

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	23 JANUARY 2024
SUBJECT:	DRAFT REVENUE BUDGET 2024/25
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

The final budget will not be approved by the full Council until 7 March 2024, however, at this point, the Executive is recommended to approve the following:-

- (i) The initial proposed budget for 2024/25 of £184.219m;
- (ii) A proposed increase in Council Tax of 9.78%, plus 1.12% to cover Fire Levy = Total of 10.9%, taking the Band D charge to £1,592.37;
- (iii) To formally propose an increase in the premium on second homes from 75% to 100%;
- (iv) That £4.425m is released from the Council's general balances and earmarked reserves in order to balance the 2024/25 revenue budget.

The detailed report on the preparation of the 2024/25 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 and 2.

B - What other options did you consider and why did you reject them and/or opt for this option?

A number of options have been considered in reaching the proposed budget detailed in this report. The options took into account the level of net expenditure based on the draft settlement from Welsh Government and options relating to the level of Council Tax. The proposed budget aims to strike a balance between reducing Services and raising Council Tax.

C - Why is this a decision for the Executive?

The setting of the initial budget proposal is a matter delegated to the Executive.

CH - Is this decision consistent with policy approved by the full Council?

Yes. The final decision on the 2024/25 revenue budget will be taken by the full Council at its meeting on 7 March 2024.

D - Is this decision within the budget approved by the Council?

Yes. The final decision on the 2024/25 revenue budget will be taken by the full Council at its meeting on 7 March 2024.

Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The current financial situation is challenging, with the funding from government being insufficient to meet the rising costs faced by the Council. This shortfall in funding will impact on the Council's ability to respond to the long term challenges and opportunities faced by the Island. This is an initial budget proposal which will be reviewed prior to setting and approving the final budget for 2024/25. In drawing up the budget proposal, the Executive has considered its statutory duties and the objectives set out in its Corporate Plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The details of any savings proposals are set out in the report.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	The Council has been working with other Councils, regional and local partners and the WLGA to press the Welsh Government for the best financial settlement possible.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The proposed budget will be subject to a period of consultation which will allow Anglesey citizens to comment on the proposals.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Any proposals included in the draft budget for 2024/25 will take into account the impact on any protected groups.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The budget will result in an increase in the Council Tax payable by the taxpayers of Anglesey. Those experiencing socio-economic disadvantage are more likely to qualify for help through the Council Tax Reduction Scheme, which should result in no financial impact / limited financial impact to those who are experiencing socio-economic disadvantage.
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.	No impact identified.
E - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	Comments from the LT have been incorporated into the report and the draft report is endorsed by the LT.
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 LT and any comments made have been taken into account in discussions on this report in the LT.
4	Human Resources (HR)	Any proposals which impact on staff will have been identified and discussed with the HR Team.
5	Property	Any proposal which impacts on the Council's property and related budgets will have been discussed with the Property Team.

6	Information Communication Technology (ICT)	Any proposal which impacts on the Council's information technology systems and related budgets will have been discussed with the ICT Team.
7	Scrutiny	The initial budget proposals were considered by the Corporate Scrutiny Committee at its meeting on 16 January 2024. The Committee resolved to agree with the initial budget proposals and for the proposal to move on to the consultation stage.
8	Local Members	Proposals are applicable to all Members.
9	Any external bodies / other/s	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2024/25 • Appendix 2 – 2024/25 Proposed Budget by Service 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2024/25 – 2025/26 – See Executive meeting Agenda, 26 September 2023 – Item 10. 		

DRAFT REVENUE BUDGET 2024/25**1. INTRODUCTION**

- 1.1. The following report sets out the Executive's provisional revenue budget for 2024/25. The budget is prepared on the basis of the assumptions set out in the Medium Term Financial Plan (MTFP) approved by the Executive in September 2023, and the provisional local government settlement, which was issued by the Welsh Government on 20 December 2023. The report also outlines the proposed revenue savings which have been identified by the individual services and have been discussed by the Leadership Team, individual Portfolio Holders and the Executive.
- 1.2. The final settlement figures are not anticipated to be received until early March 2024. The final budget proposal will be subject to a review by the Scrutiny Committee on 27 February 2024, and will be recommended for approval by the Executive on 27 February 2024, with the final 2024/25 budget being approved by the Council at its meeting on 7 March 2024. No significant change is anticipated between the provisional and final settlement but, if a significant change arises, the budget proposal approved by the Executive would be changed prior to submission to the full Council.
- 1.3. The 2024/25 budget is being set in a significantly challenging time for the UK economy, for the financing of public sector services and the challenges being faced by all local authorities in the United Kingdom, with increased demand for services, the impact on the high level of inflation since early 2022 and the reduction in real terms in central government funding.
- 1.4. A number of local authorities in England have issued Section 114 notices (Local Government Finance Act 1988), whereby the Chief Financial Officer gives notice that, in the financial year, it is expected that the expenditure incurred by the Authority is likely to exceed the resources available to fund that expenditure. Prior to the current financial crisis, the issuing of a Section 114 notice was an extremely rare event, however, 8 Councils have issued Section 114 notices since 2021, including Birmingham City Council and Nottingham City Council, with many more reporting the possibility of having to issue notices within the next 2 years.
- 1.5. In Wales, where the funding model of local authorities differs slightly to that in England, no Council has yet issued a Section 114 notice. However, the financial pressures faced by Welsh Councils are similar to England. The Welsh Local Government Association (WLGA) estimate that Welsh Councils are facing a budget pressure of £720m in 2024/25, and further pressures of £516m in 2025/26 and £524m in 2026/27. If the position on Anglesey reflected the WLGA estimate, the Council's budget would have to rise by £16m in 2024/25, followed by rises of £12m in 2025/26 and 2026/27.
- 1.6. The current financial climate is also very uncertain, with the potential for significant changes in inflation, a lack of clarity on the level of future pay awards and the continued rising demand for services, particularly social care and homelessness prevention. The majority of these factors are outside the Council's control but must still be funded by the Council as and when they happen. The following report will outline these factors in more detail.
- 1.7. Preparing this draft provisional revenue budget 2024/25 has, therefore, been challenging and difficult. The scale of the funding deficit facing the Council is far greater than previous experiences during the initial period of austerity. Difficult decisions will have to be made that will impact on the Council, staff, service users and the Island's residents and communities.

