

Isle of Anglesey County Council

Report to:	EXECUTIVE
Date:	26 SEPTEMBER 2023
Subject:	REVENUE BUDGET MONITORING, QUARTER 1 2023/24
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – DEPUTY LEADER AND FINANCE PORTFOLIO HOLDER
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 9 March 2023, the Council set a net budget for 2023/24 with net service expenditure of £174.569m, to be funded from Council Tax income, NDR and general grants as well as £3.780m from general reserves. This includes a total for general and other contingencies amounting to £3.109m. The budget for the Council Tax Premium was increased by £0.943m, to £2.893m. A balanced budget was set with the agreed Council Tax rise of 5.00%.
2. As for the previous year, the budget for 2023/24 does not include any requirements on the services to make savings.

This report sets out the financial performance of the Council's services at the end of quarter 1, 30 June 2023. The projected position for the year as a whole is also summarised. It should be noted that predicting the final year-end position at the end of quarter 1 is difficult, and the position can change considerably as we move through the remainder of the financial year. For 2023/24, predicting the final year end position is even more difficult because of increasing inflation, the fact that the staff pay awards for 2023/24 have yet to be agreed and the impact the cost of living crisis will have on the demand for Council services. The estimated position at the end of the financial year does not take into account the proposed pay awards for teachers (from September 2023) and other staff (backdated to April 2023). Once these costs become known, they will be factored into future projections. The budget includes a contingency sum of £2m to fund the NJC pay award, above the sum included in the service budgets. In addition, earmarked reserve of £3.177m has been created to provide additional funding to meet these inflationary pressures, but it may not be sufficient to fund all of the additional costs that the Council will be required to pay over the coming months.

3. In addition, these figures do not take into consideration winter pressures. Historically, winter pressures can be seen within the Highways and Adult services and it can be hard to quantify the full extent of extra costs which could be incurred this early in the financial year. The full extent of the forecasts and costs will be noted in the quarter 3 and quarter 4 reports respectively.
4. The overall projected financial position for 2023/24, including Corporate Finance and the Council Tax fund, is a projected overspend of £0.744m. This is 0.43% of the Council's net budget for 2023/24.
5. It is recommended that:-
 - (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 2023/24;
 - (ii) To note the summary of Contingency budgets for 2023/24, detailed in Appendix C;
 - (iii) To note the monitoring of agency and consultancy costs for 2023/24 in Appendices CH and D.

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 2023/24 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 at its meeting on 4 September 2023 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 1 was reviewed by the Finance Scrutiny Panel at its meeting on 7 September 2023.
9	Local Members	N/A

F - Appendices:

- Appendix A – Provisional Revenue Outturn Report for 2023/24
- Appendix B - Table of Provisional Outturn 2023/24
- Appendix C - Summary of Contingency Budgets position for 2023/24
- Appendix CH - Information regarding monitoring of Agency Staff 2023/24
- Appendix D - Information regarding monitoring of Consultants 2023/24

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

2023/24 Revenue Budget (as recommended by this Committee on 2 March 2023 and adopted by the County Council on 9 March 2023).

REVENUE BUDGET MONITORING – QUARTER 1

1. General Balance

The Council Fund held £19.637m of earmarked reserves and school reserves amounting to £6.716m at the start of the financial year. The draft outturn for 2022/23 resulted in a general balance at the start of the current financial year of £13.967m. This was an improvement on the opening balance for the previous year, 2021/22, where the general balance stood at £12.278m. The draft underspend of £1.212m contributed to this and movements in reserves, such as the return of earmarked reserves no longer needed. This may, however, be subject to change with any post-audit adjustments.

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

Executive Meeting	Amount £m	Purpose
Draft opening balance	(13.967)	Draft audited general reserve at 31 March 2023
Budget Setting 2023/24 agreed March 2023	3.780	
Revised Council Fund General Balance	(10.187)	As mentioned above, this may change following any post-audit adjustments.

The current predicted outturn for 2023/24 is an estimated overspend of £0.744m. If this forecast is accurate, the Council General Balance would decrease to £9.593m by the year-end, this compares to the minimum level of £8.73m, which equates to 5% of the 2023/24 net revenue budget.

The 2023/24 budget was set prior to a settlement in the non teaching staff pay award for 2023/24. At the time of writing this report, the non teaching staff award for 2023/24 has yet to be agreed. In setting the budget, a contingency sum of £2m was included in the budget to cover the potential additional cost between the sum allowed for in the draft budget and the Employer's pay offer. In addition, an earmarked reserve of £3.177m was created to provide additional funding to meet the costs of any pay award settlement above what was set in the budget. This reserve can also be used to meet any rise in cost pressure due to high level of inflation.

