

Isle of Anglesey County Council

Report to:	EXECUTIVE
Date:	29 FEBRUARY 2024
Subject:	REVENUE BUDGET MONITORING, QUARTER 3 2023/24
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – DEPUTY LEADER & 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 3, 31 December 2023. The projected position for the year as a whole is also summarised. As this report summarises the position to the end of the third quarter, the majority of the costs become actual costs rather than forecasted, and the final reported position can be made with a higher degree of certainty, compared to previous quarters. In addition, the winter period can cause unexpected increases in costs due to sickness of clients placing more demand on services, sickness of staff increasing pay costs and weather related incidents increasing costs for the Highways service. As the majority of the winter has passed, it adds to the increase in the certainty of the forecasted year end position, however, that is not to say that unexpected events will not happen that can still change the final position

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 been factored into the individual service budgets and, as the final pay award did 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, was sufficient enough to meet the additional cost of £1.806m.
4. The overall projected financial position for 2023/24, including Corporate Finance and the Council Tax fund, is a projected underspend of £0.842m. This is 0.49% 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 13 February 2024, 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 3 was reviewed by the Finance Scrutiny Panel at its meeting on 15 February 2024.
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 3

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 audited outturn for 2022/23 resulted in a general balance at the start of the current financial year of £14.039m. This was an improvement on the opening balance for the previous year, 2021/22, where the general balance stood at £12.278m. The underspend of £1.284m contributed to this and the movements in reserves, such as the return of earmarked reserves no longer needed.

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

Executive Meeting	Amount £m	Purpose
Opening balance	(14.039)	Audited general reserve at 31 March 2023.
Budget Setting 2023/24 agreed March 2023	3.780	
Oriel Ynys Môn Business Rates Refund	(1.201)	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	(11.460)	

The current predicted outturn for 2023/24 is an estimated underspend of £0.842m. If this forecast is accurate, the Council General Balance would increase to £12.302m 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. 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. The £2m that was included within the contingency budgets was sufficient to fund the additional pay increase. The total additional cost above the pay rise that was not included within the departmental budget was £1.806m.

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 underspend of £0.336m on services is predicted as at 31 March 2024. An underspend of £0.612m is estimated on Corporate Finance. In addition, an under achievement of income of £0.378m is forecast on the standard Council Tax debit, with a further over achievement of income of £0.272m on the Council Tax Premium. The current total revenue forecast for 2023/24 is an underspend of £0.842m, which equates to 0.49% 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	(326)	(5.85)
Adults	188	0.53
Children's Service	1,000	7.61
Waste	(301)	(2.97)
Highways	(196)	(2.47)
Economic Development	(154)	(4.63)
ICT	(393)	(8.98)
Planning and Public Protection	(111)	(3.95)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	400	
Other (total of variances less than £100k)	(443)	
Total Variance over / (under)spend (excluding funding)	(336)	(0.21)

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, 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. The budget forecast for 2024/25 suggests that balances will decrease further during the next financial year, with a number of schools expected to set a deficit budget.

Central Education

3.1.2 This service was underspent by £382k (34.87%) at the end of quarter 3. The forecast for the year-end is an underspend of £326k (5.85%), which is slightly more than the underspend reported in quarter 2 of £289k. 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 2 are listed below:-

- School Transport (Taxis and Buses) – forecast underspend of £121k. This has increased slightly from £85k in the previous quarter. The beginning of the new academic year requires contracts to be amended to meet the new requirements of pupils with some contracts ending and new contracts commencing. The position for the 2023/24 academic year is a net reduction in costs.
- The School Meals – forecast overspend of £83k. This is a significant change from the previous quarter of an overspend of £2k. There are 3 key area's which contribute to this increase:-
 - a. Following the roll out of the Universal Primary Free School Meals, the uptake has increased substantially, with the uptake being 69% increase in September but, by December, the uptake increase was 73%.

