

Isle of Anglesey County Council

Report to:	EXECUTIVE
Date:	27 JUNE 2023
Subject:	REVENUE BUDGET MONITORING, OUTTURN 2022/23
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER - FINANCE
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
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Local Members:	N/A

A –Recommendation/s and reason/s

1. On 10 March 2022, the Council set a net budget for 2022/23 with net service expenditure of £158.365m, to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £3.110m. The budget for the Council Tax Premium was increased by £0.436m, to £1.950m. A balanced budget was set with the agreed Council Tax rise of 2.00%.
2. As for the previous year, the budget for 2022/23 does not include any requirements on the services to make savings. The increase of 9.2% in funding from Welsh Government was a welcome increase, but did require the Council to commit to budget increases in a number of areas, including social care and homelessness. In addition, the support from Welsh Government in respect of Covid related expenditure ended and any such costs are funded from the Council's core budgets.
3. This report sets out the financial performance of the Council's services at the end of quarter 4, 31 March 2023. A further report will be presented to the Executive upon completion of the draft Statement of Accounts.
4. The overall financial position for 2022/23, including Corporate Finance and the Council Tax fund, is a projected underspend of £1.212m. This is 0.76% of the Council's net budget for 2022/23.
5. It is recommended: -
 - (i) To note the position set out in Appendices A and B in respect of the Authority's financial outturn for 2022/23;
 - (ii) To note the summary of Contingency budgets for 2022/23, detailed in Appendix C;
 - (iii) To note the monitoring of agency and consultancy costs for 2022/23 in Appendices CH, D and DD.

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 2022/23 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 / Leadership Team (LT) (mandatory)	The report has been considered by the Leadership Team and the comments made incorporated into the 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 Leadership Team.
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 15 February 2023.
9	Local Members	N/A

F – Appendices:

- Appendix A – Provisional Revenue Outturn Report for 2022/23
- Appendix B – Outturn 2022/23
- Appendix C – Summary of Contingency Budgets for 2022/23
- Appendix CH – Information regarding monitoring of Agency Staff 2022/23
- Appendix D – Information regarding monitoring of Consultants 2022/23
- Appendix DD – Detailed Analysis of Consultancy Costs Out-turn 2022/23

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

2022/23 Revenue Budget (as recommended by this Committee on 3 March 2022 and adopted by the County Council on 10 March 2022).

REVENUE BUDGET MONITORING – QUARTER 4

1. General Balance

The Council Fund held £23.181m of earmarked reserves and school reserves amounting to £7.827m at the start of the financial year. The audited outturn for 2021/22 resulted in a general balance at the start of the current financial year of £12.279m.

The position of general balances at the end of the quarter is as follows:–

Table 1

	Amount £'m	Purpose
Final Opening Balance	(12.278)	Final audited general reserve at 31 March 2022.
Additional Funding for Highway Maintenance	0.500	As per Executive decision 3 March 2022
Transfer of funding to specific service reserves	0.260	As per Service Reserves policy approved in 2019/20.
50% funding of £69,732 to establish and operate a new planning policy team for Anglesey	-	As per Executive report 27 September 2022- no longer needed in this financial year, however, it has been built into the 2023/24 budgets
Additional funding to cover additional Teachers' pay award 2022/23	1.074	As per Executive decision 3 March 2023.
Earmarked reserves returned to general reserve at yearend 2022/23	(2.766)	Earmarked Reserves transferred back to General Reserves as no longer required.
Funds transferred for capital projects approved as part of the capital programme 2022/23	1.821	3 March 2022 Executive.
Service Reserves returned to the general reserve	(1.365)	
Revised Council Fund General Balance at 31.12.2022	(12.754)	

At outturn, there is an underspend of £1,212k on controllable and non-controllable budgets, which will increase the Council's General Reserve to £13.966m. This figure is unaudited and may change through post audit adjustments. The net revenue budget for 2022/23 was set at £147.420m, and this level of general balance equates to 9.47% of the 2022/23 net revenue budget. The target figure is 5% (£7.3m) and this figure is above the target figure.

2. Financial Performance by Service

The details of the financial performance by service is set out in Appendix B. An underspend of £0.799m on services is the unaudited position as at 31 March 2023. An underspend of £755k is estimated on Corporate Finance. In addition, an underachievement on income of £0.342m is predicted on the collection of the standard Council Tax and Council Tax Premium. The current total revenue forecast for 2022/23 is an underspend of £1.212m, which equates to 0.76% of the Council's total net revenue budget.

2.1 Table 2 below summarises the significant variances (£100k or higher): -

Table 2

Service	Over / Underspend £'000	Outturn as % of budget £'000
Central Education	(236)	(5.56%)
Children's Services	989	8.01%
Highways	(376)	(5.46%)
Property	(546)	(31.64%)
Waste	(1,047)	(11.50%)
ICT	(117)	(3.10%)
Transformation	(151)	(12.85%)
Planning and Public Protection	(181)	(7.09%)
Resources	(116)	(3.20%)
Corporate & Democratic	156	4.02%
Council Tax System Reconciliation	444	100%
Housing Benefit Reconciliation	519	100%
Other (total variances less than £100k)	(137)	<0.01%
Total Service Budgets	(799)	(0.56%)
Corporate Finance including £477k of unbudgeted uncontrollable - (bad debt provision / impairment loss allowance, capital pension costs, insurance, premium on historic refinancing)	(755)	(4.79%)
Funding	342	0.22%
Total	(1,212)	(0.76%)

3. Explanation of Significant Variances

3.1 Education, Skills and Young People

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 overspends are held in individual school reserves. The balances of the schools reserves now stands at £6.716m (Appendix DD), compared to £7.827m at 31 March 2022. Currently, there are no schools in deficit.