2. MAIN ASSUMPTIONS ARISING FROM THE MEDIUM TERM FINANCIAL PLAN

- 2.1. The Medium Term Financial Plan (reported to the Executive on 26 September 2023 – Item 10) sets out a number of assumptions (noted in Appendix 2 of that report) and these assumptions have been taken into account and updated in calculating the standstill budget for 2024/25. The standstill budget is a budget which provides resources to operate services at 2023/24 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the estimated costs in 2024/25.

2.2. These assumptions have been factored into the standstill budget, along with more detailed changes (committed changes) which allow for known increases in costs e.g. contractual commitments. The draft budget also allows for additional funding, known changes to grant funding and minor budget corrections deemed necessary to ensure that the Council's budget accurately reflects the costs it faces in 2024/25.

3. PROVISIONAL SETTLEMENT

3.1. The provisional settlement for Local Government in Wales, announced on 20 December 2023, shows an increase of £169.8m in the overall level of funding for Wales, which is equivalent to an 3.1% increase in cash terms. The details are shown in Table 1 below:-

Table 1 2024/25 Provisional Settlement		
	Anglesey £'m	Wales £'m
2023/24 AEF	123.665	5,519.889
Adjustment for the Change in the Taxbase	0.201	0.000
Previous Years Grants Transferred In / (Out)	0.000	0.000
2023/24 Adjusted AEF	123.866	5,519.889
Provisional AEF 2024/25	126.973	5,689.689
Increase in comparison to 2023/24 AEF	3.308	169.800
% Increase in comparison to 2023/24 AEF	2.67	3.08
Increase in comparison to 2023/24 adjusted AEF	3.107	169.800
% Increase in comparison to 2023/24 adjusted AEF	2.51	3.08

3.2. A number of various datasets are adjusted in the allocation formula, including population, the number of people in receipt of benefits, children in receipt of free school meals, school pupils etc., and these impact on the allocation to each authority differently. Some authorities fair better from these adjustments, whilst others are impacted negatively and, as a result, not every authority receives the same level of increase. In the 2024/25 provisional settlement, there is a range of increases from 4.7% (Newport) down to 2.0% (Gwynedd and Conwy). The settlement includes a floor which provides a minimum increase of 2%. Anglesey's increase is 0.6% below the Welsh average, and the 17th highest increase from the 22 authorities.

3.3. In addition to the unhypothecated funding that the Council receives in the form of the AEF, all Councils in Wales receive additional revenue funding in the form of specific grants, which fund specific services in accordance with the grant conditions set by Welsh Government. The details of the individual allocations to each Council will be issued in due course but the overall level of grant funding for Wales is set out in the provisional settlement. Table 2 sets out the major grants which the Council will receive:-

Table 2
Main Revenue Grants – All Wales Allocations 2023/24 & 2024/25

Grant	2023/24 Allocation £'000	2024/25 Allocation £'000	% Change
Local Authority Education Grant	381,595	378,834	- 0.72%
Post 16 Education	113,892	113,892	0.0%
Universal Primary Free School Meals	62,988	93,500	+ 48.4%
Housing Support Grant	169,202	169,348	+ 0.1%
Bus Emergency Scheme	42,000	39,000	- 7.7%
Bus Services Support	24,800	24,800	0.0%
Sustainable Waste Management Grant	16,400	TBC	TBC
Homelessness	27,500	16,000	- 41.8%
Children & Communities Grant	171,744	174,583	+ 1.6%
Social Care Workforce Grant	45,000	35,000	- 28.6%
Substance Misuse Action Fund	39,063	41,063	+ 5.2%
Early Years Integration Transformation Grant	6,000	TBC	TBC
Deprivation of Liberty Safeguards	3,000	3,000	0.0%
Violence Against Women, Domestic Abuse and Sexual Violence	2,794	2,794	0.0%

4. MAIN BUDGET CHANGES FOR 2023/24

4.1. The major changes between the 2023/24 final budget and the 2024/25 initial budget are detailed below.

4.2. Non Teaching Pay Inflation

4.2.1. Pay costs will change annually to reflect the changes in staff over the year (new staff being appointed to a different point on the pay scale), staff receiving annual increments and the pay award. The 2023/24 pay award, effective from April 2023, was not agreed until November 2023. In setting the 2023/24 budget, an additional £2m was released from the Council's general balances, which was in addition to the sum additionally allowed for in the service budgets. The final agreed pay award was set as an increase of £1,925 per employee up to point 42 on the pay scale, and 3.88% on all scales from point 43 onwards. This gave a range of increases from 9.42% for the lowest point on the payscale, to 3.88% for the highest point on the payscale. On average, the pay award resulted in a 7.0% increase in the Council's non-teaching pay costs. The total initially included in the 2023/24 pay non teaching pay budgets, along with the £2m contingency, was sufficient to fund the final pay award and no additional funding is required in the 2024/25 budget to correct any under estimation in the 2023/24 budget.

- 4.2.2.** In determining the level of the 2024/25 pay award, consideration has to be made that inflation continues to fall and is expected to start the 2024/25 financial year at 3.9% and is expected to fall to 2.5% by March 2025. However, the National Living Wage also impacts as to the level of the pay award. The National Living Wage, from April 2024, will be £11.44 per hour, which is only £0.15 below the hourly rate of the lowest point on the national pay scale. Given the delay in agreeing the annual pay award, there is a risk that the lowest point on the pay scale may fall below the National Living Wage in April 2025, if the National Living Wage rises by a similar amount again in April 2025. The Employers are currently assessing options, but it may result in a higher than inflation pay award being offered in 2024/25, for all or the lower points of the scale.
- 4.2.3.** The Unions have yet to submit their pay claim and, in the absence of any further information at this point, an assumed pay award of 3.5% has been included in the standstill budget, which is 0.5% above the assumption of general inflation. This may have to be revised prior to the completion of the budget process. An additional 1% in the non teaching pay inflation assumption would increase the budget by £630k.
- 4.2.4.** Based on the assumptions made, the pay changes adds £2.22m to the Council's budget.

