

THE EXECUTIVE

Minutes of the meeting held on 18 December, 2017

- PRESENT:** Councillor Llinos Medi Huws (Chair)
Councillor Ieuan Williams (Vice-Chair)
- Councillors Richard Dew, John Griffith, Carwyn Jones,
R Meirion Jones, Alun Mummery, R G Parry OBE, FRAGS
- IN ATTENDANCE:** Chief Executive
Assistant Chief Executive (Partnerships, Community and Service Improvement)
Head of Function (Resources) & Section 151 Officer
Head of Learning
Head of Housing Services
Head of Democratic Services
Business Manager (Housing Services) (NM)
Committee Officer (ATH)
- APOLOGIES:** Councillor Dafydd Rhys Thomas
- ALSO PRESENT:** Councillors Glyn Haynes, Kenneth Hughes, Aled Morris Jones,
Richard O Jones, Bryan Owen, Shaun Redmond, Peter Rogers
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1 DECLARATION OF INTEREST

Councillor Richard Dew declared a prejudicial interest with regard to item 9 on the agenda.

2 URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HIS APPOINTED OFFICER

None to report.

3 MINUTES

The minutes of the previous meeting of the Executive held on 27 November, 2017 were presented for confirmation.

Arising thereon –

The Portfolio Member for Education, Youth, Libraries and Culture reported that the Executive's decision in relation to the transfer of Beaumaris Gaol and Courthouse to Beaumaris Town Council from its meeting above had been called-in by five non-Executive Members of the Council. The Portfolio Member said that the call-in was considered by the Corporate Scrutiny Committee at a meeting the previous

Thursday, 14 December and that he understood (not having been able to attend the meeting personally due to a prior commitment) that the call-in had been rejected.

The Leader confirmed that that was the case, the Corporate Scrutiny Committee having indicated that it was satisfied with the decision. The Executive's decision had therefore taken effect following the Scrutiny Committee's meeting on the 14th December, 2017.

It was resolved that the minutes of the previous meeting of the Executive held on 27th November, 2017 be confirmed as correct.

4 THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Head of Democratic Services incorporating the Executive's Forward Work Programme for the period January, 2018 to August, 2018 was presented for the Executive's approval.

The Head of Democratic Services, reported on changes to the Forward Work Programme since the previous reporting period as follows –

- **Items new to the Forward Work Programme**

- Item 2 – Anglesey Further Education Trust – Accounts and Update. To be considered by the Executive at its January, 2018 meeting.
- Item 28 – Well-being Plan – Public Services Board. To be considered by the Executive at its March, 2018 meeting. This matter will also be considered by Scrutiny and the Full Council.

The Officer referred additionally to the Executive's scheduled meeting on the 19th February, 2018, and he said that it was now proposed due to the volume of items on the work programme for the February meeting, that two meetings be held on the 19th February, the one in the morning to consider the final proposals for the 2018/19 Budget and the other in the afternoon to consider regular business.

The Chair referred to item 13 on the Work Programme – Financial Reserves – and she asked that this matter be also brought to the attention of the Finance Scrutiny Panel.

It was resolved to confirm the updated Forward Work Programme for the period from January to August, 2018 subject to the additional change outlined at the meeting.

5 TREASURY MANAGEMENT MID-YEAR REVIEW 2017/18

The report of the Head of Function (Resources) and Section 151 Officer incorporating a mid-year review of the Treasury Management position 2017/18 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that the mid-year review report above was scrutinised by the Audit and Governance Committee at its meeting held on 5

December, 2017. The Committee in accepting the report recommended with regard to financing the Council's part of the Twenty-First Century Schools Programme expenditure, that a proactive approach is taken to ensure the timely sale of assets so as to reduce the Council's need to borrow along with the associated revenue costs arising from the borrowing.

The Portfolio Member said that the Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity before considering optimising investment return. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and on occasion any previously drawn debt may be restructured to meet Council risk or cost objectives. Despite a marginal increase in November, 2017 in the bank base rate, interest rates have remained low during the six-month period to which the report refers – at the mid-year point, there has been very little change in the general position compared with that of six months ago.