- b. Two secondary schools were partly closed whilst there were ongoing works to deal with the RAAC emergency. During this partial closure, the Council were making Free School Meals payments to parents for children not attending school, which was an additional cost to the Authority.
 - c. The Authority continues to pay tariffs for secondary school meals. Previously, the contract costs were paid by the parents. However, the contract price has risen to £2.88 per meal and parents continue to pay £2.60 per meal. This has resulted in the Authority subsidising £0.28 per secondary school meal, which is a further cost to the Authority.
- Strategaeth ADY Môn a Gwynedd is forecasted to underspend by £208k, this is a substantial change from previously reported throughout the year, which was at breakeven position. Agreement is now in place between Anglesey and Gwynedd Council regarding the costs going forward and, therefore, it is possible to more accurately forecast the spend against our budget. £208k will be re-distributed to the schools through the formulas.
 - Additional Learning Needs (new legislation) forecast underspend of £30k at quarter 3, compared to an underspend of £6k in quarter 2. This increase in underspend is due to the result of delays in making an appointment to a vacant post within the section. The post has now been recruited to and this underspend is not expected to change in the final quarter.
 - The Early Years provision has seen a swing in its forecast of an underspend of £66k in quarter 2 to a forecast of a £112k underspend in quarter 3. This is the result of the Cynllun Cyfeirio, which now comes under the new Additional Learning Needs legislation. Following changes to Early Years provision, a refund from the cynllun cyfeirio regional budget has now been received.

3.1.4 Culture

3.1.4.1 This service was £115k (10.25%) underspent during the period, and the forecast outturn for the year is an underspend of £17k (1.18%), this is as was reported in quarter 2. Vacancies in the Libraries Service and a staffing restructure within the Archives Service are the main reasons for the underspend and these underspends have increased slightly between the 2nd and 3rd quarters.

3.2 Adults Social Care

3.2.1 This service was £887k (3.56%) overspent for the period, and is forecast to overspend by £188k (0.53%) by the end of the financial year. This is £798k better than was reported in quarter 2, which was an overspend of £986k.

3.2.2 The elements within the outturn variance are shown in Table 2 below, and explanations for the variances noted 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	281	(7)	204	0	0	201	(23)	(187)	469
Physical Disabilities	423	(21)	275	0	0	70	5	(332)	420
Learning Disabilities	237	0	(106)	125	613	2	(71)	(494)	306
Mental Health	450	0	50	0	162	(85)	7	(332)	252
Provider Unit – Management and Staffing	352	0	(696)	(158)	(43)	(486)	(83)	(17)	(1,042)
Provider Unit - Income	(206)	0	0	82	0	0	0	0	(124)
TOTAL	1,537	(28)	(273)	49	732	(298)	(168)	(1,362)	189

- 3.2.3** Management and support: the underspend here has increased from £134k at quarter 2 to £202k at quarter 3. This is the result of receiving additional grant income and the costs of the delivery transformation team being lower than anticipated by £50k. This element is in relation to the regional collaboration team.
- 3.2.4** Physical Disabilities: the overspend here has increased by £120k from an overspend of £300k at quarter 2 to an overspend of £420k. This is a demand led budget and the section reacts to cases that arise. Within the assessment and care managements, there has been an increase in staffing costs £47k and the use of agency staffing £20k. The homecare element has also seen an increase of £45k in forecasted costs due to increase in demand and availability of external providers to provide the required level of care.
- 3.2.5** Learning Disabilities: the overspend here has reduced from £396k overspend in quarter 2 to £306k in quarter 3. Again, this is a demand led service, and costs of independent placements are reduced along with homecare and a slight reduction in direct payments contribute to the reduction forecasted in the previous quarter.
- 3.2.6** Provider Unit: the increase in underspend within this section has risen substantially, from £299k underspend at quarter 2 to an underspend of £1,060k in quarter 3. This is an increase of £761k from one reporting period to the next. £422k of the movement relates to Residential Income and deferred charges income. The Client Finance section has caught up with a backlog of financial assessments, this income predominantly relates to 2023-24. In addition, £306k of the movement relates to a reduction in staffing costs and agency costs. During quarter 2, the Reablement Team was restructured and it was expected that the vacant posts would have been filled but, given the current recruitment difficulties, not all the posts have been recruited to. Furthermore, residential care staff returning from long term sickness absence has resulted in a reduction in the use of relief staff and agency workers.