If the reserve is insufficient, it is likely to result in the Council increasing its forecasted overspending in its net revenue budget in 2023/24, and any overspend will have to be funded from the Council's general balances. Based on the current forecast, the earmarked reserve will be sufficient to fund the forecasted overspend and the cost will not fall on the Council's general balances.

2. Financial Performance by Service

2.1 The details of the financial performance by service for the period and the projected outturn position for each is set out in Appendix B. An overspend of £0.902m on services is predicted as at 31 March 2024. An underspend of £0.082m is estimated on Corporate Finance. In addition, an under achievement of income of £0.273m is forecast on the standard Council Tax debit, with a further over achievement of income of £0.349m on the Council Tax premium. The current total revenue forecast for 2022/23 is an underspend of £0.744m, which equates to 0.43% of the Council's total net revenue budget.

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

Table 1

Service	(Under) / Overspend £'000	%
Central Education	(135)	(2.50)
Adults	1,531	4.37
Children's Service	648	5.01
Waste	(490)	(4.75)
Highways	(345)	(4.36)
Property	(100)	(6.46)
Planning and Public Protection	(155)	(5.79)
Corporate and Democratic Costs	(511)	(15.51)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	400	0
Other (total of variances less than £100k)	(23)	(0.02)
Total Variance over / (under)spend (excluding funding)	(820)	(0.35)

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 overspends are held in individual school reserves. The balances of the schools reserves now stands at £6.716m, compared to £7.827m at 31st March 2022. However, grants were received by schools in the previous financial years to deal with the impact of the pandemic. Over this financial year, schools are returning to business as normal and it is anticipated that school balances will fall significantly by the end of the 2023/24 financial year. Schools have estimated that £2.82m of balances will be used to balance the revenue budget in 2023/24.

Central Education

3.1.2 This service was underspent by £23k (1.86%) at the end of quarter 1. The forecast for the year-end is an underspend of £135k (2.50%). 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:-

- School Transport (Taxis and Buses) – forecast underspend of £76k. This is made up of £149k underspend on taxi contracts and a £73k overspend on school bus contracts. The main contributing factor to the underspend on the schools taxis is that the contracts underwent a tender exercise in the previous financial year, with some contracts coming back at a reduced price, while some routes were terminated. In addition, some school bus contracts were retendered in 2022/23, with additional routes added. This resulted in a higher overall cost than the previous contracts.
- The out-of-county placements budget saw reduced demand in 2022/23, and this has continued into 2023/24, with a forecasted underspend of £71k. As the financial year progresses and a new academic year commences, the number of children requiring out-of-county placements may begin to rise, which will impact the forecasted underspend, but an earmarked reserve of £500k is held to meet any additional costs incurred as a result of increased demand.

- The income target for Clwb Gofal Plant is forecasted to underachieve by £65k. This budget is, again, demand led and the numbers attending the clubs have not returned to pre-pandemic levels.
- The remainder of the Central Education budget is forecast to underspend by £85k. This, in part (£48k), is due to two vacant posts, one of which has subsequently been filled. It is also forecasted that the match required for the Education Improvement Grant (EIG) will be less than budgeted, creating an underspend of £37k.

3.1.4 Culture

3.1.4.1 This service was £11k (2.92%) underspent during the period, and the forecast outturn for the year is an overspend of £46k (3.39%). Oriol Môn is the main area of concern, with a projected overspend of £130k. The reduction in contribution from Y Gymdeithas to £32.5k per annum, shop sales not reaching the target and additional planned maintenance to the building, have all contributed to this forecast. The Libraries service is forecasting an underspend of £59k at outturn. This is, in the main, part the result of vacant posts and not utilising all of the casual staffing budgets. The outturn forecast on the Archives service is currently forecast to be £25k but this will change depending on when the planned restructure is implemented.

3.2 Adults Social Care

3.2.1 This service was £728k (10.42%) overspent for the period, and is forecast to overspend by £1.531m (4.37%) by the end of the financial year.

