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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

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Prif Weithredwr – Chief Executive

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	THE EXECUTIVE (BUDGET)
DYDD LLUN 19 CHWEFROR 2018 10.00 o'r gloch	MONDAY, 19 FEBRUARY 2018 10.00 am
SIAMBR Y CYNGOR SWYDDFEYDD Y CYNGOR LLANGFNI	COUNCIL CHAMBER COUNCIL OFFICES LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Plaid Cymru/Party of Wales

John Griffith, Llinos Medi Huws, Carwyn Jones, R Meirion Jones, Alun W Mummery, Robert G Parry, OBE, FRAGS

Annibynnol/Independent

Richard Dew, Dafydd Rhys Thomas, Ieuan Williams

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I Aelodau'r Cyngor Sir / To the Members of the County Council

Bydd aelod sydd ddim ar y Pwyllgor Gwaith yn cael gwahoddiad i'r cyfarfod i siarad (ond nid i bleidleisio) os ydy o/hi wedi gofyn am gael rhoddi eitem ar y rhaglen dan Reolau Gweithdrefn y Pwyllgor Gwaith. Efallai bydd y Pwyllgor Gwaith yn ystyried ceisiadau gan aelodau sydd ddim ar y Pwyllgor Gwaith i siarad ar faterion eraill.

A non-Executive member will be invited to the meeting and may speak (but not vote) during the meeting, if he/she has requested the item to be placed on the agenda under the Executive Procedure Rules. Requests by non-Executive members to speak on other matters may be considered at the discretion of The Executive.

Please note that meetings of the Committee are filmed for live and subsequent broadcast on the Council's website. The Authority is a Data Controller under the Data Protection Act and data collected during this webcast will be retained in accordance with the Authority's published policy.

A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest from a Member or Officer in respect of any item of business.

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

No urgent matters at the time of dispatch of this agenda.

3 REVENUE BUDGET MONITORING, QUARTER 3 2017/18 (Pages 1 - 28)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

4 BUDGET MONITORING REPORT - QUARTER 3 2017/18 - CAPITAL (Pages 29 - 38)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

5 HRA BUDGET MONITORING, QUARTER 3 2017/18 (Pages 39 - 44)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

6 FEES AND CHARGES 2018/19 (Pages 45 - 78)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

7 HOUSING RENT HRA AND HOUSING SERVICE CHARGES 2018/2019 (Pages 79 - 86)

To submit a report by the Head of Housing Services.

8 LOCAL AUTHORITY HOMES FOR OLDER PEOPLE – SETTING THE STANDARD CHARGE (Pages 87 - 90)

To submit a report by the Head of Adults' Services.

9 COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES – 2018/19 FEES & CHARGES (Pages 91 - 98)

To submit a report by the Head of Adults' Services.

10 INDEPENDENT SECTOR CARE HOME FEES 2018/19 (Pages 99 - 110)

To submit a report by the Head of Adults' Services.

11 RESERVES AND BALANCES (Pages 111 - 130)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

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12 MEDIUM TERM FINANCIAL PLAN AND BUDGET 2018/19 (Pages 131 - 210)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

13 CAPITAL BUDGET 2018/19 (Pages 211 - 260)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

14 COUNCIL TAX DISCRETIONARY RELIEF POLICY (Pages 261 - 276)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

15 DISCRETIONARY BUSINESS RATE RELIEF POLICY (Pages 277 - 282)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

16 TREASURY MANAGEMENT STRATEGY 2018/19 (Pages 283 - 320)

To submit a report by the Head of Function (Resources)/Section 151 Officer.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 FEBRUARY 2018
SUBJECT:	REVENUE BUDGET MONITORING, QUARTER 3 2017/18
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	CLAIRE KLIMASZEWSKI
TEL:	01248 751865
E-MAIL:	ClaireKlimaszewski@ynysmon.gov.uk
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
<ol style="list-style-type: none"> 1. In February 2017, the Council set a net budget for 2017/18 with net service expenditure of £126.157m to be funded from Council Tax income, NDR and general grants. An additional £0.490m was approved for expenditure on schools, which was to be funded from Council reserves. The total budget approved for 2017/18 is, therefore, £126.647m. 2. The budget for 2017/18 included required savings of £2.444m. This includes £490k of savings for Learning which will be funded by reserves as agreed by Council. The revised amount of savings for 2017/18 is £1.954m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net (under)/overspends shown. 3. This report sets out the financial performance of the Council's services at the end of Quarter 3, which relates to the period 1 April 2017 to 31 December 2017. The projected position for the year as a whole is also summarised. 4. The overall projected financial position for 2017/18, including Corporate Finance and the Council Tax fund, is an overspend of £1.624m. This is 1.29% of the Council's net budget for 2017/18. 5. It is recommended that:- <ol style="list-style-type: none"> (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 2017/18; (ii) To approve a transfer of any underspend on Maritime to an earmarked reserve to fund the repainting of the Beaumaris Pier; (iii) To note the summary of Contingency budgets for 2017/18 detailed in Appendix C; (iv) To note the position of the invest to save programmes in Appendix CH; (v) To note the position of the efficiency savings 2017/18 in Appendix D; (vi) To note the monitoring of agency and consultancy costs 2017/18 in Appendices DD, E and F. 	
B - What other options did you consider and why did you reject them and/or opt for this option?	
n/a	

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 - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer’s report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix A - Revenue Budget Monitoring Report – Quarter 3, 2017/18 • Appendix B – Table of Forecast Revenue Outturn 2017/18 • Appendix C – Summary of Contingency Budgets 2017/18 • Appendix CH – Review of the Invest-to-Save projects 2017/18 • Appendix D - Review of Efficiency Savings 2017/18 • Appendix DD - Information regarding monitoring of Agency Staff 2017/18 • Appendix E - Information regarding monitoring of Consultants • Appendix F – Summary of Consultancy Expenditure Quarter 1 – 3 per department 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2017/18 Revenue Budget (as recommended by this Committee on 14 February 2017 and adopted by the County Council on 28 February 2017). 		

REVENUE BUDGET MONITORING – QUARTER 3 2017/18**1. General Balance – Opening Position**

The Council had £13.357m of earmarked reserves and school reserves amounting to £2.089m at the start of the financial year. The final outturn for 2016/17 resulted in general balances at the start of the current financial year of £8.355m. The current balance at 31 December 2017 on the Council Fund General Reserve is £8.105m. This has reduced by £250k due to additional redundancy costs which will lead to efficiency savings as approved by the Executive on 17 July 2017. In addition, the Executive approved a transfer from general reserves of £123k during its meeting of 29 January 2018. This is to fund £28k for the removal of the Rovacabin and £95k to fund initial costs for a major road strengthening project at Beaumaris which is subject to regular subsidence during extreme weather. The current predicted outturn for 2017/18 is an estimated overspend of £1.642m. If this trend continues the Council general reserve is likely to reduce to £6.340m by the year-end. In addition, there may be a call against general balances for a dilapidations charge following the transfer of South Stack. The minimum balance of the general reserve has been set at £6m as approved by full Council on 28 February 2017.

2. Projected Financial Performance by Service

- 2.1** The details of the financial performance by service for the period and the projected out-turn position for each is set out in Appendix B. An overspend of £2.461m (2.26%) on services is predicted as at 31 March 2018. An improvement of £245k from Quarter 2. An underspend of £503k is estimated on Corporate Finance, an improvement of £172k from Quarter 2 due to underspends forecast on earmarked contingencies. In addition, a surplus of £334k is predicted on the collection of Council Tax, of which £247k is due to a surplus on the new Council Tax Premium. This is a reduction on the forecast surplus Council Tax reported for Quarter 2 of £450k. The current total revenue forecast for 2017/18 is an overspend of £1.624m, which is 1.29% of the Council's total net revenue budget. This is an improvement of £300k on the overspend of £1.924m (1.53%) reported at Quarter 2.
- 2.2** The table below summarises the significant variances (£100k or higher). The forecast takes no account of any further added pressures which may arise if the remainder of the winter weather is severe (highway winter maintenance, social care costs). It also excludes the impact of the severe floods which occurred in November 2017. Any costs arising from the floods relating to Council buildings will be funded by the insurance reserve, and costs relating to the repair of the Highways infrastructure will be funded by means of a Welsh Government grant and from general reserves. The most significant budgetary pressure on the Council is the cost of Corporate Parenting. The Children and Families Service is expected to overspend by £1.744m. This is a statutory demanded Service over which there is limited control.

**Summary of projected variances at 31 March 2018
based upon financial information as at 31 December 2017**

	(Under) / Overspend £000
Learning	771
Children and Families Services	1,744
Council Business	257
Corporate and Democratic costs	(264)
Corporate Finance and Benefits Granted	(503)
Council Tax Collection	(334)
Other (total of variances less than £100k)	(47)
Total Variance over/(under)spend	1,624

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service was overspent by £567k (35.07%) at the end of Quarter 3. The forecast for the year-end is an overspend of £878k (31.23%). The significant areas of overspend are: out-of-county placements budget is estimated to overspend by £266k; School Transport is expected to overspend by £265k and other Central Education is forecast to overspend by £351k.

3.1.1.2 The overspend is an increase of £260k on that reported at Quarter 2. Out-of-county placements is estimated to increase by £41k due to statutory education obligations of children in specialist placements. The overspend on school meals is forecast to increase by £63k with the total overspend estimated to be £90k; £38k for Post 16 Learning Partnership previously funded through a growth bid and £142k of the overspend relates to potential one-off costs of establishing the new joint SEN Strategy and cost of the new Capita system.

3.1.1.3 The Service has secured an invest-to-save bid for the One Management system. Investment in this system is expected to reduce expenditure on taxis for future years. Joint working with the Procurement Service is also expected to bring efficiencies against the taxis budget.

3.1.2 Culture

3.1.2.1 This service was £41k (3.69%) underspent during the period, with the forecast out-turn for the year is an underspend of £107k (7.9%). The majority of the underspend (£90k) has arisen within the Library Service where vacancies remain unfilled until the final outcome of the review of libraries is known. An underspend of £17k is predicted on general budgets left over from the restructure of Libraries and Culture.

3.2 Adults Social Care

3.2.1 This service was £551k (3.17%) overspent for the period, with the forecast out-turn for the year as a whole being a predicted overspend of £59k (0.26%). The actual overspend to date will reduce from £551k following reduced anticipated demand in Quarter 4. There is also some grant income, reserves and contingencies to be applied in Quarter 4. The year-end projected overspend shows an improvement of £132k from the forecast overspend of £191k reported in Quarter 2.

3.2.2 The elements within the forecast out-turn variance are as follows:-

- Services for the Elderly: forecast underspend of (£230k);
- Physical Disabilities (PD): forecast overspend of £352k;
- Learning Disabilities (LD): forecast overspend of £304k;
- Mental Health (MH): forecast overspend of £106k;
- Provider Unit: forecast underspend of (£312k); and
- Management and Support: forecast underspend of (£161k).

3.2.3 The most significant budgetary pressures are in Physical Disabilities, Learning Disabilities and Mental Health Services. This is due to a small number of high cost specialist placements which are needed to meet the complexity of needs of these Service Users.

3.2.4 The Service has taken action to help offset the overspend by reducing expenditure in the areas it has more control over. The internal provider unit is forecasting an underspend of £312k and Management and Support are expected to underspend by £161k by year-end.

3.2.5 Approximately 59% of the Service's budget is demand-led. Work is continuously on going on predicting future costs of this demand-led budget. The year-end prediction at each month-end is based on the latest available information on each adult placement. This makes predicting the full-year position extremely difficult and can result in large swings from one period to the next.

3.2.6 Grant bids have been successfully made to Intermediate Care Funds to secure support in Learning Disabilities, specifically to support service users' progression to different, potentially less costly, services, offering better potential outcomes for individuals. In addition to this, the department is engaging on a period of co-production with providers of supported living services, with a view to changing how outcomes are met for individuals within this environment.

3.2.7 This year is a challenging year as a number of significant budget pressures have occurred including a reduction of Supporting People income and increases in supported living fees associated with terms and conditions. Additional pressures arising from the Living Wage requirements have been reduced as the Service has received the "Social Care Workforce Grant" which has supported the Service in funding these Living Wage cost pressures.

3.3 Children's Services

3.3.1 The service was overspent by £1,419k (21.51%) during the period and is projected to be overspent by £1,744k (21.70%) for the year as a whole. This includes a projected overspend of £1,834k on Looked-after-Children (LAC). The total overspend forecast for 2017/18 is a reduction of £155k from the overspend reported at Quarter 2. A reserve of £221k was earmarked for the service to extend the contracts of agency social workers. This has relieved the budgetary pressures on the service which were caused by agency costs. Increased internal income has also improved the out-turn on the Families Information Services.

3.3.2 The projections are based on:-

- A worst case assumption on the demand/costs for Looked After Children based on the service costs/demand/likely demand for the future;
- Assumptions relating to case decisions/developments. These are far from predictable and individual circumstances can, and do, change. Based on the information available at this point, and assumptions relating to case decisions/developments, a best possible projection has been made. The cost of LAC are, by nature, demand led and can vary between £3k - 10k per week in specialist provision.

3.3.3 The Local Authority has to meet the cost of court directed interventions e.g. parent and child residential/supported accommodation assessments, supervised contact and other specialist assessments, which are also unpredictable and demand-led. The Public Law Outline requires that these assessments are in place pre proceedings also, which is placing a demand on the team budgets.

3.3.4 Children's Services are currently going through a restructuring process where the focus will be on Early Intervention and Intensive Intervention. The focus of the new structure is on preventive work and supporting children to remain living at home safely. Additional resources provided for the Edge of Care project will support this, but this will take time. The significant increase in children being looked after by the Local Authority is the main reason why the Service is overspending. The Service has seen a 72% (47/81) increase in children who are subject to Full Care Orders over the last 3 years. The average annual cost for a residential placement is £220k .

3.3.5 To mitigate the overspend on these placements, the Service has implemented an action plan for 2017/18 which includes: reviewing children/young people currently in residential placements; aiming to increase placement options on the Island; supporting children to return home when it is safe to do so and reviewing funding approval for residential placements. Consent for all residential placements now requires the approval of the Head of Service.

3.4 Housing (Council Fund)

3.4.1 This service was underspent by £21k (1.42%) during the period. The service is expected to be within budget at the end of the financial year.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Maritime and Leisure)

- 3.5.1.1** The Service, overall, was underspent by £118k at the end of quarter 3 (7.05%). The service is projected to be overspent by £30k (1.55%) by 31 March 2018. This is an improvement on the forecast overspend of £110k predicted during Quarter 2.
- 3.5.1.2** The Economic Development element of the service is forecast to be underspent by £60k at year-end. There are underspends within staffing due to vacant posts and surplus recharge income from major programmes.
- 3.5.1.3** The Maritime section is expected to be underspent by £60k at year-end. This is due to the cancellation of the repainting of Beaumaris Pier as it is too expensive. However, the service is requesting that this be carried forward as an earmarked reserve to 2018/19 to help fund this work. A transfer to an earmarked reserve of £60k would result in the Maritime Service achieving a balanced budget.
- 3.5.1.4** The Leisure section is forecast to overspend by £90k at year-end; this is an improvement of £20k from Quarter 2. The leisure centres' income, including from cafes, continue to be a pressure as the service is finding it increasingly more difficult to achieve income targets. The figure is net of savings on outdoor areas, which are currently being transferred to outside bodies.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service was £462k underspent (27.86%) during the period, £350k of this is due to surplus income from Major Developments. The total surplus income from major developments will be transferred to the Major Developments Earmarked Reserve similar to last year. This reserve will help the Council support major developments in the future. The service is projected to underspend by £60k (2.72%) at the year-end excluding the above mentioned major developments income. This is a reduction in the underspend of £97k predicted during Quarter 2. This is due to one-off pressures in Planning Control arising from consultancy costs £30k and minerals and waste costs £15k.
- 3.5.2.2** Most of the budgets within Planning and Public Protection are underspending slightly, with the exception of Planning Delivery Wales; Property & Environmental Grant (PEG); Countryside and Coast; Registrars and Markets, which are estimated to overspend slightly. The Planning Section is predicted to underspend by £11k overall by year-end. Public Protection is forecast to underspend by £49k for the financial year.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £347k (5.34%) overspent during the period and is projected to be £86k (1.31%) overspent by the year-end. This is a small reduction from the overspend of £100k predicted during Quarter 2. This excludes the impact of the floods and any further winter maintenance required.

3.6.1.2 There are a number of compensating over and underspends, with the most significant overspend being £102k on Maintenance Design and £200k on the new maintenance contract. The largest underspend is in Street Works, which is predicting an underspend of £170k.

3.6.2 Waste

3.6.2.1 The Waste service was £78k (1.35%) underspent at the end of this quarter and the service is predicted to underspend by £20k (0.32%) at the end of the financial year. This is £5k less than the underspend reported during Quarter 2.

3.6.2.2 The Electricity Generating Site at Penhesgyn continues to predict an underspend of £15k due to reduced expenditure on supplies and services. An underspend of £30k is forecast for Penhesgyn Transfer Station due to underspends on transport and premises costs. The underspend on Waste Disposal is forecast to increase from £30k in Quarter 2 to £50k in Quarter 3 due to reduced Waste disposal costs. This is due to an increase in recycling following the launch of the trolley boxes. Waste collection costs are predicted to overspend by £75k due to additional collection of waste for Recycling.

3.6.3 Property

3.6.3.1 Property Services overspent by £32k (3.19%) during the quarter. The Service is predicted to be underspent by £7k (0.61%) at year-end. This is a slight reduction of £4k from the underspend predicted at Quarter 2.

3.6.3.2 Repairs and Maintenance of the Council buildings are estimated to overspend by £30k, an improvement of £20k from last quarter. Rental income is now expected to be as budgeted compared to a surplus predicted during Quarter 2. All other budget headings are expecting small to moderate underspends with the exception of the office rationalisation residual costs, which is expected to overspend by £5k.

3.7 Transformation

3.7.1 The Transformation function overspent by £37k (1.29%) during the period. Transformation, in total, is expected to underspend by £99k (2.5%).

3.7.1.1 The ICT section's budgets are under pressure due to slipped commitments from 2016/17. The function continues to forecast an overspend of £100k at the end of the financial year.

3.7.1.2 The HR function is predicting an underspend of £30k at year-end. This is due to a predicted overspend of £10k on Occupational Health Services which is offset by an underspend of £40k due to vacant posts in the function. Previously the function predicted a balanced budget for the financial year.

3.7.1.3 The Corporate Transformation section is forecast to underspend by £169k at year-end due to vacancy management and savings on the Ynys Môn and Gwynedd Partnership. Last quarter, the function was forecast to underspend by £40k for 2017/18. The improvement is the result of increased information which helped predict the underspend on the Ynys Môn and Gwynedd Partnership during this quarter. The only area under pressure within Transformation is Cyswyllt Môn, which is estimated to overspend by £22k.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget showed an overspend of £11k (0.46%) by the end of the period. The function is predicted to overspend by £44k (1.57%) for the financial year. This is a slight increase from the overspend of £40k predicted for Quarter 2. This is due to budget pressures (£77k) in Revenues and Benefits section, such as an overspend on agency staff and lower than budgeted administration grants. Finance Management is due to overspend by £60k mainly due to a difficult to achieve savings target. Accountancy is predicted to underspend by £21k. Underspends on staffing in Accountancy will offset a number of budget pressures, the most significant of which is bank charges £24k and software £13k. The Procurement section is predicted to underspend by £58k due to vacancy management and procurement efficiency savings.

3.9 Council Business

3.9.1 The function is £190k (16.3%) overspent as at 31 December 2017 and an overspend of £257k (15.91%) is predicted for the financial year. This is an increase of £50k on the overspend of £207k reported for Quarter 2. An overspend of £300k is predicted on consultancy to cover temporary vacancies and external legal fees. The service has been unable to fill the posts from internal resources. The full cost of these are partly offset by an underspend of £75k on staffing and surplus land charges income amounting to £33k. The unbudgeted trade union post is also increasing budgetary pressures by £10k. Democratic Services is predicted to overspend by £55k compared with £5k predicted during the last quarter. The corresponding cost budget is spread across services which will be underspending by an equal amount. These budgets will be realigned in 2018/19.

3.10 Corporate and Democratic Costs

3.10.1 The function was underspent by £205k (11.33%) during the period. An underspend of £264k (13.74%) is projected at year-end. This is an increased underspend compared to the predicted underspend of £248k reported at Quarter 2 due to an increase in the underspend on Coroners' Fees. The total underspend is due to an estimated underspend in pension contributions to Gwynedd Council (£78k); pensions discounts of (£72k) which the Council secured by paying the 3 year fund deficit contribution as one lump sum rather than as a monthly payment. There is also reduced spend on Coroners' Fees (£69k). In addition, there is a return of (£28k) income previously provided for as bad debt and a one-off income of £44k was paid to the Council after the completion of the winding up of Cwmni Gwastraff Môn Arfon. A new budget pressure highlighted in the quarter is increased external audit fees, which amount to £25k.

3.11 Corporate Management

3.11.1 The function was £61k (11.04%) underspent at the end of this Quarter. An underspend of £80k (10.52%) is projected for the financial year due to savings arising from the restructuring of Strategic Management.

4. Corporate Finance (including Benefits Granted)

- 4.1** Corporate Finance including Benefits Granted, is expected to underspend by £503k (2.90%) at year-end. Benefits Granted is expected to underspend by £271k due to a reduction in the number of applicants receiving assistance under the Council Tax Reduction Scheme. A windfall of £84k following the 2015/16 Benefit Grant Audit will fund the shortfall of £80k in the DWP grant due to Homeless B & B rates exceeding the DWP allowance. An underspend of £208k is also projected on capital financing costs due to savings made from internal borrowing, delaying the refinancing of loans and selecting the lowest borrowing options which comply with the Treasury Management Strategy Statement 2017/18.
- 4.2** Appendix C summarises the financial position on contingency budgets at the end of this quarter. A total contingencies budget of £1.380m was approved as part of the 2017/18 budget. This included a £300k savings target from voluntary redundancies. A realistic forecast for the underachievement of £227k clawback of budget from voluntary redundancy savings continues to be forecast. A net £563k has been vired to/from services to fund specific projects, budgetary issues or to release savings from voluntary redundancies. £794km has been committed from contingencies and it is expected that the contingencies budgets excluding the savings target will underspend by £251k. The Salary and Grading contingency is forecast to overspend by £238k due to a higher than anticipated number of staff receiving redundancy payments. This is in addition to the £250k already approved and funded from the General Reserve for redundancy related costs. However, there is a projected underspend of £432k on the Earmarked Contingencies for Social Services due to delays in the Edge of Care Project and effective budget management in Adults Services. Underspends are also forecast on County Elections (£53k) and General Contingencies (£40k). When the unachieved savings target of £227k is applied, the total underspend is reduced to £23k.

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 2016. It does not provide for arrears collected from previous years, adjustments to liabilities arising from previous years (exemptions, single person discounts 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. The current projection is that the Council Tax Fund will overachieve the target figure by £87k. In addition, the Council Tax Premium budget, which is an additional Council Tax charge on second homes on Anglesey since 1 April 2017, may potentially overachieve its budget target by £247k. In total, therefore, a surplus of £334k is forecast on the collection of Council Tax.

6. Budget Savings 2017/18

- 6.1** Budget savings of £1.954m were removed from service budgets for 2017/18 with an additional £300k of savings to be found from voluntary redundancies, which is mentioned above. It is anticipated that £1.646m have, or will be, fulfilled by the year-end. However, £308k may potentially not be achieved. The most significant savings shortfall is expected in Learning which is predicted to underachieve on the target by £169k due to the delay in agreeing the reduction in cleaning hours and the failure to transfer Melin Llynonn. A full detailed analysis can be seen for each Service in Appendix D.

7. Invest-to-Save

7.1 An invest to save programme was undertaken in 2016/17 with an allocation of £983k for individual projects. To date, £194k has been spent or committed from this allocation of funding during 2017/18. All projects are at various stages of development, with some closer to completion than others. The full detail of the expenditure and progress on each of the programmes can be seen in Appendix CH. Where the projects are not completed at year-end they will continue into 2018/19 and the funding will still be available within the invest-to-save reserve.

8. Agency and Consultancy Costs

8.1 During the year to date, £951k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff illness cover, while £587k was related to staff cover within Children's Services mainly while the service undergoes a restructure. Resources spent £150k on agency staff. The majority of this relates to £47k for debt recovery staff to increase the income collected by the Authority and £53k for the Northgate Payroll and HR project, which is funded from a specific reserve. The Waste Service spent £187k for site agents at the recycling centres. The majority of this, 63%, is funded by external grant. The full details can be seen at Appendix DD.

8.2 Expenditure on consultancy during Quarter 3 was £746k, with £377k of this funded externally from grants or contributions. The total expenditure on consultancy between 1 April 2017 to 31 December 2017 is £1.653m. There are a number of reasons for the use of consultants and the full details of the expenditure can be seen at Appendix E.

8.3 A summary of expenditure for every department per Quarter can be seen at Appendix F.

9. Conclusion

9.1 A total overspend of £1.624m is projected for the year-ending 31 March 2018. This is an improvement on of £300k from Quarter 2. £2.461m of this is on service budgets, which are made up of a number of over and underspends. The Services that are still experiencing significant budgetary pressures are similar to 2016/17 (Children and Families Service and Learning). The Heads of Service are aware of the issues and are working to reduce the level of overspending which is within their control at the year-end. Corporate Finance is expected to underspend by £0.503m and Council Tax, which includes the Council Tax Premium, is forecast to collect a surplus of £0.334m. The overall overspend is, therefore, reduced to £1.624m. The projected level of overspend is 1.29% of the Council's net budget. There is concern about the impact of this level of overspend on general balances should the overspend materialise. However, the general balances are currently sufficient enough to sustain the overspend without impeding on the minimum level target of £6m set by the full Council on 28 February 2017.

9.2 Forecasts are subject to change as new information becomes available. However, with regular scrutiny from SLT and if remedial action is taken by Heads of Services, these will help the services manage within the budgets they can control.

Projected Revenue Outturn for the Financial Year Ending 31 March 2018 – Quarter 3

Service/Function	2017/18 Annual Budget	Q3 2017/18 Budget Year to Date	Q3 Actual & Committed spend	Q3 2017/18 Variance	Q3 Estimated Expenditure to 31 March 2018	Q3 Estimated Outturn 31 March 2018 over/(under)	Q2 Estimated Outturn 31 March 2018	Q1 Estimated Outturn 31 March 2018	2017/18 Projected Over/(Under)spend as a % of Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Lifelong Learning									
Delegated Schools Budget	44,021	33,848	33,848	(0)	44,021	0	0	0	0.00%
Central Education	2,811	1,618	2,185	567	3,689	878	618	618	31.23%
Culture	1,355	1,117	1,076	(41)	1,248	(107)	(70)	20	(7.90%)
Adult Services	22,456	17,390	17,941	551	22,515	59	191	299	0.26%
Children's Services	8,035	6,596	8,015	1,419	9,779	1,744	1,899	2,106	21.70%
Housing	1,036	1,462	1,441	-21	1,036	0	0	0	0.00%
Highways, Waste & Property									
Highways	6,567	6,499	6,846	347	6,653	86	100	3	1.31%
Property	1,143	1,019	1,051	32	1,136	(7)	-11	-33	(0.61%)
Waste	6,294	5,756	5,679	(78)	6,274	-20	-25	30	(0.32%)
Regulation & Economic Development									
Economic Development	1,942	1,679	1,561	(118)	1,972	30	110	80	1.55%
Planning and Public Protection	2,202	1,657	1,195	-462	2,142	-60	-97	-14	-2.72%
Transformation									
Human Resources	1,204	903	888	(15)	1,174	(30)	0	0	(2.49%)
ICT	1,746	1,312	1,459	147	1,846	100	100	100	5.73%
Corporate Transformation	935	641	547	(95)	766	(169)	(30)	0	(18.07%)
Resources	2,797	2,387	2,398	11	2,841	44	40	32	1.57%

Service/Function	2017/18 Annual Budget	Q3 2017/18 Budget Year to Date	Q3 Actual & Committed spend	Q3 2017/18 Variance	Q3 Estimated Expenditure to 31 March 2018	Q3 Estimated Outturn 31 March 2018 over/(under)	Q2 Estimated Outturn 31 March 2018	Q1 Estimated Outturn 31 March 2018	2017/18 Projected Over/(Under)spend as a % of Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Council Business	1,615	1,168	1,359	190	1,872	257	207	50	15.91%
Corporate & Democratic costs	1,922	1,811	1,606	(205)	1,658	(264)	(248)	(172)	(13.74%)
Corporate Management	761	556	494	(61)	681	-80	(80)	(70)	(10.52%)
Total Service Budgets	108,843	87,421	89,589	2,168	111,304	2,461	2,706	3,049	2.26%
Levies	3,335	3,335	3,332	-3	3,335	0	0	0	0.00%
Discretionary Rate Relief	60	0	0	0	60	0	0	0	0.00%
Capital Financing	8,158	3,867	3,746	(120)	7,950	(208)	(194)	(235)	(2.55%)
General & Other Contingencies	1,045	1,045	794	(251)	794	(251)	(213)	0	(24.01%)
Corporate Savings	(227)	(227)	0	227	0	227	227	150	(100.00%)
Support Services contribution HRA	(678)	0	0	0	(678)	0	0	0	0.00%
Benefits Granted	5,622	698	684	(14)	5,351	(271)	(152)	(149)	(4.82%)
Total Corporate Finance	17,314	8,716	8,556	(160)	16,812	(503)	(331)	(234)	(2.90%)
Total 2017/18	126,157	96,137	98,145	2,008	128,115	1,958	2,374	2,815	1.55%
Funding									
NDR	(23,002)	(15,920)	(15,925)	(5)	(23,002)	0	0	0	0.00%
Council Tax	(32,941)	0	0	0	(33,028)	(87)	(189)	(348)	0.26%
Council Tax Premium	(564)	0	0	0	(811)	(247)	(261)	(347)	43.71%
Revenue Support Grant	(69,650)	(48,205)	(48,219)	(15)	(69,650)	0	0	0	0.00%
Total Funding 2017/18	(126,157)	(64,124)	(64,144)	(19)	(126,491)	(334)	(450)	(695)	0.26%
Total out-turn including impact of funding	0	32,012	34,001	1,989	1,624	1,624	1,924	2,119	1.29%

SUMMARY OF THE FINANCIAL POSITION ON CONTINGENCY BUDGETS 2017/18 AS AT QUARTER 3

	Original Budget	Virements	Amended Budget	Committed to date (31/12/17)	Current Remaining Un-Committed
	£	£	£	£	
General Contingency	283,635	(128,570)	155,065	114,610	40,455
Improvement	-	-	-	-	-
Salary and Grading	200,000	(369,510)	(169,510)	68,450	(237,960)
Cost of Change	92,000	(40,090)	51,910	51,910	-
Apprentiships Levy	290,000	-	290,000	326,179	(36,179)
County Elections	150,000	(97,460)	52,540	-	52,540
Edge of Care	240,000	-	240,000	104,300	135,700
Earmarked Contingency	425,000	-	425,000	128,600	296,400
Total contingency budgets	1,680,635	(635,630)	1,045,005.00	794,049	250,955
VR Savings Target	(300,000)	72,540	(227,460)	0	(227,460)
Total General and other Contingencies	1,380,635	(563,090)	817,545	794,049	23,495

REVIEW OF INVEST-TO-SAVE PROJECTS 2017/18

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under)spend £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	170,000	170,260	140,659	29,601	165,590	-4,670	The project is progressing well with an expected completion date by the end of the year. An underspend of £4.6k is expected.
I.T	Local Land and Property Gazetteer	Implement a LLPG system across the Council	10,800	10,800	10,749	15,261	-4,512	15,261	4,512	Project physically complete. The overspend will need to be funded from IT budgets unless an underspend from another project such as the EDMS can be used.
I.T / Transformation	Customer Relationship Management System	Purchase and implementation of a CRM system	255,000	255,000	195,000	0	195,000	195,000	0	Waste Management solution live along with a number of other online services. Training undertaken in services and further integrations lined up. Core technology is in place now allowing more online services to be added with considerable interest from services such as Environmental Health and Housing. Supplier payments withheld on project milestones will be released shortly.

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Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under)spend £	Project Update
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	27,000	27,000	6,000	21,000	15,000	(12,000)	Payment Gateway integration work complete on the CRM and AppMon side, delays on the Capita Side holding project back.
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	118,000	118,000	22,367	95,633	80,000	(38,000)	The SAGE time management system has been procured and the implementation is being progressed. The digitisation project is progressing with current systems accessed and tested for integration into the new system. All planning letter templates are being progressed. Training dates are being organised and GIS map work is also progressing well. Approximately 3,000 files and documents have been scanned to date.
Resources	Improving Income Collection Systems	Purchase and implement a new income management system which links to the current income streams and allows new income collection methods (AppMon etc) to link into the cash management system	150,000	150,000	150,000	9,488	140,512	70,000	(80,000)	The project is progressing in line with the consultants project plan and will progress into 2018/19 due to the extent of work required on the project.

Service	Title	Description	Amount Approved £	Sum Allocated (in total - not just Yr 1) £	Allocation for 2017/18 £	Spend to date £	Remaining budget 2017/18 £	Estimated total expenditure in 2017/18 £	2017 /18 Estimated Over/ (Under)spend £	Project Update
Lifelong Learning	Modernisation of business and performance processes	Implement unused modules in the ONE Management Information system	87,000	87,000	67,000	0	67,000	0	(67,000)	The joint partnership work is progressing well with approximately £67k expected to be spent by year-end on the ONE Management system. The service requests that the remainder of the reserve be used to fund the development of a website and online shop at Oriel Ynys Môn which is also an invest-to-save project as it is likely to increase income.
I.T. / Transformation	Digital First / Digital By Default	Employ a Digital Lead Officer and Digital Services Analyst	£70,000 in year 1 and £50,000 in year 2	120,000	20,000	0	20,000	0	(20,000)	Recruitment delayed pending sufficient progress on the CMS and CRM projects needed to make the post viable
Public Protection	Improved Digital Connectivity within the Public Protection Service	Implementation of a cloud based system to record inspection visits. The software is an all Wales solution and has been procured via a framework agreement supported by 19 out of 22 Councils in Wales	£10,000 per year for 4.5 years	45,000	70,000	0	70,000	0	(70,000)	No expenditure has been incurred to date but the scheme is likely to progress in the latter part of the year. Any underspend will need to carry-forward into 2018/19.
Total				982,800	828,009	193,775	634,234	540,851	(287,158)	

Review of Efficiency Savings 2017/18

Service/Function	Budget Savings 2017/18 £'000	Centre Achievable 2017/18 £'000	Potentially not-achievable 2017/18 £'000	Will not be achieved at all £'000	Comments
Lifelong Learning	610	441	169	0	Based on the number of hours cleaning provided by the Property department, £474k of the saving should be achieved moving forward, the remaining saving will be deducted from the Delegated School Budget as a general cut. The procedure to change the cleaners working hours has taken longer to action than anticipated, leading to an overspend in 2017/18, which will be funded from reserves. £40k will not be achieved as, to date, the Council has been unable to transfer Melin Llynonn, however, this is being mitigated as a result of overachieved income on other heritage sites and museums. £13k will not be achieved in relation to the termination of the lease at South Stack. Although the lease has been terminated, costs have been incurred to date to clear the site, these are one off costs.
Regulation and Economic Development	187	179	8	0	Cleaning hours across the three leisure centres have now been reduced from 55 to 30 per week since November 2017, however a shortfall of £3k forecast out of the £10k savings proposal for 2018/19. The £5k saving on the Leisure centre café outsourcing is still being worked on with Property and Procurement process to take place in February to seek an alternative provider now that the cafe has been closed. Vending machine sales are up but will not be sufficient to cover the overspend.
Highways, Waste and Property	339	273	66	0	£6k savings on the general waste contract is forecasted to not be achieved, however, the service is forecasting an underspend. The service is only likely to achieve £16k of the £26k target from outsourcing public conveniences due to limited interest from third parties. Unknown achievement against £50k Highways Maintenance Contract as it is heavily dependant on the weather over the winter months.
Adults' Services	559	529	30	0	The savings proposed through changes to the provision of catering in residential care homes will not be implemented until Q3 and Q4, however the savings will be met from other budget lines and will be achieved from 2018/19 onwards.