3.3 Children's Services

- 3.3.1** The service is overspent by £996k (8.38%), compared to the profiled budget to the end of the third quarter. However, it is forecasted to be overspent by £1,000k (7.61%) at year end, this is slightly less than forecasted as an overspend reported at the end of quarter 2 £1,075k. Whilst there are slight differences to the forecasts across the Service, there are four key areas of change from one reporting period to the next as shown below:-
- 3.3.2** Looked After Children : The forecasted overspend has decreased from £1,308k reported at quarter 2, to £1,214 at quarter 3. This budget is very much demand led and the change in overspend forecast is following changes with placements and corresponding changes to the costs associated with placements.
- 3.3.3** Commissioning and Social Work : The underspend forecasted at quarter 3 is £329k, which is slightly different from the underspend of £297k reported at quarter 2. This difference relates to changes in staffing forecasts.
- 3.3.4** The Children with Disabilities budget is forecasted to overspend by £12k, which is an improvement of £39k from the previous reporting period where the overspend was forecasted at £51k. This mainly relates to Direct Payment clients.
- 3.3.5** The "Other Children and Family" service is forecasted to overspend by £64k, which is an increase in overspend from the previous reporting period by £53k. This is the result of an increase in therapy costs and costs associated with responses to complaints raised.

3.4 Housing (Council Fund)

3.4.1 This service is forecast to be underspent by £85k (5.25%) at outturn, this is a difference of £21k from the underspend forecasted in quarter 2 of £64k. The main area of improvement in the forecast is within the Housing Administration budgets. It was forecasted in quarter 2 that Housing Administration would be underspent by £12k, however, at quarter 3, the forecast is now an underspend of £30k. This is due to vacant posts not being filled. Private Sector Housing Renewals area was forecasted to underspend by £24k in quarter 2, however, we have not been successful in filling the vacant post, therefore, our revised forecast for quarter 3 is an underspend of £34k. Our forecast for Homelessness Prevention and General Homelessness in quarter 2 was an underspend of £31k, however, we have been able to attribute £12k against grant funding, our revised forecast for this area for quarter 3 is an underspend of £43k. We continue to forecast a breakeven position for homelessness Corporate Risk.

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. However, the additional costs are currently being met from Welsh Government grant funding, and an increase in the Housing Benefit recovery in recent months. This, along with the Council finding alternatives to placing clients in Bed & Breakfast accommodation, has kept the expenditure within the funding available and has contributed to the breakeven forecast for the year.

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 £165k (6.38%) for the period, and is forecasted to be underspent by £154k (4.63%) at year end.

3.5.1.2 The Economic Development element of the service is expected to be underspent by £63k at year end, which is slightly different from the £31k overspend forecasted in quarter 2. 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 £85k underspent by year end. Targets for personal watercraft registrations are fully achieved following the summer season, however, 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 remains vacant.

3.5.1.4 The Leisure section is currently forecasting an underspend at year end of £56k, compared to the £43k overspend reported in quarter 2. 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. There are vacant posts that are contributing to the changing financial position.

3.5.2 Planning and Public Protection

3.5.2.1 This service is £700k underspent (27.71%) compared to the profiled budget to the end of the period, and is forecasted to be underspent by £111k (3.95%) at outturn.

- 3.5.2.2** The Planning Service has a forecast outturn of £1k overspend, this is slightly different from the £63k underspend that was forecasted in the quarter 2 report. The difference is the result of a change in the level of demand in Building Regulation being significantly less in the third quarter compared with the first part of the financial year, which has resulted in the forecasted underspend being reduced to £22k. The forecasted overspend within Planning Control is now £19k compare to £42k in the previous quarter, this is the result of an increase in the level of planning applications being received. With future costs in relation to the Planning Policy Unit's work on the Local Development Plan, it is proposed that the increasing underspend is transferred to an earmarked reserve for costs expected in 2024/25.
- 3.5.2.3** The Public Protection Service has seen a slight increase in the forecasted underspend from £96k in quarter 2 to £112k in quarter 3. There are a number of factors which have increased the forecasted underspend, but the main issues relate to Environmental Health and Trading Standards. Trading Standards have incurred an increase in travelling costs than originally forecasted due to the recent confiscation and subsequent prosecution following an incident at the Port of Holyhead. Environmental Health forecast underspend has increased from £25k to £53k, following on from a post becoming vacant. This post has now been recruited to.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £1,268k (16.19%) underspent for the period. The forecasted position at year end is £196k underspent (2.47%), which is £10k less than the underspend reported in quarter 2 (£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 £285k (3.97%) underspent for the period, and the service is predicted to have an outturn position of a £301k underspend (2.97%). This is a substantial change from the forecast at quarter 2 of £200k.
- 3.6.2.2** There are two distinctive areas where the budgetary forecast has changed, and they are within the Recycling Income, where the forecast underspend has increased from £70k to £100k, and Recycling, where the forecast overspend has been reduced from £214k to £140k which is the result of over achieving income targets. 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 £155k (12.17%) underspend, with a forecast for the year end position being underspent by £67k (3.23%). This is a significant swing from one forecasting period to the next, with the forecast at quarter 2 being an overspend of £59k. The variances are explained below.

