

Isle of Anglesey County Council

Report to:	EXECUTIVE
Date:	28 NOVEMBER 2023
Subject:	REVENUE BUDGET MONITORING, QUARTER 2 2023/24
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – DEPUTY LEADER & FINANCE PORTFOLIO HOLDER
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES)
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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 2, 30 September 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 2 is difficult, in particular as the winter months can impact on costs in some services (Elderly and Highways being the services that are impacted the most). Therefore, the position can change considerably as we move through the remainder of the financial year, and the forecast will be updated at the end of quarter 3 when the impact of the winter becomes clearer.

3. The NJC pay award was accepted by 2 of the 3 Unions on 2 November 2023, with the pay award backdated to April 2023. The additional costs have not been factored into the individual service budgets yet but, as the final pay award does not differ from the sum offered by the Employers in March 2023, the inflationary increase allowed for in the 2023/24 Service budgets, along with the £2m held as a contingency, will be sufficient to meet the additional cost and, as such, it will not materially affect the forecasted figures. The contingency budget will now be allocated to the service budgets and these adjustments will be reflected in the quarter 3 report.
4. The overall projected financial position for 2023/24, including Corporate Finance and the Council Tax fund, is a projected overspend of £0.364m. This is 0.21% 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 7 November 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 and comments made have been considered.
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 2 was reviewed by the Finance Scrutiny Panel at its meeting on 26 October 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 2

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 the 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	
Oriel Ynys Môn Business Rates Refund	(1.207)	The Council has successfully appealed the Rateable Value of Oriel Ynys Môn, dating back to 2010. This has resulted in the Council receiving a refund of the majority of the rates paid dating back to 2010.
Revised Council Fund General Balance	(11.394)	As mentioned above, this may change following any post-audit adjustments.

The current predicted outturn for 2023/24 is an estimated overspend of £0.364m. If this forecast is accurate, the Council General Balance would decrease to £11.03m 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 publishing this report, the non teaching staff award for 2023/24 has been 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 £0.574m on services is predicted as at 31 March 2024. An underspend of £0.101m is estimated on Corporate Finance. In addition, an under achievement of income of £0.216m is forecast on the standard Council Tax debit, with a further over achievement of income of £0.325m on the Council Tax Premium. The current total revenue forecast for 2023/24 is an overspend of £0.364m, which equates to 0.21% of the Council's total net revenue budget.

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

Table 1

	(Under) / Overspend £'000	%
Central Education	(289)	(5.3)
Adults	986	2.8
Children's Service	1,072	8.2
Waste	(200)	(1.9)
Highways	(206)	(2.6)
ICT	(283)	(6.7)
Planning and Public Protection	(159)	(5.8)
Corporate and Democratic Costs	(557)	(21.3)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	400	0.0
Other (total of variances less than £100k)	(190)	(0.0)
Total Variance over / (under)spend (excluding funding)	(574)	(0.4)

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 £167k (4.38%) at the end of quarter 2. The forecast for the year-end is an underspend of £289k (5.29%). Many of these budgets are demand led.

3.1.3 There are a number of over and underspends across the Service. The most significant changes from those reported in quarter 1 are listed below:-

- School Transport (Taxis and Buses) – forecast underspend of £85k. This has increased slightly from £76k in the previous quarter. The main reason for this is that some contracts have come to an end and new contracts being undertaken.
- The out-of-county placements budget saw reduced demand in 2022/23 and this has continued into 2023/24, with a forecasted underspend of £92k, which is a £21k increase from the first quarter. This is the result of pupils returning to mainstream education.

- Primary Exceptions is a heading which holds various types of budgets that are not delegated to schools but are in relation the primary school sector. In quarter 1, it was forecasted that the underspend was £16k. However, following staff undertaking work in response to the change in the guidance on dealing with RAAC in two of the secondary schools, the repairs and maintenance budget will not be fully utilised. The primary school houses are now all sold, therefore, there will be a £17k underspend here. A significant refund on an electricity bill has also been received. All these together result in the forecast now being £66k underspent.
- The Secondary exceptions budget, where it was reported to have an overspend of £30k at quarter 1, is now being reported as being an underspend of £2k. This is in relation to the R&M budget not being fully utilised due to the need to respond to the RAAC issue.
- The Early Years provision has seen a swing in its forecast of and underspend of £30k in quarter 1 to a forecast of a £66k underspend in quarter 2. This is the result of a the Cynllun Cyfeirio now coming under the new Additional Learning Needs legislation.

