from previous years, adjustments to liabilities arising from previous years (exemptions, single person discounts, transfers to business rates etc.), changes to the current year's tax-base 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 level of debt has increased as a result of the pandemic, and this has required a higher than normal increase in the bad debt provision, although Welsh Government has provided additional funding which has allowed the Council to fund this additional cost without impacting on the Council's balances. Changes to exemptions, and the continued transfer of self catering properties to the Business Rates register, has resulted in an overall shortfall of £308k in the standard Council Tax debit compared to the original budget.
- 5.2** The Council Tax premium is designed to encourage owners of empty properties and second homes to return the property to general use and, as such, there is a risk that the number of properties paying the premium can reduce significantly during the year. In order to mitigate this risk, the tax base for premium properties is set at 80% and, if the numbers of properties paying the premium does not fall significantly, then the budget will generate a surplus. Again, the transfer of properties from the domestic to the Business Rates register has reduced the premium payable on second homes but, despite the transfer of properties, overall the numbers of second home properties remained fairly constant and, as a result, the Council Tax premium budget is forecasting a surplus of £468k at the end of the financial year.

6. Budget Savings 2021/22

- 6.1** No Budget Savings were required by the services for the financial year 2021/22.

7. Invest-to-Save

- 7.1** An invest to save programme was undertaken in 2016/17, with an allocation of £983k for individual projects. To date, £899k has been spent or committed from this allocation of funding up to and including 2021/22. All projects are at various stages of development, with some closer to completion than others, although progress to complete these projects has been impacted by the Covid pandemic. The full detail of the expenditure and progress on each of the projects can be seen in Appendix CH.

8. Agency and Consultancy Costs

- 8.1** At year end, £1,296k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £623k related to staff cover for vacant posts. The Waste service spent £366k for site agents at the recycling centres. The full details can be seen at Appendix D.
- 8.2** A total of £894k was spent on Consultancy during the period January to March 2022, with £516k funded through grant or external sources. Expenditure within Economic and Regeneration had increased significantly during the last quarter. The reason for this was that invoices for works undertaken throughout the year were only received in the last quarter of the year. A full summary of expenditure per service, and additional details of the expenditure, can be seen at Appendix DD.

9 Welsh Government Covid19 Grant Funding to date

- 9.1** The Welsh Government has provided significant financial support to the Welsh local authorities on Coronavirus related additional costs and loss of income, without which the outturn would be an overspend. Table 2 below shows that the Council claimed £5.736m for additional costs arising from the pandemic for this financial year. £3.854m has already been paid to the Council, leaving a balance of £1.882m remaining, which will be paid during 2022/23.

Table 2 Covid related expenditure April 2021 to March 2022 funded by Welsh Government

	Adult Social Services £	Free School Meals £	General £	Homelessne ss £	School Cleaning £	Testing in Care Homes £	Self Isolation £	Children £	Winter Fuel £	SSP Enhanceme nt £	Total £
SUMMARY											
Claimed	1,496,142	478,989	1,262,164	390,278	219,631	147,163	870,663	140,810	650,326	81,437	5,737,603
Disallowed	-	-	917	65	-	-	-	-	479	-	1,461
Balance Due	1,496,142	478,989	1,261,247	390,213	219,631	147,163	870,663	140,810	649,847	81,437	5,736,142
Paid	1,257,020	439,946	877,775	156,833	162,567	147,163	418,972	140,810	212,005	40,620	3,853,711
Balance Outstanding	239,122	39,044	383,473	233,380	57,064	0	451,691	-	437,842	40,816	1,882,431

9.2 Loss of Income from Covid Restrictions Funded by Welsh Government

Welsh Government has compensated local authorities for eligible income lost due to the Coronavirus. The Council, this financial year, has claimed £0.417m from Welsh Government, the balance outstanding to be paid by Welsh Government is £0.127. A summary of the income compensated and claimed to 31 March 2022 is shown below in Table 3:-

Table 3 – Welsh Government Grant Funding for Loss of Income from Services during the Pandemic

Summary	Recreation & Sport		School	Parking	Pest Control	Markets	Env Health	School Care		
	Museums	Sport	Catering					Clubs	Total	
	£'000	£'000	£'000					£'000	£'000	
Claimed	118.09	559.37	-	321.40	34.00	13.60	1.80	2.40	9.00	416.86
Disallowed	-	-	-	-	-	-	-	-	-	-
Balance Due	118.09	559.37	-	321.40	34.00	13.60	1.80	2.40	9.00	416.86
Paid	65.00	487.51	-	321.40	34.00	11.40	1.80	2.40	9.00	289.71
Balance Outstanding	53.09	71.86	-	-	2.20	-	-	-	-	127.15

10 Conclusion

- 10.1** The financial year 2021/22 has been an exceptional year and has seen the Council receive a significant amount of additional funding from the Welsh Government to deal with the continued costs of dealing with the pandemic and the recovery from the post pandemic period. This additional funding is the main reason why the Council's accounts show a significant underspend at the end of the financial year. This is not unique to Anglesey, and the majority of the other Welsh Councils are finding themselves in a similar position at the end of the financial year.