3.6.3.2 The cleaning service forecast underspend has increased by £74k due to delaying advertising for a vacant posts. 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 an overspend of £150k at quarter 2, however, works have not progressed as anticipated, therefore, the cost has not been realised. The consultancy budget forecast at quarter 3 is a balanced budget. The repairs and maintenance budgets are now showing an overspend of £119k compared to a forecast of a balanced budget at quarter 2. This is the result of unavoidable works required on the HQ and the anticipated expenditure on smallholdings following recent storms. A review of rental income invoices has resulted in having to cancel raised invoices, which has meant that the rental income budgets will now be overspent by £61k. The capitalised salaries budget is forecasting an overspend due to the team being unable to allocate their time to projects due to the grant conditions.

3.7 Transformation

3.7.1 The Transformation Service underspent its budget by £106k 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 £458k by the end of the financial year.

3.7.1.1 The HR function was overspent by £3k (0.26%) for the period, compared to the profiled budget, and projected to be £12k (0.72%) overspent at year end. This is £1k less of a forecasted overspend of £13k reported at the end of quarter 2. 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 £26k will be offset by a forecasted underspend of £11k on central training.

3.7.1.2 The ICT section was underspent by £60k (1.73%), compared to the profiled budget. However, the forecast for outturn is an underspend of £393k (8.98%), this is an increase of £110k in underspend since the last reporting period. This is the result of continuing difficulties in filling 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 comes to a close.

3.7.1.3 The Corporate Transformation Section was underspent by £49k (5.65%) for the period, and expected to be underspent at the year end by £77k (6.27%), which is slightly more than the forecast of £58k reported at the end of quarter 2. This is the result of an outstanding vacant post which remains empty and a new vacant post.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £120k (3.75%) overspent compared to the profiled budget at the end of the period. However, the projection for the outturn is an underspend of £90k (2.29%), which is slightly more than that reported at the end of quarter 2 of £26k.

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 2 to quarter 3 is the result of vacant posts becoming available in Internal Audit, which has partly been offset by an increase in bank charges. The Procurement Section is expected to be £51k 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 £28k (1.91%) underspent for the period compared to the profiled budget, with the forecast for the year end position being a £65k (3.14%) underspend which is slightly different from the £52k underspend reported in quarter 2. This increase in the underspend is the result of ongoing vacancies and staffing changes.

3.10 Corporate and Democratic Costs

3.10.1 The function was £419k (15.66%) underspent for the period compared to the profiled budget, and the forecast year end position is an underspend of £59k (21.41%)

3.10.2 Members Support & Expenses are forecasting an overspend of £5k, this was £7k at quarter 2.

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 £729k,

3.10.4 Staff Counselling is forecasted to overspend by £38k, 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 £38k and £72k respectively.

3.11 Corporate Management

3.11.1 The function was £10k (1.99%) overspent for the period, and it is forecasted to overspend by £5k (1.91%) at outturn. This is as was forecasted in quarter 2 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 £119k at year end.

4.2 The budget for 2023/24 included some items retained centrally as contingency budgets, these amounted to £4,479k. The majority of these budgets will be transferred into Service budgets during the year. Appendix C provides a summary of the contingency budgets, this shows that £2,337k has already been vired to approved budgets. Of this amount, £1,806k related to the additional budget required following the pay settlement in November 2023.

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 the total interest received has exceeded the £1m budget. As a result, the Capital Financing budget is forecasted to underspend to the sum of £382k.