3.2.2 The elements within the outturn variance are shown in Table 2 below:-

Table 2
Analysis of Adult Services Forecasted Year End Position 2023/24

Service	Expenditure / Income Analysis								TOTAL
	Residential	Nursing	Home Care	Day Care	Supp. Accom	Staffing	Other	Grants Applied	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Elderly	454	(120)	113	0	0	52	(32)	0	467
Physical Disabilities	577	0	254	0	0	0	17	(332)	516
Learning Disabilities	249	0	36	120	904	0	(89)	(476)	744
Mental Health	389	0	44	0	93	(52)	7	(332)	149
Provider Unit – Staffing	352	0	(666)	(158)	(43)	0	(14)	0	(529)
Provider Unit - Income	216	0	0	82	0	0	0	0	298
Management & Support	0	0	0	0	0	(114)	0	0	(114)
TOTAL	2,237	(120)	(219)	44	954	(114)	(111)	(1,140)	1,531

3.2.3 The majority of the overspend is due to increased demand for both the high volume, low cost caseload (Elderly) and the high cost, low volume caseload (learning disabilities, physical disabilities and mental health). The number of cases can fluctuate significantly during the year and numbers are difficult to forecast and control.

3.2.4 The forecasted position is aided by the application of the Social Care Workforce Grant and the use of earmarked reserves. Without this additional funding, the forecasted overspend would be in the region of £2.5m to £3.0m. The Service is aware of the strain the financial position is placing on the Council, and is working to minimise care packages to the statutory minimum and is working to improve income collection processes in order that income is maximised. Further work is also planned to rationalise and modernise the provision of day care services and supported accommodation.

3.3 Children's Services

3.3.1 The service is overspent by £453k (11.87%) for the period, however, it is forecasted to be overspent by £648k (5.01%) at year end.

3.3.2 The Looked After Children's budget is overspent by £247k up to period 3, however, the forecast presently is at year end there will be an overspend of £680k. The £680k is made up of £482k Out of County placements. The Service currently has 14 FTE high cost low volume out of County Placements, with an average weekly cost of £4.61k per week (£240k per annum) net of third party income from Health and Education. This compares to 13.75 FTE in 2022/23, with an average weekly cost of £5.45k (£284k per annum). Foster Care placements are forecasted to overspend by £130k and Special Guardianship by £68k.

3.3.3 The Family Support service is expected to overspend by £124k, this is the result of the 'When I'm Ready' initiative.

3.3.4 Integrated Family support is forecasted to underspend to the sum of £87k, Youth services is also forecasting an underspend of £60k, and the Commissioning and Social Work team are also expecting to be underspent by £160k at outturn. These are mainly due to staffing vacancies.

3.3.5 The Children with Disabilities budget is forecasted to overspend by £76k, this mainly relates to Direct Payment clients.

3.3.6 The Other Children and Family service is forecasted to overspend by £59k, legal fees being the main pressure.

3.4 Housing (Council Fund)

3.4.1 This service is forecast to be overspent by £82k (5.16%) at outturn. There is a forecasted overspend of £123k on Housing Administration due to under achieved recharge income, which are offset by underspending on a number of other budgets. Homelessness is forecast to overspend by £80k, after allowing for the additional Welsh Government grant funding of £395k, but this overspend will be funded from the current budget and a specific earmarked reserve of £325k. The budget is demand led and providing an accurate forecast at this stage is difficult, but it is believed that the earmarked reserve will be sufficient to cover any increased demand between now and the end of the financial year.

3.4.2 Homelessness and homeless prevention is an area of concern not just for Anglesey, but for all Councils in Wales, with an unprecedented demand on the services. In 2022/23, the number of homelessness referrals increased by 205 (30%) and the level of referrals in the first quarter of 2023/24 is similar to the first quarter of 2022/23. The Service is working with Housing Associations and private landlords to increase the number of units available as accommodation. This would reduce the reliance on bed and breakfast accommodation and would reduce the daily accommodation cost by between 60% and 75%. 30 additional units have been identified and are available as accommodation in place of bed & breakfast establishments, and the use of these additional units has the potential to reduce costs by £400k, compared to using bed and breakfast accommodation.