Service/Function	Budget Savings 2017/18 £'000	Centre Achievable 2017/18 £'000	Potentially not-achievable 2017/18 £'000	Will not be achieved at all £'000	Comments
Housing	41	16	25	0	There has been a slight delay in the review of the energy performance, one officer has commenced the work and completed 60 reviews, while the second officer has not yet begun, therefore, it will mean that the target will need to be adjusted to 85, resulting in a shortfall in savings of £15k. Opportunities for the empty homes officer to generate fee income through a second property have been short and, therefore, it is unlikely this years savings of £10k will be achieved as expected.
Transformation	79	79	0	0	All savings are expected to be achievable from 2017/18.
Council Business	18	18	0	0	All savings are expected to be achievable from 2017/18.
Resources	121	111	10		Only just beginning to give schools access to My View, so payslips still being printed. Current trends indicate that around £10k of savings are likely to be unachievable.
Total	1,954	1,646	308	0	

AGENCY COSTS APRIL TO DECEMBER 2017

	£	Funded From	Purpose
Economic & Regeneration	12,059.48	Un-utilised staffing budget	To meet statutory inspection targets
Waste	948.68	Revenue Budget	Clerical Waste Admin due to sickness within section
	67,691.50	Revenue Budget	External Site Operations / Staff long time Sickness / Retirement. Staff not available via HR Matrix
	104,254.55	Grant Funding	Site Operatives required to support lack of contract staff to cover additional work tasks with the introduction of three weekly refuse collection and additional recycling kerbside collections. Staff not available via HR Matrix
	13,713.95	Grant Funding	Additional tasks required short term for Litter picking during the Summer period April to mid October. Staff not available via HR Matrix
	186,608.68		
Childrens Services	137,706.89	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	2,734.40	Core budget, Un-utilised staffing budget & reserves approved by Exec	Specific piece of work
	407,324.17	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	33,622.20	Core budget, Un-utilised staffing budget & reserves approved by Exec	To cover vacant posts whilst restructure taking place
	6,606.75	Edge of Care Contingency	To cover vacant posts until post filled
	587,994.41		

	£	Funded From	Purpose
Transformation	14,636.18	Core Budget	Sickness and Vacancy
Resources	4,615.00	Staff budget	Staff sickness
	53,202.35	Core Budget	Northgate project
	47,030.00	Specific Core Budget	Recovery of historic uncollected debts
	15,704.00	Specific Core Budget	Agency staff brought to assist with completion and respond to external auditor queries on the 2015/16 HB Subsidy Audit and to produce report on processes and recovery of Overpaid HB.
	29,063.00	Unutilised staffing budget	To cover vacant posts under new structure, pending a recruiting process.
	149,614.35		
Total	950,913.10		

Information Regarding Monitoring of Consultants 2017/18

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
	£					
Value spent on consultancy Q1 & Q2	907,651					
Central Education	11,550	✓			Core	Provide training and advice and policy development for Safeguarding, health and safety advice and monitoring staff attendance across all schools.
Total Central Education	11,550					
Culture	398	✓			Core	Life Drawing Class
	375	✓			Core	Writing and performing Christmas show
	1,500	✓			Core	Criw Celf assistant
	329	✓			Core	Tutor for art workshop
Total Culture	2,602					
Economic & Regeneration	2,476			✓	Core	Strategic Research for 400 interviews
	5,062	✓			External (PPA)	Socio-economic support work
	20,634	✓			External (PPA)	Archaeological Planning Core Team
	8,155	✓			External (PPA)	Professional Fees
	9,506	✓			External (PPA)	Site Prep and Clearance TCPA
	51,476	✓			External (PPA)	Provision of Strategic Advice on Wylfa Newydd Project
	1,067	✓			External (PPA)	Annual Onesys Hosting Service
	18,403	✓			External (PPA)	Landscape Support
	4,619	✓			External (PPA)	Anglesey Leisure Centre Study
	2,000	✓			External (PPA)	Socio-economic impacts and mitigation
8,230	✓			External (PPA)	Consultancy Services	

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
	9,904	✓			External (PPA)	Visitor Perception Studies
	49	✓			External (PPA)	Disbursement only invoice
	72,734	✓			External (PPA)	Professional Fees Development Consent Order
	26,691	✓			External (PPA)	SPG Update 2016
	51,843	✓			External (PPA)	Draft DCO Review
	1,375	✓			External (PPA)	National Grid - Issue Tracker
	44,510	✓			External (PPA)	North Wales Connections Project
	533	✓			External (PPA)	Onesys Hosting Service
	675	✓			External (PPA)	Strategic Advice
	1,012	✓			External (PPA)	National Grid Connections Projects
	400			✓	External (VVP)	Studies, documentation and outline planning application
	20,819			✓	External (NDA)	Outline former PEBOC site planning application
	928	✓			Core	Engineering Works and Services
	754	✓			Core	Vet inspections
	1,628	✓			Grant	Additional Work at Craig y Don Amlwch
	2,445			✓	Grant	Undertake a Part 2A Assessment
	30			✓	Core	Minimum usage Charge of credit scoring checks
	2,059	✓			Core	Food Sampling
	3,000	✓			Core	Contribution towards the Regional Intel Analyst
	800			✓	Core	Gwynedd and Môn Awards Ceremony
	3,823			✓	Core	Feasibility Works at Plas Arthur Leisure Centre
	850			✓	Core	2 x to attend level 2 gym instructors
	1,085	✓			External (Sports Wales - LAPA)	Delivery of level 2 CSLA course
	379,572					

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
Highways	794	✓			Core	Staff time - Ynys Môn Remote data collection
	500	✓	✓		Grant	Local Access Forum Secreterial Service
	637	✓		✓	Core	Staff time on Anglesey Maintenance Framework Contract
	1,780	✓		✓	Core	Access to Meteoproup forecasters
xxxxx	3,711					
Schools	4,200			✓	Core	Support for the school 2 days a week
	6,000			✓	Core	Pre-inspection support
xxxxxxx	10,200					
Waste	66,833	✓			Core Budget - Self Funded	Charges for the management of fixed penalty notices
	127	✓			Core	Metering and Settlement Fee
	78	✓			Core	DuoS Offtake Only
	2,390	✓			Core	Landfill Gas Technical Support
	750	✓			Core	Perimeter Gas Monitoring
	8,142	✓			Core	Site Permit compliance actions
	10,038	✓			Core	CQA Report and PM of the works
	3,324	✓			Core	Landfill Site Management
	600	✓			Extenal Contribution & Grant	Consultancy work carried out at Penhesgyn
Total Waste	92,282					

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
HRA	1,500			✓	Core HRA	Provide advice and assistance for project
	5,542			✓	Core HRA	On site consultancy
	7,400			✓	Grant	Affordable housing Payment
	3,209			✓	Core HRA	Asset Management Startegy Advice
	1,511			✓	Core HRA	Engineering services in relation Beaumaris Social Club
	5,875			✓	Core HRA	Improvement to Keystone KSI workflows and related tasks
	1,800			✓	Core HRA	Consultancy Services
xxxxxxx	26,836					
Childrens Services	300			✓	Unitilised staffing budget and reserves approved by Exec	Consultancy support for recruitment campaign
	189			✓	Core budget	Feedback policy and questionnaires - Should this be agency?
	2,394			✓	Contingency	Set-up of Edge-of-Care team aimed at reducing number of Looked-after-Children
	2,040					
	261		✓		Core budget	Translation Services
	590		✓		Unitilised staffing budget and reserves approved by Exec	Chairing and Reviewing Child Protection Cases
	45		✓	✓	Core Budget	Telephone Calls Interpretation
	6,011		✓	✓	Core Budget	Management Review
	427		✓		Core budget	Written Translation
xxxxxxxxx	12,255					

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
Transformation	1,831			✓	Specific Core Budget	CISCO Support
	1,325			✓	Specific Core Budget	Installation & consultancy
	1,375			✓	Specific Core Budget	To supply dedicated air-ride
	1,700			✓	Specific Core Budget	Call off Consultancy Days
	4,250			✓	Specific Core Budget	Consult on full migration of iManage to SQL
	3,684			✓	Grant	Social worker assessments
	14,165					
Council Business	18,639	No	Covers full-time post	Corporate Governance	Overspend on budget	Maternity Cover
	58,809	No	Covers 2 full-time posts	Land Charges x 1; Contracts x 1	Overspend on budget	Professional services of: (Land Charges) & (Contracts)
	984	Yes	Training on case management update	One off	Core budget	Training on case management update
	78,432					

	Amount Q3	Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project	Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
Resources	1,788	✓			Staff budget	Management of IA
	1,500	✓			Core budget	VAT Consultancy
	6,925	✓			Core budget	Capita Contract
	1,075			✓	Core budget	Work on equal pay claims
	400			✓	Core budget	Consultancy on Civica system
	80,000			✓	Core budget - MRP budget	MRP Review
	1,050			✓	Core budget	LGPS Files
	1,215			✓	Core budget	Consultancy
	1,750			✓	Core budget	Data Migration
	14,400			✓	Core budget	Consultancy HR/Payroll Project
	4,028			✓	Core budget	EDMS project management costs
	114,131					
Total Q3	745,736					
Total April to December 2017	1,653,388					

SUMMARY OF CONSULTANCY EXPENDITURE Q1 TO Q3				
	Qtr 1	Qtr 2	Qtr 3	Total to Date
Central Education	7445	15,457	11,550	34,452
Culture	4,720	1,519	2,602	8,842
Economic & Regeneration	140,283	357,801	379,573	877,658
Highways	237	9,290	3,711	13,239
Schools	2,100	5,575	10,200	17,875
Waste	7,577	76,012	92,282	175,871
HRA	11,416	16,801	26,836	55,054
Childrens Services	11,969	15,408	12,255	39,633
Transformation	15,881	10,963	14,165	41,009
Council Business	56,207	81,401	78,432	216,041
Resources	52,936	6,647	114,131	173,715
Total	310,775	596,875	745,737	1,653,388

ISLE OF ANGLESEY COUNTY COUNCIL		
REPORT TO:	EXECUTIVE COMMITTEE	
DATE:	19 FEBRUARY 2018	
SUBJECT:	BUDGET MONITORING REPORT - 3RD QUARTER 2017/18 - CAPITAL	
PORTFOLIO HOLDER(S):	COUNCILLOR J GRIFFITH	
HEAD OF SERVICE:	MARC JONES (EXT. 2601)	
REPORT AUTHOR:	GARETH ROBERTS	
TEL:	01248 752675	
E-MAIL:	GarethRoberts@ynysmon.gov.uk	
LOCAL MEMBERS:	n/a	
A - Recommendation/s and reason/s		
<ul style="list-style-type: none"> It is recommended that the Executive note the progress of expenditure and receipts against the capital budget 2017/18 at quarter 3. 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
n/a		
C - Why is this a decision for the Executive?		
<ul style="list-style-type: none"> This report sets out the financial performance of the Capital budget for the third quarter of the financial year. Budget monitoring is a designated Executive function. 		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Setting of the annual Capital Budget.		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section151 Officer’s report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

F - Appendices:

Appendix A - Capital Budget Monitoring Report – Quarter 3 2017/18

Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End

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

- 2017/18 Capital Budget, as recommended by the full Council on 28 February 2017;
- 2017/18 Treasury Management Strategy Statement, approved by the full Council on 28 February 2017;
- 2016/17 Capital Outturn Report, presented to this Committee on 12 June 2017;
- 2017/18 Capital Monitoring Report 1st Quarter presented to this Committee on 18 September 2017; and
- 2017/18 Capital Monitoring Report 2nd Quarter presented to this Committee on 27 November 2017.

1. INTRODUCTION

- 1.1 The following report sets out the position in respect of the Capital Budget as at the third quarter of the financial year and allows Members to note the progress of Capital Expenditure and Capital Receipts against the Capital Budget.
- 1.2 In March 2017, the Council approved a Capital Programme for non-housing services of £27.630m for 2017/18 and a Capital Programme of £12.873m for the HRA. In addition, in June 2017, the Council approved Capital Slippage of £4.677m to be brought forward from 2016/17, and there was also slippage carried forward from the 21st century schools programme of £1.758m. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, which amounted to £2.552m. Included in this are grant schemes such as the Road Safety Grant of £0.163m and a MALD grant of £0.115m for Oriel Ynys Môn. Finally, the Authority has received Capitalisation Direction for Equal Pay totalling £2.566m, which brings the total Capital budget for 2017/18 to £52.056m.

2. PROGRESS ON EXPENDITURE 2017/18

- 2.1 Below is a summary table of the Capital expenditure to 31 December 2017, the profiled budget to 31 December 2017 and the proposed funding of the Capital Programme for 2017/18:-

Service	Annual Budget £'000	Profiled Budget £'000	Actual Expenditure £'000	Committed Expenditure £'000	Total Expenditure £'000	% Profiled Budget Spent	% Annual Budget Spent
Housing General Fund	2,577	804	590	6	595	74	23
Housing HRA	12,873	7,410	6,636	605	7,240	98	56
Lifelong Learning	9,602	5,277	5,384	247	5,631	107	59
Economic and Regeneration	8,907	324	212	2	214	66	2
Highways	11,440	4,111	3,285	165	3,450	84	30
Waste Management	172	66	66	-	66	100	39
Property	507	507	450	0	450	89	89
Transformation	655	504	441	95	535	106	82
Resources	2,566	1,765	1,765	-	1,765	100	69
Planning	982	770	769	-	769	100	78
Adult Services	1,776	380	187	93	280	74	16
Total	52,056	21,918	19,784	1,212	20,996	96	40
Funded By:							
Capital Grant	24,273						
Capital Receipts	2,866						
Supported Borrowing	3,509						
Unsupported Borrowing	8,868						
Revenue Contribution	10,208						
Reserves	769						
Loan	1,001						
Underspend from 2016/17	564						
Total Funding	52,056						

- 2.2 The Profiled budget spent to the end of the third quarter for the General Fund is 96%, however, only 40% of the annual budget has been spent to date. The reason for this is that some capital schemes are weighted towards the latter part of the financial year, or the scheme is no longer going to be completed in this financial year. Some Capital schemes are well underway, with the majority of the profiled budget for quarter 3 being spent, schemes such as Ysgol Cybi and Ysgol Rhyd y Llan. The Capital Programme for 2017/18 and its profile can be seen in Appendix B of this report. There are a number of Capital Grants schemes in 2017/18 and an update on these is provided in section 3.1 of this report.

- 2.3** The Housing Revenue Account is currently on profile, with 98% of its profiled budget spent to the end of the third quarter, but only 56% of the annual budget spent. It is currently estimated that 79% of the budget will be spent by the end of the financial year, with the remaining budget being carried forward into 2018/19. During Quarter 3, contracts have been awarded for all traditional planned maintenance contracts planned for 2017/18. These tenders have fully committed the planned maintenance budget and the work, together with expenditure, is progressing in advance of service expectations. In addition, during Quarter 3 two Central Heating Boiler Renewal contracts reached practical completion. A third and final contract for 2017/18 was procured during Quarter 3.
- 2.4** The smallholdings programme of improvements, financed from the ring-fenced capital receipts from the sale of smallholdings and rental income, completed during 2016/17. The surplus at the end of the financial year was £0.307m, which has been ring-fenced for further Capital works during 2017/18. However, it is currently forecasted that the programme will spend £0.504m this financial year, an overspend of £0.197m. This overspend will be funded from the planned disposal sale of existing smallholdings in line with the Smallholdings Asset Management Plan.

FUNDING

3.1 Capital Grants

3.1.1 There are a number of Capital Grant schemes in the Capital Programme for 2017/18, most of which are underway and progressing, with a brief update on the schemes provided below:-

- Market Hall - Contracts for Phase 1 completed on 12 January 2018. European Regional Development Fund (ERDF) has been approved, subject to tender costs and process for phase 2 being approved by Welsh Government. Tenders for phase 2 have been received by the Council and are over budget. Work is being undertaken with the Quantity Surveyor and the preferred contractor to identify whether any savings can be made.
- Llangefni Link Road - Work on Section 4 was completed in December 2017. During Quarter 3, the expenditure incurred was claimed against the grant in full with the exception of a small amount for land for landscaping works for Section 1. The construction tender for Section 3 was awarded in November and work commenced on site in December 2017. Completion is planned for January 2019. Advance orders for statutory undertakers on Section 3 are being progressed currently.
- Llangefni Strategic Infrastructure – Invitation to Tender for the construction contract was issued in October, and the contract for construction has been awarded with work anticipated to start at the end of February 2018. The scheme will involve construction of new industrial units on the old Môn Training site and office extension at the Business Centre for letting.
- Holyhead Breakwater - the work on the initial commission will be completed in the Autumn. The funding for the consultancy phase this year is being provided by Stena Port.

- 21st Century Schools - The funding for Ysgol Cybi and Ysgol Rhyd y Llan was fully drawn down as part of the 21st century schools programme in 2016/17. Therefore, the remaining work due to be completed on both schools during 2017/18 will be funded through borrowing and the Council's resources as part of the Council's 50% contribution towards the project. Project costs on various schemes continue to fluctuate, however, the overall cost for Band A remains within the approved budget. Work has commenced on the new build for Ysgol Santes Dwynwen. The refurbishment works on Ysgol Parc y Bont and Ysgol Brynsiencyn are well under way. The current Welsh Government funding for 2017/18 is £2.302m, of which £1.9m is in the form of a Capital Grant, and must be spent by the end of March or it will be lost. To the end of quarter 3, £1.749m has been claimed against the grant, meaning a further £0.151m is a minimum required to be spent in quarter 4.
- Road Safety Capital – This scheme involves capital works on the B5110 road from Llangefni to Marianglas. Work has progressed on this scheme during Quarter 3, with 79% of the annual budget spent. No issues are forecasted with this Capital Grant scheme.
- Oriel Ynys Môn MALD Grant - Works on toilet refurbishment, lighting, front door and new flooring is scheduled to be completed in Quarter 4. In addition, landscape work is due to commence and complete in the quarter. In order to fully utilize the grant, all expenditure must be incurred and claimed by the 9th March 2018. A proportion of the MALD grant has been used as match funding to secure an additional grant for further works on the Oriel, improvements to the Dingle and the Lôn Las 566 path.

3.1.2 There are schemes that are in the Capital Programme that have not yet started, or are waiting approval from funding providers, with a brief update on the schemes provided below:-

- Beaumaris Flood Alleviation – Welsh Government has allocated funding for Beaumaris Flood Alleviation within their programme for this financial year. However, a formal offer is subject to a bid being made by the Authority and approval of a revised project Appraisal Report, which must include the results of a public consultation exercise and hence subsequent finalising of the design of the scheme. At best, some spend may be achieved this financial year with more in the next. At worst, the works could be put on hold and this could result in a loss of the grant funding.
- Pentraeth Flood Alleviation - These works are currently in the design stage and, if land negotiations and grant award were to be successful, could be commenced next summer. The scheme is on WG's five year 'pipeline of schemes' but would need grant award for construction to be able to continue. Grant award has been made for the ongoing design.
- Holyhead Strategic Infrastructure – This scheme is to construct new industrial units at Penrhos, Holyhead, and European Regional Development Funding secured. Match funding has also been offered by Welsh Government in the form of a commercial Joint Venture. A report went to this Committee on 29 January 2018 for the approval to accept the offer.
- Tourism Gateway – A bid for European Regional Development Funding has been submitted and is currently being assessed, with an expectation that a decision will be made in Quarter 4.

- New Highway to Wylfa Newydd – No work is now expected in this financial year. The online works will still go ahead but is not likely to start until Quarter 3 2018/19 at the earliest, and could be delayed until Quarter 1 2019/20 depending on the progress to complete the necessary Compulsory Purchase Orders.
- Residential site for Gypsies & Travellers - The Housing Service does not anticipate any site construction related expenditure during the current financial year. Following a further report to the Executive during October 2017, it was resolved that formal Planning Applications would be submitted for a Temporary Stopping Site at Star and a Permanent Site at Penhesgyn. Capital expenditure during 2017/18 will be restricted to professional fees in connection with site design, the commission of specialist site suitability reports and the submission of planning applications and associated fees.

3.2 Capital Receipts

3.2.1 The Capital Receipts for this year to date and the budgeted Capital Receipts are:-

	Budget 2017/18 £'000	Received to 31-Dec-17 £'000	Projection to 31-Mar-18 £'000
Council Fund:			
Smallholdings	530	189	402
General	2,925	2,469	2,483
Industrial	275	105	125
Schools	640	0	0
Repaid Improvement Grants	0	15	15
Total	4,370	2,778	3,025

3.2.2 The projected Capital Receipts at 31 March 2018 is £3.025m, against a budget of £4.370m. This is mainly due to the sale of two schools not expected to be completed until the next financial year. The Capital Receipts received to the end of quarter 3 is £2.778m, which is 64% of the annual budget. The sales include Parc Mount (£0.350m) and the former Ysgol y Graig site (£1.672m). The forecast Capital Receipts include £0.213m on various Smallholdings.

3.2.3 The Authority has not received any large capital receipts since the end of the quarter.

4. PROJECTED ACTUAL EXPENDITURE 2017/18

4.1 Below is a table with projected Expenditure at 31 March 2018 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected Under / Over Expenditure £'000	% Variance
Housing General Fund	2,577	1,021	- 1,556	- 60
Housing HRA	12,873	10,202	- 2,671	- 21
Lifelong Learning	9,602	7,349	- 2,253	- 23
Economic and Regeneration	8,907	749	- 8,158	- 92
Highways	11,440	5,858	- 5,582	- 49
Waste Management	172	66	- 106	- 61
Property	507	705	198	39
Transformation	655	610	- 45	- 7
Resources	2,566	2,566	-	-
Planning	982	982	-	-
Adult Services	1,776	1,811	35	2
Total	52,057	31,919	- 20,138	- 39
Funded By:	Annual Budget £'000	Projected Funding £'000	Variance	% Variance
Capital Grant	24,274	12,038	- 12,235	- 50
Capital Receipts	2,866	3,025	159	6
Supported Borrowing	3,509	1,239	- 2,270	- 65
Unsupported Borrowing	8,868	7,078	- 1,790	- 20
Revenue Contribution	10,208	7,537	- 2,670	- 26
Reserves	769	-	- 769	- 100
Loan	1,001	1,001	-	-
Underspend from 2016/17	564	-	564	100
Total Funding	52,057	31,919	- 20,138	- 39

4.2 As can be seen from table 4.1 (above), the forecast underspend on the Capital Programme for 2017/18 is £20.138m, with £17.134m of this being potential slippage into the 2018/19 Capital Programme. The funding for this slippage will also slip into 2018/19 and the current estimate of the funding is Capital Grant (£12.748m), Capital Receipt (£0.715m), Supported Borrowing (£0.950m), Revenue Contribution HRA (£2.670m) and Reserve (£0.051m). This potential slippage was factored in when producing the Treasury Management Strategy Statement and Capital Programme for 2018/19. The main projects that are forecast to be underspent are the Holyhead Strategic Infrastructure, Llangefni Strategic Infrastructure and the New Highway to Wylfa Newydd, as can be seen in Appendix B. These three schemes are nearly fully funded by grants and this is the reason that there is a significant variance in the Capital Grants funding in table 4.1. The reasons for the underspend in the Holyhead Strategic Infrastructure is that external funding is being sought. Llangefni Strategic Infrastructure is forecast to underspend as the external funding has only recently been secured, and only design and survey work likely to happen in this financial year. The New Highway to Wylfa Newydd is not expected to progress until October 2018 at the earliest.

4.3 The Capital Finance Requirement forecasted at 31 March 2018 is £137.663m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £111.430m, meaning the Authority essentially needs to borrow £26.233m to fund the current Capital Programme. If this borrowing is undertaken externally, the Authority will still be within its authorised borrowing limits as per the 2017/18 Treasury Management Strategy Statement (Appendix 11).

5. FUTURE YEARS

5.1 The Capital Strategy for 2018/19 was considered by the Executive on 30 October 2017. The strategy recommended that the Council's core Capital Funding for 2018/19, consisting of General Capital Grant (£1.340), Supported Borrowing (£2.203m) and Capital Receipts (£0.500m), be allocated to fund upgrading existing assets (£3.217m) and to contribute towards the funding of schemes with brought forward commitment from 2017/18 (£0.826m). These committed schemes total £23.4m, with the remaining funding coming from external grants.

The Executive also approved the use of £250k of capital reserves to fund smaller Invest to Save schemes. Services were requested to submit bids by Friday 12th January, which will be assessed prior to the Executive recommending a final capital budget to the Council in February 2018.

Also included in the Strategy are a number of potential new schemes which would require additional funding. These schemes include New Gritters, Refurbishment of elderly care homes, upgrading the new telephone system and upgrading Leisure Centre Equipment. These additional schemes could be funded from a Capital reserve, or through unsupported borrowing if the scheme can generate income/savings to repay the unsupported borrowing and interest costs. A decision on these additional schemes will be made by the full Council in February 2018.

The Strategy also refers to the 21st century schools programme. Band A of the programme is funded by 50% additional funding from the Welsh Government and 50% via unsupported borrowing, and will continue into 2018/19 with works to progress on the development of Ysgol Santes Dwywnwen, the Refurbishment of Ysgol Brynsiencyn and Ysgol Bro Llangefni.

The Capital Programme for the Housing Revenue Account (HRA) will also be considered by the full Council in February, with HRA being funded by Revenue Contributions and the Major Repairs Allowance Grant.

Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	% Profiled Budget Spent	% Annual Budget Spent	Projected Expenditure (£)	Projected Under / Over (£)	% Variance
Housing General Fund											
Disabled Facilities Grants	958,280	718,704	505,297	0	505,297	-213,407	70	53	750,000	-208,280	-22
Residential Site for Gypsies and Travellers	1,301,000	75,000	72,864	5,804	78,668	3,668	105	6	150,000	-1,151,000	-88
Compulsory Purchase Scheme	200,000	0	1,209	0	1,209	1,209	0	1	4,000	-196,000	-98
Enable Grant	86,790	10,000	10,159	0	10,159	159	102	12	86,790	0	0
Affordable Housing brought forward 2015/16	30,650	0	0	0	0	0	0	0	30,650	0	0
Total	2,576,720	803,704	589,528	5,804	595,332	-208,372	74	23	1,021,440	-1,555,280	-60
Housing HRA											
Central Heating Contract	600,000	450,000	362,760	0	362,760	-87,240	81	60	550,000	-50,000	-8
Planned Maintenance Contract	4,635,000	3,476,250	3,553,140	426,372	3,979,511	503,261	114	86	5,000,000	365,000	8
HMU Vehicles 2017/18	144,000	108,000	0	135,247	135,247	27,247	125	94	144,000	0	0
Environmental Works	502,580	45,000	33,629	2,120	35,749	-9,251	79	7	60,000	-442,580	-88
Remodelling of Existing Stock	693,120	519,840	273,395	0	273,395	-246,445	53	39	693,120	0	0
Acquisition of Existing Properties	4,800,000	1,687,500	1,564,699	17,375	1,582,074	-105,426	94	33	2,250,000	-2,550,000	-53
Public Sector Adaptations	350,000	262,500	254,286	22,113	276,399	13,899	105	79	350,000	0	0
Fire Risk	167,620	125,715	0	0	0	-125,715	0	0	125,000	-42,620	-25
WHQS	870,280	652,710	554,353	0	554,353	-98,357	85	64	870,280	0	0
Premises	110,000	82,500	39,378	1,614	40,992	-41,508	50	37	160,000	50,000	45
Totals for : Housing HRA	12,872,600	7,410,015	6,635,639	604,841	7,240,481	-169,534	98	56	10,202,400	-2,670,200	-21
Lifelong Learning											
Disabled Access in Education Building	474,620	300,000	275,109	0	275,109	-24,891	92	58	275,109	-199,511	-42
Refurbish Education Building	500,000	500,000	289,404	0	289,404	-210,596	58	58	500,000	0	0
21st Century Schools - Holyhead	1,158,000	897,241	931,534	0	931,534	34,293	104	80	1,112,012	-45,988	-4
21st Century Schools - Llannau	2,502,000	2,023,678	2,136,623	0	2,136,623	112,945	106	85	2,339,911	-162,089	-6
21st Century Schools - Parc Y Bont	314,000	548,191	493,413	37,567	530,979	-17,212	97	169	570,926	256,926	82
21st Century Schools - Bro Rhosyr / Bro Aberffraw	3,591,000	789,219	1,040,657	203,109	1,243,766	454,547	158	35	1,992,725	-1,598,275	-45
21st Century Schools - Bro Seiriol	166,000	0	0	0	0	0	0	0	0	-166,000	-100
21st Century Schools - Brynisiencyn	217,000	217,000	215,155	0	215,155	-1,845	99	99	217,000	0	0
21st Century Schools - Llangefni	675,000	0	0	6,050	6,050	6,050	0	1	337,686	-337,314	-50
Flying Start Jesse Hughes Capital Grant	3,900	2,000	2,016	0	2,016	16	101	52	3,900	0	0
Total	9,601,520	5,277,329	5,383,911	246,726	5,630,637	353,308	107	59	7,349,269	-2,252,251	-23
Economic and Regeneration											
Tourism Gateway	1,050,000	10,000	4,872	0	4,872	-5,128	49	0	4,872	-1,045,128	-100
Holyhead Strategic Infrastructure	5,001,000	0	0	0	0	0	0	0	50,000	-4,951,000	-99
Llangefni Strategic Infrastructure	2,523,000	200,000	135,216	0	135,216	-64,784	68	5	477,216	-2,045,784	-81
Breakway Park	17,050	17,050	17,050	0	17,050	0	100	100	17,050	0	0
Planning System Invest to Save	84,750	10,000	9,334	0	9,334	-666	93	11	84,750	0	0
Salix Funding LED Lights	5,190	0	0	0	0	0	0	0	0	-5,190	-100
I2S - Energy Efficiencies at Leisure Centres	111,000	0	0	0	0	0	0	0	0	-111,000	-100
Oriel Ynys Môn MALD Grant 2017/18	115,370	86,528	45,319	1,773	47,092	-39,436	54	41	115,370	0	0
Total	8,907,360	323,578	211,790	1,773	213,563	-110,014	66	2	749,257	-8,158,103	-92

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	% Profiled Budget Spent	% Annual Budget Spent	Projected Expenditure (£)	Projected Under / Over (£)	% Variance
Highways and Transportation											
Car Parks	12,920	0	0	0	0	0	0	0	12,920	0	0
Vehicles	346,400	219,000	152,649	110,791	263,441	44,441	120	76	346,400	0	0
County Prudential Borrowing Initiative	761,000	570,750	820,237	0	820,237	249,487	144	108	823,237	62,237	8
Beaumaris Flood Alleviation Works (WG)	800,000	25,000	25,958	0	25,958	958	104	3	40,000	-760,000	-95
Pentraeth Flood Alleviation Works (WG)	800,000	0	0	0	0	0	0	0	10,000	-790,000	-99
New Highways to Wylfa Newydd	4,097,000	0	0	0	0	0	0	0	0	-4,097,000	-100
Llangefni Link Road	3,414,000	2,290,000	1,287,634	53,879	1,341,512	-948,488	59	39	3,414,000	0	0
Active Travel	4,000	2,000	1,485	0	1,485	-515	74	37	4,000	0	0
Road Safety Grant	163,000	122,250	128,885	0	128,885	6,635	105	79	163,000	0	0
Salix Funding - Street Lights	365,000	365,000	364,096	0	364,096	-904	100	100	365,000	0	0
Salix Funding - Street Lights Phase 2	636,240	477,180	461,141	0	461,141	-16,039	97	72	636,240	0	0
Holyhead Breakwater	40,000	40,000	43,089	0	43,089	3,089	108	108	43,089	3,089	8
Total	11,439,560	4,111,180	3,285,174	164,670	3,449,843	-661,337	84	30	5,857,885	-5,581,675	-49
Waste Management											
Telehandler & Weighbridge	97,000	66,410	66,410	0	66,410	0	100	68	66,410	-30,590	-32
I2S - Traeth Coch	75,000	0	0	0	0	0	0	0	0	-75,000	-100
Total	172,000	66,410	66,410	0	66,410	0	100	39	66,410	-105,590	-61
Property											
Refurbish Existing Assets	200,000	200,000	55,070	0	55,070	-144,930	28	28	200,000	0	0
Smallholdings	307,000	307,000	394,529	480	395,009	88,009	129	129	504,745	197,745	64
Total	507,000	507,000	449,599	480	450,079	-56,921	89	89	704,745	197,745	39
Transformation											
ICT Projects	90,790	90,790	18,238	94,904	113,142	22,352	125	125	113,142	22,352	25
ICT - Core Infrastructure	150,000	150,000	141,189	0	141,189	-8,811	94	94	150,000	0	0
ICT - Desktop Refresh	100,000	100,000	99,792	0	99,792	-208	100	100	100,000	0	0
ICT - Legacy System Migration	50,000	18,575	18,575	0	18,575	0	100	37	18,575	-31,425	-63
ICT - MS Licensing	101,000	101,000	115,348	0	115,348	14,348	114	114	115,348	14,348	14
CRM System Invest to Save	105,770	0	0	0	0	0	0	0	55,000	-50,770	-48
EDMS Invest to Save	57,860	43,395	47,381	0	47,381	3,986	109	82	57,860	0	0
Total	655,420	503,760	440,523	94,904	535,427	31,667	106	82	609,925	-45,495	-7
Resources											
Equal Pay	2,566,000	1,765,159	1,765,159	0	1,765,159	0	0	69	2,566,000	0	0
Total	2,566,000	1,765,159	1,765,159	0	1,765,159	0	0	69	2,566,000	0	0
Planning											
Holyhead Market Hall Hub Project	982,000	770,000	769,121	0	769,121	-879	100	78	982,000	0	0
Total	982,000	770,000	769,121	0	769,121	-879	100	78	982,000	0	0
Adult Services											
CCIS Implementation	65,000	48,750	47,924	0	47,924	-826	98	74	65,000	0	0
Canolfan Byron	150,000	143,931	24,785	92,809	117,594	-26,337	82	78	143,931	-6,069	-4
Haulfre Refurbishment	68,270	0	0	1	1	1	0	0	68,270	0	0
Seiriol	1,000,000	0	0	0	0	0	0	0	1,000,000	0	0
Garreglwyd	250,000	187,500	113,617	0	113,617	-73,883	61	45	291,240	41,240	16
ICF Maes William Williams	218,400	0	464	0	464	464	0	0	218,400	0	0
ICF Rectory	24,600	0	0	0	0	0	0	0	24,600	0	0
Total	1,776,270	380,181	186,790	92,810	279,600	-100,580	74	16	1,811,441	35,171	2
Total	52,056,450	21,918,315	19,783,645	1,212,008	20,995,653	-922,662	96	40	31,920,772	-20,135,678	-39

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	19 FEBRUARY 2018
SUBJECT:	HRA BUDGET MONITORING, QUARTER 3 2017/18
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	STEPHEN MOORE
TEL:	01248 752634
E-MAIL:	StephenMoore@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. The Executive is requested to note the following:-
 - (i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for Quarter 3 2017/18.
2. **Background**
 - (i) In March 2017, the Council agreed a revenue budget for 2017/18 that showed a planned surplus of £5,530k.
 - (ii) The budget for 2017/18 included a contribution to the capital programme of £8,882k but it should be noted that £1,326k of expenditure, planned for 2016/17, had not been completed and has slipped into the 2017/18 capital programme. This slippage will also be funded from the HRA balances.
 - (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £4,677k which would be funded from the HRA reserve.
 - (iv) The HRA is 'ringfenced', and its reserves cannot be transferred to the General Fund.
3. This report sets out the financial performance of the HRA for the period from 1st April 2017 to 31st December 2017.
4. **Overview**
 - (i) The revenue financial position for 2017/18 shows an overspend of £335k, a variance of 0.4%. More detail is shown in Appendix A.
 - (ii) Capital expenditure is behind profiled expenditure and is expected to be £2,670k below the revised capital budget by the end of the year. More detail is shown in appendix B.
 - (iii) The forecast deficit (combining both revenue and capital) is expected to be £2,725k less than the revised budget, largely due to the improved income from garage rents and the effect of the forecast reduction in capital expenditure.