3.1.4 Culture

3.1.4.1 This service was £63k (9.08%) underspent during the period, and the forecast outturn for the year is an underspend of £18k, (1.30%). This service was forecasted to be £46k overspent in the quarter 1 report, the difference of £64k from one reporting period to the next is, in main part, down to the ongoing restructure within the Archives Service £40k. Oriol Ynys Môn is projected to overspend by £125k which is better than the £130k reported in quarter 1. The Libraries service's forecast is now an underspend of £78k, compared to an underspend of £59k in quarter 1. This is, in the main part the result of vacant posts and not utilising all of the casual staffing budgets. These figures do not include the refund of the Business Rates for Oriol Ynys Môn, which is being treated as a corporate transaction rather than being credited to the service.

3.2 Adults Social Care

3.2.1 This service was £639k (3.99%) overspent for the period, and is forecast to overspend by £986k (2.80%) by the end of the financial year. This is £545k better than was reported in quarter 1, which was an overspend of £1.531m

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	
Elderly	335	(178)	255	0	0	148	(39)	(20)	501
Physical Disabilities	410	(21)	228	0	0	3	8	(332)	296
Learning Disabilities	264	0	(42)	165	614	(3)	(122)	(476)	400
Mental Health	470	0	44	0	93	(64)	7	(332)	218
Provider Unit – Management and Staffing	352	0	(696)	(158)	(43)	(170)	5	(17)	(727)
Provider Unit - Income	216	0	0	82	0	0	0	0	298
TOTAL	2,047	(199)	(211)	89	664	(86)	(141)	(1,177)	986

- 3.2.3 The majority of the difference from the previous reporting period can be seen within Physical Disabilities, where the overspend has been reduced from a forecasted overspend of £516k to a £296k forecasted overspend, and Learning Disabilities where the forecasted overspend is reduced from £744k to £400k.
- 3.2.4 Within both Physical and Learning Disabilities, the main difference has been the result of changes as new clients enter the service and existing clients leave, with differences in the cost of individual care packages. Although the number of clients in these services are low, the variances in the cost of care packages can be considerable and significantly change the forecast.

3.3 Children's Services

- 3.3.1 The service is overspent by £779k (9.91%) compared to the profiled budget to the end of the second quarter. However, it is forecasted to be overspent by £1,072k (8.24%) at year end, this is a £426k increase to the forecasted overspend reported at the end of quarter 1. Whilst there are slight differences to the forecasts across the Service, the two key areas of change from one reporting period to the next is within Commissioning and Social Work, where the underspend has increased by £137k, from £160k to £297k which is a direct result of having vacant posts, and the Looked After Children budgets, where the forecast overspend has increased by £627k from the previous reporting period, from £680k to £1,307k.
- 3.3.2 The Looked After Children's forecast variation is mainly the result of two new placements at a cost of £617k and £261k extra costs due to changes to current placements. There were two placements that came to an end, which was a reduction of £123k, Asylum placements forecast was reduced by £48k. Fostering costs reduced by £85k.
- 3.3.3 The Family Support service is expected to overspend by £139k, this is slightly more than the £124k, reported in quarter 1. 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 £112k, which is an increase in underspend from that reported in quarter 1 £87k. Youth services is still forecasting an underspend of £60k,
- 3.3.5 The Children with Disabilities budget is forecasted to overspend by £51k, which is an improvement of £25k from the previous reporting period £76k. This mainly relates to Direct Payment clients.
- 3.3.6 The "Other Children and Family" service is forecasted to overspend by £11k, which is an improvement of £48k from the previous reporting period £59k.