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 £118k (1.57%) for the period. The Service is forecasted to be overspent by £12k (5.19%) at year end.
- 3.5.1.2** The Economic Development element of the service is expected to be overspent by £27k at year end. This is, in part due to the income target of £72k for staffing to projects such as Wylfa Newydd and National Grid no longer being achievable. A number of vacant posts are forecast to result in an underspend of £92k. The other pressure points within the section are the centre facilities, graphic design and subscription budgets which, combined are likely for be overspent to the sum of £32k.
- 3.5.1.3** The Destination section is forecasted to be £67k underspent by year end. Visitor numbers, again, are expected to be lower than 2021 and 2022, and this will reduce income but not to a level which creates any significant financial concerns. The knock on effect of lower tourism levels is the need for seasonal staff early in the season and, at present, these are underspending. A full picture of the budgets will be clearer in the second quarter report when the main tourist season has ended.
- 3.5.1.4** The Leisure section is currently forecasting an overspend at year end of £52k. Leisure Centre members paying by direct debit have returned to pre-pandemic levels and has improved compared to this time last year, but it is unlikely to achieve the budget target. There are other minor compensating under and overspends within the department.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service is £168k underspent (25.32%) for the period, and is forecasted to be underspent by £155k (5.79%) at outturn.
- 3.5.2.2** The Public Protection service has a forecast outturn of £75k underspend. This is made up, in most part, by three areas, Animal Health £13k, Environment Health £52k and Trading Standards £17k, these are the results of variances within staffing budgets.
- 3.5.2.3** The Planning Service is expected to be £80k underspent at the end of the financial year. Planning fee income is behind its target and is forecast to underachieve the budget by £40k. However, the Building Control Service's income is ahead of its income targets and, given this and a vacant post within the Service, results in a forecast underspend of £23k. The Planning Policy Unit is currently showing an underspend forecast of £53k. This is through a combination of 3 vacant posts in which there is a recruitment exercise being undertaken and £17k on general running costs. The Implementation and Conservation Team are forecasting an underspend of £33k, due to post being seconded to another section.

3.6 Highways, Waste and Property

3.6.1 Highways

3.6.1.1 This service was £16k (0.95%) underspent for the period. The forecasted position at year end is £345k underspent (4.36%). The majority of the sections within Highways are predicted to be underspent at year end. The most notable are Street Works £240k, which will have arisen from excess income. Public Transport is expected to have an underspend to the sum of £50k due to various small underspends. Môn Community Transport is also forecasting an underspend in the region of £45k due to lower staffing levels, work is going ahead with Social Service in how to deliver the service more efficiently. However, the works budget is expected to overspend to the sum of £90k by year end, part of this is the direct result of the economy where prices are increasing and suppliers passing those prices onto the Authority. This forecast excludes winter maintenance costs as it is too early in the year to predict the outturn on these costs. Any significant winter costs could worsen the outturn estimated this quarter, although an earmarked reserve is held to mitigate the risk if the costs rise significantly during the winter.

3.6.2 Waste

3.6.2.1 The Waste Service was £97k (6.20%) underspent for the period, and the service is predicted to have an outturn position of a £490k underspend (4.75%).

3.6.2.2 The forecast for the year end includes overspends and compensating underspends within different sections of the Service. The inflationary increases to the Waste Collection contract are based on industry inflation indices and, when the budget was set, these indices were provisional. The final indices were lower than the provisional and this has resulted in a downward revision of contract rates, and this will generate a forecasted underspend of £440k. Income from the green garden waste service, purchase of replacement black bins and income from the collection of bulky waste remains strong, and is expected to exceed the budget once again.

3.6.3 Property

3.6.3.1 The service's position for the period is a £23k (2.45%) underspend, with a forecast for the year end position being underspent by £100k (6.46%).

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 main underspend relates to the departmental restructure within the Property Services Team, which resulted in posts being vacant during the first part of the financial year, thus generating an underspend of £60k. Vacancies within the Cleaning Service has also resulted in a forecasted underspend of £69k.

3.7 Transformation

3.7.1 The Transformation Service overspent its budget by £289k at the end of the period. However, the position over the remainder of the financial year should improve, and the Service is forecast to achieve an underspend of £53k by the end of the financial year.

3.7.1.1 The HR function was overspent by £49k (11.29%) for the period, and projected to be £21k (1.31%) overspent at year end. When staffing budgets are set, there is an expectation that staff will leave and posts will be vacant during the recruitment process. As a result, the staffing budget does not fund 100% of all the costs. In smaller services, where the turnover of staff is low, this can result in an overspend on staffing budgets, and this is the expectation for the HR function, although this can change over the remainder of the year if staff leave their current posts. This forecast overspend of £31k will be offset by a forecasted underspend of £10k on central training.