Central Education

3.1.2 This service was underspent by £236k (5.56%) at outturn This is an increase on the estimated underspend of £64k for 2022/23 reported at quarter 3.

3.1.3 There are a number of over and underspends across the Service. The most significant of these have been reported upon throughout the financial year, which include the school transport service (£527k overspent), central education staffing, including School Business Managers who were not appointed (£544k underspent) and out of county placements (£184k underspent), these have remained as forecasted. There are several sections within the service that have changed slightly from those reported in quarter 3, the more significant differences are noted below:-

- Additional Learning Needs and Inclusion Service Gwynedd and Môn – The outturn position was a £31k underspend, however, the forecast at quarter 3 was a £48k overspend. Grants were received unexpectedly to the provision in the final quarter, where it was possible to allocate staff time as part of the claim, thus lowering the contribution required by the Authority.

- Early Years – The forecasted position was an underspend of £21k, the outturn position was that of an underspend of £63k, an increase to the underspend by £42k This was the result of three early years provision sites closing and monies that was set aside for emergency repair work in the final quarter was no longer being required.
- The outturn for school meals is an overspend of £16k, in quarter 3 it was reported to be £41k, which is a decrease in the forecast overspend of £25k. The Authority received a grant of £94k in the final quarter of the year, which resulted in the Authority being able to subsidise the increase in the catering contractor’s meal costs following February half term holidays.
- ALN New Law – while still in its infancy, the budget was not fully utilised this financial year with an overall underspend of £92k. The forecast underspend was £40k at quarter 3, however, recruitment expected to take place in the final quarter did not happen.
- The Canolfan Iaith was forecasting an overspend of £36k at quarter 3, however, during the final quarter it was required to fund an additional bus service to the Centre, which increased the overspend at outturn to £66k.

3.1.4 Culture

3.1.4.1 This service was £30k (2.21%) overspent at outturn, The forecasted outturn at quarter 3 was an underspend of £15k. All budgets have remained consistent with what had been previously reported apart from the income at the Oriol. The shop sales and exhibitions sales were substantially less that that estimated during the final quarter.

3.2 Adults Social Care

3.2.1 This service was £53k (0.17%) underspent at outturn, however, the outturn result is masked due to the numbers of large grants and the use of the Social Care Pressures reserve, which have brought the substantial overspend down. Below are details of the largest and most significant variations from budget:-

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

- Services for the Elderly: The service was underspent by £119k, after applying £47k from the Social Care Pressures Reserve. The Assessment and Care Management team was underspent by £83k due to vacant posts. An underspend of £204k was had in the residential care team for older people section, after applying £44k from the social care pressures reserve. Nursing care for older people is demand led and was overspent by £63k, following the allocating of £91k from the Social Care Pressures Reserve. Home Care budget pressures continued into the final quarter and, therefore, resulted in the overspend on the budget by £103k for this section. This is a demand led budget.
- Physical Disabilities (PD): This service was overspent by £101k for the year, this is after allocating £332k from the Social Care Workforce Grant. Residential care costs were on budget; however, this was again due to the application of grant funding to the sum of £266k. Home Support was overspent by £185k due to increased demand. There were underspends in Assessment and Care Management to the sum of £58k due to a combination of vacant posts and being able to fund some staff costs from various grants.
- Learning Disabilities (LD): This section was overspent by £365k. There are various under and overspends within this section, which include: Residential Care which was overspent by £247k, this was after applying £75k from the Social Care Workforce Grant. The day care service was overspent by £120k for the year due to increased demand, Home care was underspent by £122k due to being allocated £300k from the Social Care Pressure Reserve. Supported and Other Accommodation was overspent by £14k, after allocating £332k of grant funding and £410k from the Social Care Pressures Reserve.

- **Mental Health (MH):** This service was overspent by £286k at outturn. The significant pressure for Mental Health services remains to be within the residential care section, which overspent by £286k, and this is after allocating £332k from the Social Care Workforce Grant and £135k from the Social Care Pressures Reserve. Community support was underspent to the sum of £162k due to continual vacant posts. Supported living, on the other hand, overspent by £166k by year-end. £127k relates to a new client receiving 24-hour care at a supported living placement. The remainder of the overspend mainly relates to the cost for adult placements and echoes the service's aim for clients to be supported within their own homes in the community.
- **Provider Unit and Management and Support:** This was underspent by £633k at year-end. This is, in large part, the result of various vacant posts, particularly in homecare area units (£459k) and Management and Support (£191k). There were cost pressures within the internal provider unit, with residential homes overspending by £129k. This is due to agency staff costs and heating and electricity costs being £91k overspent, however, income was overachieved by £96k. Learning Disabilities budget were also underspent by £92k, this was, again, down to staffing issues.

The outturn position for Adult Services significantly improved during the final quarter from the forecasted position at the end of the third quarter, where the Service was anticipated to overspend by £613k. The position improved due to additional client fees being identified and charged and the number of high cost placements reducing. Although the closing financial position is welcomed, it does highlight the difficulties in accurately forecasting the financial position during the year, where changes to a small number of clients can have a significant impact on the financial position of the Service.