The Head of Function (Resources) and Section 151 Officer confirmed that the position remains largely unchanged. Although interest rates are low the Council's borrowing strategy is to only borrow when it is necessary and when the funding is required. As there has been some slippage on the capital programme, the need to borrow has been less than anticipated when the capital budget was set. During the first six months of the financial year, two separate long-term loans with the PWLB matured the first being for £2.5m on an interest rate of 3.25% and the second for £3m on an interest rate of 10.375%. These repayments were made from existing cash balances and no new loans were taken to fund the repayment; thus, two high interest rate loans have been removed from the portfolio. However, as the capital programme progresses and in particular the Twenty-First Century Schools Programme, it is expected that borrowing will have to be undertaken to bring in additional funding over and above the Council's cash balances which have previously been used to fund part of the capital programme. Section 9 of the report outlines activity since the end of Quarter 2 including the terms under which £5m will be borrowed from Tyne and Wear Pension Fund South Shields; this arrangement is made to supplement the Council's cash balances with a view to bringing down the Council's borrowing commitments thereby keeping the costs of borrowing as low as possible.

The Executive noted the information presented and noted also the Audit and Governance's comment with regard to the need to be proactively seeking to maximise capital receipts to help reduce the borrowing need on the Twenty First Century Schools programme and therefore the costs that are incurred through borrowing. Following on from the above, the Executive further noted the points below –

- The Executive noted the interest rates on the two long term loans with the PWLB that matured during the first half of the year. It sought clarification of the loan period that resulted in the high level of interest on these loans especially the 10.375% rate on the second loan to mature. The Head of Function (Resources) and Section 151 Officer said that both loans were over a period of at least 20 years and were taken out when interest rates were higher. Whilst consideration is regularly given to early repayment of loans it is not always financially advantageous to do so as the penalties for early repayment often exceed the interest payments on the loan. The situation is kept under review.
- The Executive sought clarification of whether the Council is undertaking scenario planning in readiness for the impact of Brexit and also in light of worsening inflation pressures and further likely increases in the bank base rate. The Head of Function (Resources) and Section 151 Officer said that the start of an upward trend in interest rates has been expected for some time; the Council does look at the timing of borrowing and has avoided borrowing unless it has a purpose for the money otherwise the interest on the loan will be higher than any return that can be made from investing the cash borrowed. Should there be a sudden increase in interest rates then the Council will look to tie into a low rate in order to get the benefit over the loan term. Inflation and funding the cost of inflation e.g. pay inflation, is a greater risk to the Council; this feeds into the Medium Term Financial Plan which allows the Council to plan ahead for financial risks including rising inflation.

It was resolved to accept the Treasury Management Mid-Year Review Report 2017/18 and to forward the report to the Full Council without additional comment.

6 TRANSFORMATION OF THE LIBRARY SERVICE

The report of the Head of Learning incorporating the Draft Library Service Strategy for 2017-2022 was presented for the Executive's consideration.

The Portfolio Member for Education, Youth, Libraries and Culture reported that the Isle of Anglesey Corporate Plan for 2013 to 2017 had made it an aim to reduce the overall costs of leisure, culture and libraries to the Council by 60% over the course of the plan. He summarised the context to the production of the Draft Library Strategy beginning with the Library Service Review undertaken in 2015 along with a subsequent public and stakeholder consultation which drew 2,000 responses. Following on from the consultation, the Library Service developed a Draft Strategy to address the Library Service Review's recommendations, the consultation report and the financial situation. The Draft Library Service Strategy was subsequently presented to the Executive in February, 2017 and Officers were given the authority to proceed to a public consultation on the Draft Strategy. The Strategy proposes a three-tier model of provision composed of area libraries; council led community supported libraries with elements of community support, and council led community supported libraries. Mobile library services will be retained subject to a full review of routes and stops. The Portfolio Member proposed the recommendations of the report to the Executive along with Option C (as opposed to Option B) as the preferred staffing structure savings option – this is as a result of a review of the risks after the matter was deferred at the previous meeting.