5. Income

- (i) Income is £208k (2%) below the profiled budget.
- (ii) The free week at Christmas is distorting the figures, however, as the budget assumes an even spread throughout the year. The expected revenue from rents is over £300k per week, so the forecast is achievable.
- (iii) The budget assumed that the remodelling of the garage stock would be complete. The forecast has been amended to show additional income of £35k to account for the actual phasing of the project.

6. Non Repairs and Maintenance Expenditure

- (i) Overall, expenditure is on budget. To date, the only significant variances are due to increased utility charges for communal areas, expenditure that will be offset by grants at the end of the year, and savings in rent administration.

The apparent overspend in Estate Management is the result of staff transfers that have been actioned in January that will result in the costs being re-allocated into Rent Administration where action to reduce outstanding debt has been taken.

The forecast underspend has been reduced by a further £20k to £100k to account for these factors.

7. Repairs and Maintenance

- (i) The Housing Maintenance Unit (HMU) shows an underspend of £26k, much better than the £53k overspend shown at Quarter 1, and the £6k overspend at Quarter 2. This shows that the revised procedures introduced to improve the coding and timeliness of purchase orders have had some effect. However, expenditure will continue to be closely monitored.
- (ii) Other Repairs and Maintenance are overspent due to the procurement of services (particularly ground maintenance) that covers much of the financial year. There has also been additional expenditure concerning the call outs for fire equipment and the installation of a new fire alarm system at Gaerwen depot. Consequently, the forecast expenditure overspend has been increased by a further £20k to £80k to cover these factors.

8. Year End Adjustments

- (i) This heading covers items of expenditure (capital financing costs and recharges from the General Fund) that form part of the year end accounting process and are not generally monitored during the year. The latest capital report shows that the contribution required from HRA revenue is reduced by £57k.

9. Capital Expenditure

- (i) The original capital programme approved by the Council in February 2017 totalled £11,547k, which was to be funded by the Major Repairs Allowance £2,665k and contribution from the HRA reserve £8,882k. Planned capital expenditure of £1,326k was brought forward as slippage from 2016/17 to give a revised capital programme of £12,873k. The projected expenditure for 2017/18 is forecast to be £10,202k, with the underspend of £2,670k rolling forward into 2018/19.

10. HRA balance		
(i) The opening balance of the HRA Reserve stood at £7,544k. A surplus of £5,585k on the revenue account is forecast and £7,537k of reserves will be required to fund capital expenditure. This will result in a forecast HRA reserve balance as at 31 March 2018 of £5,592k.		
B - What other options did you consider and why did you reject them and/or opt for this option?		
n/a		
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 - Who did you consult?		
What did they say?		
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer’s report
3	Legal / Monitoring Officer (mandatory)	Will be consulted as part of SLT
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A – Revenue expenditure and forecasts to end of Quarter 2. Appendix B – Capital expenditure and forecasts to end of Quarter 2.		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2017/18 HRA budget (as approved by this Committee on 20 March 2017). • HRA 30 Year Business Plan 2017/47 (as approved by this Committee on 20 March 2017). 		

HRA ACCOUNT 2017/18

	Annual Budget 2017/18	Profiled Budget to Month 9	Actual to Month 9	Variance to Month 9	Year End Forecast	Year End Variance
	£	£	£	£	£	£
REVENUE ACCOUNT						
Income						
Dwellings	(16,052,000)	(12,022,948)	(11,775,645)	247,303	(16,052,000)	0
Garages	(185,000)	(138,565)	(163,340)	(24,775)	(220,000)	(35,000)
Service Charges	(97,000)	(72,653)	(72,590)	63	(97,000)	0
Other	(291,000)	(192,493)	(207,505)	(15,012)	(291,000)	0
Bad Debt Provision	147,000	0	0	0	147,000	0
TOTAL INCOME	(16,478,000)	(12,426,659)	(12,219,080)	207,579	(16,513,000)	(35,000)
Non Repairs & Maintenance Expenditure						
Tenant Participation	96,710	72,384	62,516	(9,868)	96,710	0
Rent Administration	409,410	306,512	43,631	(262,881)	309,410	(100,000)
Estate Management	206,280	153,436	329,811	176,375	206,280	0
Other Revenue Expenditure	629,020	471,189	565,276	94,087	629,020	0
Total Non R & M Expenditure	1,341,420	1,003,521	1,001,234	(2,287)	1,241,420	(100,000)
Repairs and Maintenance						
Housing Maintenance Unit (HMU)	3,268,040	2,438,809	2,413,148	(25,661)	3,268,040	0
Building Maintenance Staff (non HMU)	863,890	645,447	648,199	2,752	863,890	0
Other Repairs and Maintenance	498,570	373,838	526,379	152,541	578,570	80,000
Total Repairs & Maintenance	4,630,500	3,458,094	3,587,726	129,632	4,710,500	80,000
Year End Adjustments						
Capital Financing Charges	3,677,000	0	0	0	3,677,000	0
Recharge from Housing Services	621,830	0	0	0	621,830	0
Recharge from Central Services	677,010	0	0	0	677,010	0
Total Year End Adjustments	4,975,840	0	0	0	4,975,840	0
TOTAL REVENUE EXPENDITURE	10,947,760	4,461,615	4,588,960	127,345	10,947,760	0
TOTAL REVENUE (SURPLUS) / DEFICIT	(5,530,240)	(7,965,044)	(7,630,120)	334,924	(5,585,240)	(55,000)

CAPITAL EXPENDITURE ACCOUNT						
2017/18 Planned Capital Expenditure	11,546,600	7,410,000	7,240,000	(170,000)	10,202,400	(2,670,200)
2016/17 Slippage	1,326,000					
Major Repairs Allowance	(2,665,000)	(2,665,000)	(2,665,000)	0	(2,665,000)	0
TOTAL CAPITAL (SURPLUS) / DEFICIT	10,207,600	4,745,000	4,575,000	(170,000)	7,537,400	(2,670,200)
NET (INCREASE) / DECREASE IN HRA RESERVE	4,677,360	(3,220,044)	(3,055,120)	164,924	1,952,160	(2,725,200)
Opening HRA Balance	(7,544,017)				(7,544,017)	
Net (Increase) / Decrease in HRA Reserve	4,677,360				1,952,160	
Closing HRA Balance	(2,866,657)				(5,591,857)	

APPENDIX B

Service	Annual Budget (£)	Profiled Budget (£)	Total Expenditure (£)	Variance to profile (£)	Projected Expenditure (£)	Projected Under / Over (£)
Housing HRA						
Central Heating Contract	600,000	450,000	362,760	-87,240	550,000	-50,000
Planned Maintenance Contract	4,635,000	3,476,250	3,979,511	503,261	5,000,000	365,000
HMU Vehicles 2017/18	144,000	108,000	135,247	27,247	144,000	0
Environmental Works	502,580	45,000	35,749	-9,251	60,000	-442,580
Remodelling of Existing Stock	693,120	519,840	273,395	-246,445	693,120	0
Acquisition of Existing Properties	4,800,000	1,687,500	1,582,074	-105,426	2,250,000	-2,550,000
Public Sector Adaptations	350,000	262,500	276,399	13,899	350,000	0
Fire Risk	167,620	125,715	0	-125,715	125,000	-42,620
WHQS	870,280	652,710	554,353	-98,357	870,280	0
Premises	110,000	82,500	40,992	-41,508	160,000	50,000
Totals for Housing HRA	12,872,600	7,410,015	7,240,481	-169,534	10,202,400	-2,670,200

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	19 FEBRUARY 2018
SUBJECT:	FEES AND CHARGES 2018/19
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH - (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES - HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
REPORT AUTHOR:	MARC JONES
TEL:	01248 752601
E-MAIL:	RMJFI@YNYSMON.GOV.UK
LOCAL MEMBERS:	NOT APPLICABLE
A - Recommendation/s and reason/s	
<p>RECOMMENDATIONS AND REASONS</p> <p>As part of the budget setting process, all of the Council's fees and charges are reviewed.</p> <p>The Executive has set an objective that all non-statutory fees and charges are increased by an average of 3% across each individual service. This has allowed Service Heads to increase individual fees by more or less than 3% but, overall, the increase across the service equates to a 3% increase.</p> <p>All statutory fees have been increased by the sum set by the approving body, where the increase has been published. Where the revised charge is not known, the fee is shown as TBC and will be updated once the notification of the new fee is received.</p> <p>Fee increases in respect of Social Care are reported to the Executive as separate agenda items.</p> <p>RECOMMENDATION</p> <p>The Executive is requested to approve the schedule of fees and charges for 2018/19.</p>	
B - What other options did you consider and why did you reject them and/or opt for this option?	
Individual Services considered differing level of fees in order to achieve the requirement of a 3% increase in the overall level of non-statutory fees for the service.	
C - Why is this a decision for the Executive?	
Decision forms part of the overall budget setting process.	
CH - Is this decision consistent with policy approved by the full Council?	
N/A	
D - Is this decision within the budget approved by the Council?	
N/A	

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	Author of Report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A – Schedule of Fees and Charges 2018/19		
FF - Background papers (please contact the author of the Report for any further information):		



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Fees and Charges 2018-19

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Lifelong Learning Directorate

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Libraries & Culture

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Public Protection

Planning

Anglesey Business Centre

Leisure

Maritime

Highways

Waste Management

Deputy Chief Executive's Directorate

Legal

Notes

1. Applicable Period

- 1.1** All fees and charges are from 1st April 2018 – 31st March 2019 (inclusive) unless otherwise stated.

2. VAT

- 2.1** All Fees and charges are inclusive of VAT (VAT subject to change), unless otherwise stated.

2.2 Key to VAT Indicators

- S** - Inclusive of Standard Rated VAT (20%, subject to change)
- Z** - Zero rated
- E** - Exempt from VAT
- N** - Charge net of VAT (VAT should be added to the fee/charge)
- O/S** - Outside the scope of VAT / Non-business
- N/A** - Not applicable

- 2.3** Recharges between Isle of Anglesey County Council services are exclusive of VAT.

Adult Social Care

Service		Fee/Charge	VAT
Residential Accommodation in the Authority's Homes for Older People			
Standard charge (for residents who have the financial means to pay the full cost)		£601.82 per week	O/S
Home Care			
If you are above pension age with a current weekly income of or above £236.35 and:	If you are below pension age with a current weekly income of or above £160.59 and:		
below £241.34 per week	below £165.58 per week	No Charge	O/S
between £241.35 - £246.34	between £165.59 - £170.58	£5.00	O/S
between £246.35 - £248.59	between £170.59 - £172.83	£10.00	O/S
between £248.60 - £251.34	between £172.84 - £175.58	£12.25	O/S
between £251.35 - £256.34	between £175.59 - £180.58	£15.00	O/S
between £256.35 - £261.34	between £180.59 - £185.58	£20.00	O/S
between £261.35 - £266.34	between £185.59 - £190.58	£25.00	O/S
between £266.35 - £271.34	between £190.59 - £195.58	£30.00	O/S
between £271.35 - £276.34	between £195.59 - £200.58	£35.00	O/S
between £276.35 - £281.34	between £200.59 - £205.58	£40.00	O/S
between £281.35 - £286.34	between £205.59 - £210.58	£45.00	O/S
between £286.35 - £294.19	between £210.59 - £218.43	£50.00	O/S
between £294.20 - £296.34	between £218.44 - £220.58	£57.85	O/S
between £296.35 - £301.34	between £220.59 - £225.58	£60.00	O/S
between £301.35 - £306.34	between £225.59 - £230.58	£65.00	O/S
between £306.35 - £311.34	between £230.59 - £235.58	£70.00	O/S
between £311.35 - £316.34	between £235.59 - £240.58	£75.00	O/S
above £316.35 or savings above £24,000.00	above £240.59 or savings above £24,000.00	£80.00	O/S
Meals in Day Services			
(Applies to all meals and refreshments supplied at all Day Service locations)			
Meals in Day Services for adults (excluding people with learning disabilities)		£5.90	O/S (Meals supplied to persons not in receipt of a Social Services assessment are S)
Mid-day snack in Day Services for people with learning disabilities		£2.40	
Other refreshments (tea / coffee/ cake) in Day Services		£1.30	
Telecare Services			
Tier 1 – Equipment, Service and Maintenance		£45.24	If supplied as part of care package - O/S. If supplied to disabled - Z. If supplied to elderly not as part of a care package, or to third parties (e.g. Housing Associations) - S.
Tier 2 & 3 – Equipment, service, monitoring and maintenance		£90.22	
Installation charge		£43.00	
Service and Maintenance		£107.55	
Services only		£69.50	
Blue Badges (organisational and replacement (lost/stolen))		£10.00	O/S
Independent Sector Residential and Nursing Homes			
Residential (Adults)		£534.77	O/S
Residential (EMI)		£565.99	O/S
Basic Nursing Care (Social Care Element)		£587.50	O/S
Nursing (EMI) (Social Care Element)		£619.77	O/S

Housing

Service	Fee/Charge	VAT
Room Hire - HUWC		
Conference Room	£15.75 per half day	E
Smaller Rooms	£5.25 per hour	E
Houses into Homes Fees		
Up to £50,000	£345.00	O/S
Over £50,000	£395.00	O/S
Home Improvement Loan Scheme	15% of the loan value (may also be subject to a third party valuation fee)	
Garage Rents	£8.00 per week	Various
Fees		
1 Bed House/Bungalow	£83.36 average per week	Various
2 Bed House/Bungalow	£86.68 average per week	
3 Bed House/Bungalow	£93.10 average per week	
4 Bed House/Bungalow	£98.75 average per week	
5+ Bed House/Bungalow	£105.84 average per week	
1 Bed Flat	£76.63 average per week	
2 Bed Flat	£82.15 average per week	
3 Bed Flat	£88.54 average per week	
4+ Bed Flat	£102.90 average per week	
Bedsit	£68.60 average per week	
Application notice to request a force order	£100.00	
Court Fee	£325.00	
Warrant	£121.00	
Re-issue of warrant	No Charge	
Dwelling Service Charges		
Cleaning of communal areas	£2.03 - £5.07 per week	O/S if in respect of a Council house lease, and E for other leases.
Lift maintenance	£0.70 - £2.51 per week	
Aerial within communal areas	£0.17 per week	
Heating and lighting within communal areas	£1.03 per week	
Fire alarms and fire equipment	£1.02 per week	
Door entry	£0.59 per week	
Sewerage Charges	£4.94 per week	
Painting of communal areas	£0.13 - £0.47 per week	
Ground maintenance (domestic Properties)	£2.28 per week	
Ground maintenance (sheltered properties)	£0.13 - £2.28 per week	
Management fee	15% of service charge	

Education

Service	Fee/Charge	VAT
School Meals up to September term:		
Pupils and supervisory staff:		
Primary schools	£2.20 per meal	O/S
Secondary schools	£2.30 per meal	O/S
Other staff and visitors:		
Primary schools	£3.42 per meal	S
Secondary Schools	£2.76 per meal	S
School Meals from September term:		
Pupils and supervisory staff:		
Primary schools	£2.40 per meal	O/S
Secondary schools	£2.50 per meal	O/S
Other staff and visitors:		
Primary schools	£4.26 per meal	S
Secondary Schools	£2.82 per meal	S
Pre-Breakfast Club Care		
30 minutes pre-breakfast club care	£1.00 per child	E
School Buses up to September term:		
Post-16	£120.00 per annum	O/S
Under 3 miles	£108.00 per annum	O/S
Out of catchment	£150.00 per annum	O/S
School Buses from September term:		
Post-16	£130.00 per annum	O/S
Under 3 miles	£116.00 per annum	O/S
Out of catchment	£160.00 per annum	O/S
Other Charges		
Photocopies	£0.10 per sheet	S
All Weather Pitch Millbank		
Members		
Full Pitch	£46.80 Adult £30.00 Youth	S
Full Pitch (excl. VAT)	£39.00 Adult £25.00 Youth	N/A
Half Pitch	£30.00 Adult £18.00 Youth	S
Half Pitch (excl. VAT)	£25.00 Adult £15.00 Youth	N/A
Hire of Football Pitch	£46.80 Adult £30.00 Youth	S
Hire of Football Pitch (excl. VAT)	£39.00 Adult £25.00 Youth	N/A
Non-Members		
Full Pitch	£60.00 Adult £38.00 Youth	S
Half Pitch	£39.00 Adult £22.00 Youth	S
Hire of Football Pitch	£60.00 Adult £38.00 Youth	S

Libraries & Culture

Service	Fee/Charge	VAT
Museums and Culture		
Llynon		
Adult	£4.50	S
Seniors	£3.35	S
Children	£3.35	S
Adults (Group 15+)	£3.90	S
Seniors/Children (Group 15+)	£3.10	S
Group Workshop (15+)	£4.20	E
Family (4)	£12.25	S
Beaumaris Gaol		
Adult	£5.55	S
Seniors	£4.50	S
Children	£4.50	S
Adults (Group 15+)	£5.05	S
Seniors/Children (Group 15+)	£4.20	S
Family (4)	£16.70	S
Beaumaris Court		
Adult	£4.00	S
Seniors	£3.15	S
Children	£3.15	S
Adults (Group 15+)	£3.80	S
Seniors/Children (Group 15+)	£2.95	S
Family (4)	£11.75	S
Beaumaris Joint Ticket		
Adult	£8.40	S
Seniors	£6.90	S
Children	£6.90	S
Adults (Group 15+)	£7.85	S
Seniors/Children (Group 15+)	£6.70	S
Family (4)	£26.20	S
Oriel Ynys Môn		
Commission on sales	35%	Various
Room Hire		
Main Art Gallery evening hours (6-11pm, 2 hours minimum) or Oriel Kyffin Williams evening hours (6-11pm, 2 hours minimum)	£80.00 per hour/ evenings	E
Tunncliffe Room – Commercial:		
Per Hour (maximum 3 hours)	£34.00	E
Half Day (3.5 hours)	£100.00	E
Full Day (7 hours)	£200.00	E
Evening (6 – 11pm)	£40.00	E
Additional Hours	£35.00 per hour	E
Tunncliffe Room – Educational:		
Per Hour (maximum 3 hours)	£17.00	E
Half Day (3.5 hours)	£50.00	E
Full Day (7 hours)	£100.00	E
Additional Hours	£21.00 per hour	E
Tunncliffe Room - Non-profit Organisations :		
Per Hour (maximum 3 hours)	£15.00	E
Half Day (3.5 hours)	£45.00	E
Full Day (7 hours)	£90.00	E
Additional Hours	£18.00 per hour	E

Tunncliffe Room – Council:		
Per Hour (maximum 3 hours)	£21.00	E
Half Day (3.5 hours)	£63.00	E
Full Day (7 hours)	£115.00	E
Additional Hours	£26.00 per hour	E
Small Meeting Room		
Per Hour (maximum 3 hours)	£10.00	E
Half Day (3.5 hours)	£30.00	E
Full Day (7 hours)	£60.00	E
Additional Hours	£12.00 per hour	E
Miscellaneous		
Workshops	£4.00 per person	E
Digital copies sent by email	£6.00 per hour	S
Digital copies sent by CD/DVD	£12.00 per hour	S
Paid research service	£30.00 per hour	S
Filming at OYM and sites [PoA]		
Per Hour – Single use	£60.00	S
Reproductions- Images [PoA]		
Reproduction in books and periodicals	£36.00	S
Reproduction in exhibitions (non commercial)	£48.00	S
Reproduction for educational use	£36.00	S
Reproduction for commercial use, for sales etc	£120.00	S
Reproductions - images -broadcast & online		
Welsh /Regional, up to 10 years	£60.00	S
British, up to 10 years	£72.00	S
Worldwide, up to 10 years	£84.00	S
Web use	£48.00	S
Web use online digital streaming	£96.00	S
Postage and packaging		
Parcelforce Worldwide - Prints (postage £11.99)	£15.00	S
Packaging -(postage as Royal Mail prices online)	£1.00 - £3.00	S
Libraries and Information Service		
Charges for late returns of books / cassettes / CDs (per item):		
1 day late	£0.25	O/S
2 days late	£0.35	O/S
3 days late	£0.45	O/S
4-7 days late	£0.80	O/S
Cost for each week late (maximum of £8.00)	£0.80	O/S
Charges for late returns of videos / DVDs (per item)		
Per week or part thereof – Premium service (maximum £30.00)	£3.00	O/S
Per week or part thereof – Regular service (maximum £15.00)	£1.50	O/S
Charges for late returns to mobile libraries (per item)		
1 st and 2 nd visit	£0.00	O/S
3 rd visit	£0.60	O/S
4 th visit	£0.75	O/S
5 th visit	£1.30	O/S
Maximum total cost	£6.00	O/S
Requests (per item)		
Children (under 16)	£0.00	O/S
Adults – In stock within Wales (includes LINC)	£0.00	O/S
Request - not available within Wales	£10.00	O/S
Hire of CDs / DVDs (per item)		
CDs	£1.30 per CD per 3 weeks	O/S
Premium DVD – (DVDs added to stock within 1 year)	£3.00 per DVD per week	O/S
Older DVDs and children's DVDs	£1.75 per DVD per week	O/S

Lost Membership Card		
Children	£1.30	O/S
Adult	£2.30	O/S
Charges for items lost/damaged		
Children's books – Welsh	New LMS automatically charges full retail price. North Wales library Authorities agreement	O/S
Adult's books – Welsh		O/S
Fiction – children		O/S
Non-fiction – children		O/S
Fiction - adult [pk]		O/S
Non fiction - adult [pk]		O/S
Fiction - adult [hb]		O/S
Non fiction - adult [hb]		O/S
Talking books - adults		O/S
Talking books - children		O/S
DVD - Adult		O/S
DVD - Children		O/S
CD - music		O/S
Administration cost on long overdue items invoiced for.		£5.15 each invoice
Withdrawn items of stock – minimum charge		
Paperback Fiction - adult [English]	£0.75 each Or £3.50 for 5	S
Hardback Fiction - adult [English]	£1.00 each Or £1.75 for 2	S
Hardback Non-fiction - adult [English + Welsh]	£1.50 each Or £2.75 for 2	S
Paperback Non Fiction - adult [English + Welsh]	£1.00 each Or £1.75 for 2	S
Reference books	individually priced	S
Welsh Fiction - adult	£0.75 each Or £3.50 for 5	S
Children's Books [all languages]	£0.75 each Or £3.50 for 5	S
Use of Computer Equipment		
Visitors not possessing a UK Library Card	£2.60 each ½ hour	O/S
Photocopies		
A4	£0.15 each sheet	O/S
A4 – 10+ copies	£0.10 each sheet	O/S
A4 – back to back	£0.30 each sheet	O/S
A4 – back to back 10+ copies	£0.20 per sheet	O/S
A3	£0.30 per sheet	O/S
A3 – 10+ copies	£0.20 per sheet	O/S
A3 – back to back	£0.60 per sheet	O/S
A3 – back to back 10+ copies	£0.40 per sheet	O/S
Computer Printouts and Disks		
A4 – black and white	£0.15 each	O/S
A4 – black and white 10+ copies (when printed in one go from a session)	£0.10 each	O/S
A4 – colour print	£0.75 each	O/S
A4 – colour print 10+ copies (when printed in one go from a session)	£0.50 each	O/S
CDR Disks	£0.80 each	O/S
CDR/W Disks	£1.70 each	O/S
Memory Stick (USB) 1Gb	£6.50 each	O/S

Fax Service		
1st page - UK	£1.80	O/S
Additional page - UK	£0.50 each page	O/S
1st page - Europe	£2.85	O/S
Additional page – Europe	£1.05 each page	O/S
1st page - North America	£3.85	O/S
Additional page - North America	£1.55 each page	O/S
1st page - Rest of the World	£4.90	O/S
Additional page - Rest of the World	£2.05 each page	O/S
Receiving an A4 fax	£1.05	O/S
Letting Rooms		
2 hour session - weekdays	£21.00	E
2 hour session with entrance charge/fund raising - weekdays	£31.50	E
Cost per additional half hour - weekdays	£5.50	E
2 hour session – Saturday	£31.50	E
2 hour session with entrance charge/fund-raising - Saturday	£42.00	E
Cost per additional half hour – Saturdays	£6.50	E
Hire of computer facilities (inc. room hire)		
2 hour session – Weekdays daytime	£31.50	S
2 hour session – Evenings and Saturdays	£37.00	S
NOTE - Rates for hire of computer facilities are negotiable for long-term use and all day sessions		
Exhibition Sales Commission	30% of sales	S
Commercial Advertising – Posters		
Fee for 4 weeks	£3.60	S
Anglesey Archives		
Stationery		
Pencils	£0.40 per pencil	S
Readers Tickets (CARN Ticket)	£1.00 per ticket	S
Reprographics		
All items sent by post will be at the large letter second class rate (if first class or recorded delivery is requested items will be charged accordingly)		
Photocopies		
B/W A4 copies	£0.50 per sheet	S
B/W A3 copies	£0.70 per sheet	S
Colour A4 copies	£1.00 per sheet	S
Colour A3 copies	£1.20 per sheet	S
Photocopies - sent by post		
1-3 B/W A4 sheets	£6.00	S
4-7 B/W A4 sheets	£6.80	S
1-3 B/W A3 sheets	£6.80	S
4-7 B/W A3 sheets	£7.35	S
1-3 Colour A4 sheets	£11.90	S
4-7 Colour A4 sheets	£13.65	S
1-3 Colour A3 sheets	£13.65	S
4-7 Colour A3 sheets	£15.30	S
Reader printouts		
B/W A4 prints	£1.10 per sheet	S
B/W A3 prints	£1.20 per sheet	S
Reader printouts - sent by post		
1-3 B/W A4 sheets	£8.35	S
4-7 B/W A4 sheets	£10.20	S
1-3 B/W A3 sheets	£10.20	S
4-7 B/W A3 sheets	£11.90	S
Computer printouts		
B/W A4	£0.50 per sheet	S
B/W A3	£0.70 per sheet	S
Colour A4	£1.00 per sheet	S
Colour A3	£1.20 per sheet	S

Computer printouts - sent by post		
1-3 B/W A4 sheets	£6.00	S
4-7 B/W A4 sheets	£6.80	S
1-3 B/W A3 sheets	£6.80	S
4-7 B/W A3 sheets	£7.35	S
1-3 Colour A4 sheets	£11.90	S
4-7 Colour A4 sheets	£13.65	S
1-3 Colour A3 sheets	£13.65	S
4-7 Colour A3 sheets	£15.30	S
Scanned copies		
Printed on A4 plain paper	£3.65 per sheet	S
Printed on A3 plain paper	£4.35 per sheet	S
1 scanned copy saved to CD	£3.65	S
2-5 scanned copies saved to CD	£7.35	S
6-10 scanned copies saved to CD	£12.50	S
Scanned copies - Sent by Post		
Printed A4 plain paper	£3.65 per sheet + P&P	S
Printed A3 plain paper	£4.35 per sheet + P&P	S
1 digital copy (JPEG file type) saved to CD	£3.75 + £3.15 P&P	S
2-5 digital copies (JPEG file type) saved to CD	£7.55 + £3.15 P&P	S
6-10 digital copies (JPEG file type) saved to CD	£12.90 + £3.15 P&P	S
Digital copies - sent by email		
1 JPEG file type	£3.90	S
2-3 JPEG file types	£7.85	S
4-5 JPEG file types	£11.75	S
Post and packaging using UK postage rates (overseas mail will be weighed and charged accordingly):		
up to 100g – second class	£1.15	S
up to 200g – second class	£1.55	S
up to 500g – second class	£1.90	S
up to 700g – second class	£2.45	S
Photographic permits for use in the Search room		
1 day	£7.35	S
1 week	£18.80	S
1 year	£92.45	S
Use of Tripod	£10.00 per hour	S
Reproduction in books and periodicals	£32.10	S
Research		
Paid research service (1 hour minimum & 2 hours maximum per request)	£32.30 per hour	S
Official letter		
Official letter / letter of certification	£7.35	S
Filming on Premises		
(1 hour minimum)	£60.15 per hour	S
Television (plus VAT)		
Welsh / regional broadcast - up to 10 years	£120.30 per image	S
British broadcast - up to 10 years	£147.05	S
Reproduction worldwide - up to 10 years	£167.10	S
Web use	£66.85	S
Web use on line digital streaming service	£212.20 per image	S
Dewi O. Jones Room Hire		
Per Hour	£24.50	E
Per Half Day: 09.30 – 13.00	£67.90	E
Per Half Day: 14.00 – 16.30	£55.70	E
Per Full Day: 09.30 – 16.30	£105.85	E
Penalty charge for overstaying booking period	£33.95	E

Public Protection

Service	Fee/Charge	VAT
Environmental Health Licences / Permits / Registrations		
Animal Regulation / Welfare		
Riding establishments	£139.25 plus vet's fees	E S
Dog breeding establishments	£172.65 plus vet's fees	E S
Animal boarding establishments	£172.65 plus vet's fees	E S
Performing animals	£217.25	E
Pet Shops	£172.65 plus vet's fees	E S
Zoo licence	£323.05 plus vet's fees	E S
Dangerous wild animals	£490.15 plus vet's fees	E S
Dog control	Statutory Fee: £25 plus Collection Fee: £77.25	O/S
Dog control	Statutory Fee: £25 plus Collection Fee from Mona Kennel: £41.20	O/S
Dog registration - plastic registration tab	£2.00	O/S
Dog Registration - metal registration tab	£5.65	O/S
Non-microchip penalty fee	£50.00	O/S
Taxis		
Operator's licence (5 year licence)	£504.20	O/S
Vehicle licence (new)	£215.25	O/S
Vehicle licence (renewal)	£320.35	O/S
Driver licence (new)(does not include costs of DVLA checks)	£45.85	O/S
Driver licence (renewal)(does not include costs of DVLA checks)	£55.60	O/S
Transfer fee	£55.60	O/S
Test fee	£27.80	O/S
Re-test Fee	£55.60	O/S
Re-test Fee within 24 hours (minor faults)	£27.80	O/S
Vehicle licence plates (new)	£43.75	O/S
Renewal plates	£27.80	O/S
Replacement plates	£27.80	O/S
Replacement plate bracket	£20.10	O/S
Replacement driver's badge	£25.75	O/S
Knowledge re-sit fee	£25.75	O/S
Civil Registration Fees		
Marriage & civil partnership booking Fee - Register Office	£46.00	O/S
Marriage & civil partnership booking Fee - Approved Premises	£100.00	O/S
Advanced booking fee 12-24 months non refundable	£60.00	O/S
Town hall ceremonies – Holyhead	£235.00	O/S

Cefni Suite ceremonies – Llangefni:		
Weekdays (Mon – Thurs)	£196.00	O/S
Fridays / Saturdays	£235.00	O/S
Sunday / Bank Holiday	£345.00	O/S
Marriage followed by Baby Naming	£100 plus marriage fee	O/S
Mon Suite ceremonies – Llangefni:		
Weekdays (Mon – Thurs)	£135.00	O/S
Fridays / Saturdays	£165.00	O/S
Sunday / Bank Holidays	£275.00	O/S
Marriage followed by Baby Naming	£100 plus marriage fee	O/S
Wedding in hotel:		
Weekdays	£375.00	O/S
Saturdays	£395.00	O/S
Sunday / Bank Holiday	£499.00	O/S
Marriage followed by Baby Naming	£100 plus marriage fee	O/S
Cefni Suite & approved premises - extended hours:		
Weekdays 6-8pm	£137.90	O/S
Weekdays 8-12pm	£265.25	O/S
Saturdays 6-8pm	£190.95	O/S
Saturdays 8-12pm	£318.25	O/S
Sunday/Bank Holidays 6-8pm	£265.25	O/S
Sunday/Bank Holiday 8-12pm	£381.90	O/S
Licensing of premises for civil ceremonies	£1,475.00	O/S
Additional room in an approved premises	£212.20	O/S
Wedding rehearsals	£58.35	O/S
Administration fee – name change etc.	£53.05	O/S
Baby naming ceremony:		
Weekdays	£228.10	O/S
Saturdays	£281.15	
Sunday/Bank Holiday	£321.00	O/S
Renewal of vows:		
Weekdays	£228.10	O/S
Saturday	£281.15	
Sunday/Bank Holiday	£321.00	O/S
Historical search of 3 years either side of a chosen date	£33.40	O/S
Priority (same day) service for certificates (surcharge):		
Collected	£10.00	O/S
Posted	£13.00	O/S
Certificates issued within 24 hours (surcharge)		
Collected	£5.00	O/S
Posted	£8.00	O/S
Standard 3-5 working days	£3.00	O/S
Certification of documents	£5.00 per copy	O/S
Citizenship ceremonies – priority service (surcharge)	£113.00	O/S
Photo Opportunities in Mon Suite	£10.00	O/S
Miscellaneous		
Street Trading Consents		
Retail and catering		
Week	£166.85	O/S
Month	£250.30	O/S
3 month seasonal	£724.00	O/S
6 month seasonal	£1,337.00	O/S
Annual	£2003.00	O/S
Mobile units	£1,114.00 annual	O/S

Other		
Tattooing / semi-permanent make-up	£127.30 per premises plus £63.65 per practitioner	O/S
Ear / cosmetic piercing	£127.30 per premises plus £63.65 per practitioner	O/S
Acupuncture	£127.30 per premises plus £63.65 per practitioner	O/S
Electrolysis	£127.30 per premises plus £63.65 per practitioner	O/S
Sex Shop / sex cinema	£1002.55 (including potential hearing costs)	O/S
Health Act 2006 – smoking offences	Statutory fines	O/S
Fees for small lotteries, for gaming machines and for permits for amusements with prizes are all set by central government		
Licensing searches and enquiries	£95.00 per hour	S
Registration or renewal of registration as motor salvage operator (3 year registration)	£365.00	O/S
Certified copy of single entry in motor salvage operators register	£22.25	O/S
Non-certified copies of entry in motor salvage operators register	Corporate Photo-copying charges apply	O/S
Pre-licensing advice :		
Minimum Charge	£95.00	S
Each hour or part thereof will be charged at standard rate per hour per officer	£95.00	S
Gambling Act 2005		
Regional Casino		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Large Casino		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement	http://www.legislation.gov.uk/uksi/2007/479/schedule/made	O/S
Licence application (Provisional Statement holders)		O/S
Small Casino		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Converted Casino Premises		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Bingo		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S