The final outturn position has allowed the Council to increase the Council's general balances and earmarked reserves, after allowing for the use of £3.5m of general balances on a number of projects. The level of general balances will still exceed the minimum recommended level and places the Council in a strong financial position.

The current increases in pay and prices is creating a great deal of uncertainty over the Council's costs in 2022/23 and the level of budget required in 2023/24. The higher than normal level of balances and earmarked reserves will allow the Council to mitigate those financial risks in 2022/23 and the following years.

APPENDIX B

Projected Revenue Outturn for the Financial Year-ending 31 March 2022

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynnyddol Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Provisional Controllable Variance (Non- Exceptions)	Provisional Over/(Under)spend as a % of Total Budget	Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000		£'000
<u>Dysgu Gydol Oes</u> <u>Lifelong Learning</u>							
Cyllideb Datganoledig Ysgolion <i>Delegated Schools Budget</i>	49,123	49,123	0	0	0	0.00%	0
Addysg Canolog <i>Central Education</i>	4,476	4,328	(148)	2	(150)	-3.3%	(299)
Diwylliant <i>Culture</i>	1,217	1,109	(108)	(3)	(105)	-8.85%	(49)
<u>Gwasanaethau Oedolion</u> <u>Adult Services</u>	27,736	27,599	(137)	147	(283)	-0.49%	(231)
<u>Gwasanaethau Plant</u> <u>Children's Services</u>	11,196	10,832	(365)	5	(370)	-3.26%	(193)
<u>Tai</u> <u>Housing</u>	1,244	1,117	(127)	0	(127)	-10.3%	0
<u>Priffyrdd, Gwastraff ac Eiddo</u> <u>Highways, Waste & Property</u>							
Priffyrdd <i>Highways</i>	6,349	6,302	(47)	8	(55)	-0.75%	(200)
Eiddo <i>Property</i>	1,004	994	(10)	6	(17)	-1.02%	5
Gwastraff <i>Waste</i>	8,726	7,521	(1,205)	0	(1,205)	-13.81%	(560)

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynnyddol Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Provisional Controllable Variance (Non- Exceptions)	Provisional Over/(Under)spend as a % of Total Budget	Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000		£'000
<u>Rheoleiddio a Datblygu Economaidd</u> <u>Regulation & Economic Development</u>							
Datblygu Economaidd <i>Economic Development</i>	2,036	1,883	(153)	4	(157)	-7.52%	4
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,316	1,771	(545)	0	(545)	-23.55%	(319)
<u>Trawsnewid</u> <u>Transformation</u>							
Adnoddau Dynol <i>Human Resources</i>	1,598	1,544	(53)	0	(54)	-3.35%	(91)
TGCh <i>ICT</i>	3,300	3,151	(149)	0	(149)	-4.52%	18
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	973	788	(185)	0	(185)	-19.03%	(135)
<u>Adnoddau</u> <u>Resources</u>	3,243	3,019	(224)	28	(252)	-6.91%	(217)
<u>Busnes y Cyngor</u> <u>Council Business</u>	1,659	1,595	(64)	0	(64)	-3.84%	(57)
<u>Costau Corfforaethol a Democrataidd</u> <u>Corporate & Democratic costs</u>	2,997	3,858	861	1,189	(327)	28.74%	(164)
<u>Rheolaeth Corfforaethol</u> <u>Corporate Management</u>	686	676	(10)	0	(10)	-1.46%	(27)