3.7.1.2 The ICT section was overspent by £260k (12.97%) for the period, however, the forecast for outturn is an underspend of £30k (0.71%). All software and hardware budgets across the Council, excluding schools, have been centralised and are now managed within the ICT section. Software costs tend to be paid at the beginning of the financial year, and any increase in costs above the budget will result in the overspend of £277k falling mainly in the first quarter. Posts remain vacant within the Service, and the savings from these vacancies will continue through the second quarter and beyond. These savings offset the increased software costs.

3.7.1.3 The Corporate Transformation Section was underspent by £20k (17.13%) for the period, and expected to be underspent at the year end by £44k (5.75%). This is the result of underspends on salary costs. It is not expected that all the budget for Performance Panel Wales will be utilised during the year, therefore, the current forecast is an underspend of £35k.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £229k (22.23%) overspent for the period, with the projection for the outturn being an underspend of £32k (0.85%).

3.8.2 The majority of the costs within the function are staff related and some vacancies (Internal Audit, Council Tax and Benefits) are being covered by agency staff, to ensure continued service and to deal with backlogs that have arisen from the increased workload (cost of living grants, free school meal payments). Staffing budgets are forecast to underspend by £94k, but £163k will be incurred on agency staff, although £86k of these costs are funded from external grants. The Procurement Section is expected to be £42k underspent due to initiatives in purchasing, i.e. centralised purchasing budgets and 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 £22k (4.39%) overspent for the period, with the forecast for the year end position being a £11k (0.55%) underspend.

3.9.2 Legal Services are expected to be overspent by £24k at year end, in large part due to legal agency staff employed to cover staff vacancies / absences and no budget for the trade union post. Democratic Services are forecasted to underspend by £35k, this is in large part due to vacant posts within the section.

3.10 Corporate and Democratic Costs

3.10.1 The function was breakeven for the period, and the forecast year end position is an underspend of £511k (15.51%).

3.10.2 Members Support & Expenses are forecasting an underspend of £14k.

3.10.3 The corporate budgets, overall, are showing a forecast underspend of £511k. The secondary LGPS employer pension contributions budget is held under the Corporate & Democratic budget initially, and released to Service budgets as contributions are paid. The current forecast is that the secondary employer contribution costs will be lower than the budget by £636k, but this will reduce once the pay award is settled and staff receive their increased pay back dated to April 2023.

3.10.4 Staff Counselling is forecasted to overspend by £32k, based upon current figures. This is a demand led budget, therefore, the figure will fluctuate based upon need. Audit Fees and Coroners fees are also expected to overspend by £43k and £55k respectively.

3.11 Corporate Management

3.11.1 The function was £11k (5.29%) overspent for the period, and it is forecasted to overspend by £15k (1.95%) at outturn. This is again due to the fact that the staff costs are not budgeted for 100% and, given the small number of staff funded from this budget, it is more likely that no vacancies will arise during the year and an overspend will result.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, is expected to underspend by £82k at year end.

4.2 The budget for 2023/24 included some items retained centrally as contingency budgets; these amounted to £4,265k. The majority of these budgets will be transferred into Service budgets during the year. Appendix C provides a summary of the contingencies budget, this shows that £214k has already been vired to approved budgets.

4.3 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. The Council has benefitted from the rise in interest rates, with investments generating significant amounts of interest income, and it is anticipated that the total interest received will exceed the £1m budget. As a result, the Capital Financing budget is forecasted to underspend to the sum of £70k.

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 2022. 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. Going forward, with the impending recession and costs of living increasing, this budget will need to be monitored closely. The current core Council Tax income is forecasted to be £273k below the budget, but this can change significantly during the year.

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 £349k at the end of the financial year.

6. Budget Savings 2023/24

6.1 No Budget Savings were required by the services for the financial year 2023/24.

7. Agency and Consultancy Costs

7.1 During the year to date, £412k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £279k related to staff cover for vacant posts. The Waste Service spent £62k for site agents at the recycling centres. The full details can be seen at Appendix CH.

7.2 A total of £147k was spent on Consultancy during the period April to June 2023, with £88k funded through grant or external sources. A full summary of expenditure per service, and additional details of the expenditure, can be seen at Appendix D.

8. Conclusion

8.1 The initial projection at the end of the first quarter is that the budget will be overspent by £0.744m for the year ending 31 March 2024. However, there are a number of areas of concern, which may not be apparent from this headline figure, which weakens the Council's financial position going forward.