4.4 The Council Tax Reduction Scheme budget allowed for an increase in the number of cases and for the increase in Council Tax. Generally, the number of applications increases at the end of the summer as seasonal work ends, but in Autumn 2023 there was no significant increase in the caseload. Based on the current level of awards granted, there is the potential for an underspend on this budget, but the position changes as the cost of living crisis continues and the forecasted rise in unemployment over the coming months may also increase the number of people receiving help through this scheme. The forecast at quarter 3 is an underspend of £200k.

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 £378k below the budget.
- 5.2** The Council Tax premium is designed to encourage owners of empty properties and second homes to return the property to general use and, as such, there is a risk that the number of properties paying the premium can reduce significantly during the year. In order to mitigate this risk, the tax base for premium properties is set at 80% and, if the numbers of properties paying the premium does not fall significantly, then the budget will generate a surplus. Again, the transfer of properties from the domestic to the Business Rates register has reduced the premium payable on second homes but, despite the transfer of properties, overall the numbers of second home properties remained fairly constant and, as a result, the Council Tax premium budget is forecasting a surplus of £272k 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, £1.206m was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £818k related to staff cover for vacant posts. The Waste Service spent £227k for site agents at the recycling centres. The full details can be seen at Appendix CH.
- 7.2** A total of £602k was spent on Consultancy during the period October to December 2023, with £434k 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** There has been a significant improvement in the Council's financial position at the end of the third quarter, with an underspend of £0.842m now being forecast. As the year moves on, and estimated costs become actual costs, the forecasts become more accurate and a change in the reported position between the 2nd and 3rd quarter is not unexpected. However, the movement in 2023/24 has been more significant than in previous years.
- 8.2** At the end of the 2nd quarter, Services were asked to try and slow expenditure and delay the filling of vacancies. This request has been very successful, with the majority of services showing an improved position compared to quarter 2. Difficulties in recruitment, the identification of additional income and a fairly uneventful first part of the winter have also contributed to the change.
- 8.3** Although the forecast is encouraging and, if achieved, it does significantly strengthen the Council's financial position, it should be noted that there are still underlying financial pressures which need to be addressed in the 2024/25 budget. The forecast position is improved by one off savings generated from staff vacancies, which may not re-occur in 2024/25, and additional grant funding, which are unlikely to be received again at the same level in 2024/25.
- 8.4** Demand for services is always an ongoing risk and increase in the demand for services (Adult Services, Children's Services, Homelessness and Council Tax Reduction Scheme) can quickly change the financial outturn. The current forecasted financial position will allow the Council to meet the costs, should demand increase significantly during the final quarter.

- 8.5** The improved forecasted financial position does allow the Council to reconsider some of the assumptions made in setting the draft revenue budget for 2024/25, and may result in a change in the final budget proposals which will be considered by the Council on 7 March 2024.

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynnyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 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	Ch2 : Q2 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>	3,325	2,583	2,418	(165)	-6.38%	3,171	(154)	-4.63%	(59)
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,807	2,526	1,826	(700)	-27.71%	2,696	(111)	-3.95%	(159)
<u>Trawsnewid</u> <u>Transformation</u>									
Adnoddau Dynol <i>Human Resources</i>	1,678	1,311	1,314	3	0.26%	1,690	12	0.72%	13
TGCh <i>ICT</i>	4,377	3,481	3,421	(60)	-1.73%	3,984	(393)	-8.98%	(283)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,229	869	820	(49)	-5.65%	1,152	(77)	-6.27%	(58)
<u>Adnoddau</u> <u>Resources</u>									
	3,932	3,209	3,329	120	3.75%	3,842	(90)	-2.29%	(26)
<u>Busnes y Cynghor</u> <u>Council Business</u>									
	2,068	1,477	1,449	(28)	-1.91%	2,003	(65)	-3.14%	(52)
<u>Costau Corfforaethol a</u> <u>Democratiaidd</u> <u>Corporate & Democratic costs</u>									
	2,611	2,674	2,255	(419)	-15.66%	2,552	(59)	-2.26%	(557)
<u>Rheolaeth Corfforaethol</u> <u>Corporate Management</u>									
	802	607	617	10	1.60%	807	5	0.62%	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									
	157,437	114,438	112,898	(1,540)	-1.35%	157,101	(336)	-0.21%	574