The Head of Learning informed the Executive that since the previous meeting of the Executive in November, the Service has received confirmation from MALD (the Museums, Archives and Libraries Division of Welsh Government) with regard to the choices under consideration, that it has concerns about the option which retains only bare minimum staff and entails the loss of all staff hours from the closed libraries (Option B). It is MALD's view that this option poses a risk as regards the Service's ability to continue to provide a library service at a level expected of it given that the current staffing level is already at the low end of expectation.

Councillors Aled Morris Jones and Richard Owain Jones speaking as Local Members reported that discussions with local groups and businesses to find a community solution to ensure the continuation of a library service provision in Cemaes are still ongoing; the community would like time to be able to develop these ideas. In light of this, Councillor Aled Morris Jones requested clarification of the implementation timescale as well as the minimum financial provision required to keep a library service going in Cemaes. Councillor Richard Owain Jones confirmed that a number of avenues are being explored including approaches to a major prospective developer in the area. The Local Members asked that any decision to close Cemaes Library be reconsidered in the event that a community solution is found.

The Head of Learning said that the Service is proposing to put the staffing restructure and local arrangements into effect during the period from now until May, 2018. The Officer further confirmed that the minimum cost of keeping Cemaes Library open would be in the region of £11,000 per annum.

Councillor Richard Dew, Portfolio Member for Planning and Public Protection confirmed that Llanfaelog Community Council has expressed a firm interest in becoming involved in a community solution to maintain Rhosneigr Library and that discussions to that effect are continuing.

The Executive noted and acknowledged the positive response by those communities who had come forward to indicate their willingness to collaborate with the Library Service to secure provision in their areas and also those communities still engaged in, and committed to finding a local solution.

It was resolved –

- **To adopt the Draft Library Service Strategy 2017-2022.**
- **That the proposed changes in the Draft Library Service Strategy 2017-2022 be actioned as follows:**
 - **Close Cemaes Library, Moelfre Library and Newborough Library, continuing to investigate mitigating actions such as community access points and/or increase mobile provision in the areas affected by closure.**
 - **Develop a collaborative model with Canolfan Beaumaris in respect of Beaumaris Library.**

- **Receive a firm commitment from Llanfaelog Community Council in respect of Rhosneigr Library by 31 January, 2018. If no firm commitment is provided then proceed to close as per the first bullet point.**

- **Implement Option C within the Draft Library Service costings (Appendix 5 of the report) – retain 22 hours or 2/3 of the staffing from the closed libraries within the staffing structure to help with mitigation and sustain performance against the WPLS standards.**

7 DEVELOPMENT PATH FOR COUNCIL HOUSING - DESIGN AND BUILD PACKAGES BY DEVELOPERS

The report of the Head of Housing Services which sought the Executive's approval for the development of new council houses through a design and build package by developers who are landowners was presented for consideration.

The Portfolio Member for Housing and Supporting Communities reported that purchasing new houses built by private developers is recognised by the Welsh Government as an acceptable method of developing new social housing and is used regularly by Housing Associations. This approach is seen as a way of supplying new housing comparatively quickly where the risk associated with developing new houses remain with the developer. It would be an acceptable method of helping the Council with its programme to develop 195 new council houses over the next four years. The Council will agree the requirements with regard to the design and specification of any housing development and any new Council houses purchased from developers would need to comply with the Welsh Government's quality requirements for social housing. The Welsh Government's cost guidance has been designed to reflect land and house prices throughout Wales and is accepted as providing value for money for the specifications laid out within the development quality requirements. Any new council housing and social housing development would sit within the Housing Revenue Account; therefore, it should be stated within the Constitution that the responsibility for any addition to, or disposal of such assets would rest with the Head of Housing Services. It behoves the Council to use its borrowing cap – approximately £13m – otherwise there is a risk that Welsh Government will transfer this to another Local Authority in Wales.