8.2 The main areas of concern relate to:-

- i.** The fact that the pay offer for 2023/24 has not yet been settled and could be significantly higher than allowed for in the budget. Although a contingency budget and an earmarked reserve is in place which will offset a large part of the additional cost, it may still not be sufficient to meet the overall additional cost. The increased cost also has to be allowed for in the base budget for 2024/25, in addition to the pay award for 2024/25.
- ii.** The position in respect of Social Care is of particular concern, with a forecast overspend of £2.179m for Adults and Children's Services. However, the true position is masked by the fact that additional grants and reserves are being used to reduce the overspend. Without this additional funding, the underlying overspend would be in the region of £3.5m. The forecast is based on the current level of demand, but demand fluctuates during the year and can change significantly e.g. one placement for a high dependency client with specialised care needs can amount to between £250k and £500k. Any increase in the demand for services will only worsen the position.
- iii.** The cost of living crisis will ultimately result in an increase in the demand for Council services (Homelessness, Debt Advice, Mental Health Support, Children's Service), and may lead to a reduction in income in services such as leisure, culture, planning, parking fees, as people reduce their spending on non-essential items. These potential changes in demand for services may have a negative impact on the Council's financial position.

As we move through the remainder of the financial year, the impacts of the above will be factored into future monitoring reports as things become clearer.

8.3 The financial position in 2023/24 will also influence the Council's financial strategy for 2024/25 and beyond, as it will highlight the need to realign budgets to reflect the increases in costs seen in 2023/24 and to reflect the changing demand for services. Any significant overspending will also result in an erosion of the Council's earmarked reserves and general balances, and this will reduce the ability to use reserves and balances to help to balance the revenue budget in 2024/25. Management will review the financial position closely during the remainder of the financial year, and may need to implement cost saving measures in 2023/24 in order to maintain the current level of earmarked reserves and general balances.

Rhagamcan Alldro Refeniw am y Flwyddyn Ariannol yn gorffen 31 Mawrth 2024 – Chwarter 1
Projected Revenue Outturn for the Financial Year ending 31 March 2023- Quarter 1

Gwasanaeth /Swyddogaeth Service / Function	2023/24 Cyllideb Blynnyddol Annual Budget	2023/24 Ch1 Cyllideb hyd yma Q1 Budget Year to Date	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed spend	2023/24 Ch1 Amrywiad Q1 Variance	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed Spend	Ch1 : Q1 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2023 gor / (tan) wariant Estimated Outturn 31 March 2024 over / (under)	2023/24 Gor / (tan) wariant a ragwelir fel % o'r Gyllideb Gyfan Projected Over / (Under) spend as a % of Total Budget	2022/23 Gor / (Tan) Wariant Drafft Draft Over / (under)spend
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
<u>Dysgu Gydol Oes</u> <u>Lifelong Learning</u>									
Cyllideb Datganoledig Ysgolion <i>Delegated Schools Budget</i>	56,559	7,657	7,657	0	0.00%	56,559	0	0.00%	0
Addysg Canolog <i>Central Education</i>	5,411	1,229	1,206	(23)	(1.86%)	5,276	(135)	(2.50%)	(244)
Diwylliant <i>Culture</i>	1,357	362	351	(11)	(2.92%)	1,403	46	3.39%	38
<u>Gwasanaethau Oedolion</u> <u>Adult Services</u>	35,041	6,988	7,716	728	10.42%	36,572	1,531	4.37%	0
<u>Gwasanaethau Plant</u> <u>Children's Services</u>	12,927	3,819	4,272	453	11.87%	13,575	648	5.01%	965
<u>Tai</u> <u>Housing</u>	1,590	503	1,856	1,353	269.14%	1,672	82	5.16%	1
<u>Priffyrdd, Gwastraff ac Eiddo</u> <u>Highways, Waste & Property</u>									
Priffyrdd <i>Highways</i>	7,905	1,681	1,665	(16)	(0.95%)	7,560	(345)	(4.75%)	(1,046)
Eiddo <i>Property</i>	1,548	(942)	(965)	(23)	2.45%	1,448	(100)	(6.46%)	(557)
Gwastraff <i>Waste</i>	10,317	1,565	1,468	(97)	(6.20%)	9,827	(490)	-4.75%	(1,046)