3.3 Children's Services

- 3.3.1** The service is overspent by £989k (8.01%) at outturn, the forecast at quarter 3 was an overspend of £996k. While this may seem to be a slight difference from the figure reported upon previously, there are a couple of budgets that have changed substantially from the third quarter.
- 3.3.2** The Looked After Children's (LAC) budget was overspent by £1,331k at outturn, which was mainly due to out-of-county placements (£822k). All other areas are also overspending, with the exception of non-standard placements (£113k underspend). Small group homes were overspent by £119k on staffing and agency costs. Foster care placements are also overspent by £327k.
- 3.3.3** Commissioning and social work was forecasted to underspend by £182k, however, at outturn the underspend was £301k, this has been the result of being able to apply staffing costs, both on establishment staff and agency staff, to a grant received in the final quarter.
- 3.3.4** Other Children and Family Services were forecasted to underspend by £32k at quarter 3, however, the outturn was an overspend of £91k. The difference in the substantial change from one period to the next is that there was an influx of legal fees in the final quarter. There are other compensating changes to the budgets within the final quarter.

3.4 Housing (Council Fund)

- 3.4.1** This service was on budget at outturn, the forecast at quarter 3 was an overspend of £10k. The service had initially underspent by £323k, however, £325k has been transferred into an earmarked reserve in order to fund future financial pressure in Homelessness in the coming years.
- 3.4.2** As the numbers presenting themselves as homeless continues to increase, the expenditure has continued to increase, with £1.248m net expenditure on this service in 2022/23. However, £901k was applied in Welsh Government grants which reduced the net expenditure to £347k compared to a budget of £695k. This gave a net underspend of £348k. However, it is not anticipated that grant funding will remain at this level during 2023/24, whilst the number of homeless people will continue at this increased level. In order to mitigate the risk, £325k has been transferred to an earmarked reserve and is available in 2023/24. The reported underspend is, therefore £23k.

- 3.4.3** Housing administration was overspent by £50k due to savings to be found which will be allocated in the next financial year. There were staffing underspends within the J E O'Toole budgets of £33k. The Low-Cost Housing budget was overspent by £25k, following an accounting decision to write off historical debts relating to sewage and water recharges.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

3.5.1.1 The service was overspent by £49k (2.05%) at outturn.

3.5.1.2 The Economic Development element of the service was overspent by £16k at year end, compared with £32k forecasted at quarter 3. In the final quarter of the year, room rental income at the Business Centre saw a significant improvement, whilst all other budgets remained as forecasted.

3.5.1.3 The Destination section was forecasted to be underspent by £90k by year-end in quarter 3, however, the actual outturn was an underspend of £162k. Visitor numbers to the Island appear to have dropped from the exceptional highs of previous years. The underspend on staffing was larger than anticipated due to unexpected delays in recruiting, elements of staff time was able to be put against externally received grants and some income headings overachieved their income targets when it was forecasted that they would at best breakeven.

3.5.1.4 The Leisure service outturn result is an overspend of £196k, this is an increase from the forecast of £152k from quarter 3. While the service is experiencing pressure, income targets have recovered to pre covid levels and have exceeded their targets. Energy costs have been exceptionally high, as previously reported, and this is still the case. However, the difference from the quarter 3 forecast to outturn can be pin pointed to the heating budget. The bills for the heating arrived during the final quarter and they were larger than the sum allowed for in the quarter 3 forecast.

3.5.2 Planning and Public Protection

3.5.2.1 This service was £181k (7.09%) underspent at outturn, the forecast at quarter 3 was an underspend of £175k (6.93%).

3.5.2.2 The Public Protection section was underspent by £132k, compared to the forecasted underspend of £100k at quarter 3. During the quarter, there was an increase in the income performance within registrars and further staff vacancies which contributed to the difference in the figure reported in quarter 3.

3.5.2.3 The Planning Service section was underspent by £49k at outturn. There was an expected underspend of £75k at quarter 3. All areas remain as previously reported apart from the following, which occurred in the final quarter. A Building Control Officer post which was expected to be recruited to remains vacant and a senior position within Implementation and Conservation continued to be vacant, however, there were increased consultancy costs within Planning Control, which brought the overall underspend down to £49k.

3.6 Highways, Waste and Property

3.6.1 Highways

3.6.1.1 This service at outturn was £376k (5.46%) underspent, the forecasted amount at quarter 3 was an underspend of £239k, this is a difference of £146k. While there are some minor variations throughout the service from those figures previously reported the main explanations of what the difference is between what was forecasted and what has been achieved can be summarised into three distinctive areas - Street Works Management, Works and Public Transport. The works budget was overspent by £549k at year end due to the demands placed upon the service, however, these works were able to be undertaken as the income generated within the Street Works Management budget overachieved by £618k. A substantial amount of income was generated within the last quarter of the financial year. Public Transport's outturn was an underspend of £114k, where previously it was forecasted to be £50k, this is the result of contracts costs being lower than forecasted.

3.6.2 Waste

3.6.2.1 The Waste service was £1,047k (11.50%) underspent at outturn, the service was predicted to have an outturn position of £1,030k underspend by year-end at quarter 3. There are slight changes in the forecasted figure from those already reported, however, in summary, the main contributory factor in the large underspend is that income from green garden waste subscriptions and income from the sale of recyclable material was higher than income targets.

3.6.3 Property

3.6.3.1 The service's position at outturn is a £546k (31.64%) underspend, compared to the forecasted year end position at quarter 3 of an underspend of £222k (12.70%). This is an increase in the underspend by £335k.