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynnyddol Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Uncontrollable Variance (Exceptions)	Provisional Controllable Variance (Non- Exceptions)	Provisional Over/(Under)spend as a % of Total Budget	Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000		£'000
Cyfanswm Cyllidebau Gwasanaethau Total Service Budgets	129,879	127,209	(2,670)	1,386	(4,055)	2%	(2,515)
Ardollau <i>Levies</i>	3,695	3,693	(2)	0	(2)	-0.05%	0
Rhyddhad Trethi Dewisol <i>Discretionary Rate Relief</i>	71	102	31	0	31	43.42%	0
Cyllido Cyfalaf <i>Capital Financing</i>	7,618	7,227	(390)	359	(750)	-5.12%	(536)
Arian wrth Gefn Cyffredinol ac Eraill <i>General & Other Contingencies</i>	567	0	(567)	0	(567)	-100.00%	(393)
Cyfraniad CRT y Gwasanaethau Cefnogol <i>Support Services contribution HRA</i>	(700)	(797)	(97)	(97)	0	13.93%	0
Budd-daliadau a Roddwyd <i>Benefits Granted</i>	6,290	6,435	145	0	145	2.31%	38
Arian Wrth gefn Cyffredinol y Cyngor Council's General Reserves	(300)	0	300	0	300	-100.00%	300
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	17,241	16,662	(578)	262	(840)	-3.34%	(591)
Cyfanswm 2021/22 Total 2021/22	147,120	143,872	(3,248)	1,648	(4,895)	-2.20%	(3,106)
Cyllido /Funding							
Trethi Annomestig / NDR	(23,480)	(23,480)	0	0	0	0.00%	0
Y Dreth Gyngor / Council Tax	(40,902)	(40,594)	308	0	308	-0.75%	(113)
Premiwm y Dreth Cyngor / Council Tax premium	(1,393)	(1,861)	(468)	229	(697)	33.64%	(509)
Grantiau Cynnal Refeniw /Revenue Support Grants	(81,345)	(82,734)	(1,389)	(1,389)	0	1.71%	0
Cyfanswm Cyllido / Total Funding	(147,120)	(148,669)	(1,549)	(1,160)	(389)	1%	(623)
Cyfanswm alldro gan gynnwys effaith ar gyllid / Total outturn including impact of funding	0	(4,798)	(4,798)	487	(5,284)	-3.25%	(3,729)

APPENDIX C

Summary of the Outturn Position on Contingency Budgets 2021/22

	Budget	Virements	Amended Budget YTD	Currently Uncommitted Budgets
	£	£	£	£
General Contingency	388,928	- 95,015	293,913	293,913
Salary and Grading	150,000	-100,080	49,920	49,920
Earmarked Contingency	794,500	-571,670	222,830	222,830
Total General and other Contingencies	1,333,428	-204,320	1,129,108	549,628

Review of Invest-to-Save Projects 2021/22

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	0	0	0	Project closed. No further update.
I.T	Local Land and Property Gazetteer (LLPG)	Implement a LLPG system across the Council	10,800	0	0	0	Project closed. No further update.
I.T. / Transformation	Customer Relationship Management System (CRM)	Purchase and implementation of a CRM system	255,000	46,676	0	46,676	Project closed. No further update.
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	13,583	0	13,583	Project closed. No further update.
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	5,687	6,337	(650)	Whilst the issues with regards to the Welsh Language version on the public portal and slow performance have been resolved, we are still awaiting the resolution of the issues with redacting documents. We are yet to agree a 'go live' date because of these outstanding issues. Works associated with the cleansing of duplicate contacts within the system is progressing.

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Resources	Improving Income Collection Systems	Purchase and implement a new income management system which links to the current income streams and allows new income collection methods (AppMôn etc.) to link into the cash management system	150,000	36,843	8,463	28,381	Full commitments have now been made and within the bid budgets. Implementation recommenced during Quarter 2 2020/21 following ending of furlough of certain Capita project staff, but momentum only picked up in Quarter 3 2020/21. Testing of the new GL export file that could be done remotely is almost complete, and arrangements are in place to complete the testing that cannot be done remotely. Once this is complete automated income reconciliation/e-returns can begin to be implemented, involving new processes for services and bespoke electronic bank statements from the Authority's bankers. Further automated work is being progressed by developing APIs to enable automated income update to ledger through income management for internal services, such as leisure, education and highways, and externally for DWP. Implementation will be ongoing into the next financial year due to Covid delaying implementation and internal services retendering certain software processes. The remaining budget balance will be used for any unexpected items which remain.
Lifelong Learning	Modernisation of business and performance processes – Education	Implement unused modules in the ONE Management Information system	67,000	0	0	0	Project closed. No further update.
Lifelong Learning	Modernisation of business and performance processes - Oriel Môn	Website for the Oriel	20,000	11,474	16,193	-4,719	Work has been completed on this project.
I.T. / Transformation	Digital First / Digital By Default	Employ a Digital Lead Officer and Digital Services Analyst	£70,000 in year 1 and £50,000 in year 2	30,280	75,338	-45,058	Project closed. No further update. (Overspends here to be funded from underspends on the CRM project)