Gwasanaeth / Swyddogaeth Service / Function	2023/24 Cyllideb Blynnyddol Annual Budget	2023/24 Ch1 Cyllideb hyd yma Q1 Budget Year to Date	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed spend	2023/24 Ch1 Amrywiad Q1 Variance	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed Spend	Ch1 : Q1 Amcangyfrif Gwariant i 31 Mawrth 2023 Estimated Expenditure to 31 March 2022	Ch1 : Q1 Amcangyfrif o Alldro 2024 Mawrth 2024 gor / (tan) wariant Estimated Outturn 31 March 2022 over / (under)	2022/23 Gor / (tan) wariant fel % o'r Gyllideb Gyfan Projected Over / (Under) spend as a % of Total Budget	2022/23 Gor / (Tan) Wariant Drafft Draft Over / (underspend)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
<u>Rheoleiddio a Datblygu Economaidd</u> <u>Regulation & Economic Development</u>									
Datblygu Economaidd <i>Economic Development</i>	3,154	914	795	(119)	(12.99%)	3,166	12	0.38%	50
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,677	663	495	(168)	(25.32%)	2,522	(155)	(5.79%)	(181)
<u>Trawsnewid</u> <u>Transformation</u>									
Adnoddau Dynol <i>Human Resources</i>	1,601	438	487	49	(11.29%)	1,622	21	1.31%	(73)
TGCh <i>ICT</i>	4,216	2,008	2,268	260	12.97%	4,186	(30)	(0.71%)	(117)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,190	272	252	(20)	(7.22%)	1,146	(44)	(3.70%)	(151)
<u>Adnoddau</u> <u>Resources</u>									
	3,744	1,031	1,260	(229)	22.23%	3,712	(32)	(0.85%)	(140)
<u>Busnes y Cyngor</u> <u>Council Business</u>									
	2,014	492	514	(22)	4.39%	2,003	(11)	(0.55%)	(98)
<u>Costau Corfforaethol a Democraidd</u> <u>Corporate & Democratic costs</u>									
	3,294	1,079	829	(250)	(23.18%)	2,783	(511)	(15.51%)	1,119
<u>Rheolaeth Corfforaethol</u> <u>Corporate Management</u>									
	770	199	210	11	(5.29%)	785	15	1.95%	7
Costau heb gyllideb, na ellir eu rheoli: yswiriant, costau pensiwn a dileu drwg ddyledion / lwfansau amhariad ar incwm gwasanaethau <i>Unbudgeted, uncontrollable costs: insurances, pension costs and bad debt write offs / impairment allowances on services' income</i>						400	400	0.00%	490

Gwasanaeth / Swyddogaeth Service / Function	2023/24 Cyllideb Flynyddol Annual Budget	2023/24 Ch1 Cyllideb hyd yma Q1 Budget Year to Date	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed spend	2023/24 Ch1 Amrywiad Q1 Variance	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed Spend	Ch1 : Q1 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2024 gor / (tan) wariant Estimated Outturn 31 March 2024 over / (under)	2023/24 Gor / (tan) wariant fel % o'r Gyllideb Gyfan Projected Over / (Under) spend as a % of Total Budget	2022/23 Gor / (Tan) Wariant Drafft Draft Over / (underspend)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Cyfanswm Cyllidebau Gwasanaethau Total Service Budgets	155,315	29,957	32,337	2,379	7.94%	156,217	902	0.58%	(322)
Ardollau Levies	4,495	4,419	4,419	0	0.00%	4,495	0	0.00%	2
Rhyddhad Trethi Dewisol Discretionary Rate Relief	105	0	0	0	0.00%	105	0	0.00%	24
Cyllido Cyfalaf Capital Financing	4,329	740	1,216	476	0.00%	4,259	(70)	(1.61%)	(466)
Arian wrth Gefn Cyffredinol ac Eraill General & Other Contingencies	4,265	4,265	4,019	(246)	(5.77%)	4,252	(12)	(0.29%)	(775)
Arian wrth Gefn Cyffredinol Y Cyngor Council's General Reserves	(3,780)	0	0	0	0.00%	(3,780)	0	0.00%	0
Cyfraniad CRT y Gwasanaethau Cefnogol Support Services contribution HRA	(800)	0	0	0	0.00%	(800)	0	0.00%	59
Budd-daliadau a Roddwyd Benefits Granted	6,861	363	762	398	109.67%	6,661	0	0.00%	-76
Na ellir ei reoli Uncontrollable									
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	15,475	9,787	10,415	628	6.42%	15,393	(82)	(0.53%)	(1,232)
Cyfanswm 2023/24 Total 2023/24	170,789	39,744	42,752	3,008	7.57%	171,609	820	0.48%	(1,554)
<u>Cyllido Funding</u>									
Trethi Annomestig NDR	(22,823)	(7,022)	(7,022)	0	0.01%	(22,823)	0	0.00%	0