Adult Gaming Centre		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Betting (Track)		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Family Entertainment		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Betting (Other)		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Pest Control Treatment		
Commercial pest control (dependant of size of premises)	£83.55 per visit	S
Commercial pest control treatment contracts (Total cost variable, depending on size of premises, frequency of visits per annum etc.)	£61.30 per hour plus cost of materials.	S
Domestic pest control – rats and mice		
24 hour response	£60.00	S
5 day response	£40.00	S
Domestic pest control treatments (except rodents)		
Cockroaches	£95.00	S
Bedbugs (subject to survey)	£195.00	S
Wasps, bees, ants, other – 24 hour response	£70.00	S
Wasps, bees, ants, other – 5 day response	£55.00	S
Fumigation		
Up to 3 bedroom	£70.00	S
4 bedroom and above	£90.00	S
Other Environmental Health Charges		
Dog fouling	http://gov.wales/topics/environment/countryside/epg/cleanneighbour/fixedpenalty/	O/S
Night time noise offence		O/S
National food hygiene rating system – rerating	http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987.article	O/S
National food hygiene rating system – failure to display rating fixed penalty		O/S
Certificates for damaged food	£90.00 per certificate	O/S
Copies of the Food Premises Register	£10.00	O/S
Copies of the FSBB Catering & Retail Pack	£25.00	O/S
Copies of the FSBB Diary Sheets	£20.00	O/S

Immigration inspections	£225.00	S
Houses in Multiple Occupation	£505.00	S
Houses in Multiple Occupation Additional Licensing Scheme	£505.00	S
Fees for serving Enforcement Notices as prescribed under Section 49 of the Housing Act 2004 (including inspection fee)	£265.00	O/S
Request for HHSRS Housing Inspection – commercial	£225.00	S
Consent to operate loudspeakers in streets	£95.00 plus cost of advertisement	O/S
Applications for EPA authorisations:		
Permits to business that produce pollution and regulate those business premises	https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual	O/S
LA permits for Part A(2) installations	http://gov.wales/legislation/subordinate/nonsi/epwales/2016/local-authority-permits-a2/?lang=en	O/S
LA permits for Part B installations and mobile plant and solvent emission activities	http://gov.wales/legislation/subordinate/nonsi/epwales/2016/local-authority-permits-b/?skip=1&lang=en	O/S
Copies of the Authorisations Register	£10.00	O/S
The Private Water Supplies (Wales) Regulations 2010. These Regulations prescribe the fees local authorities can make for regulating private water supplies:		
Risk assessment		O/S
Small supplies sampling		O/S
Large supplies sampling		O/S
Investigation		O/S
Authorisation	http://www.legislation.gov.uk/wsi/2017/1041/made	O/S
Taken under Reg. 10		O/S
Taken during check monitoring		O/S
Taken during audit monitoring		O/S
Potable water supplies sampling (E.g. port health, ships etc.)		S
Private water supplies enquiry		S
Contaminated land enquiry (up to 2 hours officer time included)	£190.00 +	S
Search & enquiry hourly fee applies to additional time	Hourly fees	
Issue of Shellfish movement	£115.00	S
Export Health Certificates	£50.00	S
Export Health Certificates - same day request	£60.00	S
Other Export Health Certificates (maximum 5 per request)	£50.00	S
Other Export Health Certificates – same day request (maximum 5 per request)	£60.00	S
Export certificate A4 size requiring data input	£10.00	S
Export Certificate A3 size requiring data input	£12.00	S
Copy of Chinese Export Certificate	£10.00	S
Changes to Chinese Export Certificate once Certified Copy Provided	£10.00	S
Ships Sanitation Certificate	http://www.porthalthassociation.co.uk/	O/S

Mobile Homes (Wales) Act 2013		
Single Caravan	£155.00	E
Small site (2 – 10 units)	£330.00	E
Medium site (11 - 50 units)	£392.00	E
Large site (51 + units)	£495.00	E
Vary conditions	£155.00	E
Lodge rules	£52.00	E
Replacement licence	£42.00	E
Markets and Fairs		
Menai Bridge Fair		
Zone A – Bridge Street and Wood Street (up to 2 meters)	£15.00 per metre (minimum charge £20.00)	O/S
Zone A – Bridge Street and Wood Street (in excess of 2 metres)	Above fee plus £1.50 for each additional 0.1 metres	O/S
Zone B – Telford Road (up to 2 metres)	£12.50 per metre (minimum charge £20.00)	O/S
Zone B – Telford Road (in excess of 2 metres)	£1.25 for each additional 0.1 metres	O/S
Zone C – Water Street (up to 2 metres)	£10.00 per metre (minimum charge £20.00)	O/S
Zone C – Water Street (in excess of 2 metres)	£1.00 for each additional 0.1 metres	O/S
Metrology		
Special Weighing and Measuring Equipment Examining, adjusting, testing, certifying, stamping, authorising or reporting of special weighing or measuring equipment. Types of equipment, specifically excluded from tables include: <ul style="list-style-type: none"> • Automatic or totalising weighing machines. • Equipment designed to weigh loads in motion. • Bulk fuel measuring equipment tested following a Regulation 65 or 66 occurrence. • Weighing or measuring equipment tested by means of statistical sampling. • The establishment of calibration curves for templets • Templets graduated in millilitres. • Testing or other services in pursuance of a community obligation other than EC initial or partial verification. • Certifying of weighing or measuring equipment where a statement of actual error is required. 	£95.00 per officer per hour (Individually calculated by a local authority based upon the above figure of at the place where the service is provided)	O/S
Weighing Instruments		
Not exceeding 1 tonne	£150.40	O/S
Exceeding 1 tonne to 10 tonnes	£245.05	O/S
Exceeding 10 tonnes	£545.40	O/S
A charge to cover any additional costs involved in testing instruments incorporating remote display or printing facilities could be based on the basic fee given above plus additional costs at the rate of £95.00 per extra officer per hour. When supplying specialist equipment (including, but not limited to, weighbridge test unit, van and test weights) an additional fee may be charged hourly, daily or per appointment, according to circumstances.		

Measuring Instruments for Liquid Fuel and Lubricants		
Single / multi-outlets (nozzles):		
(a) First nozzle tested	£95.00 per officer hour	O/S if no other third party service available, S if not.
(b) Each additional nozzle tested	£95.00 per officer hour	O/S if no other third party service available, S if not.
A charge to cover any additional costs involved in testing ancillary equipment which requires additional testing on site, such as credit card acceptors could be based upon the basic fee given above plus additional costs at the rate of £95.00 per extra officer/hour.		
Calibration Certificates		
Providing Calibration Certificate	£56.00	O/S if no other third party service available, S if not
Notes for testing Metrology Equipment:		
<ol style="list-style-type: none"> Whenever equipment is tested and no appropriate fee is prescribed in the Schedule of Fees, the work should be costed out at a rate of £95.00 per hour. To ensure that the authority is competitive in its commercial calibration service the above schedule should be used as the costing basis for calibration activities associated with ISO 9000 work, but with discounts to be agreed with respect to multiple submissions on the same site. The scale of discount applicable will be determined by the Chief Public Protection Officer, having regard to commercial considerations only. This may be extended to other calibration activities, if the local authority monopoly is removed. 		
“BUY WITH CONFIDENCE” – TRADER APPROVAL SCHEME		
New application fee 0-5 employees	https://www.buywithconfidence.gov.uk/business/costs/	S
New application fee 6-20 employees		S
New application fee 21-49 employees		S
New application fee 50+ employees		S
Annual Membership Fee 0-5 employees		S
Annual Membership Fee 6-20 employees		S
Annual Membership Fee 21-49 employees		S
Annual Membership Fee 50+ employees		S
Additional Premises		S
Additional Trading Styles		S

Planning

Service	Fee/Charge	VAT	
Sending of Fax			
First Sheet	£2.25	S	
Thereafter	£0.95 per sheet	S	
Planning Service			
Decision Notice and other official documents (unless part of a research enquiry)	No charge	-	
A4 – general :			
Black and White (FOI/EI requests)	£0.10 per sheet	E	
Colour (FOI/EI requests)	£0.50 per sheet	E	
Black and White	£0.10 per sheet	S	
Colour	£0.60 per sheet	S	
A3 – plans etc :			
Black and White (FOI/EI requests)	£0.50 per sheet	E	
Colour (FOI/EI requests)	£1.05 per sheet	E	
Black and White	£0.60 per sheet	S	
Colour	£1.30 per sheet	S	
A2 – plans :			
Black and White (FOI/EI requests)	£4.80 per sheet	E	
Colour (FOI/EI requests)	£7.95 per sheet	E	
Black and White	£5.65 per sheet	S	
Colour	£9.55 per sheet	S	
A1 – plans :			
Black and White (FOI/EI requests)	£5.80 per sheet	E	
Colour (FOI/EI requests)	£9.00 per sheet	E	
Black and White	£7.00 per sheet	S	
Colour	£10.80 per sheet	S	
A0 – plans :			
Black and White (FOI/EI requests)	£6.90 per sheet	E	
Colour (FOI/EI requests)	£10.10 per sheet	E	
Black and White	£8.25 per sheet	S	
Colour	£12.10 per sheet	S	
Copies on CD	£19.10	S	
Planning application fees	Fixed fee set by Central Government http://www.anglesey.gov.uk/Journals/e/i/e/Planning_Application_Fees_October_2015.pdf	-	
Building Regulation Applications			
Table A: New Dwellings and Dwellings Created by Conversion			
No of Dwellings:			
1	Plan Deposit Charge	£200.27	S
	Inspection Charge	£371.93	
	Building Notice or Reversion Charge	£572.20	
2	Plan Deposit Charge	£286.87	S
	Inspection Charge	£532.76	
	Building Notice or Reversion Charge	£819.64	
3	Plan Deposit Charge	£368.06	S
	Inspection Charge	£683.56	
	Building Notice or Reversion Charge	£1,051.62	
4	Plan Deposit Charge	£470.90	S
	Inspection Charge	£874.55	
	Building Notice or Reversion Charge	£1,345.45	

5	Plan Deposit Charge	£589.99	S
	Inspection Charge	£1,095.70	
	Building Notice or Reversion Charge	£1,685.69	
6	Plan Deposit Charge	£687.42	S
	Inspection Charge	£1,276.63	
	Building Notice or Reversion Charge	£1,964.05	
7	Plan Deposit Charge	£703.65	S
	Inspection Charge	£1,306.79	
	Building Notice or Reversion Charge	£2,010.44	
8	Plan Deposit Charge	£795.67	S
	Inspection Charge	£1,477.68	
	Building Notice or Reversion Charge	£2,273.35	
9	Plan Deposit Charge	£882.28	S
	Inspection Charge	£1,638.52	
	Building Notice or Reversion Charge	£2,520.79	
10	Plan Deposit Charge	£979.70	S
	Inspection Charge	£1,819.45	
	Building Notice or Reversion Charge	£2,799.16	
11	Plan Deposit Charge	£1,033.84	S
	Inspection Charge	£1,919.98	
	Building Notice or Reversion Charge	£2,953.81	
12	Plan Deposit Charge	£1,131.26	S
	Inspection Charge	£2,100.92	
	Building Notice or Reversion Charge	£3,232.19	
13	Plan Deposit Charge	£1,174.57	S
	Inspection Charge	£2,181.34	
	Building Notice or Reversion Charge	£3,355.91	
14	Plan Deposit Charge	£1,272.00	S
	Inspection Charge	£2,362.28	
	Building Notice or Reversion Charge	£3,634.28	
15	Plan Deposit Charge	£1,331.53	S
	Inspection Charge	£2,472.85	
	Building Notice or Reversion Charge	£3,804.38	
16	Plan Deposit Charge	£1,401.90	S
	Inspection Charge	£2,603.53	
	Building Notice or Reversion Charge	£4,005.43	
17	Plan Deposit Charge	£1,466.86	S
	Inspection Charge	£2,724.16	
	Building Notice or Reversion Charge	£4,191.01	
18	Plan Deposit Charge	£1,542.64	S
	Inspection Charge	£2,864.89	
	Building Notice or Reversion Charge	£4,407.53	
19	Plan Deposit Charge	£1,623.83	S
	Inspection Charge	£3,015.67	
	Building Notice or Reversion Charge	£4,639.50	
20	Plan Deposit Charge	£1,694.20	S
	Inspection Charge	£3,146.35	
	Building Notice or Reversion Charge	£4,840.55	

Table B: Charges for Certain Small Buildings, Extensions and Alterations to Dwellings (Formerly Schedule 2)				
Detached and Attached Garages and Carports used in common with existing dwellings				
1.	The erection of a detached or attached garage with a floor area not exceeding 40 sq. m	Plan Deposit Charge	£108.25	S
		Inspection Charge	£201.05	
		Building Notice or Reversion Charge	£309.30	
Extensions/Conversions works / Loft Conversions & Building Alteration works to Dwellings				
2.	Conversion of existing garage to form additional accommodation with a floor area not exceeding 40 sq. m	Plan Deposit Charge	£97.43	S
		Inspection Charge	£108.95	
		Building Notice or Reversion Charge	£278.38	
3.	Any extension of a dwelling the total floor area of which does not exceed 10 sq. m including means of access and work in connection with that extension	Plan Deposit Charge	£108.25	S
		Inspection Charge	£201.05	
		Building Notice or Reversion Charge	£309.30	
4.	Any extension of a dwelling the total floor area of which exceeds 10 sq. m, but does not exceed 40 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£162.38	S
		Inspection Charge	£301.57	
		Building Notice or Reversion Charge	£463.96	
5.	Any extension of a dwelling the total floor area of which exceeds 40 sq. m, but does not exceed 60 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£189.68	S
		Inspection Charge	£352.26	
		Building Notice or Reversion Charge	£541.94	
6.	Any extension of a dwelling the total floor area of which exceeds 60 sq. m, but does not exceed 80 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£227.34	S
		Inspection Charge	£422.20	
		Building Notice or Reversion Charge	£649.54	
7.	Conversion of a loft space to form additional residential accommodation with a floor area not exceeding 50 sq. m	Plan Deposit Charge	£189.68	S
		Inspection Charge	£351.00	
		Building Notice or Reversion Charge	£540.68	
8.	Conversion of a loft space to form additional residential accommodation with a floor area exceeding 50 sq. m	Plan Deposit Charge	£227.34	S
		Inspection Charge	£422.20	
		Building Notice or Reversion Charge	£649.54	
9.	Replacement windows and doors	Plan Deposit Charge	£78.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Reversion Charge	£78.00	
10.	Renovation of a single thermal element e.g. replacement roof / floors.	Plan Deposit Charge	£92.80	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Reversion Charge	£92.80	
		Inspection Charge	Included in Plan Charge	
		Building Notice or Reversion Charge	£92.80	

Please note: Where other minor building work is carried out at the same time as an extension referred to in 3 to 8 above, the additional charge will be as follows:-				
11.	Cost of works < £1,000	Plan Deposit Charge	£61.80	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Revision Charge	£61.80	
	Cost of Works between £1,001 & £5,000	Plan Deposit Charge	92.80	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Revision Charge	£92.80	
Where the estimated cost of works is in excess of £5,000 the charge will be in accordance with Table C				
New Electrical Installations & Electrical Works to existing properties				
12.	Electrical wiring in connection with a new extension to a dwelling under construction with a floor area not exceeding 60m ²	Plan Deposit Charge	£309.30	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Revision Charge	£309.30	
13.	New electrical installation to a dwelling still under construction or a re-wire of an existing dwelling (up to max of 5 bedrooms)	Plan Deposit Charge	£402.10	S
		Inspection Charge	Included in Plan Charge	
		Building Notice or Revision Charge	£402.10	

**Table C – Work other than work to which Tables A and B apply (Formerly Schedule 3)
(BASED ON ACTUAL ESTIMATED COST OF BUILDING WORKS AS CARRIED OUT BY VAT REGISTERED CONTRACTORS)**

Estimated Cost of Works				
< £1,000	Plan Deposit Charge	£123.72	S	
	Inspection Charge	Included in Plan Charge		
	Building Notice or Reversion Charge	£123.72		
£1,001 - £5,000	Plan Deposit Charge	£185.58	S	
	Inspection Charge	Included in Plan Charge		
	Building Notice or Reversion Charge	£185.58		
£5,001 - £10,000	Plan Deposit Charge	£97.43	S	
	Inspection Charge	£180.94		
	Building Notice or Reversion Charge	£278.36		
£10,001 - £15,000	Plan Deposit Charge	£119.08	S	
	Inspection Charge	£221.15		
	Building Notice or Reversion Charge	£340.22		
£15,001 - £20,000	Plan Deposit Charge	£140.74	S	
	Inspection Charge	£261.36		
	Building Notice or Reversion Charge	£402.10		
£20,001 - £25,000	Plan Deposit Charge	£162.38	S	
	Inspection Charge	£301.57		
	Building Notice or Reversion Charge	£463.96		
£25,001 - £30,000	Plan Deposit Charge	£184.03	S	
	Inspection Charge	£341.77		
	Building Notice or Reversion Charge	£525.80		
£30,001 - £35,000	Plan Deposit Charge	£205.68	S	
	Inspection Charge	£381.98		
	Building Notice or Reversion Charge	£587.66		
£35,001 - £40,000	Plan Deposit Charge	£227.34	S	
	Inspection Charge	£422.20		
	Building Notice or Reversion Charge	£649.54		

£40,001 - £45,000	Plan Deposit Charge	£238.16	S
	Inspection Charge	£422.30	
	Building Notice or Reversion Charge	£680.46	
£45,001 - £50,000	Plan Deposit Charge	£259.81	S
	Inspection Charge	£482.51	
	Building Notice or Reversion Charge	£742.32	
£50,001 - £55,000	Plan Deposit Charge	£281.46	S
	Inspection Charge	£522.72	
	Building Notice or Reversion Charge	£804.18	
£55,001 - £60,000	Plan Deposit Charge	£303.12	S
	Inspection Charge	£562.93	
	Building Notice or Reversion Charge	£866.05	
£60,001 - £65,000	Plan Deposit Charge	£324.77	S
	Inspection Charge	£603.13	
	Building Notice or Reversion Charge	£927.90	
£65,001 - £70,000	Plan Deposit Charge	£346.42	S
	Inspection Charge	£643.34	
	Building Notice or Reversion Charge	£989.76	
£70,001 - £75,000	Plan Deposit Charge	£368.06	S
	Inspection Charge	£683.56	
	Building Notice or Reversion Charge	£1,051.62	
£75,001 - £80,000	Plan Deposit Charge	£389.72	S
	Inspection Charge	£723.77	
	Building Notice or Reversion Charge	£1,113.49	
£80,001 - £85,000	Plan Deposit Charge	£411.37	S
	Inspection Charge	£763.97	
	Building Notice or Reversion Charge	£1,175.34	
£85,001 - £90,000	Plan Deposit Charge	£433.02	S
	Inspection Charge	£804.18	
	Building Notice or Reversion Charge	£1,237.20	
£90,001-£95,000	Plan Deposit Charge	£454.67	S
	Inspection Charge	£844.39	
	Building Notice or Reversion Charge	£1,299.06	
£95,001- £100,000	Plan Deposit Charge	£476.33	S
	Inspection Charge	£884.60	
	Building Notice or Reversion Charge	£1,360.93	
For developments in excess of £100,000 contact the Building Control Team Leader			
Obtaining copies of Building Regulation documents for your property (requests should be in writing)			
For a search of all applications since April 1996 referring to your property		£25.00	O/S
For copies of approvals/notices/completion certificates shown on the search relating to your property		£30.00	S
Research and commercial enquiries (minimum charge) Photocopying charges will be extra		£120.30 per hour	S
Pre-planning advice on large applications		Fixed fee by Welsh Government http://www.anglesey.gov.uk/Journals/u/d/w/PreApplication_Statutory_Enquiries_Fees_2016_Anglesey_English.pdf	

Countryside/ Wardening		
Car parking fee at Breakwater Country Park, Holyhead:		
1 hour	£1.00	S
2 hours	£1.50	S
4 hours	£2.00	S
Up to 12 hours	£3.00	S
Annual Permit	£25.00	S
Build Environment and Landscape		
High hedges complaints	£320.00	Z
Site inspection (minimum charge)	£120.30 per hour	S
GIS DATA SETS (FOR EXAMPLE - TPO's, HEDGEROWS, LISTED BUILDINGS)	£86.90 per set plus £86.90 admin fee	S

Anglesey Business Centre

Service	Fee/Charge	VAT
Anglesey Business Centre Meeting Room Hire (excluding VAT)		
Llynon		
Cost per hour	£25.00	Subject to VAT where applicable, i.e.
Cost per half day	£55.00	
Cost per full day	£95.00	
Rhosyr		
Cost per hour	£20.00	S – for external clients,
Cost per half day	£51.00	
Cost per full day	£69.00	
Lligwy		
Cost per hour	£20.00	No VAT on internal hires
Cost per half day	£51.00	
Cost per full day	£69.00	
Cybi		
Cost per hour	£20.00	
Cost per half day	£51.00	
Cost per full day	£69.00	
Parys		
Cost per hour	£14.00	
Cost per half day	£38.00	
Cost per full day	£57.00	
Hire of translation equipment		
Hire of translation equipment	£38.00 per session	S
Hire of video conferencing equipment		
Hire of video conferencing equipment	£53.00 per session	S
Refreshments		
Refreshments	£1.40 per cup	S

Leisure

Service	Fee/Charge	VAT
Leisure Centres		
Leisure Card (Annual Payment)		
Children and young people (under 18 years old) and registered disabled	£7.20	S
60+ years old	£11.30	S
Adults (18 – 59 years old (inclusive))	£20.60	S
Unemployed (3+ months)	£5.15	S
Teams / groups	£70.00	S
Clubs	£95.00	S
<p>For all casual group bookings, the booking is charged at the full rate All prices are Full Rates (concessionary prices in brackets) All prices are based on per booking, per hour (unless stated otherwise) Swimming = per swim</p> <p>DHLC = David Hughes Leisure Centre PALC = Plas Arthur Leisure Centre ALC = Amlwch Leisure Centre HLC = Holyhead Leisure Centre</p>		
General		
Showers	£3.10 (£2.05)	S
Staff Time (30 mins.)	£13.90	S
Sports Hall		
Full Hall	£45.00	S
Full Hall (excluding VAT)	£36.00 (£22.50)	N/A
Full hall - commercial hire (excluding VAT) e.g. Zumba	£51.50	N/A
Half Hall	£25.75	S
Party pool inflatable (HLC)	£83.45	S
Party - bouncy castle (HLC)	£65.90	S
Party - bouncy castle (PALC)	£65.90	S
Various party packages (ALC)	POA	S
Badminton Court / Short Tennis / Short Mat Bowling	£8.25 (£4.65)	S
Badminton court to group	£12.90	S
Court to group (excluding VAT)	£10.30	N/A
Squash court	£8.25 (£4.65)	S
Squash court to group	£12.90	S
Squash Court to group (excluding VAT)	£10.30	N/A
Table tennis (per table)	£8.25 (£4.65)	S
Schools use –without instructors (30 minutes)		
Full hall	£18.00	E
Half hall	£13.40	E
Instructors for the above	£13.90	E
Room Hire		
Activities Room	£15.45	S
Meeting Room	£12.90	E
4hrs consecutive booking	£39.15	E
Full day	£78.30	E
Fitness room / Weights room		
Induction	£12.35 (£8.75)	E

Individual Use:		
16+	£4.95 (£3.90)	S
Weekly Ticket - Gym and Swim	£11.30 (£8.25)	S
Monthly Ticket - Gym and Swim	£32.95 (£24.70)	S
Weekly Ticket (DHLC) - Gym only	£10.30 (£7.75)	S
Youth Fitness Training 14-16 years old - with instructor present	£2.70	E
Direct Debit - All Leisure Centres		
Full Package (New members only)	£28.00	S
Off Peak Package (New members only)	£18.00	S
Swimming Package	£15.00	E
All categories (Monthly)	£22.00	S
All categories (12 Months)	£220.00	S
Non-refundable administration charge for raising bill	£5.65	S
Exercise By Invitation		
Non acute	£2.00	E
Cardiac rehabilitation	£2.00	E
Fit 4 Life	£2.50	E
Sessions & Courses - Dry Side		
Fitness Session (1 hour)	£4.60 (£3.60)	
Fitness Session (2 hour)	£5.70	
Children's activities	£3.10	E
Crèche	£2.05	S
Swimming		
Public swimming (per session)	£4.10 (£2.40)	S
Weekly ticket (Monday-Sunday)	£8.75 (£5.15)	S
Family - daily swim ticket	£10.30	S
Family - weekly swim ticket	£20.60	S
Lessons (30 minutes)	£5.45 (£4.20)	E
One to one private lessons (30 minutes)	£21.65 (£17.50)	E
IOA Swimming Club Use – per session	£28.85	E
IOA Club - lane hire (excluding VAT)	£9.30	N/A
Exclusive use of main pool	£72.10	S
Exclusive use of main pool (excluding VAT)	£57.70	N/A
Exclusive use of teaching pool	£36.05	S
Exclusive use of teaching pool (excluding VAT)	£28.85	N/A
Lane hire	£15.45	S
Swimming - schools use - 1 instructor per class included (30 Minutes)		
Class up to 14 children (1 instructor required)	£32.45	E
15 - 29 children (2 instructors required)	£34.50	E
Over 30 children (3 instructors required)	£38.10	E
Additional instructor	£13.90	E
Outdoor Facilities		
Half synthetic pitch (PALC)	£36.05 (£25.75)	S
Half pitch (PALC) (excluding VAT)	£28.85 (£20.60)	N/A
Full synthetic pitch (PALC)	£49.45 (£37.10)	S
Full synthetic pitch (PALC) (excluding VAT)	£39.55 (£29.65)	N/A
Outdoor courts (ALC / David Hughes School)	£27.80 (£19.25)	S
Outdoor Courts (ALC / David Hughes School) (excluding VAT)	£22.25 (£15.65)	N/A
Tennis - cost per head	£4.65 (£2.60)	S
Tennis court - schools use	£6.20	E
Equipment Hire		
Ball / Racket	£2.05	S
Kayak - each	£4.65	S

Maritime

Service	Fee/Charge	VAT
St. George's Pier – Menai Bridge		
Laying at pier	£18.00	S
Freshwater supply - vessels over 15 tonnes	£7.75 per tonne of water	S
Car Parking Permit (Annual)	£61.80	S
Navigational Light Dues (Commercial)	£0.31 per tonne	S
Permanent berth on Pier (allocation based on Business Case)	£2,000.00 per annum	S
Beaumaris Pier		
Laying at pier	£18.00	S
Mooring Licence Fees		
Red Wharf Bay and Cymyran - constant	£0.60 (Per metre x area)	S
Beaumaris, Menai Bridge and Fryars Bay – constant	£1.00 (Per metre x area)	S
Waiting List Fee	£12.35 per annum	S
Amlwch Outer Harbour		
Berthing – visiting yachts and pleasure craft	£18.00	S
Mooring licence fees (all craft except commercial fishing)	£43.45 per meter, per annum	S
Commercial fishing mooring licence fees	£87.00 per meter, per annum	S
Freshwater supply - vessels over 15 tonnes	£7.75 per tonne of water	S
Diesel – tanker/bowser	£44.55	S
Lifting out fee (all vessels)	£6.40 per metre	S
Boat storage ashore - outer pens: < 22 days	No charge	N/A
Boat storage ashore - outer pens: > 21 days	£9.30 Per metre per week	S
Boat storage ashore - outer pens: >21 days	£4.55 Per metre per day	S
Conservancy / harbour fee - all vessels	£56.25	Z
Amlwch Inner Harbour		
Mooring licence fees all craft except commercial fishing	£43.45 per metre per year	S
Commercial fishing mooring licence fees	£87.00 per metre per year	S
Non licensed vessels - visiting yachts and pleasure craft	£18.00	S
Non licensed vessels – conservancy / harbour fee – all vessels	£56.25	Z
Waiting List Fee	£12.35 per annum	S
Registration of all power driven craft (under 10hp, no launch fee)		
Annual Registration		
By post or in Llangefni	£15.00	O/S
At slipway	£20.00	O/S
At private slipways in partnership (75% Council / 25% seller)	£20.00	O/S
Launching fees		
Daily charge	£16.00	S
Annual permit	£160.00	S
Annual permit - reduced for power boat certificate	£105.00	S
Companies launching to demonstrate or test (written agreement)	£84.85	S
Commercial		
Commercial launching vehicle	£95.50	S
First 50 launches	£178.25	S
Every 50 thereafter	£233.90	S
Safety boats for events	No charge (application still required)	N/A
Commercial craft (testing and demonstration)	£82.40	S
Miscellaneous		
Use of Foreshore by Film Crews/Events etc.		
Half day	£432.85	S
Full day	£763.85	S
Use of foreshore by charitable organisations	At the discretion of Maritime Function staff	S

Highways

Service	Fee/Charge	VAT
Path Diversions & Extinguishment Orders		
Initial advice and site visit (up to two hours)	No charge	N/A
Application withdrawn or refused after being considered by officers	£225.00	O/S
Order made, but withdrawn following its advertising	£780.00	O/S
Order which is confirmed by the authority unopposed	£1280.00	O/S
If the order is opposed but objections are subsequently withdrawn	£1,400.00	O/S
If objections are received and sustained and the order is submitted to the National Assembly	£2,400.00	O/S
Multiple applications – if the application involves the diversion of more than one path, the fee for each additional path included in the same order	£335.00	O/S
Temporary Path Diversion & Closure Orders		
Emergency up to 21 days	£225.00	O/S
Short term work up to 5 days (2 weeks' notice required)	£225.00	O/S
Longer term works up to 6 months (6 weeks' notice required and 2 adverts)	£1,340.00	O/S
Extension on 6 months order (application to Welsh Government) (6 weeks' notice and 1 advert)	£890.00	O/S
Street Works		
Skip company registration	£320.00	O/S
Skip permit (7 days)	£35.00	O/S
Skip permit (each subsequent 7 days)	£20.00	O/S
Scaffolding company registration	£330.00	O/S
Scaffolding permit	£41.00	O/S
Section 171 (materials on highway)	£250.00	O/S
Section 50 existing (apparatus in highway)	£250.00	O/S
Section 50 new	£350.00	O/S
Road closures	£2,500.00	O/S
Events on the Highway		
Traffic Regulation Orders for the Disabled	Actual Cost	O/S
Access Protection Markings	£92.70	O/S
Parking Dispensation	£15.45	O/S
Temporary Restriction Order Fees		
Event Prohibition of vehicles order (Road Closure, approx. 6 events per annum)	£618.00	O/S
Event Amending Traffic Order (Limited waiting, one way etc, approx.. 6 events per annum)	£515.00	O/S
Tourism Sign	£62.00	O/S
Search Requests		
Basic search at a single location	£64.25	S
Basic search at up to 5 locations	£129.80	S
Advanced Town Searches	£254.60	S
Advanced Area Searches	£525.30	S
Application for major developments	£64.25 per hour	S
Car Parks		
Cars		
30 minutes	£0.50	S
1 hour	£1.00	S
2 hours	£1.50	S
4 hours	£2.00	S
Up to 12 hours	£3.00	S

Beaumaris		
Buses 4 hours	£4.00	S
Buses 12 hours	£6.00	S
Cars 4 hours	£2.50	S
Cars 12 hours	£3.50	S
Coastal		
4 hours	£3.50	S
12 hours	£4.50	S
Trailer	£6.00	S
Fron Towyn		
1 hour	£1.00	S
4 hours	£3.50	S
12 hours	£4.50	S
Trailer	£6.00	S
Rhoscolyn		
2 hours	£2.00	S
4 hours	£3.50	S
12 hours	£4.50	S
Trailer	£6.00	S
Llanfairpwll Park & Share		
1 day	£0.50	S
2 - 7 days	£2.00 per day	S
Parking Season Ticket		
12 months	£150.00	S
6 months	£100.00	S

Waste Management

Service	Fee/Charge	VAT
New or replacement black wheeled bin for residual waste (delivery and administration charge only and not sale of the black wheeled bin)	£32.00	S
Bulky waste Collection 'A' (up to 4 items per collection)	£28.00	O/S
Bulky waste collection 'B' (up to ½ tonne per load)	£90.00	O/S
Bulky waste collection 'B' (up to 1½ tonnes per load)	£234.00	O/S
Sale of radar key	£6.40	E
Sale of compost bin (purchase, delivery and administration)	£34.00	S
Trade refuse collection/disposal charges	Actual current rate charged by the Council's waste collection contractor plus a 20% administration charge	S
All Other Fees e.g.: <ul style="list-style-type: none"> • Abandoned shopping & luggage trolley • Removal of refuse sacks • Hire of wheeled bins for organised events • Public conveniences - additional opening 	Actual cost incurred plus a 20% administration charge	Various

Legal

Service	Fee/Charge	VAT
Local Land Charges		
Search	£114.60	S
Form LLC1	£6.00	O/S
Online LLC1	£4.00	O/S
Con 29 (excl. question 22)	£11.65 per question	S
Question 22	£15.90 per question	S
Discretionary Legal Fees		
Planning obligations (section 106 agreements)		
Self-build single affordable dwelling	£556.95	O/S
All other agreements (for 3 hours work, relevant hourly rate will be applied on time spent in excess of 3 hours, see rates set out below)	£836.00	O/S
Simple deeds of release	£265.25	O/S
Sale of land or Grants of leases		
Where no solicitor instructed by other party (for 3 hours work, relevant hourly rate will be applied on time spent in excess of 3 hours, see rates set out below)	£603.45	S
Where a solicitor instructed by other party (for 6 hours work, relevant hourly rate will be applied on time spent in excess of 6 hours, see rates set out below)	£1,206.90	S
Grants of leases (to include variations, assignments and releases)	Actual time spent at relevant hourly rate*	S
Section 38 and 278 agreements (Highways Act)	£836.00	O/S
Traffic regulation orders where requested by third parties (for 4.5 hours work, relevant hourly rate will be applied on time spent in excess of 4.5 hours, see rates set out below)	£503.95	O/S
Register of Common Land		
Correcting other mistake under section 19(2)(b)	£315.20	
Updating names and addresses under section 19 (2)(d)	£52.55	
Accretion of validation under section 19(2)(e)	£52.55	
Applications under Schedule 2, paragraphs 6 to 9 inclusive (buildings registered as common land or town and village green or land wrongly registered as common land or town or village green)	£2,040.00	
*Appropriate hourly rates		
Head of Function, Legal Services Manager or Solicitors	£167.65	VAT will be charged in consistency with the enquiry it relates to.
All other fee earning staff	£100.80	
NOTE - The Head of Function or the Legal Services Manager will, at their discretion, have the power to waive the fee in certain cases of proven financial hardship.		

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	19th February 2018
Subject:	Housing Rent HRA and Housing Service Charges 2018 - 2019
Portfolio Holder(s):	Councillor Alun Mummery
Head of Service:	Ned Michael, Head of Housing Services
Report Author: Tel: E-mail:	Darren Gerrard, Rent Income & Financial Inclusion Team Manager 01248 752265 dkghp@anglesey.gov.uk
Local Members:	

A –Recommendation/s and reason/s
<p>Members of the Executive Committee are asked to approve the rent increase and service charges for 2018/19 as set out below :-</p> <p>R1 to approve the rent increase in line with the Welsh Government target rent based on collection over 51 weeks.</p> <p>R2 to approve increasing all rents below target of between £0.06 - £6.15 by 4.5% plus an amount up to the maximum of £2.00 per week to bring to target rent towards convergence.</p> <p>R3 to approve increasing all rents below target rent of between £4.75 - £6.69 by 4.5% plus £2.00 per week.</p> <p>R4 to approve that the rent for the 19 properties that are above target rent should remain at their current levels.</p> <p>R5 to approve an increase of 40p per week for the rent of all garages.</p> <p>R6 to approve that the service charges costs as noted within section 3.3 of the report be applied to all tenants who receive the relevant services.</p>

Reasons

1.0 Background

- 1.1** The Council is required under the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which is ring-fenced for transactions specifically relating to Local Authority Housing.
- 1.2** On the 11th December 2017 a letter was received from the Welsh Government confirming that it had agreed to maintain the Welsh Government Policy for Social Housing Rents for 2018/19.
- 1.3** The formula for the annual rent increases will be the consumer price index (CPI) value at the previous September plus 1.5%. In September 2017 CPI was 3% thereby giving a total of 4.5% for 2018/19.
- 1.4** As the Council's current rent levels are significantly below the intended policy target rents, to achieve convergence with other social housing providers will require that Council housing rents (which currently fall below the policy target rents) to be subject to an additional weekly increase up to a maximum of £2 above inflationary rent increases.