3.4 Housing (Council Fund)

- 3.4.1 This service is forecast to be underspent by £64k (4.00%) at outturn, this is a difference of £146k from the overspend forecasted in quarter 1 £82k. The main area of improvement in the forecast is within the Housing Administration budgets. It was forecasted in quarter 1 that Housing Administration would be overspent by £123k, however, at quarter 2, the forecast is now an underspend of £12k, which is swing of £135k. This is due to transferring the Council Tax Premium centrally, and a reassessment of the budget held within the Service. The Private Sector Housing Renewal budgets are now showing a forecasted underspend of £24k where, as in the previous quarter it was reporting a breakeven position, this is the result of delaying undertaking a recruitment exercise for the vacant empty home officer post. Housing Strategy forecast position has also changed from an underspend of £19k to a breakeven position in quarter 2. This is the result of changes in staffing and an increase in expenditure as a result of having to accommodate members of the gypsy and traveller community who visited Anglesey during the second quarter.
- 3.4.2 The number of homelessness presentations continues to be significantly higher than in previous years, for a number of reasons. This reflects a similar pattern seen across Wales as Councils deal with refugees, increased immigration, the impact of the cost of living crisis and a shortage of private sector rented accommodation. The additional costs are currently being met from Welsh Government grant funding and this, along with the Council finding alternatives to placing clients in Bed & Breakfast, has kept the expenditure within the funding available.

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 £106k (6.35%) for the period, and is forecasted to be underspent by £59k (1.84%) at year end.
- 3.5.1.2** The Economic Development element of the service is expected to be underspent by £31k at year end, which is an improvement from the £27k overspent forecasted in quarter 1. This is, in part, due to the delaying of the starting of the recruitment process for several vacant posts.
- 3.5.1.3** The Destination section is forecasted to be £71k underspent by year end. Targets for personal watercraft registrations are fully achieved following the summer season, only 60% of the launches have been achieved to date. The collection of mooring fees is ahead of the position it was last year and it is on its way to returning to the level it was pre covid. The seasonal beach wardens and staff budgets are underspent and there is a vacant post of harbour master in Menai Bridge, and the post of Senior Maritime Officer has recently become vacant.
- 3.5.1.4** The Leisure section is currently forecasting an overspend at year end of £43k, compared to the £52k overspend reported in quarter 1. The direct debit income targets has recovered to the pre pandemic position and is over achieving its income targets for the first part of the financial year. However, inflationary pressures on supplies and services and energy have increased these costs.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service is £808k underspent (45.29%) compared to the profiled budget to the end of the period, and is forecasted to be underspent by £159k (5.82%) at outturn.
- 3.5.2.2** The Planning Service has a forecast outturn of £63k underspend, this is slightly different from the £80k underspend that was forecasted in the quarter 1 report. The difference is the result of a vacant post becoming available within Building Regulation – which is currently being recruited, to and the underspend within Implementation and Conservation of £33k is being redirected to extend the temporary contracts within the Planning team.
- 3.5.2.3** The Public Protection Service has seen an increase in the forecasted underspend from £75k in quarter 1 to £96k in quarter 2. There are a number of factors which have increased the forecasted underspend, but the main issue relates to the Service receiving additional contributions for staff related work undertaken by the service. The Registrars Service was forecast to breakeven at the end of quarter 1, however, income is ahead of profile due to an increase in ceremonies as a consequence of the Covid lockdown, although this increased activity is now starting to slow.
- 3.5.2.4** In contrast to these, the Environmental Health forecast underspend has decreased from £52k to £25k, which is the result of income collected being less than expected during the second quarter. The Markets budgets have also had a change in forecast, from breakeven in quarter 1 to an overspend of £16k, which is the result of income being much lower than expected.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £854k (18.92%) underspent for the period. The forecasted position at year end is £206k underspent (2.59%), which is £139k less than the underspend reported in quarter 1 (£345k). The change in forecast is made of small adjustments throughout the whole department, as well as additional works being funded from the surplus Street Works income previously forecasted.

3.6.2 Waste

3.6.2.1 The Waste Service was £165k (3.48%) underspent for the period, and the service is predicted to have an outturn position of a £200k underspend (1.94%). This is a substantial change from the forecast at quarter 1 of £490k.

3.6.2.2 There are two distinctive areas where the change in budgetary forecast has changed, and they are within the Penhesgyn Transfer Station and Recycling. There has been an increase in costs in general, especially within fuel consumption as well as receptacles. In looking at the forecast, there are key areas that could impact the final position, and they include the possibility of the Welsh Government imposing a penalty for non achievement of recycling targets for 2021-22 and 2022-23. The price of recycling material sold may decrease, and the impact of the settling of an employment matter has yet to be quantified.