The Housing Services' Business Manager said that the target which the Council has set itself for developing new council housing is challenging and one that the Council will seek to meet not only by the method above but also by building on Council owned land and by buying back some former council houses. The purchase of new council houses built by private developers through design and build packages is a valuable and proven tool used by housing associations to develop new social housing. However, if the Council was to adopt this method of developing council housing, the Council's Constitution would need to be revised so that the Council's Legal Services can be satisfied that the Council is still complying with the relevant policies and procedures. Site selection would be in consultation with the Land and Assets Group and would form a key part of achieving the Place Shaping Strategy. Having identified the need for new housing, legal guidance would be sought to ensure that processes and procedures are then applied appropriately.

The Executive considered the proposal and noted the following –

- The Executive noted that implementing the proposal will require the input of professional expertise which as a rule is commissioned from the private sector by the Council according to a formula at a percentage cost of the value of the project. The Executive sought clarification, whether in order to obtain better value for money, the Section 151 Officer is able to investigate the feasibility of employing some professionals e.g. Quantity Surveyors within department.

The Head of Function (Resources) and Section 151 Officer said that having undertaken the site selection work in consultation with the Land and Assets Group, the Council will be able to gauge the level of interest from companies/ developers in working with the Council to develop the new council house programme and to shape a plan accordingly. Depending on the interest expressed the Council can then assess whether there is enough work to justify employing professionals as opposed to paying professional fees for experts from outside the Council.

- The Executive sought clarification of whether the programme to develop new council housing in the way proposed will require additional staff at a cost to the budget.

The Housing Services Business Manager said that a new development team has already been established within the Housing Services headed by a Housing Development Manager. Within the Housing Services staffing structure there is currently an unfilled technical post linked to the development of council housing. The capacity of this team is considered sufficient to be able to lead on a development programme such as that proposed. The Housing Services structure costs are included within the HRA 30-year Business Plan; this is approved annually. The Officer confirmed that approval of the proposal above would not involve additional staff costs – both the staff and financial resources are in place to be able to lead on this programme.

- The Executive sought clarification of the site selection process. The Executive also noted that approval of the proposed scheme above should not deflect the Council from also pursuing the other options at its disposal for developing council housing e.g. by building on Council owned land including by using surplus land on existing housing estates which could be of significant help to local people wishing to live within their communities and also by continuing to bring empty properties back into use.

The Housing Services Business Manager said that the Housing Service has been identifying areas of housing need as part of the Place Shaping Strategy – this strategy will be the influencing factor in determining areas for development. The new council housing development programme will be launched on the basis of inviting companies and developers who own land/sites in areas of need as identified by the Council to contact the Housing Service to discuss the opportunities. As regards empty properties, the Service has employed a second Empty Homes Officer and there are firm plans in place to bring empty properties back into use including by offering incentives to property owners to do so. The Officer further confirmed that the Housing Service has identified all land in Council

ownership including parcels of land on existing council estates. Developing on Council owned land would be more cost-effective and it is the Service's intention to do so.

It was resolved –

- **To approve the purchase of new houses built by private developers through design and build packages on lands that are owned by the private developers.**
- **To recommend to the Full Council that the Scheme of Delegation be amended to reflect the additional powers required to realise the transactions required by this scheme.**

8 EXCLUSION OF THE PRESS AND PUBLIC

It was resolved not to exclude the press and public from the meeting at this point because it was proposed that consideration of the following item be deferred.

9 SCHOOLS' MODERNISATION - LLANGEFNI AREA - STRATEGIC OUTLINE CASE/OUTLINE BUSINESS CASE

Having declared a prejudicial interest in this matter Councillor Richard Dew withdrew from the meeting.

The Portfolio Member for Education, Youth, Libraries and Culture reported that he was recommending that consideration of this matter be deferred to a later date due to the receipt of new information which will affect the Band B Strategic Outline Case and which will require a review of the case.

It was resolved to defer consideration of this matter to a later date.

**Councillor Llinos Medi Hughes
Chair**