2.0 Rent increase for Anglesey tenants

- 2.1** The Welsh Government target rent (as shown in table below) is based on rent being charged over 52 weeks. If we apply this to the rent increase and collect over 51 weeks to take account the rent free week over the Christmas period, we will generate approximately £1M of additional annual rental income.

	Houses and Bungalows (£)					Flats (£)				Bedsits
	1Bed	2Bed	3Bed	4Bed	5+Bed	1Bed	2Bed	3Bed	4+Bed	
WG Target Rent (52 Weeks)	£83.66	£92.95	£102.25	£111.54	£120.84	£75.69	£84.10	£92.51	£100.92	£67.28
Target Rent (51 Weeks) Collection	£85.30	£94.78	£104.26	£113.73	£123.21	£77.18	£85.75	£94.33	£102.90	£68.60
Proposed Average Current Rent (51 Weeks)	£83.36	£86.68	£93.10	£98.75	£105.84	£76.63	£82.15	£88.54	£102.90	£68.60

- 2.3** Using the 51 week collection target rent, the proposed rent increase for 2018/19 will be an average weekly increase of £5.29. This will increase the average weekly rent from £82.79 to £88.08 which is still below the policy rent band. The rent band for Isle of Anglesey County Council is between £90.10 (low end), £94.84 (mid point) and £99.58 (high end).
- 2.4** In addition, this level of rent increase is being used as the model for the Housing Business Plan. If this method is not followed, expenditure may have to increase to finance the business plan.
- 2.5** For the properties which are significantly below the policy target rent and in order to move towards the target rent for these properties, it is proposed to increase the current rents by the following methods :-
- 1) For 1065 properties where the difference between the current rent and the target rent is between £0.06 to £6.15 per week, the current rent will be increased by 4.5% plus an amount up to the maximum of £2.00 per week.
 - 2) For the 2720 properties where the difference between the current rent and the target rent is between £4.75 to £6.69 per week the current rent will be increased by the formula 4.5% + £2 per week.
 - 3) For the 19 properties where the current rents are above the target rent, the Welsh Government expects all Local Authorities to increase these rents at a reduced rate. We propose not to apply any increase to these rents until they are aligned with the target rent.
- 2.6** Using the above methods will move the Authority towards achieving the Target rent and reach rent convergence in rent levels. The rent convergence is expected to be achieved by approximately 2023/24 and increased in line with target rents thereafter.
- 2.7** The rent policy will generate an annual rental income of approximately £17.1m for the HRA during 2018/19.
- 2.8** When re-letting void properties it is proposed that the rent will be set in accordance with the target policy rent which will eliminate the complication of the transitional increases.

3.0 Service Charges

3.1 The charges for services that the Authority provides during 2018/19 are based on actual costs incurred during 2016/17 and is shared equally among tenants and leaseholders. It should be noted that the majority of these costs are eligible for housing benefit.

3.2. All costs for providing these services has increased compared to last years figures. The total income that will be generated is approximately £269K.

3.3 Proposed 2018 - 2019 weekly charges, based on 51 weeks, are:

Lift maintenance - £0.70 - £2.51

Cleaning of communal areas - £2.03 – £5.07

Fire alarms and fire equipment - £1.02

Door entry systems - £0.59

Sewerage Charges - £4.94

Heating & Lighting of communal areas - £1.03

TV Aerial's within communal areas - £0.17

Painting of communal areas – £0.13 - £0.47

Ground Maintenance (Domestic Properties) - £2.63

Ground Maintenance (Sheltered Properties) - £0.15 - £3.23)

Management costs at 15% of each service charge.

3.4 Currently there are 61 leaseholders who will be charged for the services they receive by the Authority. This will generate an additional annual income of approximately £10.5k.

4.0 Garages

4.1 The Welsh Government Rent Policy does not provide any guidance on how to increase garage rents. The Council is therefore proposing to increase the garage rent by 40p per week. This will increase the rent from £7.60 per week to £8.00 and will generate income of £220k after deducting voids. As at 9th January 2018 there are 225 void garages.

5 Housing Benefit

5.1 Currently 2,795 of the Council's tenants (73%) will face no additional hardship as a consequence of the proposed rent increase and service charges, as they are in receipt of full or part Housing Benefit. Tenants who are not in receipt of housing benefit will have to meet the rent and service charges, unless of course they become eligible for benefit, following the increase.

5.2 In anticipation of the Government's Welfare Benefit Reform the provision for bad debts has therefore been increased to £263k (1.5%) for 2018/19 as we expect arrears will increase when tenants have to meet a greater proportion of rent themselves. This is a significant increase due to the potential affect of Universal Credit.

5.3 Housing Services has a Financial Inclusion Officer who is available to provide information, advice and support to tenants around financial inclusion issues with a strong focus on increasing financial capability and budgeting skills to manage their finances and to access mainstream financial services. Links have also been developed to improve working practices at a strategic and operational level with both internal and external partners such as J E O'Toole, CAB, Mon Communities First, Gofal a Thrwsio, Age Cymru and utility companies.

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

- 1) We considered the option not to increase the garage rent due to the condition of some of the garages but following enquiries with other Local Authorities, they all confirmed that they increase the rent in line with the dwelling rent increase of 4.5%. We have decided to adopt the same method to maximise the garage rental income.

C – Why is this a decision for the Executive?

The new Welsh Government Rent Policy has implications for the HRA Business Plan.

D – Is this decision consistent with policy approved by the full Council?

- 1) All Local Authorities, as instructed by the Welsh Government are required to implement the Rent Policy. Rejecting this policy would ultimately mean a loss of income for the Authority and inevitably affect the services provided. This would also undermine the HRA Business Plan and and potentially leave us

subject to intervention by the Welsh Government if the policy was not adopted.

- 2) Rejecting this policy could also jeopardise the annual Major Repairs Allowance income of £2.66m received from Welsh Government as it could be seen that we aren't maximizing our income generation opportunities.

DD – Is this decision within the budget approved by the Council?

Yes

E – Who did you consult?

What did they say?

1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

F – Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

FF - Appendices:

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

Notification letter 2018 – 2019

Copy of final Rent Policy Tables 1 – 4 2018 – 2019

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive
Date:	19/02/18
Subject:	Local Authority Homes for Older People – Setting the Standard Charge
Portfolio Holder(s):	Councillor Llinos Medi Huws
Head of Service:	Alwyn Rhys Jones, Head of Adult Services
Report Author: Tel: E-mail:	Rhys Ll. Roberts, Finance Manager 01248 752690 RhysRoberts2@ynysmon.gov.uk Dafydd Bulman, Business & Transformation Manager 01248 752013 DafyddBulman@ynysmon.gov.uk
Local Members:	Various

A –Recommendation/s and reason/s
<p>The Local Authority needs to set the level of its Standard Charge for local authority care homes for the year April 2018 – March 2019.</p> <p>Members have determined a general guideline of a 3% increase for fees and charges. Charges in relation to local authority owned residential accommodation can be treated as an exception as it is governed by a statutory provision which sets out how it should be calculated.</p> <p>As in previous years, the cost of all the homes has been pooled to calculate an average standard charge for the homes in accordance with National Guidance.</p> <p>Caution should be taken if the standard charge is compared with that of other authorities, since despite guidance, other authorities may not have calculated the charge on exactly the same basis. However, in terms of background information, we note below the 2017/18 standard charge levels in respect of Local Authority accommodation in both Gwynedd and Conwy:-</p> <div style="text-align: center; margin: 10px 0;"> <ul style="list-style-type: none"> • Gwynedd - £581.28 • Conwy - £571.00 </div> <p>During 2017/18, the Standard Charge was calculated at £698.46 per week due to an occupancy rate of 89.7% across the 4 in-house residential homes (excluding Garreglwyd and Haulfre). The Council decided to impose a 3% rise in the weekly standard charge and to accept the differential as a management cost in transforming in-house residential care provision. The weekly charge for residents was therefore set at £584.29 per week during 2017/18.</p> <p>In calculating the Standard Charge for 2018/19, we have again omitted the number of beds kept unoccupied at Garreglwyd Residential Home during 2017/18 as the intention is to remodel the Home. We have also again omitted the number of beds kept unoccupied at Haulfre due to the remedial work that took place there during the course of 2016/17. The occupancy rate for the remaining 4 Council run homes during the first 8 months of 2017/18 was 93.4% based on a total of 109 beds.</p>

The following table calculates the estimated cost per resident week for the year to 31 March 2019:

Number of Beds Available	109
Estimated Occupancy Rate	93.4%
Estimated Number of Resident Weeks	5,309

	Running Costs 2018/19 £	Standard Charge 2018/19 £	Standard Charge 2017/18 £	Fee Charged 2017/18 £
Estimated Running Cost for 2018/19	3,141,444	629.39	641.07	547.91
Add – Depreciation charge	235,220	44.31	35.79	38.89
- Support Services	155,726	29.33	29.37	33.33
Less Income From Non Residential Activities			-7.77	-35.84
	3,732,390	703.03	698.46	584.29
Increase from 2017/18 standard charge	0.66%	£4.57		

Based on the above table the estimated cost per resident week for the year to 31 March 2019 is £703.03.

The estimated cost per resident week for the year to 31 March 2019 is higher when compared to the estimated cost for the year to 31 March 2018. This is as a result of increased salary costs and inflation. However, the year-on-year increase is not as high as one might expect as a result of the increase in the occupancy rate for the homes (from 89.7% to 93.4%), which leads to a lower unit cost.

Acknowledging the council's decision for 2017/18 and the significant rise that a move from £584.29 to £703.03 would entail it is recommended:

- That whilst the Council acknowledges the costs incurred within residential care that the actual cost of delivery is not reflected in the charge to residents.

- That the increase for those contributing towards the cost of care is consistent with the guidance for council services and set at 3% and that a fee of £601.82 is set.

By not charging self-funding residents the full cost of placement within these homes the council is subsidising each user by an estimated £101.21 a week or £5,262.92 per year. Over the current 29 self funders this equates to an estimated £152,625 a year.

C – Why is this a decision for the Executive?

Local Authorities are required under Section 22 of the National Assistance Act 1948 to set the Standard Charge for their homes.

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

The standard fee is that which the Authority is obliged to charge those residents who have the **financial means to pay the full cost** of their residential care. Our planning assumption around our local self-funding population has been reviewed over recent weeks to ensure that it still remains current. As noted in A we have considered increasing this charge to the full cost of provision, but have but have rejected it on the basis that this would require a significant and disproportionate increase for residents.

D – Is this decision consistent with policy approved by the full Council?

This decision is consistent with National Policy as outlined in section C above.

DD – Is this decision within the budget approved by the Council?

Yes

E – Who did you consult?

What did they say?

E – Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	

2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
5	Human Resources (HR)	
6	Property	
7	Information Communication Technology (ICT)	
8	Scrutiny	
9	Local Members	
10	Any external bodies / other/s	

F – Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

FF - Appendices:

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

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive
Date:	19/02/2018
Subject:	Community based Non-residential Social Care Services – 2018/19 Fees & Charges
Portfolio Holder(s):	Cllr Llinos Medi Huws
Head of Service:	Alwyn Rhys Jones – Head of Service
Report Author: Tel: E-mail:	Dafydd Bulman – Strategic Transformation a Business Manager 01248 752013 Dafyddbulman@ynysmon.gov.uk Delyth LI Jones – Senior Finance Officer 01248 752785 DelythJones@ynysmon.gov.uk
Local Members:	All members

A –Recommendation/s and reason/s		
1. Background		
1.1 It is usual practice to review the charges in respect of domiciliary services annually to coincide with Central Government revision of benefit and pension levels,		
1.2 The report sets out community based non-residential social care fees and charges for 2018/19 in accordance with the Social Services and Well-Being (Wales) Act 2014.		
2. Home Care Services:		
2.1 Following the changes to home care made by the Executive in February 2017, we propose to continue to use this model for 2018/19.		
<u>Table 1 – Home Care Charges 2018/19</u>		
If you are above pension age with a current weekly income of £236.35 or above in 2018/19:	Weekly charges	If you are below pension age with a current weekly income of £160.59 or above in 2018/19:
If your income is below £241.34 per week	NO CHARGE	If your income is below £165.58 per week
If your income is between:		If your income is between:

£241.35 - £246.34	£5.00	£165.59 - £170.58
£246.35 - £248.59	£10.00	£170.59 - £172.83
£248.60 - £251.34	£12.25	£172.84 - £175.58
£251.35 - £256.34	£15.00	£175.59 - £180.58
£256.35 - £261.34	£20.00	£180.59 - £185.58
£261.35 - £266.34	£25.00	£185.59 - £190.58
£266.35 - £271.34	£30.00	£190.59 - £195.58
£271.35 - £276.34	£35.00	£195.59 - £200.58
£276.35 - £281.34	£40.00	£200.59 - £205.58
£281.35 - £286.34	£45.00	£205.59 - £210.58
£286.35 - £294.19	£50.00	£210.59 - £218.43
£294.20 - £296.34	£57.85	£218.44 - £220.58
£296.35 - £301.34	£60.00	£220.59 - £225.58
£301.35 - £306.34	£65.00	£225.59 - £230.58
£306.35 - £311.34	£70.00	£230.59 - £235.58
£311.35 - £316.34	£75.00	£235.59 - £240.58
Income at or above £316.35 or savings above £24,000.00	£80.00	Income at or above £240.59 or savings above £24,000.00

For 2018/19 the Welsh Government has increased the maximum home care charge from £70 to £80 per week which has been reflected in the table 1 .

3. Meals in Day Services

This charge applies to meals and refreshments supplied at all Day Service locations.

The following principles are proposed:-

- Apply a 3% increase in respect of the provision of all meals/refreshments.

The following table summarises the proposed charges.

Table 3 : Provision of Meals 2018/19 Proposed Charges

	2017/18 Charges	2018/19 (Proposed Charges)
Meals in Day Services for adults (excluding people with Learning Disability)	£5.70	£5.90*
Mid-day snack in day services for people with Learning Disability	£2.30	£2.40*
Other refreshments (tea/coffee/cake) in day services	£1.30	£1.30*

**2018/19 Proposed Charges have been rounded to the nearest 10p in order to reduce administration.*

4.0 Telecare Charges

The following factors must be taken into account when determining a fair charge for the Telecare service:

- Local Authority Contribution to the Regional Monitoring Galw Gofal Service;
- Maintenance charges;
- Telecare equipment costs;
- Finance and Administration costs;
- Installation costs;
- Costs of recycling equipment;
- Costs of bi annual Health & Safety visual checks ;
- Impact on current business.
- Transformation of Adults' Services.

Telecare : 2018/19 Proposed Charges

Historical charging arrangements mean that by now Anglesey Council is charging people different amounts for the same levels of support which isn't fair and consistent for all. The executive made a decision in February 2017 to harmonise these fees over 2 years. For 2018/19 we will keep to the 2017/18 charges in order to harmonise the fees.

Table 4: Telecare 2018/19 Proposed Charges

Tier 1 Equipment, service and maintenance (unit, pendant and smoke alarm)	Everyone will be paying £45.24 per quarter (£3.48 a week)
Tier 2 & 3 Equipment, service, monitoring and Maintenance (Equipment other than unit, pendant and smoke alarm)	Everyone will be paying £90.22 per quarter (£6.94 a week)

Telecare Annual Charges Apply a 3% increase for 2018/19 as stated in table 5

Table 5 – Telecare Annual Charges for 2017/18

	2017/18 Charges	2018/19 (Proposed Charges)
Service and Maintenance	£104.44	£107.55
Services Only	£67.49	£69.50
One Off Installation	£41.74	£43.00

Proposed (Gross rounded to nearest 5p)

There is no change to supported people part funding and fully funded packages. A review is currently being undertaken in conjunction with the housing department. Any recommendations following this review will be submitted to the executive in due course.

5.0 Direct Payments

Direct Payments enable individuals to independently purchase services that the Local Authority would otherwise have provided. Direct Payments support independent living by enabling individuals to make their own decisions and have control over their own lives. In Wales, the Scheme has gradually been extended to include:-

- Older People
- Carers
- Parents of Children with Disabilities
- Adults with Disabilities

An hourly Direct Payment rate of £10.50 was set for 2017/18. Following a review of this rate, it will increase to £11.30 in 2018/19 to reflect the changes in legislation in reaction to living wage and pensions' changes.

Modernisation of Blue Badge Scheme in Wales

It is recommended that a charge of £10 / badge levied in respect of organisational and replacement badges (lost / stolen) be levied for 2018/19.

Purchasing Day Care Services in Independent Residential Care Homes

The charge for purchasing day services was £31.28 in 2017/18. We propose to increase the fee by 3% to £32.21 to be consistent with increases in council charges in 2018/19. This increase will help to ensure the sustainability and continuation of day care services purchased from independent residential care homes, and in order to meet the individual needs of service users.

Domiciliary Care Fees

At present adult social care commission domiciliary care from the independent sectors at a unit cost of £15.90 per hour or part thereof. Following a review of this, we propose to increase to £16.53 as an interim rate until the new older people contracts have been implemented. Rates will differ for each patch following this tender.

The department is currently considering the domiciliary care rate set for Continuous Support by providers (primarily Project Work Support for disabled clients) through the North Wales Domiciliary Care Tender and the impact of these rates on overall costs. A decision on whether to adopt these rates or set our own will be published in due course.

Recommendations

The Executive Committee is requested to approve the:-

R1 Home care charges outlined in table 1

R2 Charges for meals in day services outlined in table 3.

Meals in Day Services for adults (excluding people with Learning Disability) - £5.85

Mid-day Snack in day services for people with Learning Disability - £2.35

Other refreshments (team/coffee/cake) in day services - £1.35

R3 Charges for Telecare services as outlined in table 4.

Tier 1 everyone will be paying £45.24

Tier 2 & 3 everyone will be paying £90.22

R4 Charges for Telecare Annual Charges as outlined in table 5

Services and Maintenance £107.55
Services Only £69.50
One off Installation £43.00

R5 Rate for Direct Payments at £11.30/hour

R6 Maintain a charge of £10.00 for the administration in relation to blue Badge requests and replacements as outlined

R8 Increase the fee for purchasing day care services in independent residential homes by 5% to £32.21

R9 Agree to an increase in fees paid for commissioned domiciliary care from £15.90 to £16.53 per hour as an interim rate.

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

The options noted are consistent with the councils overall approach to fees and charges in 2017/18.

C – Why is this a decision for the Executive?

Decisions on fees and charges have financial implications for the Local Authority's budget in terms of income received and the affordability of payments made in the prevailing financial climate.

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

Yes

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

DD – Who did you consult?

What did they say?

1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Presented to SLT on 22/1/2016, no further comments
2	Finance / Section 151 (mandatory)	Presented to SLT on 22/1/2016, no further comments
3	Legal / Monitoring Officer (mandatory)	Presented to SLT on 22/1/2016, no further comments
4	Human Resources (HR)	n/a
5	Property	n/a
6	Information Communication Technology (ICT)	n/a
7	Procurement	n/a
8	Scrutiny	n/a
9	Local Members	n/a
10	Any external bodies / other/s	n/a

E – Risks and any mitigation (if relevant)		
1	Economic	n/a
2	Anti-poverty	n/a
3	Crime and Disorder	n/a
4	Environmental	n/a
5	Equalities	n/a
6	Outcome Agreements	n/a
7	Other	n/a

F - Appendices:

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

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive
Date:	19/2/2018
Subject:	Independent Sector Care Home Fees for 2018/19
Portfolio Holder(s):	Cllr Llinos Medi Huws
Head of Service:	Alwyn Rhys Jones – Head of Service
Report Author: Tel: E-mail:	Dafydd Bulman – Strategic Transformation and Business Manager 01248 752013 Dafyddbulman@ynysmon.gov.uk
Local Members:	All members

A –Recommendation/s and reason/s				
<p>From 6 April 2016, the framework for financial assessment and charging is now under the Social Services and Well-Being (Wales) Act 2014. The Local Authority is required to review independent sector care home fees annually to coincide with Central Government’s changes to benefits and pension levels.</p> <p>In setting fee levels for independent sector care homes, we need to show that we have fully considered the costs of the provision in determining our standard care fees. This is done in collaboration with the other Authorities in North Wales and the Health Board by utilizing a Regional Fee Methodology, as was done for 2017/18 fee setting. We will continue to use this model for 2018/19 which has reflected legislation changes in terms of pensions, national living wage and inflation.</p> <p>The North Wales Methodology (Appendix 1) has recommended an increase of between 3.35% and 3.55% across the four categories of care. The following fees are proposed for 2018/19:</p>				
<u>Table 1 - North Wales Methodology Recommendation</u>				
Category	2017/18	2018/19	Increase £	Increase %
Residential (Adults)	£526.87	£544.49	£17.63	3.35%
Residential (EMI)	£547.33	£565.99	£18.66	3.41%
Basic Nursing Care (Social Care Element)	£567.81	£587.50	£19.69	3.47%
Nursing (EMI) (Social Care Element)	£598.51	£619.77	£21.26	3.55%
All the above are based on 10% ROI for 2017/18 and 2018/19.				

As part of fee setting for 2018/19, Ynys Mon consulted on the fees proposed by the methodology for 2018 which a summary is in Appendix 2

The North Wales Adult Service Heads (NASH) agreed in a meeting on 26/1/2018 that the increases noted were consistent with the implementation of the fees model.

Following discussion with Head of Finance (Section 151), we are proposing to use the Regional methodology for:

- EMI Residential;
- Basic Nursing Care Social Care Element and
- Nursing EMI Social Care Element.

Implementing the model in full across all sectors was not deemed to be affordable. Having due regard to affordability of the increase, and the strategic direction the Council is taking in developing alternatives to residential care in the form of Extra Care Housing and care at home, we propose to set the rate for residential (Adults) care based on a lower return of investment of 9%.

Estimated annual pressure based on a 10% ROI for Residential Care = £ 208,184
 Estimated annual pressure based on a 9% ROI for Residential care = £ 149,553
 Estimated annual pressure based on a 8% ROI for residential Care = £ 90,121

Ynys Mon therefore recommends the following rates for approval:

Table 2 – Ynys Mon Proposed Fee’s for 2018/19

Category	2017/18	2018/19	Increase £	Increase %	ROI
Residential (Adults)	£517.17	£534.77	£17.60	3.40%	9%
Residential (EMI)	£547.33	£565.99	£18.66	3.41%	10%
Basic Nursing Care (Social Care Element)	£567.81	£587.50	£19.69	3.47%	10%
Nursing (EMI) (Social Care Element)	£598.51	£619.77	£21.26	3.55%	10%

It will be necessary for the council to carry out consultation with local providers on the set fees. It may be necessary to consider individual submissions from providers as part of this process. Should there be clear evidence to indicate that the fee set is not sufficient in any individual case the council will need to consider exceptions to the fee rates. It is proposed that any such decisions are delegated to the Portfolio holder, Head of Finance and Head of Adult Social Care.

The Executive Committee is requested to:-

1. Acknowledge the North Wales Fee Methodology as implemented hitherto by the Authorities in North Wales as a basis for setting fees in Ynys Mon during 2018/19 (appendix 2);
2. Approve the recommendation to increase the fee level as noted in Table 2;
3. In line with other Authorities, authorise the Social Services and Finance Departments to respond to any requests from Homes to explore their specific accounts and to utilize the exercise as a basis to consider any exceptions to the agreed fees. Any exceptions to be agreed with the Portfolio Holder, the Head of Finance and the Head of Adults from within current budgets. If no agreement can be made this will be go back to the Executive.

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

Consideration to implement the North Wales Fees Model in full was given. On the basis of affordability for the council this was rejected, and the model proposed in table 2 recommended.

C – Why is this a decision for the Executive?

Local Authorities need to set care home fee levels in line with the national policy. This decision has financial implications for the Local Authority's budget and in terms of affordability in the prevailing financial climate.

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

This decision is in line with the approval to work with other Local Authorities in North Wales and to implement the North Wales Fee Methodology to set fees annually.

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

Based upon detailed discussion with the Finance Department, the estimated impact of these changes, and the department proposed budget for 2018/19, it is considered that these rates increases can be accommodated within budget.

This will require the department to maintain a focus on maintaining a reduction in the number of placements of this nature as has been evidenced in recent years.

DD – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Presented to SLT on 22/1/2016, no further comments
2	Finance / Section 151 (mandatory)	Presented to SLT on 22/1/2016, no further comments
3	Legal / Monitoring Officer (mandatory)	Presented to SLT on 22/1/2016, no further comments
4	Human Resources (HR)	n/a
5	Property	n/a
6	Information Communication Technology (ICT)	n/a
7	Procurement	n/a
8	Scrutiny	n/a
9	Local Members	n/a
10	Any external bodies / other/s	n/a

E – Risks and any mitigation (if relevant)		
1	Economic	n/a
2	Anti-poverty	n/a
3	Crime and Disorder	n/a
4	Environmental	n/a
5	Equalities	n/a
6	Outcome Agreements	n/a
7	Other	n/a

F - Appendices:
Appendix 1 – The North Wales Methodology Appendix 2 – Summary of Consultation

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

Appendix 1

Setting Residential and Nursing Care Fee Level 2018/19 - Feedback on the Fee Proposed the methodology

In September Adult Social services shared the North Wales Residential and Nursing fee model with all providers in order to receive feedback from providers. This consultation period came to an end on the 30/11/2017. We received a number of response from providers and Care Forum Wales.

Summary of Response	Comments
No reference to the following costs: Waste disposal, Uniforms, linen & crockery, Stationary, Motor & Travel, Subscriptions, Marketing and Sundry, Trade and clinical waste, Domestic and Cleaning materials, Medical supplies (including medical equipment rental)	This is covered in the element of the fee for 'Additional costs not covered elsewhere' We would like to explore opportunities over the coming financial year for developing relationships with care home Providers to ascertain a better understanding of actual costs and will review the existing methodology accordingly
Clarification requested on the reason for the removal of Furniture/Fittings including repairs and renewals.	The North Wales fee's group are committing to reviewing this element of the toolkit for 2019/20
Employer pension contribution is increasing to 2% in April 2018, also no account taken for the 1% employer pension contribution last year (impact of which was supposed to have been alleviated by the Social Care grant fund)	The 2017/18 methodology accounted for 0.7% employer pension contribution; based of qualifying employees and take –up within sample of care homes. We acknowledge that the employer's contribution is increasing in 2018/19 and accept that this element of the cost should be increased and so have reviewed the methodology The allowance is now at 1.5% based on the 7 th Edition Laing & Buisson toolkit. In relation to the Social Care Grant is used to contribute towards fee increases across the independent and third sector.
No account taken for the increase to the National Living Wage	Comment and draft methodology was published before the autumn budgets. Staffing rates have been inflated by the percentage uplift for National Living Wage since the Autumn Statement.

<p>EMI Care hours – Calculation (based on a 19 bed home) that this is funding for 2 carers to look after 19 EMI residents. 'Smaller homes couldn't have a qualified carer on duty at all times'.</p>	<p>The funding methodology for staffing provision provides for 50% of hours at a higher (qualified / senior level) as the regulatory requirement is for services to have at least 50% of staff with the appropriate qualification. We anticipate that Managers will take this into account when planning their staff rosters</p>
<p>Groceries & Household provisions at £28.46 per resident/week equate to £4.07 a day. This to provide a resident with 4 meals a day (and include household goods).</p>	<p>We would like to explore opportunities over the coming financial year for developing relationship with care home providers to ascertain a better understanding of actual cost and will review the existing methodology accordingly.</p>
<p>Fees in Gwynedd exceed those in Ynys Mon by around £20 per week, per client. No difference in cost between the two Counties.</p>	<p>This was a local decision for each local authority in 2017/18 to set the Return on Investment (ROI). Ynys Mon decided to alter the return of investment for Residential to 9% (a decision made based upon the overall affordability of the model) and keep all other categories at 10% consistent with the North Wales Fee Model. In other counties local authorities have chosen to both increase and decrease ROI depending on local issues and affordability.</p>
<p>Nurse recruitment difficult and very costly - cost has increased over the last 12 month. Nurses rates locally between £17 and £18 per hour.</p>	<p>Any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise</p>
<p>Formulae used to calculate care costs assume care assistant hours that are not achievable.</p>	<p>We would like to explore opportunities over the coming financial year with care home providers to specify quality standards including staffing levels and obtain an evidence of actual costs of delivery</p> <p>In addition, if any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise</p>
<p>Referred to Supportive communities Commissioning Framework and Guidance issued by the WAG in 2010 which states that commissioners should "understand" providers' cost and act to promote service sustainability. CFW questioned whether the fees proposed fully reimburse providers for their costs and if not how does the Authority expect providers to cover the remaining costs.</p>	<p>Any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise</p>

<p>Inflationary factors - CPI was 3% in September 2017 rather than the 2.3% stated</p>	<p>The original version of the regional methodology / toolkit which we shared, was drafted prior to the budget settlement. CPI within the current model is 3%</p>
<p>Registration - surprised that this line has only been inflated by CPI given the requirements under the Act for all providers to re-register and for providers to require DBS checks to be renewed every 3 years. The provider acknowledged that the regulations were published after the toolkit.</p>	<p>For registration, recruitment, groceries and house holding:</p>
<p>Recruitment - noted that no allowance other than for inflation. Reports from providers indicate an increasing turnover of staff and a parallel increase in the need to use agency staff.</p>	<p>The regional methodology does not inflate each non-pay cost line by its own specific rate of CPI, but use the overall CPI instead.</p>
<p>Furniture and fittings - questioned why this line has been removed without consultation. Detailed previous discussions regarding these costs going back to 2011 (please see letter for detail). Reference made to Laing & Buisson which continues to include three lines for maintenance capital expenditure, repairs & maintenance (revenue costs) and contract maintenance of equipment. Total for these items of £24.86 in NW toolkit versus £43 in Laing & Buisson (further detail of L&B's calculations are provided in the letter)</p>	<p>We would like to explore opportunities over the coming financial year for developing relationships with care home Providers to ascertain a better understanding of actual costs and will review the existing methodology accordingly.</p>
<p>Groceries and household provisions - does not feel £27.82 is realistic due to value being eroded by above average inflation. CPI last September was 3% rather than the 2.3%. For food it was 4.1%. Asked if information has been gathered from providers or whether a sample menu of purchases witching the cost allocated (that would be appropriate for a care home resident) can be provided by the Authority.</p>	
<p>Return on Investment - Reduction on a figure of £97.79 introduced in NE Wales in 2012/13. CFW figures based on Laing & Buisson were £184.37 last year, however CFW would be happy to agree a floor level for those homes which do not meet the outgoing minimum physical standards for new care homes. This would include a discount of £79.34 giving a total of £105.03 for return on capital for those homes that do not meet the national minimum standards.</p>	<p>The allowance made for this was agreed by the North Wales Directors of Finance as reasonable given the market conditions.</p> <p>In addition, the North Wales Leadership Group have agreed to look at the future models of care required to meet the population needs in North Wales and determine any additional support that can be offered for planned investment/development and de-commissioning of care home services at a local level.</p>
<p>Return on Investment - New standards being required in relation to items such as communal space and ensuite provision – the provider was asking</p>	

<p>what consideration has been given to these in the production of the toolkit figure.</p>	
<p>Return on Investment - current figure is based on 10%, Laing & Buisson uses 11%. L&B include a line in their toolkit for corporate overheads. On what basis was a decision taken not to include this in the toolkit</p>	<p>A standard return of 10% was agreed in principle by the North Wales Directors of Finance as reasonable given the market conditions; with a caveat that this may be reviewed and varied at a local level.</p>
<p>The 'reductions on Return on Capital perverse' at a time when Ynys Mon is looking to increase EMI provision and ask what consideration has been given to the likely effects on this aspiration of the Rol calculation?</p>	<p>In addition, the North Wales Leadership Group have agreed to look at the future models of care required to meet the population needs in North Wales and determine any additional support that can be offered for planned investment/development and de-commissioning of care home services at a local level.</p>
<p>Staff Costs - staffing hours in 2017/18 were split into two rates for care staff and senior care staff which resulted in the blended rate for the bottom 50% of workers effectively been reduced (from £10.17 in 2016/17 to £9.54 in 2017/18 and £9.98 proposed for 2018/19).</p>	<p>Staff costs - Staff pay and 'blended' rate for Care & Support Workers and Senior Care Workers. In 2017/8 the staffing element of the regional methodology was reviewed. This led to an increase in the number of staff hours included within the methodology and the following assumptions at a local level:</p> <ul style="list-style-type: none"> • Most Local Authorities adopted an approach aimed to set clear differentials in pay rates between entry level staff and those with additional qualifications and responsibilities – paid at a higher rate (for 2018/19 this is assumed at £8.97 + on-costs. This higher rate is based on the evidence from the staff cost survey undertaken in 2016/7 and inflated in subsequent years). A 50/50 split was assumed between these rates. • One Local authority retained the 'blended' rate, based on 2011 Care Forum Wales' submission and evidence of costs, which had been inflated by the percentage increase in NLW year on year. This results in a higher cost assumption for staffing <p>We now note that:</p> <ul style="list-style-type: none"> • 30% of staff working in care homes in North Wales are paid at National Living Wage rate • 20% have higher qualifications and/or take on senior duties • The remaining 50% have at least level 2 qualifications and that there is a pay differential for taking on additional responsibility and/or qualifications.