4.3. Teaching Pay Inflation

- 4.3.1.** As teacher's pay is set by the Welsh Government, the local government settlement reflects the expected increase in the pay award. However, for the 2022/23 pay award (effective from September 2022) and the 2023/24 pay award (effective from September 2023), the actual pay agreement has resulted in the pay award being 1.5% above the original offer.
- 4.3.2.** The Welsh Government have funded the impact of the 2022/23 pay award by means of an additional grant to Councils in 2022/23 and 2023/24. However, the 2023/24 additional pay award has not been funded and the cost of this additional increase has fallen on Councils to fund. The grant funding has not been transferred into the 2024/25 provisional settlement and, as a result, the cost of the additional 1.5% for the 2022/23 pay award and the 2023/24 pay award falls on the Council to fund, and the increased pay awards from the 2 previous years will have to be corrected in the 2024/25 budget. The estimated impact of this correction is £1.1m.
- 4.3.3.** No information has been provided as to the teachers' pay award applicable from September 2024. This pay award will cover the period September 2024 to August 2025, during which time inflation is expected to fall from 3.2% to 1.7%. An estimate of 2% has been included for the pay award from September 2024.
- 4.3.4.** Based on the assumptions made, the impact of teacher's pay will add £1.94m to the Council's pay budget.

4.4. Pension Costs

- 4.4.1.** The Council enrolls its staff into the Local Government Pension Scheme (LGPS) for non-teaching staff and the Teacher's Pension Scheme for teachers. The employer's contribution scheme is set by the Administrator of the scheme and is subject to regular revaluations.
- 4.4.2.** The LGPS scheme was revalued during 2022/23, with the new contribution rates coming into effect from April 2023 for a period of 3 years. The scheme sets 2 rates, a primary rate which is designed to fund the pension costs accrued for staff related to the current and future service, and a secondary rate which covers any funding shortfalls in the fund.

- 4.4.3.** When the final valuation was received, it was found that, due to the improved performance of the fund, the secondary rate was lower than estimated in the 2023/24 budget. This can now be adjusted in the 2024/25 budget and will reduce the budget requirement by £662k.
- 4.4.4.** The Teacher's Pension Scheme is a national scheme with the contribution rates set by the UK Treasury, based on an Actuary's valuation. The value of the fund has been reassessed and the employer's contribution rate has been increased from 23.68% to 28.68%, which is a 21.1% increase in the contribution rate. This change will increase the Council's employer contributions by £1.32m in 2024/25. This change is not funded by Welsh Government through the provisional settlement and it will be not until the new financial year that a decision will be taken by the Treasury as to whether this additional cost is funded by the UK Government.

4.5. Non Pay Inflation

- 4.5.1.** For a number of years, the level of inflation in the UK has been low and very simple to estimate. However, inflation has risen significantly since 2021, with the Consumer Prices Index (CPI) rising to 11.1% in October 2022, with higher increases for certain goods, including energy, food, fuel and building materials. Since that point, inflation has gradually fallen and currently stands at 3.9%, and is anticipated to continue to fall and is expected to reach the Bank of England's target of 2.0% by mid 2025.
- 4.5.2.** The Council's non pay costs are made up of a number of different contracts and procurement methods, all of which are affected by inflation in different ways:-
- Long term contracts where the inflation calculation is incorporated into the contract using pre-determined inflation indices, and using the figure as at a particular point in time. These type of contracts tend to favour the Council when inflation rates are rising, but they do reflect what is happening with particular types of goods which impact on the contractor's costs, e.g. the inflation factor for the refuse collection contract will be heavily linked to the cost of fuel as this is a major cost for the contractor.
 - Contracts where the annual increase is negotiated. These are, in the main, residential and nursing care home fees and other care contracts. CPI is not the main factor on these price increases as the main cost is staffing. The level of inflation is linked to pay and in particular the increase in the national living wage and the real living wage.
 - Long term framework agreements where the annual price is set by the framework and not as part of an individual agreement between the Council and the supplier / contractor. These include our main energy contracts. Again, the price increase will be linked to specific factors relating to the goods supplied, rather than using CPI as the basis for the increase.
 - Goods and services that are purchased as and when required, either through a one off tender process, obtaining quotations or simply by placing an order. These costs are subject to inflationary pressures as the price the Council pays is dependent on the price at the time the order is placed or tender received.
- 4.5.3.** In drawing up the standstill budget, the level of inflation as determined by a specific contract has been allowed for. The fact that the inflationary increases in the Council's main contracts are based on inflation levels in the Autumn of the preceding year (Autumn 2023 inflation is used to uprate contract rates from April 2024), has worked against the Council and increases in excess of between 5% and 7% have been allowed for.

4.5.4. Energy Costs

- The pressure on energy prices has fallen away during 2023/24, after a significant rise in 2022/23. The Council's corporate energy contract is due for renewal in October 2024 and this decision may influence the Council's cost of energy from this point. However, based on the information provided by the Council's current energy management provider, it is estimated that gas and electricity prices will rise by 10% in 2024/25, adding £438k to the Council's budget. However, it should be noted that the Council's continued investment in lowering the Council's energy consumption will have a positive impact and reduce the Council's energy costs.

4.5.5. Social Services Care Contracts Inflation

- The Council sets an annual fee for residential and nursing homes each year, with this figure being based on the toolkit which has been historically used by North Wales Councils for a number of years. Care home providers have made a number of representations at a local and national level that the current fees are insufficient and that without a significant increase their businesses will become unsustainable.
- A number of providers are unwilling to accept placements at the fee set by the Council and the actual charge is higher. The issue is being reviewed by the North Wales Regional Partnership Board to try and agree a funding toolkit to be used, which costs need to be included, the base position for those costs and the return on investment which the providers can expect. It is unlikely that agreement will be reached before the 2024/25 budget is set. Anglesey has also to take into account the type of providers who operate locally. They are mainly small providers who face different cost pressures to larger providers who operate in areas closer to the English border.
- The National Living Wage is a significant factor in the cost of both the residential and nursing sector and the domiciliary care sector, given that providers use this figure as the starting point to set the pay of their employees. As of April 2024, the National Living Wage will rise from £10.42 to £11.44, a rise of 9.8%. This is a cost that the providers cannot avoid and is likely to be passed onto the Council through higher fees. After taking into account the costs which will be impacted by the National Living Wage and those where the general level of inflation applies, an assumption of 8% has been allowed for in the case of residential and nursing care fees. This will increase the Council's costs by £700k (not taking into account the increase in demand).
- Other care budgets, including domiciliary care, residential placements in Adult Services (Mental Health and Learning Disabilities) and care provided through the direct payment scheme will also be impacted by the increase in the National Living Wage. Where the care is provided in a residential or nursing placement, the inflation assumption is as noted above but, for domiciliary care and direct payment costs, it is assumed that the costs will increase by the increase in the National Living Wage of 9.8%. These increases will add an additional £1.41m to the Council's budget.