3.6.3.2 The position for several budget headings has substantially changed from the third quarter. The most notable is the rental income, where the difference from what was reported is an increase in income of £268k, this has been a direct result of rent reviews being undertaken and addressing the backlog of billing that had accumulated. The service is currently undertaking a staffing restructure, this process was expected to be complete before year end, however, it was not possible to do so, therefore, it has resulted in an underspend on staff costs greater than that reported in quarter 3 by £120k.

3.6.3.3 Essential capital works which were required to be undertaken in the final quarter has generated an extra revenue contribution to capital of £91k. However, due to the increased capital work programme, the capitalised salaries overachieved on its income target by £25k at outturn, a difference of £73k from the figure reported at quarter 3.

3.6.3.4 Due to the unpredictability of the energy prices the utility costs were £103k overspent. The Council is continuing to invest in upgrading heating systems in Council buildings in order to reduce energy usage and reduce the impact of energy price increases in the future.

3.6.3.5 Other small changes, such as allocating staff time to projects and NDR reimbursements, make up the changes from the forecasted amount at the end of quarter 3 of £68k.

3.7 Transformation

3.7.1 The Transformation function underspent by £340k (5.15%) at outturn.

3.7.1.1 The HR function was underspent by £73k (4.34%) at outturn. The forecast underspend at quarter 3 was an underspend of £75k. There have been no significant changes from quarter 3 to outturn that has not previously been reported.

3.7.1.2 The ICT section was underspent by £117k (3.10%) at outturn, however, the forecast for outturn at quarter 3 was an underspend of £55k. There was still a significant underspend on staffing, which was underspent by £473k at year-end. The telephone system budgets were underspent to the sum of £105k and the ICT hardware budget was underspent by £188k. However, these were netted off against an overspend of £351k on the software budgets. The main difference from quarter 3 forecast figure and outturn is the result of internal charging of goods to other departments to the sum of £41k.

3.7.1.3 The Corporate Transformation Section was underspent by £150k (12.85%) at outturn, but was expected to be underspent at year-end by £117k at quarter 3. All budgets remained as forecasted, apart from the Performance Panel Wales budget, where it was expected to be utilized, however, no expenditure occurred in the final quarter.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function was underspent by £116k (3.20%) at outturn. The forecast outturn at quarter 3 was an underspend of £70k. The main changes that have occurred between quarter 3 and outturn can be seen, in larger part, within the Revenues and Benefits section, where it has been possible to allocate staff time against the various administration grants that the service administered on behalf of the Welsh Government. Accountancy also received a one off £30k administration fee for administrating the Home Tech staff benefits incentives, however, bank charges still remains overspent to the sum of £50k.

3.9 Council Business

3.9.1 The function was £98k (4.92%) underspent at outturn, it was reported in quarter 3 that the forecast outturn was £56k underspend. During the last quarter of the financial year, additional income from the elections, community council and a final settlement relating to the 2019 General Election was received. The underspend on staffing, particularly in the Committee Services Team, due to ongoing vacancies and other staff charges were maintained through the final quarter.

3.9.2 Legal Services were expected to be overspent by £26k at year end, however, the overspend was reduced to £7k at outturn. The overspend has improved in the final quarter due to slight changes in legal agency staff employed to cover staff vacancies / absences, and no budget for the trade union post.

3.10 Corporate and Democratic Costs and Other Year End Accounting Adjustments

3.10.1 The function was overspent by £157k (4.04%) at outturn. Corporate and Democratic budgets are not only used for civic expenditure but also for accounting adjustments. This financial year, the accounting adjustment accounts for £962k of the overspend, which relates to 2 specific transactions.

3.10.2 Following on from reviewing historic data and undertaking a data cleansing exercise and to align the statement of accounts with the Council Tax system, it was required to expend £444k from revenue to the Balance sheet. This means that all systems now reflect the true value of amounts owed to the Council as at 31st March 2023.

3.10.3 As part of the year end reconciliation process, the Housing Benefit Holding account carried a debit balance of £189k, this would suggest that DWP owed us this amount. However, reconciliations confirm that the Council owed the DWP £329k, as we claimed £13,461k on the final subsidy claim, but we received £13,790k during the financial year, based on the initial and midyear subsidy submissions. We have, therefore, written off the variance of £518k.

3.10.4 Budget pressures remained in the following areas: Coroners' fees causing an overspend of £88k, and the apprenticeship levy overspent by £18k.

3.11 Corporate Management

3.11.1 The function was £7k overspent at outturn (0.88%), it was forecasted at quarter 3 to have a balanced budget at outturn. This was the result of small amendments in the salaries budgeting.

4. Corporate Finance (including Benefits Granted)

- 4.1 Corporate Finance, including Benefits Granted, was underspent by £755k at year-end (4.79%). With interest rates steadily increasing throughout the financial year, it allowed the Treasury team the opportunity to deposit cash in higher interest fixed term deposits which generated higher interest than the daily general bank account. When the fixed term investments have expired, these are then reinvested on the higher interest rates. The outturn position for the Capital Financing budget was an underspend of £466k, due to additional interest earned.
- 4.2 The budget for 2022/23 included some items retained centrally as contingency budgets, these amounted to £3,110k. During the year, funding is transferred in and out of these budgets to / from service budgets. During 2022/23, £163k has been transferred to individual service lines, £2,498k has been transferred to earmarked reserves, leaving the contingency budgets with an underspend of £775k.
- 4.3 The budget to meet the Council's contribution to Benefit payments was underspent by £76k at year-end. There are various elements that make up Benefits granted and, while these are small variations across all budgets, the main variations relate to an underspend on the Council Tax and Council Tax Reduction Scheme of £52k, this is a demand led budget. Discretionary Housing Payment was underspent by £14k, however, this was the result of an income windfall of £37k in the final quarter. Non-Domestic Rates Relief was overspent by £23k, again, this is a demand led budget.