	<p>We recognise that each employer will choose to set pay rates in accordance with local pay rates and commensurate with duties. In the absence of any evidence of pay levels for staff with at least level 2 qualifications, we drafted a model of the staffing elements based on 20% at NLW, 30% at the senior rate obtained from the most recent staff survey and 50% of staff at midpoint of the two. This resulted in a 'blended' rate which is lower than that afforded by this (revised) version of the toolkit for 2018/9 and hence we have retained this calculation method.</p>
<p>Stabilising the workforce - Local authorities and Health Board set differing pay rates for internal staff and commissioned services. CFW ask that the local authority consider setting staff pay rates against the criteria used for their own staff. Health Board currently advertising for care staff at rates up to £10.15 per hour which is less than what local supermarkets are paying.</p>	<p>Local Authorities work to locally & nationally set pay grades. It is not appropriate for the local authority to intervene and set wage rates within commissioned services in the independent sector</p>
<p>Length of stay - length of time that people live in care homes is reducing but needs are becoming increasingly complex. This is leading to increased costs and CFW question how this has been taken into account in the toolkit?</p>	<p>We would like to explore opportunities over the coming financial year for developing relationship with care home providers to ascertain a better understanding of actual cost and will review the existing methodology accordingly.</p>
<p>Miscellaneous items - would be grateful if you could confirm where the following items appear in the toolkit : Waste disposal, Uniforms, linen & crockery, Stationary, motor & travel, subscriptions, marketing and sundry, Trade and clinical waste, domestic and cleaning materials, medical supplies (including medical equipment rental)</p>	<p>This is covered in the element of the fee for 'Additional costs not covered elsewhere' We would like to explore opportunities over the coming financial year for developing relationships with care home Providers to ascertain a better understanding of actual costs and will review the existing methodology accordingly</p>
<p>The Competition and Markets Authority report which has just been published and says that the current system for providing care is not sustainable without additional funding. The shortfall has led to care home propping up their finances by charging higher prices for those who self-fund their own care.</p>	<p>If any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise</p>
<p>Operating costs significantly in excess of fee income. Even though operating at near full capacity a loss is made each year which now cumulatively totals £724,000 over the period of our ownership (this figure does not include head office or finance costs nor any element of return on</p>	<p>If any provider that has evidence of cost over the fees to be implemented in Ynys Mon is invited to make arrangements to meet on a one-to-one basis to discuss these in an open book exercise</p>

capital). The home has been subsidised by other operations within the Group.	
Weekly fee under CHC (inclusive of the FNC) is currently fixed at £748.18 p/w and have have around 75% CHC funded residents. Requesting that a specialist category for this challenging/complex group of clients as Liverpool City Council have done (copy of letter from Liverpool City Council provided). Would welcome the opportunity to discuss this further.	This is a matter for the health board and should be directed to them accordingly
Cost of Special Dietary Requirements not taken into account on the tool kit.	This element will be review in 2019/20

Draft Fee Calculations 2018/19					
	Fee 2017/18	Indicative Fee 2018/19	Basis of Calculation	Increase per week	Overall % Increase
1. INDIRECT COSTS -standard for all categories of care					
Utilities (electricity, gas, TV, Council Tax, Water, Telephone)	£28.28	£29.13	CPI Sep 2017 = 3%		
Registration (Professional Membership, CRBs etc)	£1.24	£1.28	CPI Sep 2017 = 3%		
Recruitment	£2.40	£2.47	CPI Sep 2017 = 3%		
Contract maintenance of equipment	£3.48	£3.58	CPI Sep 2017 = 3%		
Maintenance of capital equipment	£21.38	£22.02	CPI Sep 2017 = 3%		
Gardener /handyman	£9.30	£9.71	NLW 4.4% increase on 17/18 rate		
Training	£2.39	£2.46	CPI Sep 2017 = 3%		
Non prescription medical supplies	£3.61	£3.72	CPI Sep 2017 = 3%		
Insurance	£6.02	£6.20	CPI Sep 2017 = 3%		
Groceries & household provisions	£27.62	£28.65	CPI Sep 2017 = 3%		
Sub-total Indirect Costs	£105.92	£109.22			
2. OTHER COSTS - standard for all categories of care					
Return on Investment	£97.16	£97.16	10% ROI		
Additional Expenses (not covered elsewhere)	£17.55	£18.08	CPI Sep 2017 = 3%		
Sub-total Other Costs	£114.71	£115.24			
3. STAFF COSTS					
Residential Homes					
Management /Admin	£47.89	£48.85	2% increase		
Senior Care Staff	£114.77	£120.65	10.5 hours x £11.49		
Care Staff	£100.17	£105.21	10.5 hours x £10.02		
Domestic Staff	£43.41	£45.32	NLW 4.4% increase on 17/18 rate		
Sub-total Residential Homes' Staff Costs	£306.24	£320.03			
TOTAL RESIDENTIAL	£526.87	£544.49		£17.63	3.35%
EMI Residential Homes					
Management /Admin	£47.89	£48.85	2% increase		
Senior Care Staff	£125.69	£132.13	11.5 hours x £11.49		
Care Staff	£109.71	£115.23	11.5 hours x £10.02		
Domestic Staff	£43.41	£45.32	NLW 4.4% increase on 17/18 rate		
Sub-total EMI Residential Homes' Staff Costs	£326.70	£341.53			
TOTAL EMI RESIDENTIAL	£547.33	£565.99		£18.66	3.41%
Nursing Homes					
Management /Admin	£47.89	£48.85	2% increase		
Senior Care Staff	£136.63	£143.62	12.5 hours x £11.49		
Care Staff	£119.25	£125.25	12.5 hours x £10.02		
Domestic Staff	£43.41	£45.32			
Sub-total Nursing Homes' Staff Costs	£347.18	£363.04			
TOTAL NURSING	£567.81	£587.50		£19.69	3.47%
EMI Nursing Homes					
Management /Admin	£47.89	£48.85	2% increase		
Senior Care Staff	£153.02	£160.86	14 hours x £11.49		
Care Staff	£133.56	£140.28	14 hours x £10.02		
Domestic Staff	£43.41	£45.32	NLW 4.4% increase on 17/18 rate		
Sub-total Nursing EMI Homes' Staff Costs	£377.88	£395.31	£17.43		
TOTAL EMI NURSING	£598.51	£619.77		£21.26	3.55%

Note: Due to affordability, IoACC have opted for an ROI of 9% for the Residential placements category, with an ROI of 10% for the other 3 categories. This reduces the fee for Residential placements for IoACC by £9.72 to £534.77. This reduces the fee for Residential placements for IoACC by £9.72 to £534.77.

Bases of Calculation:

- National Living Wage estimated to increase from £7.50 to £7.83 (4.4%) in April 2018
Therefore, costs of care staff, gardener/ handyman and domestic staff increased by 4.4%.
- CPI 3% in September 2017 (Bank of England)
- No allowance made for the Apprenticeship Levy in the calculation of pay costs. The levy only applies to businesses with staffing costs in excess of £3m, therefore it would be applied on a case-by-case basis.
- Administration/ management costs increased by 1% in line with public sector pay award.
- The calculation of the return on investment element is based on the same land and building values as 2017/18. It is assumed that the % return on investment will remain at the 2017/18 amount (10%)

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ISLE OF ANGLESEY COUNTY COUNCIL		
REPORT TO:	EXECUTIVE COMMITTEE	
DATE:	19 FEBRUARY 2018	
SUBJECT:	USE OF RESERVES AND BALANCES	
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH	
HEAD OF SERVICE:	MARC JONES (EXT. 2601)	
REPORT AUTHOR:	MARC JONES	
TEL:	EXT. 2601	
E-MAIL:	rmjfi@ynysmon.gov.uk	
LOCAL MEMBERS:	n/a	
A - Recommendation/s and reason/s		
<p>1. PURPOSE OF THE REPORT</p> <p>1.1 The report will set out the Section 151 Officer's assessment on the level of general balances and reserves for 2018/19 and make recommendations as to the allocation of general balances for use during 2018/19.</p> <p>2. RECOMMENDATIONS</p> <ul style="list-style-type: none"> • To note the general policy on reserves and balances adopted 1 March 2016, in Appendix A; • To set the minimum level of general balances for 2018/19 as £6.5m in accordance with the Section 151 Officer's assessment; • To confirm the continuation of the existing earmarked reserves. 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
No other options considered – not appropriate in this case.		
C - Why is this decision for the Executive?		
The Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council		
CH - Is this decision consistent with policy approved by the full Council?		
N/A		
D - Is this decision within the budget approved by the Council?		
N/A		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	No comments
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)	
1	Economic
2	Anti-poverty
3	Crime and Disorder
4	Environmental
5	Equalities
6	Outcome Agreements
7	Other
F - Appendices:	
Appendix A - Proposed general policy on Reserves and Balances Appendix B – Balances to date	
FF - Background papers (please contact the author of the Report for any further information):	

USE OF GENERAL BALANCES AND RESERVES

1. PURPOSE OF THE REPORT

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report formally on the robustness of estimates and the adequacy of proposed reserves when setting a budget requirement and to ensure that there are key protocols for their establishment and use.
- 1.2. The report will set out the Section 151 Officer's assessment on the level of general balances and reserves for 2018/19 and make recommendations as to the allocation of general balances for use during 2018/19.

2. POLICY ON RESERVES AND BALANCES

- 2.1. In addition to the general balances, the Council holds a number of reserves on its balance sheet. The purpose of these reserves is to meet the cost of planned projects or to fund specific items of expenditure as and when they fall due.
- 2.2. The document attached as Appendix A sets out the overall principles and policy relating to determining the level of adequate reserves and balances and how reserves are utilised.

3. GENERAL BALANCES

- 3.1. As at 31 March 2017, the level of general balances stood at £8.355m, a decrease of £0.531m on the previous year.
- 3.2. In the 2016/17 budget, a £1m fund was created from general balances in order to fund individual projects that could generate efficiency savings for the Authority. From the 29 business cases that were received from departments, 9 business cases were approved to the value of £937,800, to date the projects are progressing well and the balance remaining to be spent is £900,000 (projected). A report on the position of each project is provided to the Executive each quarter.
- 3.3. As stated in Appendix A, paragraph 5, it is for the Section 151 Officer to assess a number of risks in determining the level of general balances required. These risks are considered below:-
 - **Future Cost Pressures** – As budgets are reduced, the ability of individual services to utilize any spare capacity within their existing budgets to fund unexpected cost pressures is much more difficult and, when cost pressures occur, the funding of these pressures then falls on the general balances. The Council is currently facing budget pressures during 2017/18, notably in Children's and Education Services. The better than expected settlement has allowed the Council to fund some of these cost pressures in the 2018/19 budget, however, there are risks of further calls being made on general balances and frequent reviews will be undertaken during the year.
 - **Savings** – The 2018/19 budget includes a package of £3.315m in savings. The savings proposals have been subject to challenge and this resulted in £81k of proposed savings not being included in the 2018/19 budget proposals as it was considered that they were not achievable during 2018/19. Although there is a risk that not all savings will be achieved, the challenge process that has taken place should ensure that the risk is minimised and that any subsequent call on general balances is not significant.

- **Inflation and Interest Rates** – The 2018/19 budget has assumed an inflation rise of 2.6% across all non-pay expenses. The unions are currently considering a 2% pay increase for all staff on salary point 20 and above, but higher pay awards for staff on points 6 – 19, ranging from 9.19% for staff on point 6, to 3.73% for staff on point 19. All known contractual inflation has been allowed for within the budget and an inflation of 3% was applied on income. It is anticipated that inflation could fall as a result of negotiations regarding Brexit.
- **Income** – Ensuring that income budgets are achieved is always difficult to guarantee, particularly in discretionary services where customers can choose whether to purchase the service or not. The 2018/19 budget process has reviewed actual income trends and income budgets have been realigned where it was considered that actual income would be significantly lower than the budget. The risk that income targets will not be achieved cannot be ignored and may result in net expenditure exceeding the overall budget, with the shortfall then having to be funded from general balances.
- **Track Record** – Since 2011/12, the Council has underspent its net revenue budget in 3 of the 6 years and has seen the general balance rise from £5.796m in 2012 to £8.355m in 2017. This confirms that overall budgetary control arrangements are sound and that the risk of significant overspending against budgets is low, although it is recognised that this risk is increasing as budgets are reduced and during the 2017/18 financial year the demand led budgets such as Children’s Services and Education placements are overspending.
- **Overall Financial Standing of the Council** – The overall financial standing of the Council is currently good with an acceptable level of general balances and earmarked reserves. The future capital programme is funded and the Council’s Capital Financing Requirement around £24m lower than the operational boundary, and £29m lower than the statutory authorised limit.

3.4 There is no hard and fast rule as to the level of general balances that a Council, should maintain, although a rule of thumb exists which indicates that the level of general balances should be 5% of the net revenue budget, excluding the delegated schools budget. However, due to the depleting School Balances, the calculation for the 2017/18 level includes the delegated schools budget. Based on the proposed 2018/19 budget, this would require the balance of general reserves to be in the region of £6.5m, which is in line with the minimum balance projected for 31 March 2018. For further guidance and information, please refer to the Medium Term Financial Strategy & Budget 2018/19 paper.

3.5 Holding general balances does provide financial security for the Council, but holding balances unnecessarily results in financial resources not being utilised effectively. Having assessed the underlying financial risks faced by the Council, the limited flexibility that budget holders now have in managing their budgets and the need to release funding to deliver future efficiency savings, it is my assessment that the minimum level of general balances should be set at £6.5m.

4. EARMARKED RESERVES

4.1 Earmarked Reserves fall into distinct categories, which are as follows:-

- Capital Reserves – reserves required to fund the capital programme;
- Restricted Reserves – reserves which are required to fund potential future costs, their use is restricted to a specific purpose and cannot be released for any other purpose, funds that are held by the Client on behalf of a third party or the reserve is linked to the delegated schools budget and cannot be reallocated;
- HRA Reserve – reserves that are ring fenced to the HRA;
- Insurance Reserve – a reserve required to fund the cost of any uninsured losses and policy excesses incurred by the Council;

- Grant Holding Reserves – reserves holding the amount of any unapplied grant received;
- Earmarked Reserves – reserves that have been allocated to services to undertake particular projects.

4.2 The balance of the earmarked reserves as at 31 March 2017 and the projected balance as at the 31 March 2018 for each of the categories is shown in Table 1 below (a full breakdown of each category is attached as Appendix B):-

Table 1
Summary of Earmarked Reserve Balances

Reserve Category	Balance as at 31 March 2017 £	Movement During 2017/18 £	Projected Balance as at 31 March 2018 £
Capital	899,000	101,000	1,000,000
Restricted	8,659,000	-4,681,615	3,977,385
Equal Pay	1,060,000	-760,000	300,000
Insurance	1,371,000	-121,000	1,250,000
Grant Holding	397,000	-356,070	40,930
Earmarked	971,000	3,040,857	4,011,857
TOTAL	13,357,000	-2,776,828	10,580,172

4.3 The restricted reserve includes a number of significant individual reserves, notably the Penhesgyn Site reserve £2m and North Wales Waste Treatment Plant reserve £1.05m. The North Wales Waste Treatment Plant reserve will be utilised in the coming years with the construction of the plant already underway.

4.4 The Risk and Insurance Manager has assessed that £1.25m is required to adequately cover the potential uninsured losses and excess payments.

4.5 The HRA Reserve is ring fenced and can only be used to fund expenditure relating to the HRA. The new 30 Year Plan that is yet to be authorised envisages that the Reserve will be fully utilised in 2018/19, and that it is possible that funding of new homes could result in a small borrowing requirement (within the authorised debt cap).

5. RECOMMENDATIONS

5.1 The Executive are requested to approve the following recommendations:-

1. To note the general policy on reserves and balances as noted in Appendix A;
2. To set the minimum level of general balances for 2018/19 as £6.5m in accordance with the Section 151 Officer's assessment;
3. To confirm the continuation of the existing earmarked reserves, Appendix B.

GENERAL POLICY ON RESERVES AND BALANCES

1. Purpose

The Isle of Anglesey is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out the governance arrangements for the Use of Reserves and Balances to ensure they provide the Council with the flexibility it needs and also to ensure they are used to add value to the organisation.

2. Regulatory Context

Sections 32 and 43 of the Local Government Finance Act 1992 require Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There is no specified minimum level of reserves that an authority should hold and Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report formally on the adequacy of proposed reserves when setting a budget requirement and to ensure that there are key protocols for their establishment and use.

This policy sets out the framework for the use and management of useable reserves, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed in accounting policies.

3. Types of Reserves

Useable revenue reserves can be categorised in two ways:-

General reserves, which are contingency to cushion the impact of unexpected events or emergencies; and

Earmarked reserves, which are generally built up to meet known or predicted liabilities.

Earmarked Revenue Reserves are usually created and held for one of the five main reasons below:-

- i. Renewals – to enable services to plan and finance an effective programme of vehicle and equipment replacement and planned property maintenance. These reserves are mechanisms to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.
- ii. Carry forward of underspend – some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- iii. Trading accounts - in some instances, surpluses are retained for future investment.
- iv. Insurance Reserve - to meet the estimate of future claims to enable the Council to meet the excesses not covered by insurance.
- v. Other earmarked reserves will be set up from time to time to meet known or predicted liabilities, for example future predicted budget demand pressures.

Whilst earmarked reserves are set against a specific purpose, general reserves are funds which do not have any restrictions as to their use. Such reserves can be used to smooth the impact of significant pressures across years, offset the budget requirement in year and to mitigate the risks of unexpected events or emergencies.

General reserves can also be used to support investments designed to secure greater base budget savings.

4. Managing Reserves

The Council recognises the need to hold and maintain reserves but also recognises that, by choosing to hold or increase reserves, the Council is allocating resources away from other potential uses and, as such, there is an 'opportunity cost' of holding balances as reserves. For this reason, it is important to set out clearly, and regularly review, the framework through which such reserves are managed.

The management of financial reserves is a key tool of the Council's overall financial strategy, which has two key objectives:-

- Achieving stable and sustainable budgets throughout the medium term; and
- Ensuring resources are effectively focused on priorities.

Underpinning the achievement of these objectives is the recognition of the need to manage risk. This could be increased risks of volatility in planning assumptions as we continue to go through uncertain economic times or the risks to Welsh Government funding as a result of significant future funding reviews. However, it could be that the business seeks to take greater business risks through innovative service delivery to achieve difficult savings targets. The greater the risks, the greater the reserves the Council are likely to need to hold to mitigate against this. It is the appreciation of such risks that must be at the forefront of the Section 151 Officer's mind.

5. Quantifying the Reserves Requirement

Setting the level of general reserves is one of several related decisions in the formulation of the Medium Term Financial Plan (MTFP) and the annual budget. This decision requires account to be taken of the strategic, operational and financial risks facing the Authority. Specifically, the MTFP requires the Council to build up and then maintain general reserves sufficient to cover the key financial risks that it faces.

The Section 151 Officer will need to consider many factors in determining the precise level of reserves, many of which involve an assessment of the risk of assumptions included in the budget and MTFP, together with the Council's financial standing and management.

The key factors are set out below:-

Budget Assumptions;
Financial standing and management;
General cash flow requirements, the outlook for inflation and interest rates;
The overall financial standing of the Council (level of borrowing, debt outstanding etc.);
Estimates of the level and timing of capital receipts;
The Council's track record in budget and financial management, including the robustness of its medium term plans;
The potential range of costs of demand led services;
The Council's capacity to manage in year budget pressures;
Planned efficiency savings/ productivity gains;
The strength of the financial information and reporting arrangements;
The financial risks inherent in any significant new funding partnerships;
Major outsourcing arrangements or major capital developments;
The Council's virement and end of year procedures in relation to budget under/overspends;
The availability of other funds to deal with major contingencies and the adequacy of provisions;
The adequacy of the Council's insurance arrangements to cover major unforeseen risks.

An objective evaluation of these factors will be undertaken each year to determine a prudent level of general reserves cover based on an assessment of the above factors. However, the final level of reserves is ultimately subject to the Section 151 Officer's judgement, taking all relevant factors into consideration.

As part of the annual budget recommendation to the Council, the Section 151 Officer will highlight the amounts that are being set aside for reserves.

6. Building Reserves

Should the Section 151 Officer consider that the level of General Reserves requires increasing, this will be achieved as part of the budget setting process, establishing an allocation from the annual budget to achieve the desired level of balances. Contributions to and from General Reserves should be reviewed annually. This will be additional to any amounts needed to replenish reserves that have been consumed in the previous year, to maintain the minimum level of reserves.

Earmarked reserves will be established on a 'needs basis' in line with the planned or anticipated requirements, and will be subject to Committee approval, usually as part of an annual reserves report that goes as part of the year end.

For each such reserve, the Council will define:-

The purpose of the reserve;

How and when the reserve can be used;

Procedures for management and control of the reserve;

A process and timescale for review of the reserve to ensure continuing relevance and adequacy. This will generally take place at year end.

7. Use of Reserves

Reserves can only be used once, and so should not normally be used to finance recurring planned spending – for example they would not, except under exceptional circumstances, be used to 'balance the budget'.

Where reserves are used to support the delivery of the budget in any one year, for example to smooth funding fluctuations or pressures across years, the Council should ensure the reserves are replenished in the following year if necessary.

Where the Council has used general reserves for investment purposes to generate savings, these would also generally be paid back by the end of the following financial year. In exceptional cases, such as minimising the impact upon services to customers and citizens, more time would be allowed for replenishment, up to a maximum of four years, in line with the medium term planning cycle.

Use of General Reserves will be subject to the Section 151 Officer and, in some cases, the Executive Committee's approval. The creation of earmarked reserves will also be subject to the approval of the Section 151 Officer, once this level of approval has been given, drawdowns against the reserve can be made subject to the criteria being met.

In extreme circumstances, where general reserves have been exhausted due to unforeseen spending pressures within a given financial year, the Council would be able to draw down from its earmarked reserves to provide short term resources, but this would not be sustainable, and balances would need to be restored.

Earmarked reserves that have been used to meet a specific liability would not be replenished, having served the purpose for which they were originally established.

8. Service Reserves

Individual service reserves were combined to create one Corporate Service Reserve, individual services at year end are now able to put in proposals / bid for the use of the funds held within the Reserve.

The use of this Corporate Service Reserve will be subject to the approval of the Section 151 Officer and, in some cases, the Portfolio Holder for Finance or the Executive. Once this approval has been given, the draw down against the reserve can be made.

9. Capital Reserves

The capital programme for 2017/18 fully utilises all available reserves down to the minimum level. The future expectation of capital receipts for strategic asset sales has not yet been built into the capital programme.

Good asset management strategies have included in them the replenishment of assets following on from strategic asset sales, so that there will be assets of a strategic value on the balance sheet for future years.

The capital receipts from such strategic assets sales are a valuable source of capital financing but, equally, a proportion of these proceeds needs to be reinvested for either revenue return or for investment in other assets that, over time, will increase in value and form part of future years' capital financing.

A proportion of all strategic asset capital receipts should be ear-marked for reinvestment, either for investment to produce future financing sources or to create a revenue income stream.

A Capital Investment reserve will be created and, on receipt of proceeds of sales, a proportion will be added to this reserve. Capital schemes that either propose reinvestment in assets or revenue income streams will be considered for funding from this earmarked reserve, to complement the current capital programme schemes funded by general capital receipts reserves.

Similarly, the capital funds allocated to Compulsory Purchase Orders will be replenished from the capital receipts on the sale of the acquired properties. This will then form the basis of a rolling fund for the compulsory purchase orders issued.

10. Insurance Reserve

The insurance reserve figure was historically built up over time in order to cover the stop losses under the larger insurance policies. The level of the Insurance Reserve will be reviewed at least annually by the Risk and Insurance Manager and agreed with the Section 151 Officer.

BALANCES TO DATE

APPENDIX B

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Children Services - Child Placement Service	Invest to Save Child Placement Service	EARMARKED	420.00	No	No	420.00
Community Services - Housing Services	Corporate Vulnerable Persons	EARMARKED	570,000.00	No	Yes - The balance will be used to fund SP projects and pay for scheme administration	375,000.00
Corporate	Revenue Contributions Unapplied	CAPITAL EXPENDITURE	1,024,671.00	No	Yes - Project plans span more than one financial year. Balance held as contingency to fund capital expenditure	1,000,000.00
Corporate	Northgate Project	EARMARKED	126,902.00	No	Yes - Project plans span more than one financial year, the planned end date is September 2018	75,000.00
Corporate	Cost Of Change	EARMARKED	365,699.00	No	Yes - Additional cost of change projects that required funding	350,000.00
Corporate	Equal Pay	EQUAL PAY	995,707.00	No	Yes - It is anticipated the exercise will be completed in early 2018/19. With the current estimation of funds being clawed back to general reserves being £700k	300,000.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Corporate	Invest to Save	EARMARKED	957,740.00	No	Yes - Plans span more than one year and all projects are at various stages	900,000.00
Corporate	Restricted Contingency Funded Projects	EARMARKED	14,142.00	No	Yes - Plans span more than one year	14,142.00
Corporate - Finance	Development of the Civica System and associated Financial Activities	EARMARKED	20,786.00	No	Yes - Plans span more than one year	5,000.00
Corporate - Finance	Insurance (Catastrophe) Reserve	INSURANCE FUND	1,370,713.00	No	Yes - the level of reserves is deemed acceptable for this size of Authority by the Insurance Manager	1,250,000.00
Council Business - Legal	Purchase of new Legal Case Management System (regional)	EARMARKED	30,000.00	Yes	No - Projected expected to be complete during 2017/18	0.00
Council Business - Legal Section	Land Charges computer system	EARMARKED	8,100.00	Work is on going, the expenditure may slip into the next financial year	Yes - work may span 2 financial years	8,100.00
Council Business - Policy	Policy Management System	EARMARKED	32,363.00	No	Yes - This is a part of a five year programme	32,363.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Council Business - Policy	Webcasting	GRANT HOLDING	500.00	Yes	No	500.00
Highways, Property & Waste - Highways	Highways Restricted Grants Reserve Flood Grant	RESTRICTED	36,473.00	No	This is scheme that involves Conwy and Gwynedd Councils, any unspent finding will be returned to Welsh Government	36,473.00
Highways, Property & Waste - Highways	Highways Restricted Grants Reserve coastal Path	RESTRICTED	7,575.00	No	Yes - this is grant funding held to print next version of the Ynys Môn Coastal Path Guide and various pamphlets.	7,575.00
Highways, Property & Waste - Highways	Highways Restricted Grants Reserve Airport Car Park Income	RESTRICTED	6,406.00	No	Yes - Funds owned by WG and used for various works at Maes Awyr Môn.	6,406.00
Highways, Property & Waste - Highways	Winter Maintenance	EARMARKED	33,478.00	No	Yes - This is a reserve that is to be built up to aid winter maintenance during periods of extreme weather	33,478.00
Highways, Property & Waste - Waste Management	Penhesgyn Site	RESTRICTED	2,000,000.00	No	Yes - This reserve is deemed an acceptable amount to be kept in case of collapse of culvert beneath the Penhesgyn Tip or if NRW change their policy.	2,000,000.00
Highways, Property & Waste - Waste Management	Spend to Save Public Conveniences	EARMARKED	10,406.00	No	Yes - Work is currently underway and may span more than one financial year	10,000.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Highways Property & Waste - Waste Management	Waste Reserve/Recycling	GRANT HOLDING	10,001.00	No	No	0.00
Highways, Property & Waste - Waste Management	North West Wales Treatment Plant	RESTRICTED	1,206,156.00	No	Yes - there will be considerable spend during the next 3 years as the new Treatment Plant is constructed.	1,050,000.00
Highways, Property & Waste - Waste Management	Recycling Process Income	RESTRICTED	389,372.00	No	Yes - This is to aid the reduction in the single environment grant	389,372.00
Highways, Property & Waste	Highway Airport	RESTRICTED	93,990.00	No	Yes - Funds owned by WG and used for various works at Maes Awyr Môn.	93,990.00
Highways, Property & Waste - Property	Asset Management Rationalisation	EARMARKED	56,796.00	No	Yes - Work generally spans more than one financial year	30,000.00
Highways, Property & Waste - Highways	Flintshire - Bus Routes Reimbursements	RESTRICTED	54,480.00	Yes	No	0.00
Housing	Homeless Provision	EARMARKED	87,950.00	No	Yes - This is a project which spans more than one financial year	50,000.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Housing	Landlord Tenant Improvements	EARMARKED	5,000.00	No	Yes - This is a project which spans more than one financial year	5,000.00
Housing	Affordable housing	EARMARKED	99,000.00	No	Yes - This is a project which spans more than one financial year	99,000.00
Housing	Housing Management	EARMARKED	56,300.00	No	Yes - This is a project which spans more than one financial year	50,000.00
Housing	Supporting People	EARMARKED	734,010.00	No	Yes - Plans span more than one financial year	610,000.00
Learning - Education	School Days Reserve	RESTRICTED	-66,860.00	These must be carried forward as they are delegated to schools.	Yes - full balance. This is a delegated fund to all schools which is utilised to compensate for the fluctuations between the school year dependent on when Easter falls within the calendar. The reserve is in deficit and will not be used to compensate for additional days, but will be topped up in years when school days reduce until reserve is cleared, following that a reserve will no longer be required. The deficit balance will continue beyond 2017/18.	66,130.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Learning - Education	Sick/Ads Scheme-Primary	RESTRICTED	48,272.00	Unknown. These must be carried forward as they are delegated to schools.	Yes - full balance - this is a delegated budget	48,272.00
Learning - Education	Schools Rationalisation	RESTRICTED	465,941.00	No	Yes - full balance - this is a delegated budget	60,000.00
Lifelong Learning - Culture	Estyn Allan y Gogledd	EARMARKED	2,643.00	There will be a need to carry this forward as this is allocated for specified and timetabled activities	Yes	2,643.11
Lifelong Learning - Culture	Museum Purchase Fund	RESTRICTED	19,167.00	This is monies raised through contributions made to the Oriel and cannot be used for any other purpose.	Yes - full balance. This is ring fenced funding from donations and cannot be used for any other purpose.	19,167.00
Lifelong Learning - Education	Invest to save - automated online payment system for schools re meal payments	EARMARKED	25,542.00	Will either be spent in full this financial year and, if not, will be spent by the end of the academic year	Yes - Any remaining funding will need to be carried over until the end of the academic year.	25,542.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Regulation - Planning and Public Protection	Licence Reserve	EARMARKED	23,000.00	No	£23,000 - Reserves earmarked for IT project to take place in 2017/2018 and 2018/19. Public Protection need to modernise and update its database in order to fully adopt the Smarter Working philosophy. To upgrade or change the current database requires additional resources and although some funding has been made available this reserve had been earmarked for upgrading the Licencing database previously and this new proposed upgrade will help achieve the original purpose.	23,000.00
Regulation - Planning & Public Protection	Local Development Plan	EARMARKED	168,700.00	No	Yes - Following a formal review of the collaborative working arrangements, both Authorities have agreed that the JPPU should continue for a further 5 years. This reserve will be required for the length of the contract.	168,700.00
Regulation - Planning & Public Protection	Buy with Confidence Reserve	EARMARKED	3,147.00	This is not a reserve, it is a separate account created to deal with Buy With Confidence issues. It needs to be retained by the Public Protection function.	The majority of the stated reserve will need to be carried over to the 2018/2019 financial year. It is required for ongoing work.	3,147.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Regulation - Planning & Public Protection	Planning Legal Costs	EARMARKED	22,375.00	No	Yes - The legal case is still ongoing and, therefore, the reserve will be required until the completion of the matter.	22,375.00
Regulation - Planning & Public Protection	Planning	EARMARKED	25,000.00	Reserve will be utilised during the year, however, some expenditure could fall into the next financial year.	Yes - Reserve will be utilised during the year, however some expenditure could fall into 2018/19	25,000.00
Regulation & Economic Development - Economic	EU Projects Reserve	EARMARKED	50,000.00	No	Yes, the whole amount (£50,000) will be required to be carried over to the 2018/2019 financial year. It has been allocated as a provision in case of European Projects Audit, which could take place between now and 2024.	50,000.00
Regulation & Economic Development - Economic	Major Developments	EARMARKED	233,362.00	No	Yes, the whole amount will need to be retained. The reserve has already been allocated for the DCO Consents process.	233,362.00
Regulation & Economic Development - Economic	Energy Island Economic Development Reserve	EARMARKED	47,896.00	No	Yes - All unspent budget from 2017/18 will need to be carried over.	47,896.00
Regulation & Economic Development - Economic	Breakwater Country Park	EARMARKED	20,000.00	No	Yes - Project ongoing	2,950.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Regulation & Economic Development - Economic	Economic Development Restricted Reserve	EARMARKED	37,116.00	No	Yes, the whole reserve (£37,115.78) will need to be carried over to the 2018/19 financial year. It has been allocated as a provision in case of SETS Audit, which could take place between now and 2024.	37,116.00
Regulation & Economic Development - Economic	Major Developments	EARMARKED	240,849.00	No	Yes, the whole amount will need to be retained. The reserve has already been allocated for the DCO Consents process.	590,849.00
Regulation & Economic Development - Leisure	Leisure Centre Maintenance Scheme	EARMARKED	2,941.00	Used towards R&M of Heritage Sites, Museums and Galleries. This is likely to be fully utilised before the end of the financial year.	Carry over anything that is unspent as projects span more than one financial year	0.00
Resources- Revenues & Benefits	Revenues and Benefits	EARMARKED	42,936.00	No - Work has started and some expenditure will be incurred, however, the main bulk of expenditure will be in 2017/18	Yes - the project will span more than one financial year, however, project is underway	42,936.00
Resources – Revenues & Benefits	Revenues & Benefits Staff	EARMARKED	27,000.00	No	Yes - Work spans more than 1 financial year	27,000.00
Social Services - Adult Services Mental Health	Section 117 Reserve	RESTRICTED	150,000.00	No	Yes – but the risk of potential claims is under review.	150,000.00

Directorate	Reserve	Category	Total To Date £	Is this reserve likely to be spent in full during 2017/18	Is a request to carry forward to 2018/19 likely?	Projected Total £
Social Services - Adults and Children Services	Transformation	EARMARKED	105,498.00	No	This is an ongoing project that will span more than one financial year	61,838.00
Transformation - HR	Social Substance Misuse	RESTRICTED	50,000.00	No	Linked to Grant Funding	50,000.00
Transformation - HR	SCWDP	GRANT HOLDING	40,430.00	No	Yes - full value	40,430.00
Transformation - ICT	PSBA Conversion costs	EARMARKED	982.00	Yes	No	0.00
Total			12,191,073.00			10,580,172.11

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ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 FEBRUARY 2018
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2018/19
PORTFOLIO HOLDER(S):	COUNCILLOR J GRIFFITH
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	MARC JONES
TEL:	01248 752601
E-MAIL:	rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. MEDIUM TERM FINANCIAL STRATEGY AND 2018/19 REVENUE BUDGET

1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2018/19 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 28 February 2018. The matters requiring agreement are:-

- The Council’s Revenue Budget and resulting Council Tax for 2018/19;
- The Council’s updated Medium Term Financial Strategy;
- The use of any one off funds to support the budget.

1.2 Summary

This paper shows the detailed revenue budget proposals requiring final review and agreement for 2018/19 and the resulting impact on the Isle of Anglesey County Council’s revenue budget. These are matters for the Council to agree and the Executive is asked to make final recommendations to the Council.

The paper also updates the Medium Term Financial Strategy which provides a context for work on the Council’s future budgets, however, it should be noted that a further report on the Council’s Medium Term Financial Strategy will be presented to the Executive later in the year when further information on the economy and the proposed future local government financial settlement may be clearer.

2. 2018/19 REVENUE BUDGET AND COUNCIL TAX RECOMMENDATIONS

The Executive is requested :-

- To note the formal consultation meetings on the budget and consider the resulting feedback as outlined in Section 2 of Appendix 1 and Appendix 2;
- To note the equalities impact assessment summary on the budget proposals as outlined in Section 11 and Appendix 5;

- To agree the final details of the Council's proposed budget including the revised funding in response to budget pressures and the proposed savings as shown in Section 10 of Appendix 1 and Appendix 3;
- To determine how the savings on the delegated schools budget, deferred from 2017/18, is to be allocated across the 3 sectors;
- To note the Section 151 Officer's recommendation that a minimum of £6.5m general balances is maintained for 2018/19;
- To note the comments made by the Section 151 Officer on the robustness of the estimates made as set out in Section 8 of Appendix 1;
- To recommend a net budget for the County Council and resulting increase in the level of Council Tax to the full Council, noting that a formal resolution, including the North Wales Police and Community Council precepts, will be presented to the Council on the 28 February 2018;
- To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council;
- To agree that any unforeseen pressures on demand led budgets during the financial year will be able to draw upon funding from the general contingencies budget;
- To request the Council to authorise the Executive to release up to £250k from general balances if the general contingencies budget is fully committed during the year;
- To delegate to the Section 151 Officer the power to release funding from the general contingency up to £50k for any single item. Any item in excess of £50k not to be approved without the prior consent of the Executive;
- To recommend to the Council a 4.8% increase in level of the Council Tax.

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

A number of options were considered following the issue of the initial budget proposals. The final budget proposals take account of the final local government settlement, views expressed during the consultation process and the views of the Scrutiny Committee

C - Why is this a decision for the Executive?

The Council's Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.