4.5.6. General Inflation

- The general inflation (CPI) has fallen from a peak of 11% in October 2022 to its current rate of 3.9% (December 2023). It is expected to fall further over the coming months, reaching 2.5% by March 2025. The estimated average inflation rate for 2024/25 is 3.1%, and a small correction to the sum allowed for in the 2023/24 budget (0.7%). This will result in 3.8% being applied as the general inflation figure to the majority of budgets not covered by a specific inflation rate.
- It is estimated that general inflation will increase the Council's budget by £1.76m.

4.5.7. Fees and Charges

- The Council's budget includes a range of fees and charges, some are set by the Welsh Government, specific legislation or other outside bodies, and some are set by the Council. The total fees and charges budget for 2023/24 was £12.47m, with £5.7m within the Council's control. The Executive has set an increase of 5% to controllable fees and charges, but it is for each service to determine the individual fees and charges. It is estimated that the 5% increase will generate an additional £285k in income.
- Statutory fees and charges and other Government Grants account for approximately £30m of the 2023/24 net revenue budget. An increase of 3%, in line with CPI and the rise in the AEF, would generate an additional £971k, although the provisional settlement shows that some grants will be frozen whilst others will be reduced.

4.6. Pupil Numbers

Each year, the effect of the change in pupil numbers in the primary and secondary sectors is taken into account as part of the budget setting process, with the pupil numbers as at September 2023 being used as the basis for the 2024/25 budget. For 2024/25, the number of primary school pupils has continued to fall, with a further drop of 156 pupils, whilst the number of secondary school pupils has increased by 58. The net impact of these changes is a reduction of £467k in the primary schools budget and an increase of £263k in the secondary school budget.

Canolfan Addysg y Bont is currently operating at full capacity and cannot accommodate additional pupils. However, the severity of the learning needs of the pupils now receiving their education at Canolfan Addysg y Bont has increased over recent years, which has increased the staffing requirement to educate each pupil. The funding formula has not reflected this change and, as such, the special schools' budget has been restated and increased by £271k to take account of the change in the pupils needs.

4.7. Fire Service Levy

The Council's budget includes levies raised on the Council by other bodies who have the statutory power to set a levy. The main levy raised is by the North Wales Fire Authority, which sets an overall levy for the 6 North Wales authorities and this is allocated across the 6 authorities on the basis of population. The North Wales Fire Authority carried out a consultation on changes to the service during 2023 and are planning an increase its levy on the 6 constituent authorities of 10.8%, which increases the budget by £4.8m. However, due to the change in population, Anglesey's contribution to the levy rises from 9.92% to 10.03% of the total levy. This results in an increase to the levy on the Council of £533k, which is equivalent to a 1.12% rise in Council Tax. This takes the levy which is funded by the Council to £4.936m.

4.8. Corporate Joint Committee Levy

There is now a requirement for the 6 North Wales Authorities to set up a Corporate Joint Committee (CJC) to be responsible for strategic transport and planning policy and regional economic development. The Council's share of the levy set for 2023/24 was £76k. Although the CJC has yet to make a final decision, it is not anticipated that this levy will increase in 2024/25.

4.9. Capital Financing Charges

Capital Financing Charges are made up of the Minimum Revenue Provision (MRP), annual interest charges on outstanding loans and interest received on investments. The Council changed the MRP policy to the annuity method in 2022, which generated a significant reduction in the 2023/24 budget. However, the annuity method results in the MRP charge increasing each year, not taking account any new borrowing which may have been undertaken.

The Council's level of cash balances has been high since 2020, and the strategy has been to run down these cash balances, rather than borrow externally. However, as the Council's reserves and school balances are run down, the Council's cash balances are reaching their minimum and new borrowing will have to be undertaken in 2024/25 (estimated up to £15m). This will generate additional MRP and Interest costs of £847k.

Interest rates were exceptionally low from 2020 to 2022 and, as a result, a very low level of income was generated from investments. However, the position changed in 2022 and interest rates continued to rise into 2023. The increase in interest rates and the high cash balances allowed a budget of £1.036m to be set for 2023/24. It is anticipated that the current level of interest rates will be maintained until at least mid 2024, when they are then expected to fall slowly. However, as stated above, the level of surplus cash available to invest has fallen, the interest return will be less in 2024/25 compared to 2023/24. The estimated budget is £670k, a fall of £366k.

The overall effect of the MRP and interest charges is to increase the capital financing budget by £1.42m.

4.10. Council Tax Reduction Scheme

Since 2011, the cost of providing financial support to those in need of help in paying their Council Tax has formed part of the Council's budget, but the sum allowed for in the Council's Standard Spending Assessment has remained virtually unchanged. As the level of Council Tax has increased and the number of claimants has changed, the additional cost of the scheme has fallen on the Council Taxpayers to fund. The increase in this budget is directly linked to the final increase in the Council Tax charge. Allowing for this, and an increase of 1% in the overall caseload, will increase the budget requirement by £681k.

4.11. Demand Led Budgets

The current forecast for 2023/24 does not indicate that the Council will experience a significant overspending position at the end of the financial year, which suggests that there are no unfunded budget pressures. However, the headline figure is not representative of the underlying position as it includes budget overprovision which will be corrected in the standstill budget, one off budget savings from vacant posts and other non pay costs and additional one off grants and the use of earmarked reserves, which provide one off funding, which reduce the level of overspending.

Taking these factors out highlights that 2 main budgets are experiencing demand and cost pressures which need to be corrected in the 2024/25 budget. The areas under pressure are social care budgets, which mainly deliver statutory services to the most vulnerable members of society. The Council is obliged to provide the services and there can be an urgent requirement to provide care to ensure that the health or safety of the client is maintained. Identifying placements at short notice, in a sector where demand outstrips supply, can significantly increase costs and this can be outside the control of the Council.

It is estimated that the increasing caseload and rising costs in the care sector require a budget correction (in addition to inflation) of £2.9m for Adult Social Care and £0.9m for Children's Services. These have been factored into the standstill budget.

4.12. Use of Council Tax Premium

The Council Tax premium on empty properties and second homes generates additional income for the Council, and part of this additional income funds schemes to help young local people purchase their own house on the Island. In 2023/24, £1.2m of the additional funding was allocated for this purpose, along with £300k to implement and administer an amended planning requirement in respect of second homes (article 4). For the purposes of the standstill budget, the £1.2m budget remains but the £300k has been removed.