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 2021. 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 cost-of-living crisis is starting to impact on the collection of Council Tax, with the collection rate falling and the balance of outstanding debt rising. This has led to an increase in the bad debt provision, although this has partly been offset by the use of a Welsh Government grant received in 2020/21 which was held in an earmarked reserve. The overall position in respect of the standard Council Tax (after allowing for a net bad debt provision of £247k) was an under achievement of £974k in income.
- 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. 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, the budget from the second home and empty properties premium exceeded the budget by £632k.

6. Budget Savings 2022/23

- 6.1 No Budget Savings were required by the services for the financial year 2022/23.

7. Agency and Consultancy Costs

- 7.1 During the year, £1,523k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £861k related to staff cover for vacant posts. Children's Services spent £280k on agency staff, with the Adults Services incurring £368k on agency staff. The Waste Service spent £339k for site agents at the recycling centres. The full details can be seen at Appendix CH.
- 7.2 A total of £1,426k was spent on Consultancy during the financial year, with £672k funded through grant or external sources. A summary of expenditure per service is shown in Appendix D, and additional details of the expenditure can be seen at Appendix DD.

8. Welsh Government Covid-19 Grant Funding to date

- 8.1 The Welsh Government has provided significant financial support to the Welsh local authorities on Coronavirus related additional costs, although this has now ended. However, the Council is still making payments to individuals and recovering the costs from the Welsh Government through the Hardship Fund mechanism. Table 3 below shows that the Council claimed £2.282m for additional costs arising from the pandemic for this financial year:-

Table 3 Covid-19 related expenditure April 2022 to March 2023 funded by Welsh Government

	Free School Meals £	Self Isolation £	Winter Fuel £	SSP Enhancement £	Total £
SUMMARY					
Claimed	653,297	181,210	1,326,124	121,589	2,282,220
Disallowed	35,478	-	-	-	35,478
Balance Due	617,819	181,210	1,326,124	121,589	2,246,742
Paid	563,354	181,210	1,107,254	121,590	1,973,407
Balance Outstanding	54,465	-	218,871	- 1	273,334

9. Conclusion

- 9.1 The outturn underspent by £1.212m for the year ending 31 March 2023. This result is welcomed and improves the Council's financial position. However, the position was helped by a number of one off items, including non-recurring Welsh Government grants, income targets exceeding budgets (mainly in Highways and Waste), the use of earmarked reserves and a high level of staff vacancies. The majority of these financial advantages are one off and will not re-occur to the same extent in 2023/24, or budgets will have been adjusted to reflect any permanent increases. Around £1m of costs related to one off accounting adjustments which should not re-occur in 2023/24.
- 9.2 The outturn position shows a continued demand for services, particularly in Adult & Children's Services and Homelessness. Given the current cost of living crisis, it is anticipated that these pressures will remain in 2023/24. The use of earmarked reserves and the additional grant funding from Welsh Government significantly improved the outturn position of these services. The absence of this one off funding would have significantly changed the outturn position, with an overspend being reported rather than an underspend of £1.2m. This highlights the financial pressure which the Council faces in 2023/24 and beyond.
- 9.3 The net underspend has contributed to an increase in the Council's General Balances and the level remain healthy at £14m, although it should be noted that £3.8m of this sum has been committed as funding of the 2023/24 revenue budget. Therefore, the underlying available sum is £10.2m, which is £1.4m above the minimum recommended value moving forward (5% of the 2023/24 net revenue budget).

- 9.4** The 2023/24 budget was substantially increased, but there are a number of factors which may put that budget under pressure. These include the 2023/24 pay award, which has yet to be settled, whether inflation will fall quickly and what impact the continued cost of living crisis will have on the demand for services and on people's ability to pay their Council Tax. The level of general balances will provide some mitigation should the 2023/24 budget begin to overspend.
- 9.5** Looking further ahead to 2024/25 and beyond, the financial prospects do not look good at the present time, with an expectation that demand for services and costs will continue to rise, but only limited rises anticipated in the level of grant funding from Welsh Government. It will be extremely difficult to set a balanced budget for 2024/25. A further update on the Medium Term Financial Plan will be presented to the Executive in September 2023.

Alldro Refeniw a Ragwelir ar gyfer y Flwyddyn Ariannol as ddaw i ben ar 31 Mawrth 2023 - Alldro
Projected Revenue Outturn for the Financial Year ending 31 March 2023- Outturn