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

N/A

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

N/A

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	The Chief Executive and Senior Leadership Team have been part of the budget setting Process throughout and are in agreement with the report and support the final budget proposal
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is part of the SLT and as such the Officer's comments have been taken into account.
4	Human Resources (HR)	-
5	Property	-
6	Information Communication Technology (ICT)	-
7	Scrutiny	Final budget proposals were considered by the Scrutiny Committee at its meeting on 5 February 2018. An update is provided in paragraph 9 of Appendix 1.
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	See Section 11 of Appendix 1 & Appendix 5
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Detailed report on the Budget Proposals • Appendix 2 – Summary of the Results of the Consultation Process • Appendix 3(a) & (b) – Breakdown of the Proposed Savings • Appendix 4 – Summary of the Proposed Revenue Budget 2017/18 by Service • Appendix 5 – Individual Equality Impact Assessments (EIA1 – EIA10) 		
FF - Background papers (please contact the author of the Report for any further information):		

1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2018/19 revenue budget proposals and is one of a set of reports which provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The other reports in the set relate to the Council's Capital Programme, the Council's Treasury Management Strategy, Fees and Charges and the Use of Council Reserves.
- 1.2. The revenue budget and the continued need to identify revenue savings has been driven by the Medium Term Financial Strategy as approved by the Executive Committee in September 2017 and can be summarised as follows:-

Table 1
Medium Term Financial Plan 2018/19 to 2020/21

	2018/19 £'m	2019/20 £'m	2020/21 £'m
Net Revenue Budget B/F	126.16	125.64	125.77
Budget Pressures and Inflation	3.66	2.64	2.99
Revised Budget	129.82	128.28	128.76
Aggregate External Finance (AEF)	90.80	89.53	89.08
Council Tax	34.84	36.24	37.69
Total Funding	125.64	125.77	126.77
Savings Required	4.18	2.51	1.99
Main Assumptions			
Pay Awards	1.5%	1.5%	2.0%
General Inflation	2.6%	2.4%	2.2%
Reduction in AEF	-2.0%	-1.4%	-0.5%
Increase in Council Tax	4.0%	4.0%	4.0%

- 1.3. The Executive considered its initial budget proposals at its meeting on 6 November 2017 and approved the initial Standstill Budget at £132.337m and, based on the provisional settlement and a Council Tax rise of 5%, the budget gap of £1.99m was identified. The 5% rise in Council Tax included a 1% increase, which would be ring-fenced for Social Care. This additional 1% increase in Council Tax was to be consulted upon and, if not implemented, there would be an equivalent reduction in the standstill budget. The draft proposals identified potential revenue savings of £3.296m.

2. THE COUNCIL'S CONSULTATION

- 2.1. The Council published its budget proposals on 7 November 2017 and the consultation period closed on 29 December 2017. Citizens, partners, stakeholders and staff were asked to respond to the consultation by various means including:-

- Social Media
- Responding via the Council's website
- Responding directly by letter or e-mail

2.2. In addition, the Council also undertook :-

- Focus groups for people under the age of 25
- Older People's Forum
- Session with Headteachers and Senior School Managers
- Town and Community Council Forum
- Partnership Forum (Police, Fire, Health, Town & Community Forums, Third Sector).

2.3. The results of the consultation process are attached as Appendix 2.

3. REVISED STANDSTILL BUDGET 2018/19 AND THE BUDGET GAP

3.1. Since the completion of the initial budget proposals, further work has been undertaken to review and revise the standstill budget for 2018/19. This has resulted in a number of changes which are detailed in Table 2 below:-

**Table 2
Adjustments to Standstill Budget**

	£'m	£'m
Standstill Budget as at 6 November 2017		132.337
Removal of additional funding for Social Care funded by additional 1% increase in Council Tax	(0.338)	
Fire Service Levy – increase set at 1%	(0.018)	
Correction of ICT staffing budget	0.021	
Reduction in HB Admin Grant	0.022	
Loss of Recharge to Charitable Trust	0.016	
Correction of Resources staffing budget	(0.034)	
Correction of NDR budgets – 2018/19 multiplier now confirmed	(0.014)	
Correction of Inflation assumptions on specific budgets	0.020	
Additional funding for pay offer above the 2% allowed for in the standstill budget	0.485	
Correction of Grant Budgets to reflect the higher pay offer	0.015	
Additional funding in settlement to compensate for the loss of income following the increase in savings threshold for clients in residential / nursing care	0.173	
		0.348
Revised Standstill Budget as at 19 February 2018		132.685

- 3.2.** The most significant change that has arisen since the initial budget proposals were considered relates to the pay offer to NJC staff (non teaching). In the initial standstill budget, 1% was allowed for in service budgets to fund the pay award with an additional 1% held as a contingency (£450k) as it was anticipated that the pay offer would be higher than 1%. The Employers have now published their pay offer to the Unions, which includes a 2% pay increase for all staff on salary point 20 and above but higher pay awards for staff on points 6 – 19, ranging from 9.19% for staff on point 6 to 3.73% for staff on point 19. The higher pay awards for the staff on the lower pay scales takes account of the increases in the National Living Wage and the need to maintain pay differentials between the pay scales. The Employers estimated that the overall pay costs would increase by 2.7%.
- 3.3.** The true cost of the pay offer has now been modelled into the staffing budgets and this increases the pay costs by £485k more than the 1% allowed for in the service budgets and the 1% included in the contingency budget. The total increase in pay budgets as a result of the pay offer to Anglesey is 3.08%. It should be noted that the Teaching pay award runs from September to September each year and we have no indication yet as to the level of the pay award. £150k remains as a contingency budget to fund the cost above the 1% allowed for in the Service budget.
- 3.4.** The final settlement figures were published by the Welsh Government on 20 December 2017. Across Wales, the Standard Spending Assessment increased by £38.884m, however, the anticipated Council Tax also increased by £10.10m. As a result, the overall AEF for Wales increased by £28.784m from the provisional settlement figure and this, in turn, changed the Council's Aggregate External Finance, with the final figure set at £95.812m, an increase of £0.888m from the provisional figure.
- 3.5.** The Council has resolved to set a premium of 25% on homes designated as empty (in excess of the exemption period) and homes designated as the Council's taxpayers second home. This premium, along with a Council Tax rise of 4%, would generate £34.867m. Therefore, the total funding income for the Council would amount to £130.679m, a shortfall of £2.009m.

To bridge the funding gap with Council Tax alone would require an increase of 10.0% in the Council Tax.

4. REVENUE BUDGET SAVINGS

- 4.1.** In the initial budget proposal, a total of £3.296m of revenue savings were identified and consulted upon. The individual savings proposals have been subject to a further review by the Accountancy Team and the Service Managers. The review identified that it would be possible to implement all of the proposals during 2018/19 although some may not be delivered by April 2018. This has reduced the overall potential savings by £78k.
- 4.2.** The total of the final savings proposals put forward is £3.318m. A summary by service is shown in Table 3 below and a summary by category is shown in Table 4.

Table 3
Summary of Savings Proposals by Service

Service	Initial Proposal £'000	Revised Proposal £'000	Difference £'000
Adults	450	450	0
Children	0	0	0
Housing	23	23	0
Education - Central	336	325	-11
Education – Delegated Schools	663	663	0
Culture	65	63	-2
Regulation and Economic	125	125	0
Highways & Transport	200	196	-4
Property	140	140	0
Waste	30	30	0
Council Business	0	0	0
Transformation	44	40	-4
Resources	24	24	0
Corporate	296	236	-60
Capital Financing	1,000	1,000	0
Total	3,396	3,315	-81

Table 4
Savings Proposals by Category

Savings Category	Initial Proposal £'000	Revised Proposal £'000	Difference £'000
Cessation / Transfer of Service	51	47	-4
Delete Vacant / Unrequired Posts	305	271	-34
Staff Restructure	137	111	-26
General Efficiency Savings	317	287	-30
Procurement Savings	150	150	0
Reduction in School Budgets	663	663	0
Reduction in Grants	20	20	0
Income Generation	142	164	22
Service Transformation	611	602	-9
Reduction in Capital Financing Costs	1,000	1,000	0
Total	3,396	3,315	-81

4.3 The proposed budget includes a £300k contingency which will meet any redundancy costs arising from the restructure of staffing structures or reductions in teaching staff. Any proposal to restructure staffing structures which result in the payment of redundancy payments will have to demonstrate that it results in permanent budget savings which exceed the cost of the redundancy over an agreed period of time.

4.3. Taking into account the revised level of savings, the revised budget position is shown in Table 5 below:-

**Table 5
Revised Budget Position After Savings**

	£'m
Standstill Budget as at 19 February 2018	132.688
Identified Savings	(3.315)
Revised Revenue Budget after Savings	129.373
Aggregate External Finance	(95.812)
Budget Requirement to be Funded by Council Tax	33.561

5. PRESSURES AND GROWTH

5.1. The Council's monitoring report to the end of quarter 3 shows that budget pressures are being felt in Children's Services and Adult Services and also in the Out of County Education budget. Although there is an expectation for every service to maintain their costs within the budget, this is difficult in services which are demand led. The estimated overspend amounts to around £1.8m in Children's Services and £700k in Education. Work is ongoing to find ways to reduce costs but this will only partly offset the overspend and unless demand reduces the ongoing budget will be insufficient to meet future costs.

5.2. In addition to normal demand led budget pressures, decisions which are partly outside the control of the Council have also resulted in additional budget pressures. These include:-

- Deprivation of Liberty Safeguards (DOLS) – The requirement on the Council to undertake DOLS assessments annually will increase costs considerably. It is estimated that an additional £172k per annum will be required. See Executive Committee 29 January 2018.
- Regional Growth Bid – In line with the other 5 North Wales authorities, the Council agreed to contribute up to £50k in 2017/18 to meet the costs of preparing the bid. As the bid moves ahead, further funding at a similar level will be required.
- STEM Project – The STEM project is a 4½ year project which is partly funded from EU grant funding, part funded by the private sector and partly funded by the 3 North West Wales local authorities. The project will require the Council to contribute up to £37,500 over the next 4 years, although this may reduce if the private sector contribution increases.
- Single Environment Grant – A large part of the Single Environment Grant, which is mostly used to fund the costs of recycling, was transferred into the settlement and the £920k relating to the Isle of Anglesey has been included in the standstill budget. The remaining £26.8m of this grant across Wales will be cut to £20.79m in 2018/19 (a reduction of 22%). It is estimated that this will reduce the Council's grant by approximately £180k (final figures to be confirmed).

- Education Improvement Grant – This grant has been reduced by 11.4% across Wales and Anglesey’s allocation has fallen by £268k. In addition the majority of the costs funded by the grant are staffing costs and the pay offer (see para 3.2) will increase the costs of grant funded posts by £95k.

5.3. Funding these budget pressures will increase the Council’s net budget requirement and widen the gap between that figure and the total of funding available.

6. COUNCIL TAX

6.1. The Council’s Band D Council Tax charge for 2017/18 was £1,088.01, which is the 5th lowest in Wales and is lower than the Welsh Average of £1,184. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 6 below:-

Table 6
Comparison of Council Tax Band Charges for North Wales Authorities

Authority	Band D Charge 2017/18 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,088		
Gwynedd	1,241	+ 153	+ 14.1%
Conwy	1,113	+ 25	+ 2.3%
Denbighshire	1,191	+ 103	+ 9.5%
Flintshire	1,104	+ 16	+ 1.5%
Wrexham	1,052	- 36	- 3.3%

6.2. The Council Tax budget for 2017/18 (after adjusting for the change in the Council Tax Base) was £33.526m. Therefore, each 1% increase generates an additional £335k. The Executive Committee’s initial budget proposal was to increase the Council Tax by 4%, which would generate an additional £1.34m and give a Band D charge of £1,131.57, an increase of £43.56 (£0.84 per week).

6.3. The impact of each 0.5% rise from 1% to 5% is shown in Table 7 below. It should be noted that the level of Council Tax rise is not only important in setting the 2018/19 budget but will also have an impact for 2019/20, as the starting point for the Council Tax will be determined by the rise applied in 2018/19 and this will impact on the rise required in 2019/20.

Table 7
Impact of Varying Increases in the Level of Council Tax for 2018/19

Percentage Increase	Change in Overall Council Funding £	Funding Above 2018/19 Revised Standstill Budget £	Band D Charge 2018/19 £	Increase from 2017/18 Charge £	Weekly Increase from 2017/18 Charge £
5.0%	+ 1.676m	+ 1.641m	1,142.37	+ 54.36	+ 1.05
4.5%	+ 1.509m	+ 1.474m	1,136.97	+ 48.96	+ 0.94
4.0%	+ 1.341m	+ 1.305m	1,131.57	+ 43.56	+ 0.84
3.5%	+ 1.173m	+ 1.138m	1,126.08	+ 38.07	+ 0.73
3.0%	+ 1.006m	+ 0.970m	1,120.68	+ 32.67	+ 0.63
2.5%	+ 0.838m	+ 0.803m	1,115.19	+ 27.18	+ 0.52
2.0%	+ 0.671m	+ 0.635m	1,109.79	+ 21.78	+ 0.42
1.5%	+ 0.503m	+ 0.468m	1,104.30	+ 16.29	+ 0.31
1.0%	+ 0.335m	+ 0.300m	1,098.90	+ 10.89	+ 0.21

- 6.4.** Any increase in Council Tax would provide more funding than is required to fund the Revised Standstill budget of £129.373m. The surplus funding can be utilised to as follows:-
- To fund the budget pressures identified in paragraph 5 above.
 - To allow some of the £3.315m of proposed savings to be deferred.
 - To increase contingency budgets, thereby reducing the risk of overspending in 2018/19.
- 6.5.** It should be noted that the Cabinet Secretary for Finance and Local Government made no specific reference in his statement on the settlement regarding the level of increase in Council Tax that individual authorities should consider. There is no official cap on the level of the Council Tax increase, but for a number of years Councils have aimed to keep the increase below 5%. Some Councils are seriously considering increasing their Council Tax by more than 5% in 2018/19.
- 6.6.** In the final settlement, the standard tax element for the Council i.e. the standard Council Tax figure across Wales which is used to determine the AEF for each Council, was set at £1,170.48 which is 3.4% higher than the 2017/18 figure.

7. GENERAL AND SPECIFIC RESERVES, CONTINGENCIES AND FINANCIAL RISK

- 7.1.** The proposed budget incorporates a number of assumptions in terms of likely levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget. The key financial risks are highlighted below:-
- Any projected overspend in 2017/18 has direct implications for the 2018/19 budget, i.e. will services which are currently overspending face the same budget pressures in 2018/19 and, as a result, will they be able to deliver services within the proposed budget in 2018/19. In addition, any overspend in 2017/18 will impact on the Council's level of general reserves moving forward. A net overspend on Service budgets (excluding corporate budgets and capital financing costs) of £3.05m is currently being forecast for 2017/18 and this is an important factor to take into consideration;
 - The revised standstill budget for 2018/19 includes savings proposals of £3.315m. If implemented, they will need to be delivered in order to achieve a balanced budget for 2018/19. Allowance has been made, where appropriate, for implementation costs, but there is an element of financial risk around full delivery of all savings, with the risks varying considerably between individual proposals. Realistic part year assumptions have been made where implementation cannot be immediate, but there is an inherent financial risk around achieving changes in time to deliver this type of planned saving;
 - An inflationary increase of 2.6% has been allowed for across all of the non pay expenditure (unless the contractual inflationary increase is known). Although most forecasts suggest that inflation has reached its peak and will begin to fall in 2018, the uncertainty over Brexit and its impact on the UK economy may result in inflation continuing to rise above the figure allowed for in the budget;
 - Non statutory fees and charges have been raised by an average of 3% in each service. No adjustment has been made for a change in the demand for the services and, should the increase in fees and charges result in a reduction in demand, then there is a risk that income budgets will not be achieved.

- 7.2.** In terms of any contingencies and reserves, the Section 151 Officer needs to review these in their totality in conjunction with the base budget itself and the financial risks which face the Authority. In addition, the review should incorporate a medium term view where needed and should take into account key developments that may impact on the need and use of one off resources.
- 7.3.** A robust view is being taken on managing budget risks and protecting the financial health of the Council at this time. This is particularly the case when one off funds need to be adequately protected to fund future strategic/transformational changes as opposed to funding significant overspends on the base budget itself.
- 7.4.** Account has been taken of the need to keep the immediate reductions in spending and the resulting impact on services to a minimum, but this must be balanced against the need to ensure the medium and long term financial stability of the Council, and for savings to be implemented over the coming years in a phased and structured way. In addition, there is always some risk of unforeseen items of expenditure or overspending because of a more general pressure on a service budget, and reserves must also be adequate to absorb these pressures.
- 7.5.** As at 31 March 2017, the Council's general reserves stood at £8.355m, which is equivalent to 6.6% of the Council's net revenue budget for 2017/18, 10.2% if the delegated schools' budget is excluded. The level of general reserves held is a matter for the Council to decide based on a recommendation from the Section 151 Officer but, as a general rule of thumb, 5% of the net revenue budget is considered to be an acceptable level. Based on the 2018/19 standstill revenue budget, this would require a level of general reserves of approximately £6.5m. This takes into account that the majority of secondary schools no longer have any reserves to fall back on and that primary schools are increasingly relying on their service reserves to balance their budgets.
- 7.6.** During 2017/18, a number of items will have to be funded from the general reserves or the Executive have agreed to fund the cost from the general reserves. These include:-
- Funding of voluntary redundancy costs - £0.25m – approved by the Executive 17 July 2017;
 - 2017/18 revenue budget overspend of £1.7m estimate at end of quarter 3;
 - The cost of repairs arising from the recent flooding, above the sum which is funded through the Welsh Government's emergency assistance scheme – estimated at £0.4m but we are awaiting final confirmation of the exact value of the Welsh Government grant. If it is lower than anticipated it may require some repair work to be deferred;
 - Removal costs of the Rovacabin building and making good the car park - £0.028m – approved by the Executive 29 January 2018;
 - Funding the design of improvement works on the A545 Menai Bridge to Beaumaris - £0.095m – approved by the Executive 29 January 2018.

Following these adjustments, the revised level of general balances falls to £5.882m which is below the minimum value of £6.5m.

- 7.7.** The Council also holds £13.357m as earmarked and restricted reserves. The majority of these reserves are necessary and are identified to fund specific projects, relate to the balance of unallocated grants or are available to fund potential risks should they materialise into an issue. However, included in the earmarked reserves is £996k which was held to part fund the cost of Equal Pay Claims. The vast majority of claims have been settled and the Welsh Government has authorised the capitalisation of this expenditure, which will allow the Council to borrow to meet the cost. Some work is required to finalise the remainder of the claims and to pay any fees incurred, however, it is likely that that over £700k of this reserve will not be required and can be added to the general balances of the Council. This increases the balance to £6.56m which is at the minimum value.
- 7.8.** In times of financial austerity, budgets are reduced and do not have the capacity to deal with increases in demands, particularly in those services which have less control over demand e.g. Social Services. There is, therefore, an argument that the need for general reserves is greater because the risk of budget overspending increases and the Council will require a greater level of financial resources to minimise the risk.
- 7.9.** In my professional opinion, the balance of £6.56m is an adequate level of general reserve to carry, taking into account the size of the Council's revenue budget and the potential risks it faces but this position needs to be reviewed and, should the level of reserves fall below this level, it may be necessary to make provision in future budgets to bring the general balances back up to the minimum figure.
- 7.10.** There may be scope to release other earmarked reserves and a full report on General and Earmarked Reserves is included as a separate item on the Committee Agenda.
- 7.11.** The standstill revenue budget for 2018/19 includes £1.687m of earmarked and general contingencies. Items included under this heading include a general contingency £280k, apprenticeship levy contingency £330k, salary and grading contingency £300k, fixed term funding for Adult Social Care and Children's Services £335k, Pay Inflation contingency £150k and a New Responsibilities transferred into the Settlement contingency £292k. Contingency budgets provide a level of mitigation against the risk of the Council experiencing unforeseen or increased costs during the year. Reducing the level of general contingency budgets would result in unforeseen or increased costs having to be funded from general balances.

8. ROBUSTNESS OF ESTIMATES

- 8.1.** Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of budget estimates and the adequacy of the proposed financial reserves.
- 8.2.** Budget estimates are based on assumptions of future expenditure and income and contain an element of assumption risk. The impact of this risk can be mitigated through contingency plans, contingency budgets and financial reserves.
- 8.3.** The robustness of budget estimates is not simply a question of whether they are correctly calculated. In practice, many budgets are based on estimates or forecasts, and there may be an element of risk as to whether plans will be delivered or targets achieved. Different risks to the budget are considered in turn below:-

- **Inflation Risk** – This is the risk that actual inflation could turn out to be significantly different to the assumption made in the budget. For 2018/19, inflation has been included in the budget as follows: pay awards as per the Employer’s pay offer for NJC staff and 2% for Teachers, price inflation (2.6%). Following the result of the EU referendum, inflation has risen and currently stands at 3.1% (CPI – November 2017), although many forecasts expect inflation to begin to fall back towards the Government’s 2% target during 2018 and the level of inflation allowed for in the budget should be sufficient. Approximately £65m of the Council’s budget is for supplies and services where the price will increase as inflation increases. A 1% rise in inflation may add £650k to the Council’s costs (around 0.5% of the net budget). Although inflation is still a risk, the Council has sufficient reserves to fund a sudden and sharp rise in inflation;
- **Interest Rate Risk** - Interest rates affect a single year’s revenue budget through the interest earned - i.e. an interest rate rise is beneficial. The Authority’s Treasury Management Strategy requires investments to be made on the grounds of security and liquidity of the investment as the first consideration with investment returns being a lower priority, therefore, the budget is not reliant on high investment returns. Interest rates continue to be very low and, although they may begin to rise during 2018, they will not rise significantly. The majority of the interest paid by the Council relate to fixed rate loans which will not change should the interest rate rise. Therefore, the interest rate risk is considered low and, as in previous years, this is a compensating risk for inflation risk, because if one increases the other is likely to increase also;
- **Grants Risk** - These are risks attached to the large number of specific grants from WG, Europe or other bodies which support a good proportion of Council spending. Some of these may be reduced substantially or cut altogether; we do not have a complete picture of all these and we will not even have one as the financial year begins. While the immediate response is to say that when the grant ceases, so must the associated expenditure, there is a risk that this may not always be possible. It may not be possible when contract terms mean the expenditure cannot be cut as quickly as the income, or involves unfunded severance costs. It may not be possible if the activity funded turns out to be so important to the delivery of the Council’s own Priorities that the Council decided it must continue the expenditure. Efforts to mitigate this risk are to ensure we have the best information available on each grant, but significant changes during the year cannot be entirely ruled out;
- **Income Risks** – The budget is based on securing an overall 3% increase in fees, and a number of services have assumed rises up to 3%. If the elasticity of demand for Council Services is such that volume falls, and income targets are not achieved, that may cause overspending on net budgets. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income;
- **Optimum Risk** – Probably the greatest risk in current circumstances is that the Authority, Members and Officers, have been over-optimistic in the savings that will be achieved. If these projects should run into difficulties and fail to achieve the savings taken out of the budget, significant overspendings could occur;
- **Over-caution Risk** – This is the opposite of optimum risk: the danger that our budgets have been drawn up with too much caution and, so, are more than is required;

- **Savings Risks** – The standstill revenue budget includes £3.315m of revenue savings and, although each proposal has been assessed and the saving sum adjusted to take account of the proposed implementation date, there is a risk that not all proposals will achieve the planned date. This is particularly the case for the proposals that involve significant service transformation, staff redundancies, income generation or changes to existing contracts. Any delay from the planned start date will cause pressure on the revenue budget; some reassurance can be gained from the Council's previous performance in delivering savings, where the majority of savings proposals have been delivered;
- **Salary and Grading Risks** – Following completion of the job evaluation process, all staffing budgets are based on the new pay grades. All regrading appeals arising from the job evaluation process have been dealt with and any changes to pay grades or staffing structures must now be funded from within existing service budgets;
- **Staff Redundancy Costs** – A number of services have restructured their staff and have already allowed a number of staff to be released through voluntary redundancy. The cost of redundancies is funded from a central contingency budget and £300k has been set aside in the 2017/18 standstill budget to cover any redundancy costs that arise during the year in order to mitigate this risk. The same sum was initially set aside in 2017/18 but an additional £250k was released from general balances to meet the costs. Although the numbers of administrative staff that are being released through voluntary redundancy has reduced, the pressure on schools to reduce costs is increasing which is leading to an increase in the number of school staff leaving the Council's employment. It is again a significant risk that the £300k contingency will be insufficient to meet the costs;
- **Council Tax Premium** – In the first year of the premium, the taxbase was set at 70% of the listed properties. During 2017/18; the number of empty homes attracting a premium has fallen but the number of second homes attracting the premium has not. In light of this, the percentage of properties included in the taxbase has been increased to 80%. There is a risk that taxpayers may take action to ensure that they are no longer liable for the premium and that the number of actual properties paying the premium falls below the figure included in the taxbase. However it would require the equivalent of over 500 Band D properties to stop being charged the premium for the Council's income to fall below the budget and, as a result, this risk is considered to be very low.

8.4. Having considered all the risks noted above and the mitigating actions, the Section 151 Officer is of the view that the budgets are robust and deliverable.

9. SCRUTINY COMMITTEE

9.1. The 2018/19 budget setting was given further consideration by the Corporate Scrutiny Committee at its meeting of 5 February, 2018.

9.2. The report of the Scrutiny Manager was presented which outlined the context to the 2018/19 budget setting process along with the key issues and questions for Scrutiny in evaluating the final budget proposals in light of the outcome of the recent public consultation. This report also incorporated the following documentation:

- Report of the Head of Resources on the Medium Term Financial Plan and the proposed revenue budget for 2018/19. It provided a position statement on the key financial considerations which had influenced how the final budget proposals had been shaped.
- Report of the Programme, Business Planning and Performance Manager summarising the key messages from the recent public consultation exercise on the Authority's 2018/19 budget proposals.

- Report of the Citizens' Panel and Youth Council (Llais Ni) on their involvement with regard to improving public engagement with Scrutiny

9.3. Having considered and deliberated on the information presented both in written form and orally at the meeting, and having regard to the views presented by respondents to the public consultation on the 2018/19 budget proposals on citizens, the Corporate Scrutiny Committee **RESOLVED:** To support and to recommend to the Executive at its meeting on 19th February 2018 the revenue budget proposals presented based on a Council tax rise of 5% to include a 1% increase ring-fenced for Social Care.

10. PROPOSED BUDGET AND COUNCIL TAX LEVEL

10.1 Having considered the funding available and the increase in the AEF since the initial budget proposals were drawn up, having considered the results of the consultation process and the response of the Scrutiny Committee, the Executive has revised its final budget proposal and includes the following changes:-

- That the standstill budget for 2018/19, after allowing for £3.315m of proposed savings, is set at £129.373m.
- That the following adjustments are made to the savings proposals:-
 1. The reduction in the delegated schools' budget of £563k is not implemented in 2018/19. The budget will be cut by the £490k which was agreed as part of the 2017/18 budget but funded from reserves and schools will also face a reduction of £100k in the additional learning needs budget and a reduction of £275k in the Education Improvement Grant. The Executive Committee consider that an additional cut of £563k will be difficult for schools to implement in the short term.
 2. The proposed increase of £10 per annum for the vacant seat scheme will not be implemented at this time. Further work is required to improve the payment process and allow parents more flexibility in how the fee is paid.
 3. No reduction is to be made in the level of grant funding for community groups. The impact of the reduction will be significant to the groups affected compared to the overall saving for the Council.
 4. The reduction of £100k in the schools repair and maintenance budget is not implemented. The Property Section is working to reduce costs by employing in house staff to undertake the work rather than employing external contractors. The impact of these changes need to be assessed before making any further reductions in the budget.
 5. The closure of the 2 kitchens in the Council's residential homes is to be deferred pending further work to determine the set up costs of the proposal.
- This reduces the total value of the savings proposals to £2.522m (a full list is attached as Appendix 3).
- That additional funding to meet budget pressures is allocated as follows:-

1. That the funding generated by a 0.8% increase in Council Tax (i.e. above the initial 4% proposal) is allocated to Children's Services as a contribution towards the increasing costs faced by the Service due to an increase in the number of looked after children. This increases the budget by £268k.
 2. £172k is allocated to fund the cost of undertaking Deprivation of Liberty Safeguards in accordance with the Executive Committee's decision on 29 January 2018.
 3. £50k is allocated for 2018/19 only to fund the costs of preparing the North Wales Regional Growth bid. The need for further funding will be assessed during 2018/19.
 4. £37k is allocated to the STEM project for the period 2018/19 to 2021/22, in accordance with the decision taken by the Executive on 29 January 2018.
 5. An additional £180k is allocated to the Waste budget to make up for the reduction in the Single Environment Grant. This sum will be adjusted if the reduction in the grant is less than £180k.
- That the Council Tax is increased by 4.8% in 2018/19 which raises the Band D Council Tax by £52.20 to £1,140.21..
 - That any remaining balance required to balance the budget fully is added back to the general contingency.

10.2 Table 8 below summarises the movement in the 2018/19 budget taking into account the proposals set out in paragraph 10.1 above.

Table 8
Proposed Budget Requirement and Funding 2018/19

Budget Requirement	£'m	£'m
Final Budget 2017/18		126.157
Committed Charges and Inflation		6.180
Standstill Budget as at 6 November 2017		132.337
Adjustments to Standstill Budget – see Table 2		0.348
Standstill Budget as at 19 February 2018		132.685
Final Possible Savings Proposals – see Table 3 & 4		(3.315)
Revised Budget Requirement After Savings		129.370
Final Budget Proposals – paragraph 10.1		
Adjustment to final savings proposals	0.793	
Funding for additional budget pressures	0.707	
		1.500
Final Proposed Budget Requirement		130.870
Funded By:		
Revenue Support Grant	73.238	
Non Domestic Rate	22.574	
Total AEF		95.812
Council Tax (incl Premium)		35.133
Total Funding		130.945
Balance to General Contingency		0.075

10.3. As part of the 2017/18 budget, £490k of budget savings from the delegated schools budget was deferred for one year, along with the decision as to how to allocate the savings across the three school sectors. The Executive are asked to consider how to allocate the savings. The following allocation options are available:-

- Based on the 2018/19 delegated schools' budget. This would allocate the saving as follows:- £257,640 to the Primary Sector, £212,320 to the Secondary Sector, £20,040 to the Special Sector.
- Based on the level of school balances as at 31 March 2017 (the last known figure). This would allocate the savings as follows:- £399,940 to the Primary Sector, £53,460 to the Secondary Sector, £36,600 to the Special Sector.
- An average of the 2 methods shown above. This would allocate the savings as follows:- £328,790 to the Primary Sector, £132,890 to the Secondary Sector and £28,320 to the Special Sector.
- Allocate all the saving to the Primary Sector, given that the financial situation of a majority of the schools in this sector is healthier than the Secondary Sector.

11. EQUALITIES IMPACT ASSESSMENT

11.1. In delivering its services, the Council has to be mindful of its duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 to assess the impact of key financial decisions on protected groups and have due regard to the result of such assessments.

11.2. As part of the 2018/19 budget setting process, services were requested to carry out an initial equality impact assessment on those proposals which may impact on those covered by the Regulations. The Equality Impact Assessment is undertaken using a standard template which ensures consistency of approach across the Council. Proposals which are likely to have significant impact will need to be monitored closely by the service.

11.3. The Equality Impact Assessments for the main savings proposals that impact on customers and clients are attached as Appendix 5 (referenced as EIA 1 to EIA 10).

12. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

12.1. The initial budget proposals to the Executive on 6 November 2017 was based on the Medium Term Financial Strategy approved by the Executive in September 2017 (see Table 1). This estimated that the total AEF would reduce by 2% in 2018/19 and that Council Tax would rise by 4%.

12.2. The actual settlement increased the AEF by 0.7% and this has had a significant impact on the Medium Term Financial Strategy. The situation is not unique to Anglesey and a majority of Welsh Councils had planned for a significant cut in the AEF, when the AEF for 13 of the 22 Councils actually increased in cash terms.

12.3. Estimating future changes in the AEF is difficult and much will depend on the performance of the UK economy post Brexit. The UK Government has revised their fiscal policy and it is no longer a target to clear the UK budget deficit by 2020 but, if economic growth is lower than anticipated, then this may result in further cuts to the Welsh Government's overall budget. The protection that the Welsh Government gives to other areas of spending compared to local government will also have a significant impact on the level of future local government settlements.

- 12.4. The provisional settlement indicated that the local government settlement in 2019/20 could be reduced by up to -1.5%, although this is not restated in the final settlement. The final settlement does state an additional £20m will be made available in 2019/20 but whether this is after the reduction of 1.5% or that it replaces the intention to reduce the funding by 1.5% is unclear.

Table 9 shows the worst case scenario with significant cuts in the AEF for 2019/20, no change in AEF in 2020/21 and a 0.5% increase in 2021/22. Pay costs are estimated to increase by 3% in 2019/20 and then 2% in the subsequent 2 years. Price inflation is estimated at around 2% in each of the 3 years. This model assumes that Council Tax will increase by 4% per annum.

Table 9
Medium Term Financial Strategy 2019/20 – 2021/22 (Worst Case Scenario)

	2019/20 £'m	2020/21 £'m	2021/22 £'m
Net Revenue Budget B/F (after adjusting for use of reserves)	130.95	131.26	133.11
Budget Pressures and Inflation	3.25	3.31	3.27
Revised Budget	134.20	134.57	136.38
Aggregate External Finance (AEF)	(94.37)	(94.37)	(94.85)
Council Tax	(36.89)	(38.74)	(40.67)
Total Funding	(131.26)	(133.11)	(135.52)
Savings Required	2.94	1.46	0.86

- 12.5. Table 10 shows a more optimistic scenario where the AEF increases by 0.5% for the three year period. All other assumptions remain the same.

Table 10
Medium Term Financial Strategy 2019/20 – 2021/22 (Optimistic Scenario)

	2019/20 £'m	2020/21 £'m	2021/22 £'m
Net Revenue Budget B/F (after adjusting for use of reserves)	130.95	133.18	135.51
Budget Pressures and Inflation	3.25	3.31	3.26
Revised Budget	134.20	136.49	138.77
Aggregate External Finance (AEF)	(96.29)	(96.77)	(97.26)
Council Tax	(36.89)	(38.74)	(40.67)
Total Funding	(133.18)	(135.51)	(137.93)
Savings Required	1.02	0.98	0.84

- 12.6. An updated Medium Term Financial Strategy will be presented to the Executive as information on future settlements becomes clearer.

13. RECOMMENDATIONS

- 13.1. The Executive is recommended to approve the final budget proposal as set out in Paragraph 10 to the full Council meeting on 28 February 2018.

Response to the Executive Committee's Initial Budget Proposals – 2018/19

ISLE OF ANGLESEY COUNTY COUNCIL

January 2018

Analyst – Alwyn Williams, Performance Analyst

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Head of Service – Scott Rowley, Head of Corporate Transformation

1. Introduction

- 1.1. The Council recently undertook a consultation exercise on the initial budget proposals by the Executive Committee between 7 November and 29 December, 2017. The 7 week consultation period focused on approximately 40 proposals.
- 1.2. These proposals were the result of the annual budgetary process. They were presented by the services during the autumn where they were also challenged and agreed upon for the purposes of consultation by the Elected Members of every political group in the Council.
- 1.3. The proposals were split into the following themes as outlined below, namely:
 - Cessation or transfer services
 - Transform a Service or alternative provision
 - General Efficiency Savings
 - Charging more for some of the services we provide
 - Reduce and rationalise staff numbers
 - A reduction in school costs
 - What is your view on the proposed 4% increase in Council tax and are you willing to pay an additional 1% to be used to protect social services
- 1.4. Consideration was given to a broad range of savings where the internal challenge and consensus had led to proposals that varied from matters such as closing Plas Penlan residential home after opening Hafan Cefni, cuts to the culture grants, increasing school bus fees and increasing some parking fees across the Island.
- 1.5. These proposals were publicised in various ways;
 - 1.5.1. A briefing session for the local press
 - 1.5.2. Statements and articles in the press
 - 1.5.3. The proposals were published on the Council's website (homepage)
 - 1.5.4. Extensive use of social media – Twitter, Facebook to promote the proposals to a broader range of residents

1.5.5. Relevant e-mails drawing attention to, and inviting residents to attend discussions on the proposals

1.5.6. An interview by the Leader on MônFM promoting the consultation and its contents

Each of the channels above were aimed at publicising and creating enthusiasm amongst citizens and staff to engage and respond to the initial proposals.