4.13. Contingencies

As part of the budgeting process, a number of contingency budgets are built into the budget to cover fixed term costs, potential risks that may require funding during the year, or as a general contingency which is utilised during the year as additional budget pressures arise or as unexpected events occur. Holding contingency budgets is very important and ensures that the risk of unexpected expenditure having a negative impact on the Council's financial sustainability is mitigated. The current age and condition of the Council's asset stock does increase the risk that the Council will face more unexpected expenditure in order to allow services to continue to be provided from buildings where major problems arise.

The total budget in 2023/24 was £1.018m and the budget requirement for 2024/25 has been reassessed as £1.226m.

4.14. Other Committed Changes

In drawing up the standstill budgets, a number of minor budget corrections are made to reflect changes that are required or previous decisions to increase individual budgets. The net effect of these adjustments is to increase the overall standstill budget by £450k. The main changes relate to the reduction in the grant contribution from Y Gymdeithas to the Oriel £123k, the additional cost of providing universal free school meals for primary pupils £29k, the impact of the change in the number of school days £92k.

5. THE FUNDING POSITION

5.1. After taking into account the provisional settlement from Welsh Government (as set out in paragraph 3) and the main budget changes (as set out in paragraph 4), the funding position prior to any increase in Council Tax is set out in Table 3 below:-

Table 3			
Budget Funding Gap 2024/25			
	Reference	£'m	£'m
2023/24 Final Budget			174.570
Main Budget Adjustments (as set out in Paragraph 4)			
Pay Inflation and Other Staffing Costs	4.2 to 4.3	4.160	
Pension Adjustments arising from the Pension revaluation	4.4	0.653	
Non Pay Inflation	4.5	2.750	
Pupil Numbers	4.6	0.067	
Levies	4.7 to 4.8	0.514	
Capital Financing Charges	4.9	1.424	
Council Tax Reduction Scheme	4.10	0.681	
Demand Led Services	4.11	3.816	
Contingencies and Other Committed Changes	4.12 to 4.14	0.357	
			14.422
Standstill Net Revenue Budget 2023/24			188.992
Funded By			
Revenue Support Grant (RSG)		(101.631)	
Share of Non Domestic Rates Pool		(25.342)	
Total Aggregate External Finance			(126.973)
2023/24 Council Tax Budget (adjusted for the change in the taxbase and increase in second home premium)			(47.628)
Total Funding Prior to Increase in Council Tax			(174.601)
Funding (Surplus) / Deficit (before any change in Council Tax)			14.391

5.2. In order to fund the funding deficit of £14.39m, it would be necessary to increase Council Tax by 30.2%. This would take the Band D charge to £1,869.49, which is an annual increase of £433.63 and a weekly increase of £8.34. In order to reduce the increase in Council Tax, it would be necessary to utilise the Council's own reserves or to implement revenue budget savings. Each £1m reserves used, or savings implemented, reduces the increase in Council Tax by 2.43%.

6. BUDGET RISKS

6.1. In setting the budget, there are a number of financial risks which need to be assessed which may result in a financial cost to the Council. Some of these risks have been allowed for in the budget proposal, but others have not been allowed for in the budget and would be covered by the Council's general balances and reserves, should the risk materialise into a financial cost in 2023/24. In the current financial climate, a number of these risks are clearly outside the Council's control e.g., demand for statutory service provision, cost of pensions, levies set by other bodies, new or changing service requirements set by Welsh and / or the UK Government.

- 6.2. The Council's current level of unallocated general balances is forecasted to stand at £11.1m by the end of the financial year, with an additional £3.3m of earmarked reserves which could be returned to the Council's general balances. As a rule of thumb, the Executive has set the minimum general balance as 5% of the net revenue budget. Based on the standstill net revenue budget for 2024/25 of approximately £190m, the minimum required sum would be £9.5m. This leaves a potential £4.9m available to help fund the revenue budget over the next 2 to 3 years, but it should be noted that reducing the level of general balances and earmarked reserves does weaken the Council's financial position, and could lead to future financial difficulties should it be necessary to fund any significant unexpected expenditure e.g. funding future revenue overspending.
- 6.3. The current position of the 2023/24 revenue budget estimates that there will be a small overspend of 0.2% of the net budget, although it is difficult to accurately estimate the final level of expenditure, it is not currently expected that the overspend will rise significantly and would not impact significantly on the level of general balances at the end of this financial year.
- 6.4. In drawing up the draft revenue budget, it has been necessary to make a number of assumptions. The assumptions are based on the professional judgement of the Finance Team and other Council staff, external forecasts of both the UK and Welsh Governments or other professional bodies and other historical and statistical information. The potential impact on the revenue budget of errors in the main assumptions are detailed below:-

- **Pay Award** – as noted in paragraph 4.2 above, the budget has been inflated to reflect the estimated pay awards for 2024/25, but there is still significant uncertainty over the pay awards. The Unions have yet to submit their claim for 2024/25 and the pay award could be higher than the 3.5% allowed for. Each 1% above this figure adds approximately £1m to the Council's pay bill.
- **National Living Wage** – the UK Government announced that the National Living Wage (previously known as the minimum wage) would increase by 9.8% in April 2024, to £11.44 per hour. The National Living Wage puts pressure on the Council's budget in two ways i.e. what it pays its own staff and what its main contractors pays its staff.

The Council's lowest point on its pay scale for 2023/24 is £22,737, or £11.79 per hour, which is only £0.35 above the National Living Wage level. Of course, a pay award will be paid in April 2024 which will increase this figure and provide further headroom. However, it should be noted that the national payscale includes a point which is lower than the minimum paid by the Council, and the lowest point is currently £11.59 per hour, only £0.17 above the National Living Wage level. Any above inflation rise in the National Living Wage in April 2025 would require a similar rise in the pay scales in order to maintain the lowest point above the National Living Wage level.

A large number of staff employed by the Council's main contractors and service providers pay their staff on, or around, the Real Living Wage level. This is particularly true in the care sector (residential and nursing home care, homecare etc). Increases to the National Living Wage will result in an increase in the Real Living Wage (the Real Living Wage is currently £1.58 per hour higher than the National Living Wage). The Welsh Government require Councils to provide sufficient funding to allow providers to pay the Real Living Wage and the increase in this figure will be reflected in the increases in the fees the Council has to pay to their contractors and service providers. Although an increasing of funding has been allowed for, there is a risk that it will not be sufficient to meet the demands from providers, who may also be facing pressure as a result of general inflation, particularly food, energy and fuel costs.