Gwasanaeth/Swyddogaeth Service/Function	2022/23 Cyllideb Blynnyddol Annual Budget	Alldro Dros Dro / Provisional Outturn	Cyfanswm Dros Dro Amrywiaeth Alldro / Provisional Total Outturn Variance	Gor / (Tan) Wariant dros dro fel % o'r Gyllideb Gyfan / Provisional Over/(Under)spend as a % of Total Budget	Gwahaniaeth i Ch3 ar gyllidebau a reolir gan y gwasanaethau / Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000
<u>Addysg, Sgiliau a Phobl Ifanc</u> <u>Education, Skills and Young People</u>					
Cyllideb Datganoledig Ysgolion <i>Delegated Schools Budget</i>	52,494	52,494	0	0.00%	0
Addysg Canolog <i>Central Education</i>	4,244	4,008	(236)	(5.56%)	(64)
Diwylliant <i>Culture</i>	1,349	1,379	30	2.21%	(15)
<u>Gwasanaethau Oedolion</u> <u>Adult Services</u>	30,583	30,530	(53)	0.17%	613
<u>Gwasanaethau Plant</u> <u>Children's Services</u>	12,342	13,331	989	8.01%	996
<u>Tai</u> <u>Housing</u>	1,970	1,970	0	0.00%	10
<u>Priffyrdd, Gwastraff ac Eiddo</u> <u>Highways, Waste & Property</u>					
Priffyrdd <i>Highways</i>	6,897	6,521	(376)	(5.46%)	(239)
Eiddo <i>Property</i>	1,725	1,179	(546)	(31.64%)	(222)
Gwastraff <i>Waste</i>	9,104	8,057	(1,047)	(11.50%)	(1,030)
<u>Rheoleiddio a Datblygu Economaidd</u> <u>Regulation & Economic Development</u>					
Datblygu Economaidd <i>Economic Development</i>	2,421	2,470	49	2.05%	94
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,551	2,370	(181)	(7.09%)	(175)

Gwasanaeth/Swyddogaeth Service/Function	2022/23 Cyllideb Blynyddol Annual Budget	Alldro Dros Dro / Provisional Outturn	Cyfanswm Dros Dro Amrywiaeth Alldro / Provisional Total Outturn Variance	Gor / (Tan) Wariant dros dro fel % o'r Gyllideb Gyfan / Provisional Over/(Under)spend as a % of Total Budget	Gwahaniaeth i Ch3 ar gyllidebau a reolir gan y gwasanaethau / Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000
<u>Trawsnewid Transformation</u>					
Adnoddau Dynol <i>Human Resources</i>	1,679	1,606	(73)	(4.34%)	(75)
TGCh <i>ICT</i>	3,767	3,650	(117)	(3.10%)	(55)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,175	1,024	(151)	(12.85%)	(117)
<u>Adnoddau Resources</u>	3,622	3,506	(116)	(3.20%)	(70)
<u>Busnes y Cyngor Council Business</u>	1,989	1,891	(98)	(4.92%)	(56)
<u>Costau Corfforaethol a Democraidd Corporate & Democratic Costs</u>	3,879	4,998	1,119	28.85%	92
<u>Rheolaeth Corfforaethol Corporate Management</u>	820	827	7	0.88%	0
Cyfanswm Cyllideb Gwasanaethau Total Service Budgets	142,611	141,812	(799)	(0.56%)	313

Gwasanaeth/Swyddogaeth Service/Function	2022/23 Cyllideb Blynnyddol Annual Budget	Provisional Outturn	Provisional Total Outturn Variance	Provisional Over/(Under)spend as a % of Total Budget	Difference to Qtr 3 on Service Controlled Budgets
	£'000	£'000	£'000	£'000	£'000
Ardollau <i>Levies</i>	3,957	3,959	2	0.05%	0
Rhyddhad Trethi Dewisol <i>Discretionary Rate Relief</i>	72	96	24	32.63%	0
Cyllido Cyfalaf <i>Capital Financing</i>	5,338	4,872	(466)	(8.73%)	(751)
Arian wrth Gefn Cyffredinol ac Eraill <i>General & Other Contingencies</i>	775	0	(775)	(100%)	(708)
Cyfraniad CRT y Gwasanaethau Cefnogol <i>Support Services contribution HRA</i>	(800)	(741)	59	(7.33%)	0
Budd-daliadau a Roddwyd <i>Benefits Granted</i>	6,414	6,338	(76)	(1.18%)	(209)
Dad-gydnabod ac Amhariad o Fân- Ddyledion <i>De-recognition and Impairment of Sundry Debts</i>	0	477	477		0
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	15,756	15,001	(755)	(4.80%)	(1,668)
Cyfanswm 2022/23 Total 2022/23	158,367	156,812	(1,554)	(1.32%)	(1,981)
<u>Cyllido Funding</u>					
Trethi Annomestig <i>NDR</i>	(25,493)	(25,493)	0	0.00%	0
Y Dreth Gyngor <i>Council Tax</i>	(41,866)	(40,892)	974	2.32%	(122)
Premiwm y Dreth Gyngor <i>Council Tax Premium</i>	(1,950)	(2,582)	(632)	(32.41)%	(266)
Grant Cynnal Refeniw <i>Revenue Support Grant</i>	(89,058)	(89,058)	0	0.00%	0
Cyfanswm Cyllid 2022/23 Total Funding 2022/23	(158,367)	(158,025)	342	(0.06%)	(388)
Cyfanswm yr alldro yn cynnwys effaith y cyllido Total outturn including impact of funding	0	(1,2012)	(1,212)	(0.76%)	(2,369)

Summary of the Outturn Position on Contingency Budgets 2022/23

	Original Budget	Virements to Service Lines	Transfer to Earmarked Reserves	Outturn Position
	£	£	£	£
General Contingency	405,734	90,020	-	495,754
Salary and Grading	100,000	-153,310	-	-53,310
County Elections	200,000	-152,265	-	47,735
Children's Services Additional Demands	316,830	-316,830	-	-
Schools IT Hardware	300,000	-	300,000	-
Covid Costs	300,000	-15,000	-	285,000
Pay Inflation	1,000,000	1,065,000	2,065,000	-
North Wales Economic Ambition Board – Growth Bid	97,000	-97,000	-	-
Trainee Scheme	340,000	-257,280	82,720	-
Climate Change	50,000	-150	49,850	-
Total General and Other Contingencies	3,109,564	163,185	2,497,570	775,179