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Public Protection	Improved Digital Connectivity within the Public Protection Service	Implementation of a cloud based system to record inspection visits. The software is an all Wales solution and has been procured via a framework agreement supported by 19 out of 22 councils in Wales.	£10,000 per year for 4.5 years	45,000	0	45,000	This project is no longer going ahead as a single project. It is instead being implemented as part of a wider project of implementing the new port health authority. Funds which were allocated for this project have been transferred back into the Council's general balances.
Total			982,800	189,543	106,331	83,212	

Agency costs April to March 2022

Service	Amount £	Source of Funding (Specific Core Budget / Un- utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	17,966	Grant	Temporary	Unable to recruit fully qualified EHO for food sampling
	66,154	Grant	Temporary	Capacity
	7,110	Grant	Temporary	To provide support and training for EHOs dealing with export health certificate
	91,229			
Schools	18,260	Core	Temporary	Supply teachers in specialist field
	113	Core	Temporary	Supply teachers for a specific task
	18,373			
Waste	10,998	Green Waste Subs Income	Temporary	Additional tasks required short term
	347,953	Specific Core Budget	Temporary	Additional tasks required short term
	6,924	Claimed from Hardship Fund	Temporary	Additional tasks required short term
	365,874			
Property	2,379	Un-Utilised Staffing Budget	Temporary	Valuation for the 2020/21 accounts
	2,379			
Children's Services	323,812	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	323,812			
Adult Services	47,449	Core Budget	Temporary	DOLS project
	120,845	Grant	Temporary	Cover additional work re Covid and vacant posts
	52,440	Core Budget	Temporary	Cover Vacant Post
	220,734			
Resources	52,358	External Contribution	Temporary	Staff secondment
	183,732	Grant	Temporary	Backlog of council tax work due to pandemic
	236,090			
Transformation	11,339	Un-utilised staffing budget	Temporary	Maternity
	19,236	Un-utilised staffing budget	Temporary	Staff secondment to support the HWB Project
	6,456	Un-utilised staffing budget	Temporary	Vacant GIS Technician post - cover required to maintain Addressing Data Quality Standard
	37,032			
Total	1,295,522			

APPENDIX DD

Summary Consultancy Expenditure 2021/22

Summary Consultancy Expenditure per Service					
Service	Qtr1 £	Qtr2 £	Qtr3 £	Qtr 4 £	Total 2021/22 £
Central Education	0	2,746	1,616	14,987	19,349
Culture	58,100	6,365	2,110	1,270	67,845
Economic & Regeneration	36,124	37,440	49,963	391,728	515,255
Property	0	0	0	0	0
Highways	16,000	4,200	44,060	405,411	469,671
Schools	3,135	1,050	250	824	5,259
Waste	12,137	8,679	10,659	17,748	49,223
HRA	-10,250	1,034	1,964	0	-7,252
Housing	0	0	1,700	1,750	3,450
Corporate & Democratic	0	0	0	0	0
Adult Services	3,451	0	350	0	3,801
Children Services	0	0	2,040	18,581	20,621
Corporate	0	0	0	850	850
Transformation	4,260	2,640	13,601	8,331	28,832
Council Business	0	7,130	17,029	12,172	36,331
Resources	9,565	9,025	14,750	20,170	53,510
Total	132,521	80,309	160,092	893,824	1,266,746
Funded by:					
Core Budget	65,648	58,234	147,582	377,688	649,153
Grant	65,495	15,548	7,940	228,542	317,525
External Contribution	1,379	6,526	4,570	287,593	300,068
Reserves	0				0
Total	132,521	80,309	160,092	893,824	1,266,746

School Balances

	Balans 01/04/2020 £'000	Ychwanegiad / (Lleihad) am 2020/21 £'000	Balans 31/03/2021 £'000	Ychwanegiad / (Lleihad) am 2021/22 £'000	Balans 31/03/2022 £'000
Ysgolion Cynradd Cymunedol a Gwirfoddol	842	1,933	2,775	1,767	4,542
Ysgolion Uwchradd Cymunedol	(693)	1,670	977	1,812	2,789
Ysgol Arbennig Gymunedol	(84)	24	(60)	158	98
Ysgol Gynradd Sefydledig	132	150	282	116	398
Cyfanswm	197	3,777	3,974	3,853	7,827