- **General Inflation** – Over the past 12 months, the level of general price inflation has fallen and is expected to continue to fall back towards the Bank of England’s target of 2%. However, there is a risk that the fall in inflation may slow or that the inflation for certain goods or services purchased by the Council do not fall in line with the fall in CPI. As the inflation rate lowers, the risk of a material under or over allowance for inflation in the budget diminishes.
- **Energy Costs** – The Council purchases its gas and electricity through a framework agreement, with the prices being updated each October. The increases in October 2023 were lower than in the previous year, however, the risk of a surge in prices due to external factors before the next price change in October 2024 is possible. The budget allows for a further increase of 10% in costs in 2024/25. Resolution of the war in Ukraine and Palestine would considerably ease the pressure on energy prices but, conversely, an escalation in the war could significantly increase prices again.
- **Service Demand** – The budget allows for the provision of services at the current level of demand in certain services where the demand can fluctuate (Children’s Services, Adult Social Care, Homelessness, Council Tax Reduction Scheme). Any significant increase in service demand will create additional financial costs for the Council which would not be covered by the existing budgets.
- **Grant Income** – As noted in Table 2 above, in addition to the funding received through the Aggregate External Finance, the Council receives significant levels of additional funding in the form of specific grants from the Welsh Government and others. When the level of specific grant funding falls or is not increased to reflect the increase in costs, it is not always possible to react quickly to the change as the service funded by the grant is integrated into the service funded from the Council’s core budget. There is, therefore, a delay between the reduction in funding and the Council’s ability to reduce the associated cost through the reconfiguration of the service.
- **Income Targets from Fees and Charges** – As the cost of living emergency continues to impact on the disposable income of families, there is a risk that the use of some of the Council’s services may reduce e.g. leisure services, car parking, planning and building regulations applications. As a result, there is a risk that the targets for fees and charges budgets may not be achieved.

7. BRIDGING THE FUNDING GAP

- 7.1. In drawing up the standstill budget, a number of assumptions are made in respect of pay and price inflation. In respect of the school’s delegated budget, the standstill budget allows for an increase in cash terms of £4.596m (9.3%), which takes the delegated school’s budget to £53.856m (excluding the post 16 budget). It is proposed to cap the inflationary increase to 6.8%, thereby reducing the standstill budget by £1.246m.
- 7.2. Staffing is the main cost faced by the Council and reducing the overall workforce has to form part of any strategy to set a balanced budget. There is a constant turnover of staff during the year and, as vacancies arise, management will review each post and determine whether it is possible to achieve the objectives of the post in a more cost effective way. It is not possible at this point to identify individual posts which will generate savings, but a target of £1m has been set. It may not be possible to generate all of the £1m savings by April 2024, and reserves will have to be used to fund the cost in the short term, until the savings materialise.
- 7.3. A number of other savings measures have been identified which are summarised in Table 4 below and detailed further in Appendix 3.

7.4.

Table 4	
Summary of Proposed Budget Reductions 2024/25	
	£'000
Efficiency / Modernisation / Rationalisation of services	607
Raising Income above inflation / Generating income from new sources	365
Reductions in Grants & Contributions to External Organisations	73
Service Reductions	282
Total of Proposed Budget Reductions	1,327

- 7.5. In 2023/24, the Council allocated £1.2m of the premium generated to fund housing grants and loan to help first time buyers. Underspends from previous years are held in earmarked reserves and the Council currently holds sufficient funds in the earmarked reserves to fund these budgets without the need for the annual allocation. It is, therefore, proposed that the £1.2m budget is not included in the 2024/25 budget for one year only and is reinstated in 2025/26.
- 7.6. Based on the above changes to the standstill budget, the funding gap would fall to £184.219m.
- 7.7. It is estimated that the Council will hold £11.1m in general balances at the end of the 2023/24 financial year, but this is dependent on no significant overspending or increased demand for statutory services within the second half of 2023/24. The Council's general policy is to hold 5% of the net revenue budget as the minimum level of general balances. Based on the budget for 2024/25, the minimum balance would be £9.5m. Using £1.6m of the general balances to provide additional funding would close the funding gap and still maintain a level of general balances that is in line with the Council's policy.
- 7.8. It should also be noted that the Council held £19.6m as earmarked reserves at the beginning of the financial year. A review of the remaining reserves has identified that £3.3m could be returned to the general balances if required, and would take place at the end of the financial year when the position at the end of the financial year is known.
- 7.9. The Executive has agreed to increase the premium on second homes from 75% to 100% and this change will form part of the final Council Tax resolution which will be put before the Council in March 2024. Based on the taxbase approved by the Executive in November 2023, this change will generate an additional £545k (before any increase in the level of Council Tax). It is proposed to use this additional income to fund the cost of services that generally help support residents on Anglesey who are impacted by the high number of second homes (welfare support, homelessness prevention, social care, economic development) and to help support those services impacted during the tourist season (destination management, waste, public conveniences).
- 7.10. Each 1% increase in Council Tax generates £442k in standard council tax and £35k in empty and second home premium, giving a total of £477k in gross income. Based on the 2023/24 Band D charge of £1,435.86, each 1% rise increases the Band D charge by £14.39 or £0.28 per week. The Council's current charge is the 5th lowest in Wales and is £106 below the Welsh average.

- 7.11. The fact that the funding from the Welsh Government is lower than the inflation and demand pressures faced by the Council does require an above inflation increase to Council Tax in order that the Council can set a fully funded budget. The Executive is proposing a 9.78% increase in Council Tax, plus an additional 1.12% to fund the increase in the Fire Service levy. This is a total rise of 10.9%, which takes the Band D charge (excluding Police and Town / Community Council precepts) to £1,592.37, an increase of £156.51, or £3.01 per week. This increase will generate an estimated £5.194m in additional funding.
- 7.12. Based on the above, the initial revenue budget proposal for 2024/25 is set out in Table 5 below:-

Table 5		
Initial Budget Proposal 2024/25		
	£'m	£'m
Standstill Net Revenue Budget 2024/25 (as per Table 3)		188.992
Additional Budget Adjustments		
Funding of schools at 2.5% below inflation	(1.246)	
Workforce reductions	(1.000)	
Other Budget Savings – Table 4 & Appendix 3	(1.327)	
Use of Premium funding to support service costs	(1.200)	
		(4.773)
Initial Proposed Net Revenue Budget 2024/25		184.219
Funded By		
Revenue Support Grant (RSG)	101.631	
Share of Non Domestic Rates Pool	25.342	
Total Aggregate External Finance		126.973
Council Tax (including premium and 10.9% rise)		(52.821)
Council General Balances		(1.600)
Council Earmarked Reserves		(2.825)
Total Funding		184.219

- 7.13. The budget savings of £4.773m noted above only relate to the Council's core funding. It will be necessary to review service provision funded by grants. Given the financial challenge faced by the Council, it is not possible for grant funded services to continue at the same level if the grant is cut or not increased in line with the increased costs. This will result in reductions in services, in addition to the proposals noted in this report. The reductions may result in a reduction in services and a loss of staff, where their salary is funded in whole or in part from grant funding.