Agency costs Outturn 2022/23

Service	Amount £	Source of Funding (Specific Core Budget / Un-utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	18,183	Grant	Temporary	To back fill officers dealing with Covid
	8,272	Core	Temporary	Housing Enforcement
	6,002	Grant	Temporary	To back fill officers dealing with export health certificates
	11,659	Core	Temporary	To back fill officers dealing with export health certificates
	44,116			
Schools	53,192	Core	Temporary	Supply staff to cover specialised subjects
	53,192			
Waste	338,722	Specific Core Budget	Temporary	Additional tasks required short term
	338,722			
Children Services	367,666	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	367,666			
Adult Services	445,527	Core Budget	Temporary	To cover vacant posts
	39,010	Grant funded	Temporary	Cover additional work re Covid and vacant posts
	484,537			
Resources	54,145	Grant	Temporary	Housing Benefit Subsidy Work
	119,315	Grant	Temporary	Additional work from administering WG Cost of Living Grants
	47,644	Un-utilised staffing budget	Temporary	To cover vacant posts
	13,770	Un-utilised staffing budget	Temporary	Volume of work
	234,874			
Total	1,523,107			

Summary Consultancy Expenditure Outturn 2022/23

	Summary Consultancy Expenditure per Service				
Service	Quarter 1 £	Quarter 2 £	Quarter 3 £	Quarter 4 £	Total 2022/23 £
Central Education	834	12,469	-	-	13,303
Culture	4,925	1,500	13,150	1,192	20,767
Economic & Regeneration	39,147	204,352	74,577	461,216	779,292
Property	-	4,832	-	-1,551	3,281
Highways	11,376	72,418	54,344	161,924	300,062
Schools	-	-	-	-	-
Waste	4,431	13,347	7,856	19,227	44,861
HRA	-	-	-	-	-
Housing	-	-	-	-	-
Corporate & Democratic	-	-	-	-	-
Adult Services	-	-	-	-	-
Children Services	200	6,093	10,000	15,127	31,420
Corporate	-	-	-	-	-
Transformation	9,157	20,026	11,698	4,745	45,626
Council Business	7,279	37,968	23,827	29,364	98,438
Resources	20,278	24,770	19,803	24,050	88,901
Total	97,627	397,775	215,255	715,294	1,425,951
Funded by:					
Core Budget	63,016	160,419	70,227	238,695	532,357
Grant	33,321	199,734	145,028	293,547	671,630
External Contribution	-	34,972	-	116,139	151,111
Reserves	1,290	2,650	-	66,913	70,853
Total	97,627	397,775	215,255	715,294	1,425,951

Detailed Analysis of Consultancy Costs Outturn 2022/23

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Total Q1 April - June	97,627					
Total Q2 July - September	397,774					
Total Q3 October - December	215,254					
Culture	1,033			✓	Specific Core Budget	Assist the IoACC to market and securing Café Concession at Oriel Môn in Llangefni
	159			✓	Grant	Guided walk with introduction to working as a warden as part of Learning Festival
Total Culture	1,192					
Economic & Regeneration	9,205	✓			Core	STEM 2022/23 contract
	62,893			✓	Reserve	Work in relation to developing the Anglesey Freeport bid
	39,525			✓	Core and External Contribution	North West Wales Employment Land Review
	1,002	✓			Core & PPA	Wylfa - post examination advice
	2,574	✓			PPA	Morlais TWAO (Transport Workers Acts Order) application - advice to Council as host authority
	102,580	✓			PPA	Wylfa Newydd Analysis and Publication Account to: 31/01/23
	130	✓			Core	Solar planning and policy Period
	1,287	✓			PPA	G2624 Ynys Ynni : Morlais
	11,203			✓	Grant	IoACC Heritage Landscape Project
	1,646			✓	Grant	Cybi Island landscape partnership evaluation

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	1,100			✓	Grant	Assisting Cybi Island Landscape Partnership with additional volunteering days in 2022/23
	-26,705			✓	Grant	IACC Heritage Landscape Project transferred to capital projects
	5,072	✓			Grant	Drone topography survey Y Gymdeithas land Porth Amlwch
	1,180	✓			Grant	Environmental Sustainability Appraisal (ESA) Porth Amlwch Parkland Project
	3,431	✓			Grant	Preliminary Ecological Assessment of site to rear of Môn Garage Amlwch
	135,000	✓			Grant	Amlwch Units - planning application support
	3,500	✓			Grant	Development and production of materials for public consultation for proposed parkland in Porth Amlwch
	1,906	✓			Grant	Porth Amlwch Parc - Procurement and coordination of landscape maintenance quotes
	9,995	✓			Grant	Phase 1 and 2 Geotechnical Ground Investigation Factual and Interpretative Report
	5,500	✓			Grant	Strategic Case Amlwch Industrial Units
	62,905			✓	Grant	Anglesey Economics Advice - LUF (Socio Economics) Professional Fees
	1,690			✓	Grant	Levelling Up Fund (LUF) Projects
	-128,717			✓	Grant	LUF Programme Management Costs transferred to capital projects
	1,250			✓	Grant	Menai Bridge Promotion Campaign
	34,680			✓	Grant	Anglesey Towns Public Realm Survey and Concepts
	6,600			✓	Grant	Town Centre Regeneration Project Licence
	2,824			✓	Grant	Holyhead Gateway Bridge Visual Improvements
	5,325			✓	Grant	Survey of 8 buildings
	5,050			✓	Grant	Providing Town Centre Promotion Services on Anglesey
	4,200			✓	Grant	Accrue for Ove Arup invoice for translation of report