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 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	Ch2 : Q2 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	-0.01%	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	2,220	1,785	(435)	0.00%	3,947	(382)	-8.83%	(89)
Cronfeydd wrth Gefn Cyffredinol ac Eraill General & Other Contingencies	2,142	2,142	777	(1,365)	-63.71%	911	(1,231)	-57.47%	(12)
Cronfeydd wrth Gefn Cyffredinol y Cyngor Council's General Reserves	(3,780)	0	0	0	0.00%	(2,579)	1,201	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	1,111	8,317	7,206	648.58%	6,661	(200)	-2.92%	0
Na ellir ei reoli Uncontrollable									
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	13,352	9,893	15,299	5,406	54.65%	12,739	(612)	-4.59%	(101)
Cyfanswm 2023/24 Total 2023/24	170,789	124,331	128,197	3,866	3.11%	169,841	(948)	-0.56%	473
Cyllido Funding									
Trethi Annomestig NDR	(22,823)	(17,556)	(17,556)	0	0.00%	(22,823)	0	0.00%	0
Y Dreth Gyngor Council Tax	(44,231)	0	0	0	0.00%	(43,853)	378	-0.85%	216
Premiwm y Dreth Gyngor Council Tax Premium	(2,893)	0	0	0	0.00%	(3,165)	(272)	9.40%	(325)
Grant Cynnal Refeniw Revenue Support Grant	(100,842)	(77,571)	(77,571)	0	0.00%	(100,842)	0	0.00%	0
Cyfanswm Cyllid 2023/24 Total Funding 2023/24	(170,789)	(95,127)	(95,127)	0	0	(170,683)	106	0	(109)

Gwasanaeth/Swyddogaeth <i>Service/Function</i>	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 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	Ch2 : Q2 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	29,204	33,070	3,866	13.24%	(842)	(842)	-0.49%	364

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	- 149,991	250,746	118,900	131,846	-
Salary and Grading	100,000	-,61,780	38,220	18,130	20,090	18,130
Pay Inflation	2,000,000	-1,805,968	194,032	194,032	-	-
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	-319,190	20,810	20,810	-	-
Climate Change	50,000	-	50,000	50,000	-	-
Rateable Value Oriel Ynys Môn	-	-	-	1,219,853	-	-1,219,853
Total General and other Contingencies	4,478,894	-2,336,929	2,141,965	2,661,230	164,116	-1,250,163

Agency costs October to December 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	34,258	Core Budget	Temporary	Supply teachers in specialist field
	34,258			
Waste	181,051	Specific Core Budget	Temporary	Additional tasks required short team
	45,760	Specific Core Budget / External Contribution		Specific Tasks on Site
	226,812			
Children's Services	250,040	Core Budget	Temporary	To cover vacant posts
	250,040			
Adult Services	567,742	Core Budget	Temporary	To cover vacant posts
	567,742			
Resources	29,155	Un-utilised staffing budget	Temporary	Subsidy work
	34,943	Un-utilised staffing budget	Temporary	Volume of work
	57,980	Earmarked Reserve	Temporary	Volume of work
	122,078			
Total	1,205,557			

Summary Consultancy Expenditure Q3 2023/24

Summary Consultancy Expenditure per Service				
Service	Qtr1 £	Qtr2 £	Qtr3 £	Total 2023/24 £
Central Education	4,525	8,714	9,025	22,264
Culture	0	0	17,500	17,500
Economic & Regeneration	101,463	176,417	482,417	760,297
Property	0	0	7,537	7,537
Highways	4,727	22,227	42,402	69,356
Schools	0	0	0	0
Waste	6,236	8,885	6,279	21,400
HRA	0	0	0	0
Housing	0	0	2,900	2,900
Corporate & Democratic	0	0	0	0
Adult Services	0	0	0	0
Children Services	0	0	0	0
Corporate	0	0	0	0
Transformation	5,365	2,466	6,973	14,804
Council Business	14,995	18,696	6,620	40,310
Resources	9,970	0	38,426	48,396
Total	147,280	237,405	620,079	1,004,764
Funded by:				
Core Budget	44,046	103,980	181,943	329,969
Grant	5,227	73,435	376,828	455,490
External Contribution	82,524	55,473	57,218	195,215
Reserves / Provisions	15,484	4,517	4,090	24,091
Total	147,280	237,405	620,079	1,004,764