8. THE BUDGET POSITION FOR 2025/26

- 8.1. There is still a significant level of uncertainty surrounding the UK economy and whether it will begin to recover in 2024/25, and the impact that recovery will have on inflation, interest rates, economic growth and the funding levels for the Welsh Government and local government in Wales. The current high level of inflation makes predicting future costs more difficult and there are wide variances between different scenarios. The fact that a General Election must also take place before January 2025 adds to the uncertainty in respect of future funding.

- 8.2.** The current cost of living crisis is also adding to the demand for Council services, mainly in homelessness and debt support and advice. Money problems within families is also leading to mental health issues and family breakdown, which results in increased demand for adult and children's social care. Any increase in unemployment will also add to the pressures on the Council Tax Reduction Scheme budget and in uncollectable debt. The current difficulties in the NHS adding to the pressure on adult social care services. If the wars in Ukraine and Palestine continue, this will maintain the pressure on energy costs and the risk from a re-emergence of Covid still remains.
- 8.3.** The Welsh Government's draft budget and provisional local government settlement does not directly state what the level of funding for local government in Wales will be, but the initial indications are that the settlement for 2025/26 will increase by a maximum of 1% in the level of funding in 2025/26. If this was to materialise, then the Council's funding would increase by £1.26m.
- 8.4.** Although the Executive has made no decision on the future rise in Council Tax, maintaining the long term policy of a 5% rise in Council Tax would bring in an additional £2.6m and, in light of the current funding restrictions, maintaining the average rise to 5% is currently not seen as a viable option, without a major reduction in the Council's provision of its core and statutory services.
- 8.5.** By using £4.425m of reserves plus the £1.2m of funding from the Council Tax premium in balancing the 2024/25 budget, the 2025/26 budget would require that this sum is funded from the additional core funding, continues to be funded from reserves or by a permanent reduction in the budget.
- 8.6.** If it is assumed that the £5.625m of funding from reserves is replaced by core funding, this will decrease the overall core funding in 2025/26 by £1.765m ($£1.26m + £2.60m - £5.625m$).
- 8.7.** Current inflation forecasts suggest that the average inflation in 2025/26 will start at around 2.5% and fall to around 1.5% by the end of March 2026. As a result, it is estimated that the additional funding in 2025/26 will only cover the inflationary increases and no funding will be available to make up for the use of reserves in 2024/25, meet increased demand for services or to invest in services. If the economic recovery is weak and inflation remains higher than forecast, the additional funding will be insufficient to meet the inflationary pressures and reductions in service budgets will be required. However, it is very uncertain as to the extent of those budget reductions.
- 8.8.** The balancing of the 2024/25 budget has been extremely challenging but, based on the current assumptions it is clear that the position in 2025/26 will not improve and it is likely that the 2025/26 budget process will be even more difficult, given that the Council's reserves will have been depleted and that all the budget savings that can be made, without having to significantly reduce the quality and range of services provided, will have been implemented. Future budget savings will have to include the reducing or stopping services and, possibly, not achieving the statutory standards expected. Work has already commenced to identify potential budget savings for 2025/26, and these savings proposals will be considered further during 2024/25.

9. CONCLUSION

- 9.1.** The budget for 2024/25 has been set in the context of severe restrictions in the funding of public services, ever increasing demand for services and a number of factors outside the control of the Council which have had significant cost implications for the Council. The challenging budget position faced by the Council is not unique to Anglesey, it is a position that is being faced by every local authority in the UK. Sound financial management in the past has placed the Council in a strong financial position to deal with the challenge in the short term, but if costs and demand for services continues to grow and is not matched by the required funding increases, a significant restructure of Council services will be required to avoid the Council becoming insolvent.

- 9.2. The Council's services rely on its committed and hard working staff and the impact on these members of staff also needs to be recognised. The financial challenge will require a reduction in staffing levels but, if this is not met by a reduction in workload, the pressure on staff will continue to grow and will lead to difficulties in retaining existing staff, recruiting new staff and ensuring that the Council has a healthy workforce. Dealing with these issues will come with a financial cost which will have to be factored into future budgets.
- 9.3. The local government provisional settlement for Wales is as forecast and does not cover the cost pressures currently faced by the Council. The standstill budget for 2024/25 is required to rise by 8.26%, but the provisional settlement only provides 2.67% for the Council. The shortfall is significant and cannot be made up by raising Council Tax alone.
- 9.4. The position in respect of grant funding creates an additional financial challenge which will result in a reduction in some grant funded services. This will become clearer once the individual allocation of each grant is known.
- 9.5. Prudent financial management in previous years has significantly strengthened the Council's financial position and has increased the Council's level of general balances and earmarked reserves. This improved financial position has allowed the Council to put forward a budget proposal which allows the Council Tax rise to be as low as possible, although it has to be higher than the current rate of inflation.
- 9.6. There is a level of risk surrounding the budget, in particular whether sufficient provision has been made for pay increases, energy inflation and the increasing demand for services. The risk is mitigated through the fact that the Council could redirect up to £3.3m of earmarked reserves to fund increased costs in 2024/25.
- 9.7. However, the continued use of reserves to balance the budget is unsustainable and weakens the Council's financial resilience. The use of reserves allows the Council to review its budget requirement in the long term, where the services provided must be re-aligned to the core funding available.
- 9.8. The proposed budget begins the process of reducing service provision, but further significant reductions in services will have to be implemented in 2025/26 and beyond to enable the Council to continue to set a balanced budget and to keep Council Tax rises to a reasonable and affordable level. Failure to do so increases the risk of the Council becoming financially unsustainable by 2026/27 or 2027/28.