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	12,321	✓			Grant	Isle of Anglesey County Council Governance & Assurance Framework
	3,937			✓	External	Review Holyhead Waterfront Planning application and report
	8,048			✓	Core Budget	Development Management Support
	440			✓	Core	Professional fees - Proposed Rural Worker's Dwelling, Tŷ Mawr, Bodorgan
	15,000	✓			Core - Planning Income	Annual fee towards the shared Minerals and Waste Service for 2022-23
	5,000	✓			Core - Planning Income	Memorandum of Understanding - Gwynedd Archaeological Trust 2022-23
	36,559			✓	Core - Planning Income	Land and Lakes - application Penrhos, Holyhead - advice on implementation -3.322 - 22.3.23
	5,762		✓	✓	External Contributions	Environmental Permitting: Inspection of processes including follow-up report and letter writing
	563	✓			Core	Operation Pinewood Legal Charges
	3,443	✓	✓	✓	Unutilised Staffing Budget	Petroleum consultancy work
	1,000	✓	✓	✓	Core	Portal Consultancy for Holyhead Border Control Point
	325			✓	Grant	8 Page 1 mile family fitness booklet
	990			✓	Grant	Fitness
Total Economic & Regeneration	461,216					
Highways	2,392			✓	Core budget	One street charging feasibility study
	209			✓	Core budget	PCN Charge
	1,427			✓	Core budget	Levy contribution FAO Parking Services
	39,237		✓		Core budget	Cyngor Môn Sustainable (Drainage) Approving Body (SAB) Duties - Applications Services
	6,746			✓	Grant funded	Anglesey Local Flood and Coastal Erosion Risk Management Strategy
	2,800			✓	Grant funded	Engineering Services in relation to The Rise, Trearddur Bay

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	28,477			✓	Grant funded	Anglesey Local Flood and Coastal Erosion Risk Management Strategy
	130			✓	Core budget	Research in Public Record Office relating to rights of way in the vicinity of Parys Farm, Amlwch
	1,050			✓		Bridge / boardwalk structure between Llyn Cefni and Dingle
	11,100			✓		Digitisation of the 20mph project
	18,557			✓		Perform a full survey across the rest of the Isle of Anglesey highway network
	3,000			✓		Digitising 40mph and 50mph Isle of Anglesey speed limit orders
	30,925			✓		W-03-24812 Benllech Hydraulic Modelling
	10,224			✓		W-02-24326 Benllech Outline Business Case
	5,650			✓		Anglesey PFR Scheme
Total Highways	161,924					
Property		2,593		✓	Core	Public Conveniences review
		-4,832		✓	Core	Public Conveniences review transferred to capital projects
		688		✓	Core	Preliminary Ecological Assessment - Church St Toilet Block
		-1,551				
Waste	8,228	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Gas Technical Support
	230	✓		Specific Work	Specific Core Budget	Input from Project Director reviewing decisions, discussions and deliverables
	172	✓		Specific Work	Specific Core Budget	Managing ROC / REGO certificate transfer and output upload
	2,537	✓		Specific Work	Specific Core Budget	Genset (NewEnco) Rental Review (V03)
	40	✓		Specific Work	Specific Core Budget	Leachate testing TR Station

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	2,020	✓		Specific Work	Specific Core Budget	Environmental Monitoring and Annual Monitoring Report
	663	✓		Specific Work	Cost Centre funded through Provision	Site Environmental Management Plan
	1,000	✓		Specific Work	Cost Centre funded through Provision	Annual Topo Survey of Penhesgyn Landfill
	809	✓		Specific Work	Cost Centre funded through Provision	Peatland Restoration Development Fund Consultancy Services
	860	✓		Specific Work	Cost Centre funded through Provision	General Technical Support / Projects Coordination / Management
	688	✓		Specific Work	Cost Centre funded through Provision	Liaison and PM re: SEMP revision including meeting
	1,980	✓		Specific Work	Specific Core Budget	Penhesgyn IVC Bioaerosol RA Update
Total Waste	19,227					
Children Services	622			✓	Grant	External evaluation of Mon Ymlaen for CRF
	5,000			✓	Grant	Community Commissioning Consultation Work
	2,772			✓	Grant	Swyddog Cymraeg i Blant 1-3/23
	2,953			✓	Grant	Commissioning work Homestart Cymru Dads Group
	800			✓	Grant	Physical Literacy Early Years 0-2 3-5
	1,780			✓	Grant	Perinatal health visiting commissioning work
	1,200			✓	Grant	Aquanatal Betsi Staff, collaboration work
Total Children Services	15,127					
Transformation	36			✓	Specific Core Budget	Project management charges - ResourceLink migration to the hybrid cloud

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	3,196			✓	Specific Core Budget	C-Series Enterprise Professional Services
	1,512	✓			Grant	Assessor - Trainee Social Workers
Total Transformation	4,745					
Council Business	29,364			✓	Unutilised staffing budget	Locum
Total Council Business	29,364					
Resources	13,350			✓	Specific core budget	Moving software to the cloud
	10,700			✓	Specific core budget	NEC system Revenues and Benefits
Total Resources	24,050					
Total Q4 January - March	715,293					
Cumulative Total April - March	1,425,951					