3.6.3 Property

3.6.3.1 The service's position for the period is a £16k (5.14%) overspend, with a forecast for the year end position being overspent by £59k (3.70%). This is a significant swing from one forecasting period to the next and are explained below.

3.6.3.2 The cleaning service forecast underspend has increased by £10k due to delaying advertising for a vacant post. The departmental restructure, while nearing completion has some way to go again and while some posts have been successfully recruited to, there are still vacant posts within the service. Consultancy and surveys budget was forecasting a balanced budget at quarter 1, however, the service are now utilising the underspend of staffing to undertake and complete conditional surveys of the school buildings.

3.7 Transformation

3.7.1 The Transformation Service overspent its budget by £45k 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 £328k by the end of the financial year.

3.7.1.1 The HR function was overspent by £27k (2.98%) for the period compared to the profiled budget, and projected to be £13k (0.80%) overspent at year end. This is £8k less of a forecasted overspend of £21k reported at the end of quarter 1. When staffing budgets are set, there is an expectation that a small number of staff in each service 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 £28k will be offset by a forecasted underspend of £15k on central training.

3.7.1.2 The ICT section was overspent by £63k (2.55%) compared to the profiled budget, however, the forecast for outturn is an underspend of £283k (6.66%), this is an increase of £253k in underspend since the last reporting period. This is the result of continuing difficulties in filling in vacant posts and an ongoing restructure process following the transfer of responsibility for schools ICT into the service. Further delays may increase the underspend further as the year progresses, however, higher inflation may further increase the overspend on software.

3.7.1.3 The Corporate Transformation Section was underspent by £45k (8.11%) for the period, and expected to be underspent at the year end by £58k (4.81%), which is slightly more than the forecast of £44k reported at the end of quarter 1. This is the result of a vacant post which remains empty.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £96k (4.59%) overspent compared to the profiled budget at the end of the period. However, the projection for the outturn is an underspend of £26k (0.68%), which is slightly less than that reported at the end of quarter 1 of £30k.

3.8.2 The majority of the costs within the Service 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). The change in forecast from quarter 1 to quarter 2 is the result of a vacant post becoming available in Internal Audit, which has partly been offset by an increase in bank charges. The Procurement Section is expected to be £47k 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 £38k (4.00%) underspent for the period compared to the profiled budget, with the forecast for the year end position being a £52k (2.55%) underspend. This is an increase in the underspend, from £11k reported at the end of quarter 1. This is the result of ongoing vacancies and staffing changes.

3.10 Corporate and Democratic Costs

3.10.1 The function was £246k (15.31%) underspent for the period compared to the profiled budget, and the forecast year end position is an underspend of £557k (21.33%) which is slightly more than reported in quarter 1 £511k .

3.10.2 Members Support & Expenses are forecasting an overspend of £7k.

3.10.3 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 £716k, 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 £34k, 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 £72k respectively.

3.11 Corporate Management

3.11.1 The function was £8k (1.99%) overspent for the period, and it is forecasted to overspend by £15k (1.91%) at outturn. This is as was forecasted in quarter 1 and it is due to the fact that the staff costs are not budgeted for 100% (as explained in paragraph 3.7.1.1 above).

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 £336k 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 £89k.

4.4 The Council Tax Reduction Scheme budget allowed for an increase in the number of cases and for the increase in Council Tax. Based on the current level of awards granted, there is the potential for an underspend on this budget, but the position changes as seasonal work ends and people may return back into the benefits system and the forecasted rise in unemployment over the coming months may also increase the number of people receiving help through this scheme. The forecast, therefore, remains that the budget will breakeven by the end of the financial year, but this budget will be reviewed closely over the 3rd quarter and a revised forecast will be included in the quarter 3 budget monitoring report.

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 £216k 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 £325k 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, £846k 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 £147k for site agents at the recycling centres. The full details can be seen at Appendix CH.