10. MATTERS FOR DECISION

- 10.1. The final budget will not be approved by the full Council until 7 March 2024, however, at this point, the Executive is recommended to approve the following:-
 - The initial proposed budget for 2024/25 of £184.219m;
 - A proposed increase in Council Tax of 9.78%, plus 1.12% to cover Fire Levy = Total of 10.9%, taking the Band D charge to £1,592.37;
 - To formally propose an increase in the premium on second homes from 75% to 100%;
 - That £4.425m is released from the Council's general balances and earmarked reserve in order to balance the 2024/25 revenue budget.

PROPOSED BUDGET 2024/25 BY SERVICE				
Budget	2023/24 Budget	2024/25 Proposed Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	49.260	52.498	+ 3.238	+ 6.57
Central Education	12.709	13.392	+ 0.683	+ 5.37
Culture	1.350	1.598	+ 0.248	+ 18.37
Total Lifelong Learning	63.319	67.488	+4.169	+ 6.58
Highways, Waste & Property				
Highways	7.890	8.058	+ 0.168	+ 2.13
Property	1.548	1.757	+ 0.209	+ 13.50
Waste	10.317	10.367	+ 0.050	+ 0.48
Total Highways, Waste & Property	19.755	20.182	+ 0.427	+ 2.16
Regulation & Economic Development				
Economic Development & Maritime	3.084	3.287	+ 0.203	+ 6.58
Planning & Public Protection	2.670	2.910	+ 0.240	+ 8.99
Total Reg & Economic Development	5.754	6.197	+ 0.443	+7.70
Adult Services	34.973	39.668	+ 4.695	+ 13.42
Children Services	12.965	14.443	+ 1.478	+ 11.40
Corporate Transformation				
Human Resources	1.587	1.696	+ 0.109	+ 6.87
ICT	4.216	4.685	+ 0.469	+ 11.12
Transformation	1.190	1.245	+ 0.055	+ 4.62
Total Corporate Transformation	6.993	7.626	+ 0.633	+ 9.05
Housing	1.590	1.661	+ 0.072	+ 4.53
Resources	3.723	4.021	+ 0.298	+ 8.00
Council Business	2.014	2.128	+ 0.114	+ 5.66
Total Service Budgets	151.086	163.415	+ 12.329	+ 8.16
Corporate Budgets				
Corporate Management	0.760	0.802	+ 0.042	+ 5.53
Levies	4.504	5.018	+ 0.514	+ 11.41
Corporate & Democratic	3.244	2.143	- 1.101	- 33.94
Capital Financing Costs	4.329	5.753	+ 1.424	+ 32.89
Benefits Granted	0.109	0.109	0.000	0.00
HRA Recharges	(0.800)	(0.800)	0.000	0.00
Council Tax Reduction Scheme	6.752	7.433	+ 0.681	+ 10.09
Contingencies	2.979	1.241	- 1.738	- 58.34
Staff Savings to be found	0.000	(1.000)	-1.000	
Discretionary Rate Relief	0.105	0.105	0.000	0.000
Housing Loans and Grants	1.501	0.000	- 1.501	-100.00
Total Corporate Budgets	23.483	20.804	- 2.679	-11.41
TOTAL BUDGET	174.569	184.219	+ 9.650	+ 5.53

PROPOSED BUDGET REDUCTIONS FOR 2024/25

Category	Service	Proposal	£
Efficiency / Modernisation / Rationalisation of services	Education - Schools	Reduce the secondary integration budget to reflect the historic demand	100,000
	Education	Reduce under utilised budgets within the service	103,210
	Education	Reduce the early years budget to reflect the historic demand	9,000
	Education	Restructure the Education Business Team	50,000
	Education	Reduce the Additional Learning Needs Budget by 5%	87,000
	Libraries	Reduce under utilised budgets within the service	12,000
	Culture	Restructure across Archives and Oriel Ynys Môn	5,000
	Adults Services	Reduce under utilised budgets within the service	28,500
	Adults Services	Reduce repair and maintenance budgets for residential care homes and other centres	70,000
	Childrens - Youth	Realign Youth Service provision	50,000
	Highways	Reduce road safety budget	10,000
	Highways	Reduce Service support budgets	10,000
	Transformation	Reduce the advertising budget for the Communications Team	1,000
	Transformation	Reduce the budget for the Performance Panel review costs – create an annual budget which will be sufficient to meet the cost of the review when it takes place	28,000
	Resources	Reduce under utilised budgets within the service	15,000
	Council Business	Reduce under utilised budgets within the service	6,000
	Transformation	Renegotiate mobile phone contract	22,500
TOTAL SAVINGS FROM EFFICIENCY / MODERNISATION AND RATIONALISATION OF SERVICES			607,210

Category	Service	Proposal	£
Raising Income above inflation / Generating income from new sources	Highways	Increase the income generated from private street works to reflect the increased work undertaken by utility services for which a road closure fee is chargeable.	150,000
	Highways	Increase car parking fees in coastal car parks and for fees for 4 hours + parking, but to freeze the charge for 1 hour and 2 hour parking in town centre car parks	100,000
	Waste	Increase the fee for green garden waste from £35 to £38, which equals inflation plus £1.25	32,500
	Economic Development	Move the Destination Management Team to another part of the Business Centre and rent out their current office accommodation on a commercial basis	6,000
	Leisure	Increase the Môn Actif package cost by £1 per month	62,000
	Council Business	Increase the Land Charges fees budget to reflect the historic level of income	14,000
TOTAL SAVINGS FROM INCOME GENERATION			364,500
Reductions in Grants & Contributions to External Organisations	Education	10% reduction in contribution to GwE	40,000
	Education	Reduce the contribution to Mudiad Meithrin	14,000
	Education	Stop the contribution to Early Years Wales	8,750
	Housing	Cap the contribution to CAB to 2023/24 levels	10,100
TOTAL SAVINGS FROM REDUCTIONS IN CONTRIBUTIONS TO EXTERNAL ORGANISATIONS			72,850
Service Reductions	Children's Services	Reduce service support budgets	23,400
	Education	Cease the Education Referral Scheme	20,000
	Culture	Change exhibitions at Oriel Ynys Môn every 8 weeks rather than the current 6 weeks	1,000
	Adults Services	Remodel domiciliary provision and reduce non statutory responses	96,500

Category	Service	Proposal	£
	Adults Services	Remodel the provision of adult day care to a more community based model	102,000
	Leisure	Adjust the opening times of the 4 Leisure Centres, where usage is at its lowest, to reflect the current usage of the centres	39,500
TOTAL SAVINGS FROM SERVICE REDUCTIONS			282,400
TOTAL SAVINGS PROPOSALS			1,326,960