Gwasanaeth /Swyddogaeth Service / Function	2023/24 Cyllideb Flynyddol Annual Budget	2023/24 Ch1 Cyllideb hyd yma Q1 Budget Year to Date	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed spend	2023/24 Ch1 Amrywiad Q1 Variance	2023/24 Ch1 Gwir Wariant ac Ymrwymadau Q1 Actual & Committed Spend	Ch1 : Q1 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2024 gor / (tan) wariant Estimated Outturn 31 March 2024 over / (under)	2023/24 Gor / (tan) wariant fel % o'r Gyllideb Gyfan Projected Over / (Under) spend as a % of Total Budget	2022/23 Gor / (Tan) Wariant Drafft Draft Over / (underspend)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Y Dreth Gyngor Council Tax	(44,231)	0	0	0	0.00%	(43,959)	273	(0.62%)	434
Premiwm y Dreth Gyngor Council Tax Premium	(2,893)	0	0	0	0.00%	(3,242)	(349)	12.06%	(92)
Grant Cynnal Refeniw Revenue Support Grant	(100,842)	(31,028)	(31,028)	0	0.00%	(100,842)	0	0.00%	0
Cyfanswm Cyllid 2023/24 Total Funding 2023/24	(170,789)	(38,050)	(38,051)	(1)	0.00%	(170,866)	(76)	0.04%	342
Cyfanswm yr alldro, yn cynnwys effaith y cyllido Total outturn, including impact of funding	0	1,694	4,701	3,007	177.53%	744	744	0.44%	(1,212)

APPENDIX C

Summary of the Outturn Position on Contingency Budgets 2022/23

	Budget	Virements to Service Lines	Amended Budget YTD	Committed YTD	Currently Uncommitted Budgets	Budget Forecast
	£	£	£	£	£	£
General Contingency	400,737	- 111,552	289,185	92,000	197,185	-
Salary and Grading	100,000	-	100,000	63,324	36,676	-
Pay Inflation	2,000,000	-	2,000,000	2,000,000	-	-
Housing Help to Buy Scheme	1,501,907	-	1,501,907	1,501,907	-	-
Regional Growth – Economic Ambition Board	86,250	-	86,250	74,070	12,180	12,180
Trainee Scheme	340,000	-102,790	237,210	237,210	-	-
Climate Change	50,000	-	50,000	50,000	-	-
Total General and other Contingencies	4,478,894	-214,342	4,264,552	4,018,511	246,041	12,180

Agency costs April to June 2023

Service	Amount £	Source of Funding (Specific Core Budget / Un- utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	5,257	Utilised Staff Budget	Temporary	Maternity Leave of postholder. Agency finished 12 May, 2023
	-630	Core Budget	Temporary	Housing Enforcement
	4,627			
Schools	14,007	Core Budget	Temporary	Supply teachers in specialist field
	14,007			
Waste	49,485	Specific Core Budget	Temporary	Additional tasks required short term
	12,042	Specific Core Budget / External Contribution		Specific Tasks on Site
	61,527			
Children's Services	89,962	Core Budget	Temporary	To cover vacant posts
	89,962			
Adult Services	168,457	Core Budget	Temporary	To cover vacant posts
	15,636	Grant Funded		To cover vacant posts
	184,093			
Resources	14,875	Un-utilised staffing budget	Temporary	Subsidy work
	11,040	Un-utilised staffing budget	Temporary	Volume of work
	31,379	Earmarked Reserve	Temporary	Volume of work
	57,294			
Total	411,511			

Summary Consultancy Expenditure Q1 2023/24

Service	Qtr 1 £	Total 2023/24 £
Central Education	4,525	4,525
Culture	-	-
Economic & Regeneration	101,463	101,463
Property	-	-
Highways	4,727	4,727
Schools	-	-
Waste	6,236	6,236
HRA	-	-
Housing	-	-
Corporate & Democratic	-	-
Adult Services	-	-
Children's Services	-	-
Corporate	-	-
Transformation	5,365	5,365
Council Business	14,995	14,995
Resources	9,970	9,970
Total	147,280	147,280
Funded by:		
Core Budget	44,046	44,046
Grant	5,227	5,227
External Contribution	82,524	82,524
Reserves	15,484	15,484
Total	147,280	147,280