7.2 A total of £237k was spent on Consultancy during the period July to September 2023, with £129k 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 financial position forecast at the end of the second period shows a slight improvement to the forecast reported at the end of quarter 1, although an overspend is still being forecast, which will be funded from the Council's general balances. Heads of Service and Directors are aware of the future financial pressures that the Council is facing and that it is important to try and maintain the current year's expenditure within the budget. Although no formal instructions have been issued in respect of action required to reduce expenditure (e.g. recruitment freezes), all expenditure over the coming months will be scrutinised to limit it to essential expenditure and vacancies will be reviewed before a decision is taken to advertise a vacant post.

8.2 There are still a number of issues and concerns which can change the forecast over the second half of the year. These include:-

- i. The impact of the final NJC pay award on costs although, as noted above, it is expected that the final additional cost will be within the additional budget provision.
- ii. The position in respect of Social Care is of particular concern, with a forecast overspend of £2.058m 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.

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch2 Cyllideb hyd yma Q2 Budget Year to Date	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed spend	2023/24 Ch2 Amrywiad Q2 Variance	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed Spend	Ch2 : Q2 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch2 : Q2 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	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
<u>Rheoleiddio a Datblygu Economaidd</u> <u>Regulation & Economic Development</u>									
Datblygu Economaidd <i>Economic Development</i>	3,204	1,668	1,562	(106)	-6.35%	3,145	(59)	-1.84%	12
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,733	1,784	976	(808)	-45.29%	2,574	(159)	-5.82%	(155)
<u>Trawsnewid</u> <u>Transformation</u>									
Adnoddau Dynol <i>Human Resources</i>	1,633	905	932	27	2.98%	1,646	13	0.80%	21
TGCh <i>ICT</i>	4,249	2,473	2,536	63	2.55%	3,966	(283)	-6.66%	(30)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,207	555	510	(45)	-8.11%	1,149	(58)	-4.81%	(44)
<u>Adnoddau</u> <u>Resources</u>									
	3,818	2,092	2,188	96	4.59%	3,792	(26)	-0.68%	(32)
<u>Busnes y Cyngor</u> <u>Council Business</u>									
	2,039	949	911	(38)	-4.00%	1,987	(52)	-2.55%	(11)
<u>Costau Corfforaethol a</u> <u>Democrataidd</u> <u>Corporate & Democratic costs</u>									
	2,611	1,607	1,361	(246)	-15.31%	2,054	(557)	-21.33%	(511)
<u>Rheolaeth Corfforaethol</u> <u>Corporate Management</u>									
	787	402	410	8	1.99%	802	15	1.91%	15
-									
Costau heb gyllideb, ac na ellir eu rheoli: yswiriant, costau pensiwn a dileu drwg ddyledion/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%	400
Cyfanswm Cyllideb Gwasanaethau Total Service Budgets									
	155,436	71,549	70,598	(951)	-1.33%	156,010	574	0.37%	902

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch2 Cyllideb hyd yma Q2 Budget Year to Date	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed spend	2023/24 Ch2 Amrywiad Q2 Variance	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed Spend	Ch2 : Q2 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch2 : Q2 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	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
Ardollau Levies	4,495	4,419	4,419	0	0.00%	4,495	0	0.00%	0
Rhyddhad Trethi Dewisol Discretionary Rate Relief	105	0	0	0	0.00%	105	0	0.00%	0
Cyllido Cyfalaf Capital Financing	4,329	1,480	1,168	(312)	0.00%	4,240	(89)	-2.06%	(70)
Cronfeydd wrth Gefn Cyffredinol ac Eraill General & Other Contingencies	4,143	4,143	2,661	(1,482)	-35.77%	2,924	(1,219)	-29.42%	(12)
Cronfeydd wrth Gefn Cyffredinol y Cyngor Council's General Reserves	(3,780)	0	0	0	0.00%	(2,573)	1,207	0.00%	0
Cyfraniad CRT y Gwasanaethau Cefnogol Support Services contribution HRA	(800)	0	0	0	0.00%	(800)	0	0.00%	0
Budd-daliadau a Roddwyd Benefits Granted	6,861	748	5,291	4,543	607.35%	6,861	0	0.00%	0
Na ellir ei reoli Uncontrollable									
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	15,353	10,790	13,539	2,749	25.48%	15,252	(101)	-0.66%	(82)
Cyfanswm 2023/24 Total 2023/24	170,789	82,339	84,137	1,798	2.18%	171,262	473	0.28%	820
Cyllido Funding									
Trethi Annomestig NDR	(22,823)	(12,289)	(12,289)	0	0.00%	(22,823)	0	0.00%	0
Y Dreth Gyngor Council Tax	(44,231)	0	0	0	0.00%	(44,015)	216	-0.49%	273
Premiwm y Dreth Gyngor Council Tax Premium	(2,893)	0	0	0	0.00%	(3,218)	(325)	11.23%	(349)
Grant Cynnal Refeniw Revenue Support Grant	(100,842)	(54,300)	(54,300)	0	0.00%	(100,842)	0	0.00%	0
Cyfanswm Cyllid 2023/24 Total Funding 2023/24	(170,789)	(66,589)	(66,589)	0	0	(170,898)	(109)	0	(76)

Gwasanaeth/Swyddogaeth <i>Service/Function</i>	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch2 Cyllideb hyd yma Q2 Budget Year to Date	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed spend	2023/24 Ch2 Amrywiad Q2 Variance	2023/24 Ch2 Gwir Wariant ac Ymrwymadau Q2 Actual & Committed Spend	Ch2 : Q2 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch2 : Q2 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	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
Cyfanswm yr alldro yn cynnwys effaith y cyllido <i>Total outturn including impact of funding</i>	0	15,750	17,548	1,798	11.42%	364	364	0.21%	744

APPENDIX C

Summary of the Outturn Position on Contingency Budgets 2023/24

	Budget	Virements to Service Lines	Amended Budget YTD	Committed YTD	Currently Uncommitted Budgets	Budget Forecast
	£	£	£	£	£	£
General Contingency	400,737	- 71,924	328,813	104,197	-224,616	-
Salary and Grading	100,000	-,61,780	38,220	-	-38,220	-
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	-202,360	137,640	137,640	-	-
Climate Change	50,000	-	50,000	50,000	-	-
Rateable Value Oriel Ynys Môn	-	-	-	1,206,584	-1,206,584	-1,206,584
Total General and other Contingencies	4,478,894	-336,064	4,142,830	2,661,230	-1,481,600	-1,218,763

Agency costs July to September 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	Unutilised Staff Budget	Temporary	Maternity Leave of postholder. Agency finished 12 May, 2023
	-630	Core Budget	Temporary	Housing Enforcement
	4,627			
Schools	22,425	Core Budget	Temporary	Supply teachers in specialist field
	22,425			
Waste	116,999	Specific Core Budget	Temporary	Additional tasks required short team
	30,382	Specific Core Budget / External Contribution		Specific Tasks on Site
	147,381			
Children's Services	188,383	Core Budget	Temporary	To cover vacant posts
	188,383			
Adult Services	374,092	Core Budget	Temporary	To cover vacant posts
	17,032	Grant Funded		To cover vacant posts
	391,124			
Resources	22,610	Un-utilised staffing budget	Temporary	Subsidy work
	20,610	Un-utilised staffing budget	Temporary	Volume of work
	49,279	Earmarked Reserve	Temporary	Volume of work
	92,499			
Total	846,439			

Summary Consultancy Expenditure Q2 2023/24

Summary Consultancy Expenditure per Service			
Service	Qtr1 £	Qtr2 £	Total 2023/24 £
Central Education	4,525	8,714	13,239
Culture	0	0	0
Economic & Regeneration	101,463	176,417	277,880
Property	0	0	0
Highways	4,727	22,227	26,954
Schools	0	0	0
Waste	6,236	8,885	15,121
HRA	0	0	0
Housing	0	0	0
Corporate & Democratic	0	0	0
Adult Services	0	0	0
Children Services	0	0	0
Corporate	0	0	0
Transformation	5,365	2,466	7,831
Council Business	14,995	18,696	33,690
Resources	9,970	0	9,970
Total	147,280	237,405	384,685
Funded by:			
Core Budget	44,046	103,980	148,026
Grant	5,227	73,435	78,662
External Contribution	82,524	55,473	137,997
Reserves	15,484	4,517	20,001
Total	147,280	237,405	384,685