1.6. Citizens, partners and staff were asked to respond to the consultation through different means, including:

- An on-line survey on our website
- E-mail or
- Writing to us in the traditional way by posting a letter

1.7. As well as the above, the Council held:

- Focus group session for young people under 25 years old in the Council Chamber and further ones in David Hughes, Amlwch, Bodedern, and Holyhead secondary schools
- A session in the Council for a number of partners such as the Police, the Fire Service, Health, Town and Community Councils, 3rd Sector organisations and other agencies.
- A session with the Head teachers and Senior Managers of schools on the Island on 26th October 2017, and subsequently on 17th January, 2018
- A Town and Community Councils Forum on 21st November, 2017

The consultation this year followed the same pattern as similar consultation events that have been held in recent years, but greater emphasis was placed this year on promoting an electronic response through our extensive use of social media.

Also, and contrary to last year, for the first time this year we sought our residents' views on where we could increase our income or make further savings over the years to come. The purpose of this was to spark a discussion with our residents and communities on the issues under consideration.

We have received a wide range of ideas in response to this question and most are included as Appendix A to this report.

It is recommended that these ideas are considered further by the Scrutiny Finance Panel as a supplementary part of the current process to see whether they can be accepted as genuine ideas for the years ahead.

2. Findings

2.1. The response to the initial budget proposals for 18/19 over a period of 7 weeks was fairly positive. Around 700 responses have been received again this year through the various channels outlined above, with respondents using all methods available to them to engage.

- 2.2. The most successful method of collecting responses again this year was the online survey – around 47% responded through this channel. This is lower than the corresponding percentage last year, but this year saw an increase in the numbers responding via letter and e-mail. These responses related to two particular matters.
- 2.3. Responses were received from bodies such as town councils, school governing bodies, older people and disabled people, young people, teachers, and other residents that could not be included in any particular group.
- 2.4. Like last year, we have been able to capture the ‘reach’ and engagement we made as a Council through social media. By promoting the consultation through these media we reached approximately 57,000+ people. (6,000+ through Welsh-medium posts and 51,000+ people through our English posts).
- 2.5. We posted the consultation on social media several times over the relevant period (7 weeks).
- 2.6. The fact that we managed to reach so many does not confirm that they visited the consultation page itself on the web, but the figures undoubtedly show that these numbers were aware of the consultation that was underway.
- 2.7. Indeed, from the analytical information we have, we can see that the reach of the marketing drive on social media this year has meant a strong engagement with around 1,600 individuals who visited the consultation on our website.
- 2.8. This figure is reiterated by the numbers who visited our corporate website during the 7 week period, and the geographical origin of those individuals who visited the survey from countries such as –
 - 2.8.1. USA
 - 2.8.2. Spain
 - 2.8.3. UAE
 - 2.8.4. Turkey
 - 2.8.5. South Africa.
- 2.9. Nonetheless, the majority of visits to our website were by UK citizens (over 1,500).
- 2.10. Notable this year is the fact that we reached households in the following towns and villages as part of the consultation – Holyhead, Llangefni, Amlwch, Menai Bridge, Newborough, Valley, Gaerwen, Beaumaris, Benllech, Llandegfan, Bodedern, Pentraeth, Gwalchmai, Rhosneigr, Moelfre, Bodorgan, Caergeiliog, Llanfachraeth, Llanddona, Llangoed, Llangristiolus, Llanfaelog, Llanfechell, Aberffraw, Marian-glas.
- 2.11. This is encouraging to note and if we could use this statistic to assume that the responses received have come from this cross-section, we could say that the response has been cross-county where the views of the various communities have been received.

3. The Results of the Consultation

3.1. The results of the consultation this year have been positive and balanced on the whole, with viewpoints in favour of and against a number of proposals. There were three specific fields where a clear opinion was offered and these fields will become evident as part of this report. (see below)



3.2. As a result, the remainder of this report addresses the formal responses that were received through the various methods outlined in 1.6 and 1.7 above. It is drawn up to address / follow the relevant topics / themes.

3.3. **Reduction in Schools' costs.** There were 2 recommendations to consider as part of the consultation

- Maintain the schools' budgets at the same level as 2017/18 by asking the schools to fund the costs of pay awards and inflation from their existing budgets - £563,000
- Devolve more of the maintenance budgets to the schools allowing them to manage repair work - £100,000

The total of the 2 recommendations above was - £663,000.

3.3.1. From the responses received it appears that there were two general mind-sets. One mind-set by those who are involved with education regularly (namely teachers / parents and governors) and another by individuals who (seemingly) have no obvious connection with the world of education.

3.3.2. *With regard to the response from those involved with education, it became clear that the first recommendation (1) was completely unacceptable. Points similar to the following were noted–*

- Education should be the number one concern for any authority and should be protected as a priority.
- Absolutely not. Do you not think schools have taken enough of a beating? Have you ever worked as a teacher?.....scrap this idea now, unethical and immoral
- This is simply a textbook 'pass the buck' move that will see schools enter a new period of severe crisis. I do not support it.
- The description of a saving for option 1 is misleading for lay people – it is essentially a cutwe are in a crisis. Facing additional costs is completely impossible. Standards and the nature of the support are already suffering.
- The Schools are stretched as it is.....schools should most definitely not be facing additional costs from their slim budgets.
- The first saving is utterly disgraceful! You may as well close all the schools on Anglesey, shameful!

3.3.3. *But with respect to the positive aspects of the proposals, we received responses similar to the following –*

-the schools reduction in cost should be much more radical and there should be a real emphasis on transforming schools across the island, which should extend to secondary schools.....
- Both are sensible
- Seems fair perhaps more PTA's could encourage parents to volunteer their time to help with school repairs (depending on their skills)
- Hardly anyone is getting pay awards these days so the school budget should be maintained at existing levels. The school service isn't improving therefore it's only natural that pay awards should be frozen.....

3.3.4. Therefore roughly, while some are against such a change / reduction, there are some who are also in favour. With regard to the response from young people, it was obvious that there was a feeling of frustration – many of the focus groups recognised that schools were not being treated fairly, that the existing budgets should not be cut, and an example was put forward by one group that they had had to paint the school on weekends in the past. It was noted that investment was needed in technology in secondary schools, not cuts.

3.3.5. As you will realise, this is not a black and white matter and it appears from the replies that the response is fairly wide-ranging.

3.3.6. With regard to the second point and the recommendation to devolve more money to the schools – this was also an issue that drew frank responses and differing opinions. Please note at this point that this recommendation was made jointly between the Authority and the Schools Finance Panel which includes Head teachers.

3.3.7. We received responses such as these –

- If there is money in the budget for repairs etc then I agree with pt 2
- Agree with more devolutionto the schools since we can obtain fairer prices that are not inflated because the companies know that it is the Council paying
- This may have merit, but only where schools are genuinely free to choose the contractors / materials that meet best-value criteria.....
- This sounds good but would be totally ineffective as the schools do not have the in-house skills to do this task properly.
- Could would – with parents from schools communities fundraising for repairs.
- Devolution would be abdication of responsibility.....as a Head teacher I work over 60 hours.....will there be more funding for us to employ business managers??
- Use Education and school reserves for maintenance, surely that's what it's there for?
- If you are of the view that £100,000 can be saved by devolving the maintenance funding to schools in one year, there has been gross maladministration for years.....

3.3.8. In addition to what has already been noted, we note as well that the Authority has received a letter from the Anglesey region of the National Education Union. The response states and reminds us of our responsibilities to implement a salary increase for teachers and it draws attention to the fact / tension that some schools will be in a stronger position than others to do this as part of the discussions. They draw attention to wider points in the budget papers which recognise those responsibilities and they also highlight the point that if investment can be provided to those schools that might be in financial difficulties to be able to deal with the matter, then they may feel that they could support the saving.

3.3.9. Therefore, to close on the proposal on schools' costs, it seems that there is an obvious split with some in favour and some against. The discussion above demonstrates some of those tensions.

3.4. **Reduce Staff numbers** – 6 proposals were being recommended and they varied from

- combining posts in the different departments to create one post,
- reducing the number of posts in the Property department, to
- eliminating posts completely in the Resources and Transformation services

3.4.1. This reduction gave a total of £347,000

3.4.2. The responses to this theme were more positive than the rest, with perhaps greater emphasis being placed on agreement with the cuts rather than disagreement, although some questioned the impact of such changes.

3.4.3. Responses such as the following were received –

- Very surprised that there are not substantially more opps for staff reductions
- If the Council is to be run as a business, all the above must be implemented
- This makes economic sense as if posts are not filled they why do we need the specific role
- Certainly manager posts should be amalgamated and salaries capped.

3.4.4. Despite this positive response, there was a feeling that there is a need to monitor the pressure on staff who had to take on the additional burden / questioned whether such a reduction was short-sighted' especially in Highways / Planning bearing in mind the additional pressures that will come our way with the Wylfa developments etc., and questioned whether specific financial targets could be given to some to enable an increase in income and the continuation of specific posts.

3.5. **The next theme is charging more for some of the services we provide** – 9 recommendations were proposed and they varied from –

- Increasing income for Oriol Môn by focusing more on marketing it
- Increase bus fees by 10% (£12) for bus passes and the empty seats scheme
- Increase some parking fees across the Island
- Increase the price of the morning childcare club from 75p to £1

3.5.1. This theme gave a total of £142,000 and the response was more balanced than what had been anticipated originally, although many conveyed frustration. We received responses that were similar to the following –

- Value for money should be considered if intending to increase fees
- Proposals seem fair and wouldn't overtly affect my family
- These proposals seem very unfair to the poor
- I believe that the cost of secondary transport is already expensive. Young people who go to their catchment school and live within 3 miles of their school should not be penalised.

3.5.2. Despite this, some noted that the increase in bus fees was not fair and this feeling was acknowledged in the various meetings that were held as part of the process this year. This increase did not come across as sparking strong feelings in those forums but it was acknowledged that families would fight back against such an increase should it be realised, and that this should be expected if the Executive Committee / Council agreed to the proposal.

3.5.3. This view was reflected by the young people as well, and this group noted that the service is not currently 'up to scratch' – they felt that the buses were old, were often running late, and neither the school nor the drivers had an understanding of how this affected them if they were late. However, a small group of these young people saw that there may be advantages to using direct debit to pay the cost so that the cost was spread out over the year rather than having to make one large payment. The general feeling at present was that the process is not being managed or monitored effectively enough.

3.5.4. In addition to this, there was some dissatisfaction with the idea of increasing parking fees across the Island as people felt that this would kill our towns and would make it difficult for many to be able to visit the towns regularly. There was a minority view as well which acknowledged that parking prices on Anglesey did not correspond to those in other tourism areas around the United Kingdom and that the prices should be increased to correspond with those prices.

3.6. **General Efficiency Savings** is the next theme which includes 5 proposals with a value of £1,135,000.

3.6.1. This theme drew a different response to the previous ones where the responses were quite balance and two-sided.

3.6.2. Indeed, the response to this theme was quite firm against the proposal of further cuts to culture grants which would affect organisations such as Ucheldre, area newspapers and Cwmni'r Frân Wen.

3.6.3. There were many responses to this, almost a hundred (100) e-mails were received over the Christmas period rejecting this proposal, and several noted the importance of these grants to the culture of the area and our language and the need to not only protect them but also to take advantage of opportunities to increase them.

3.6.4. The youth groups acknowledged that such a cut would impact on the older generation.

3.6.5. Feelings have been so clear against this proposal that the Leader has replied on e-mail to most of the respondents to inform them of the next steps, and the fact that the Scrutiny Committee, as well as the Executive Committee, will be discussing the matter before a decision will be made by the full Council at the end of February.

3.6.6. There isn't a strong feeling for or against the remaining proposals but it was encouraging to hear from the partnerships focus group that there should be further opportunities to collaborate on associated matters which would consequently benefit the Council and other organisations.

3.7. **Service Transformation or change of provision** was a theme which attracted a number of responses objecting to one of the relevant proposals.

3.7.1. The proposals under this theme varied from employing an in-house plumber to reducing subcontractor costs, to reducing the budget for street lighting maintenance costs, to improving the management of and making more effective use of various functions together with collaboration with the current music providers so as to provide lessons in a way that would reduce the management costs.

3.7.2. The total proposed savings here was - £326,000.

3.7.3. The responses to most of the proposals in question here were also well-balanced with many supportive while others questioned them more. For example, partners acknowledged that it was a good idea to highlight the aim and the need to ensure that more clients are able to stay in their own homes, but in making these decisions it should be analysed what impact this aim would have on Health and the emergency services.

3.7.4. Most, if not all of the responses, agreed with the aspiration to reduce the street lighting costs, with many identifying further ideas in terms of how we could make further savings in this field.

3.7.5. The element of improving the management and making more efficient use of beach wardens was also acknowledged as an area where we could collaborate further with other organisations for everyone's benefit. Natural Resources Wales's willingness to partake in this discussion regarding partnership working was noted.

3.7.6. The one proposal that stood out from those proposed under this theme was the proposal with regard to changing the current music provision in order to reduce management costs. A large number of responses (around 100) were received objecting to this proposal, and the greatest concern in each of the responses was the uncertainty regarding the impact this change would have on the provision for the children of the island. Correspondence was received from parents, the Gwynedd and Anglesey Schools Music Service, and young people who had benefitted from the provision in the past.

3.7.7. It appears from this response that the Council has a lot of work to do if we are to continue with this change and convince the associated individuals and organisations of our aim to ensure that such a change will not lead to an adverse impact on the provision.

3.8. *Cessation or Transfer of Services* – this theme included 6 proposals that varied from closing Plas Penlan Home, to no longer attending the Anglesey County Show, to reducing public transport costs and transferring public toilets to others to run.

3.8.1. The total proposed savings here as they stand are - £276,000.

3.8.2. There was a fairly positive response to these savings and the responses agreed with most of them.

3.8.3. The one area where concerns were raised was the proposal for transferring public toilets to others – several noted that it is essential that these are kept open and that charging for their use could be one way of doing this. The general feeling noted (by everyone including young people) with regard to this proposal is how important these facilities are to us as a tourism destination.

3.8.4. The proposal with regard to ending the Council's attendance at the Anglesey Show drew a balanced response, with some noting that it is a good idea and should have been done a long time ago, whilst others noted that it is important that the Council has a strong presence in the Show every year.

3.9. *Council Tax – a further 4% increase or an additional 1% for protecting social services*

3.9.1. As part of the consultation this year, the residents were asked whether they would be happy or willing to see a 4% increase in their Council tax charges and if they were willing, would they be happy to see an additional increase of 1% for the purposes of protecting social services.

3.9.2. The response to this question was to be expected, with the majority (72%) against the 4% increase on the basis that living costs are already tough and that any increase in associated costs would make it very difficult for them in their day to day lives. The response also questioned the basis for the increase and what would they receive as a service that is different or new compared to the service they currently receive.

3.9.3. Whilst this response was expected, around 28% of the responses noted that they would be happy with the increase and would see it as beneficial if it meant that services were protected. The Llanfairpwll Community Council agreed with this stance.

4. Final Conclusion

4.1. To close therefore, it seems from the responses to the types of savings proposed in respect of the 2018/19 budget, that there is an obvious balance, with some respondents against and some in favour. The above demonstrates some of these tensions and identifies the three most controversial areas, which are:

- 4.1.1.1. *A Council tax increase*
- 4.1.1.2. *A change in the Music provision*
- 4.1.1.3. *A reduction in the cultural grants*

4.1.2. It is also noted here the feeling of frustration felt by the young students towards the proposal of maintaining school costs at the same rate as last year which will mean that schools will have to shoulder the increased costs of £563,000. This is noted in the conclusion on the basis that it is one of the largest saving proposals identified as part of the consultation.

4.1.3. Based on these conclusions, it is recommended that the Scrutiny Committee and Executive Committee consider the response as part of their discussions before making final recommendations, and that the Corporate Scrutiny Committee's Finance Panel considers further the areas of savings that have been proposed by our citizens as the first part of the process for setting the 2019/20 budget.

2018 / 19 Revenue Budget Savings to be Implemented

Service	Budget	Savings Proposal	Equality Impact Assessment Reference	Savings to be Implemented £
Highways, Waste & Property	Administration & Works Staffing	Reduce staffing within the Highways Service as posts become vacant.	Not Required	116
Highways, Waste & Property	Public Transport : Contract Costs	Reduce public transport costs by removing one service between Beaumaris & Bangor.	EIA1	15
Highways, Waste & Property	Car Parks : Income	Increase the car park fee at Llanfair PG Park & Ride from 20p per day to 50p per day.	Not Required	5
Highways, Waste & Property	Street Lighting : Maintenance	Reduce the street lighting repairs and maintenance budget as a result of the increased investment in LED lighting.	Not Required	20
Highways, Waste & Property	Fleet : Transport	Reduce vehicle / transport costs through the increased use of electric and LPG vehicles and by making greater use of contract hire vehicles.	Not Required	40
Highways, Waste & Property	Smallholdings : Income	Increase the income from the Smallholdings estate by changing the tenancy agreement for new tenants.	Not Required	25
Highways, Waste & Property	Admin Buildings : Supplies & Services	Reduce cleaning material costs across Council buildings.	Not Required	25
Highways, Waste & Property	Industrial Unit : Rents	Increase the income from the Council's Industrial Units when renewing contracts and lease agreements.	Not Required	35
Highways, Waste & Property	Admin Buildings : Repairs & Maintenance	Employ an in-house plumber to undertake routine maintenance work instead of using sub-contractors.	Not Required	20
Highways, Waste & Property	Property Administration : Staffing	Reduce staffing within the Property Service.	Not Required	35
Highways, Waste & Property	Public Conveniences : Running Costs	Transfer public conveniences to other organisations.	Not Required	30
Total for Highways, Waste & Property				366

2018 / 19 Revenue Budget Savings to be Implemented

Service	Budget	Savings Proposal	Equality Impact Assessment Reference	Savings to be Implemented £
Adult Services	Residential Care : Running Costs / Contract Payments	Following the opening of the Hafan Cefni Extra Care scheme, close Plas Penlan. Savings generated from both the closure of the home and the fact that residents who would previously have been placed in a residential / nursing home are placed at Hafan Cefni where the care cost per head is lower.	EIA2	190
Adult Services	Client Care : Contract payments	Increase the number of clients purchasing care via direct payments by 10 clients.	Not Required	30
Adult Services	Residential Care : Contract Payments	Change the service provision with the aim of allowing more clients to be supported in their own homes or in extra care provision rather than being placed into residential care.	EIA3	92
Adult Services	Homecare : Contract Payments	Manage the demand for homecare service by promoting greater community and personal support networks to enable people to remain independent. Aim of reducing the overall care hours by %.	EIA4	38
Total for Adult Services				350
Learning & Culture	Oriel Ynys Môn : Income	Increase the Oriel Ynys Môn income through a greater emphasis on marketing.	Not Required	15
Learning & Culture	Central Education : Contract Payments	Reduce the management costs for the music tuition service by reviewing the commissioning arrangements in cooperation with current tutors whilst maintaining the current service to children.	EIA6	79
Learning & Culture	Central Education : Staffing	Reduce central staffing costs within the Learning Service.	Not Required	30
Learning & Culture	Libraries : Running Costs	Transform the Library Service – reduction in part time libraries.	Not Required	48
Learning & Culture	Delegated Schools Budget : Grounds Maintenance	Retender the schools' grass cutting contracts into smaller lots in order to obtain lower prices by April 2018.	Not Required	50
Learning & Culture	Central Education : Income	Increase the fee for the Morning Care Club from £0.75 to £1.00.	EIA9	15

2018 / 19 Revenue Budget Savings to be Implemented

Service	Budget	Savings Proposal	Equality Impact Assessment Reference	Savings to be Implemented £
Learning & Culture	Central Education : Staffing	Incorporate two separate roles within the Learning Service into one post.	Not Required	21
Learning & Culture	Delegated Schools Budget : ALN Budget	Reduce the ALN budget delegated to schools through the formula.	EIA10	100
Total for Learning & Culture				358
Regulation and Economic Development	Holyhead Leisure Centre : Income	Outsource the café at Holyhead Leisure Centre	Not Required	5
Regulation and Economic Development	Maritime : Staffing	Improve the management and effectiveness of the Beach Wardens and Slipway Attendants.	Not Required	20
Regulation and Economic Development	Public Protection : Income	Increase income budgets for Public Protection as a result of changes to legislation.	Not Required	18
Regulation and Economic Development	Public Protection : Supplies and Services	General efficiency savings on expenditure budgets.	Not Required	12
Regulation and Economic Development	Planning, Public Protection & Economic Development : Staffing	Rationalise capacity within Planning, JPPU, Public Protection and Economic Development.	Not Required	70
Total Regulation and Economic Development				125
Housing Services	Housing : Income	Review the staffing costs paid by the HRA.	Not Required	10
Housing Services	Housing : Income	Increase the fee for EPC work.	Not Required	4
Housing Services	Housing : Income	Increase the fee charged to Housing Associations for administering nominations.	Not Required	4
Housing Services	Housing : Income	Charge a management fee on any grants received by the Service for any statutory activities.	Not Required	5
Total for Housing Services				23
Resources	Internal Audit : Staffing	Delete the Counter Fraud Officer Post.	Not Required	24
Total For Resources				24
Transformation	Communications : Supplies & Services	Reduce the costs of having a presence at the Anglesey Show.	Not Required	2

2018 / 19 Revenue Budget Savings to be Implemented

Service	Budget	Savings Proposal	Equality Impact Assessment Reference	Savings to be Implemented £
Transformation	Communications : Income	Generate income by selling advertising space on the Council's website	Not Required	6
Transformation	Performance : Staffing	Delete vacant post from the establishment.	Not Required	21
Transformation	IT : Consultancy	Reduce IT consultancy costs.	Not Required	5
Transformation	HR : Training	Reduce management training budget.	Not Required	3
Transformation	HR : Travelling	Reduce HR travelling allowances budget.	Not Required	2
Transformation	HR : Income	Generate additional income by providing HR consultancy	Not Required	1
Total For Transformation				40
Corporate	Corporate Management : Staffing	Remove Surplus Budget.	Not Required	45
Corporate	Anglesey / Gwynedd Partnership : Contribution	Remove Surplus Budget.	Not Required	60
Corporate	Risk Management : Supplies & Services	Remove Surplus Budget.	Not Required	31
Corporate	Corporate & Democratic : Pension Costs	Reduce budget to reflect a reduction in the number of pensioners.	Not Required	100
Corporate	Capital Financing : MRP	Review the MRP policy.	Not Required	1,000
Total For Corporate				1,236
TOTAL SAVINGS PROPOSALS				2,522

2018 / 19 Revenue Budget Savings Not to be Implemented

Service	Budget	Savings Proposal	Equality Impact Assessment Reference	Savings to be Implemented £
Adult Services	Catering : Running Costs	Cater for the residential homes from 2 kitchens with the long term aim of reducing down to 1 kitchen.	EIA5	100
Learning & Culture	Culture : Grants	Further reductions in the level of culture grants to organisations such as Canolfan Ucheldre, Cwmni Frân Wen and community newspapers.	EIA7	20
Learning & Culture	School Transport : Income	Increase the fee for bus passes under the Vacant Seat Scheme by 10% (£12) for bus journeys within 3 miles of secondary schools and 2 miles of primary schools.	EIA8	10
Learning & Culture	Delegated Schools Budgets	Maintain the school budget at the 2017/18 level by requiring schools to fund the cost of pay awards and inflation from existing budgets.	EIA10	563
Learning & Culture	School Buildings : Repairs & Maintenance	Delegate more of the budget to schools and allow the schools to procure their own repairs and maintenance work.	Not Required	100
TOTAL OF SAVINGS NOT IMPLEMENTED				793

FINAL BUDGET PROPOSAL 2018/19 BY SERVICE

APPENDIX 4

	Standstill Budget Following Provisional Settlement	Adjustment to Standstill	Savings	Budget Pressures	Final Proposed Budget 2017/18
	£	£	£	£	£
Education and Culture	48,969,980	(28,300)	(358,000)	-	48,583,680
Adult Services	24,962,080	(212,870)	(350,000)	172,000	24,571,210
Children's Services	8,224,270	(64,290)	-	-	8,159,980
Housing Services	1,006,120	(62,610)	(23,000)	-	920,510
Highways, Waste and Property	14,958,530	(124,320)	(366,000)	180,000	14,648,210
Economic and Community Regeneration	3,974,270	(153,050)	(125,000)	-	3,696,220
Corporate Transformation	3,920,840	643,850	(100,000)	-	4,464,690
Resources (incl. Benefits Granted)	2,945,957	(215,610)	(24,000)	-	2,706,347
Council Business	1,547,100	(52,140)	-	-	1,494,960
Corporate Management	729,300	(27,510)	(45,000)	-	656,790
Total Service Budgets	111,238,447	(296,850)	(1,391,000)	352,000	109,902,597
Corporate and Democratic Costs	1,945,830	1,273,740	(131,000)	-	3,088,570
Recharges to HRA	(621,950)	-	-	-	(621,950)
Levies	3,378,031	(17,704)	-	-	3,360,327
Capital Financing	8,511,462	-	(1,000,000)	-	7,511,462
Discretionary Rate Relief	60,000	-	-	-	60,000
Council Tax Reduction Scheme	5,524,000	-	-	-	5,524,000
Total Allocated Budgets	130,035,820	959,186	(2,522,000)	352,000	128,825,006
General & Other Contingencies	2,301,278	(610,978)	-	87,500	1,777,800
Children's Services Contingency	-	-	-	267,853	267,853
Total Budget 2018/19	132,337,098	348,208	(2,522,000)	707,353	130,870,659
Funded By					
Revenue Support Grant	72,306,940	930,698	-	-	73,237,638
Non Domestic Rates	22,617,197	(42,998)	-	-	22,574,199
Council Tax Inc. Council Tax Premium	35,202,173	(336,651)	-	267,853	35,133,375
Council Reserves	-	-	-	-	-
Total Funding	130,126,310	551,049	-	267,853	130,945,212
Balance to General Contingency					74,553

Isle of Anglesey County Council – **Budget Proposals 2018/19 Impact Assessment Template**

Revision history:		
Version	Date	Summary of changes

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Cut an entire bus journey operating from Monday to Saturday (0713 journey from Amlwch to Llangefni – service 32). Not operate the following journeys on Saturdays: 1234 from Llannerch-y-medd to Bangor, 1418 from Bangor to Llannerch-y-medd, 1532 from Carmel to Bangor and 1640 from Bangor to Rhos-y-bol (service 63).
2 - Who is the lead Officer responsible for the proposal?	Iwan Cadwaladr
3 – Is this a new proposal or one that’s been previously considered?	New proposal.
4 – Which group of stakeholders will be effected by this proposal?	Bus passengers will be effected by this proposal.
5 – How will this group of stakeholders be effected?	The above journeys will not be available to passengers.

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	Not aware of any other proposal.
7 – Are there any risks associated with this proposal?	The regular passengers on the journeys in question will no longer be able to use them.
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	Not aware.
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	Do not anticipate that a further consultation exercise will be required.

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	<p>By cutting the journeys in question it would result in the regular passengers being affected. Due to a reduction in the number of vehicles operating contract 53D (operating Bangor – Beaumaris – Bangor) and due to this a substantial reduction in price there is no need to proceed with the decision to cut the 5 journeys in question.</p>
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>No need to cut the 5 journeys in question. The changes to the journeys operating under contract 53D (operating Bangor – Beaumaris – Bamgor) have taken place since Monday 9th October 2017.</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No need to proceed with the decision to cut the 5 journeys in question due to the changes to the journeys operating under contract 53D (operating Bangor – Beaumaris – Bangor).</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – **Budget Proposals 2018/19 Impact Assessment Template**

Revision history:		
Version	Date	Summary of changes
1	29.01.18	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Extra Care Housing Development in Llangefni – Hafan Cefni which changes the current existing provision and increases the opportunities for people to have care in their own housing or extra care housing
2 - Who is the lead Officer responsible for the proposal?	Alwyn Rhys Jones
3 – Is this a new proposal or one that’s been previously considered?	New
4 – Which group of stakeholders will be effected by this proposal?	<p>Internal Stakeholders Staff IOACC (such as Social workers, Housing Officers, Occupational Therapists etc) Staff of Pennaf Group Plas Penlan Staff Local Elected Members</p> <p>External Stakeholders: Plas Penlan residents and families / carers</p>

Step 1: The Proposal and Associated Risks	
	<p>Service Users from the local area Families / Carers of Service Users Service Providers and Care workers who will manage the dom care support services Health Professional (GP's, Nurses, Physiotherapists, Ot's etc)</p>
5 – How will this group of stakeholders be effected?	<p>This group of people will be affected by the change as there will be an opportunity for some to move directly to Hafan Cefni / others will be affected by changing local provision locally / families will have to deal with the change and staff and service providers will have to cope with new arrangements</p>
6 – Are you aware of any other proposal which could affect this group?	<p>No</p>
7 – Are there any risks associated with this proposal?	<p>Risk of people reluctant to change their current lifestyle with increased anxiety levels when changing Risk that the replacement model of the new provision (Hafan Cefni) has an impact on the savings if not appropriately filled</p>
<p>8 – Would there be any associated risks if a decision was taken to agree to the proposal</p> <p>e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause</p>	<p>Risk of increasing demand on support services (health a.s.o) – i.e. greater demand in the community as more people can live independently</p>

Step 1: The Proposal and Associated Risks	
greater number of insurance claims.	
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No, comprehensive consultation has already taken place and promotional events of the new provision at work have been taking place regularly.

Step 2: Assessment Result	
10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)	<p>The main effect of the change is that individuals can continue to live independently in a coherent way without the public sector's intervention.</p> <p>In terms of the risks we will -</p> <ul style="list-style-type: none"> • continue regular discussions with Pennaf regarding the expectations of completing the new provision • Continue to handle and discuss issues relating to change in provision with the relevant individuals and their families • Inform the local Elected Member of the change and what is being done to manage the requirement • Work more closely with the Health Board and communities to enable individuals to receive the necessary community support e.g. community hubs etc

<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>This change matches the expectations of the new wellbeing acts</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	30.01.18	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Change the service provision with the aim of ensuring that more clients can stay in their own homes or our placed in extra care homes rather than being placed in residential homes
2 - Who is the lead Officer responsible for the proposal?	Alwyn Rhys Jones
3 – Is this a new proposal or one that’s been previously considered?	The proposal is a new proposal for Isle of Anglesey County Council but the service delivery model proposed is consistent with the implementation of the Socail Services and Wellbeing Act
4 – Which group of stakeholders will be effected by this proposal?	Older People Individuals with disabilities
5 – How will this group of stakeholders be effected?	In the majority of cases we will be delivering the change when dealing with new cases that come to our attention. As a result the majority of individuals will not see a definite change but the individual’s experience when coming into contact with the service will change

Step 1: The Proposal and Associated Risks	
	The results for individuals will be that it is more likely to offer reablement service or support and support and signposting to community resources, a placement in an extra care home and not long term placement in a residential home
6 – Are you aware of any other proposal which could affect this group?	Attempting to reduce the number of people in residential care and supporting them to live independently in the community or in extra care homes
7 – Are there any risks associated with this proposal?	<p>A risk of an increase in the number of older people will reduce the effect of this change in approach</p> <p>There is a risk that communities and families cannot offer the level of support required to make this succeed</p>
<p>8 – Would there be any associated risks if a decision was taken to agree to the proposal</p> <p>e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.</p>	A risk of an increase in the demand for support services i.e. more demand for services in the community as more people can live independently

Step 1: The Proposal and Associated Risks	
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No but there will be a need to ensure that our assessment processes meet the statutory requirements

Step 2: Assessment Result	
10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)	Change in the service offered to the public By ensuring a consistent and fair response we will mitigate the associated risks
11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?	This change is in line with the requirements of the new wellbeing act
12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?	No

(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	30.01.18	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	<p>Manage the demand for homecare by encouraging community participation and network of individuals to support clients to remain independent</p> <p>Our homecare service currently offered is a significant part of the current service provision offered by social services. Gradually over time we are trying to change the service offered to give a stronger focus on “what is important to the individual” which is considered in their personal assessment. It is recognising this change which this proposal does</p>
2 - Who is the lead Officer responsible for the proposal?	Alwyn Rhys Jones
3 – Is this a new proposal or one that’s been previously considered?	The proposal is a new proposal for Isle of Anglesey County Council but the service delivery model proposed is consistent with the implementation of the Socail Services and Wellbeing Act
4 – Which group of stakeholders will be effected by this proposal?	Older People Individuals with disabilities

Step 1: The Proposal and Associated Risks	
5 – How will this group of stakeholders be effected?	<p>In the majority of cases we will be delivering the change when dealing with new cases that come to our attention. As a result the majority of individuals will not see a definite change but the individual's experience when coming into contact with the service will change</p> <p>The results for individuals will be that it is more likely to offer reablement service or support and support and signposting to community resources and not long term service provision</p>
6 – Are you aware of any other proposal which could affect this group?	<p>Attempting to reduce the number of people in residential care and supporting them to live independently in the community or in extra care homes</p>
7 – Are there any risks associated with this proposal?	<p>A risk of an increase in the number of older people will reduce the effect of this change in approach</p> <p>There is a risk that communities and families cannot offer the level of support required to make this succeed</p>
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	<p>No – none more than those already identified</p>

Step 1: The Proposal and Associated Risks	
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No but there will be a need to ensure that our assessment processes meet the statutory requirements

Step 2: Assessment Result	
10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)	Change in the service offered to the public By ensuring a consistent and fair response we will mitigate the associated risks
11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?	No
12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?	No

(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)

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Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	29.01.18	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Reduce the number of kitchens that prepare meals for the residents of the County Council's internal care homes to 2 or 3
2 - Who is the lead Officer responsible for the proposal?	Alwyn Rhys Jones
3 – Is this a new proposal or one that's been previously considered?	The changes were considered last year. This is a more definite proposal and reduces the number of kitchens to 2 or 3
4 – Which group of stakeholders will be effected by this proposal?	Older People Officers and staff of the Council
5 – How will this group of stakeholders be effected?	Older People – The meals that will be prepared to the homes will come from either 2 or 3 kitchens, with the meals being transported Staff – A reduction in the number of staff required to support catering

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	Closing of Plas Penlan will affect the catering staff there
7 – Are there any risks associated with this proposal?	A risk of a deterioration in the quality of the meals being offered
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	There may be some impact on the food suppliers as there will be an opportunity to order food more effectively with less waste

Step 1: The Proposal and Associated Risks	
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	There will be a need to ensure that our assessment process meets the requirements for consulting with staff. In addition there will be a need to inform the residents affected.

Step 2: Assessment Result	
10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)	<p>Change the catering offered in our homes To mitigate this it will be necessary that the new process continues to offer nourishing meals on time and to ensure a suitable service provision</p> <p>There will be a need to ensure a proper consultation process with the staff affected by the proposal.</p>
11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?	Not anticipating these type of effects
12 – Is there a need to re-consider this proposal as a result of undertaking this	No

impact assessment?

(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	29.01.18	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	The Local Authority currently pay £60k per annum to the William Mathias Music Service to administer and offer a music service to Anglesey's schools. This is done in partnership with Cyngor Gwynedd who also contribute a sum towards the administration of the service on behalf of their schools. In addition, the schools pay a fee which is now slightly higher than the fees in other counties following their move to create a co-op of music tutors instead of commissioning William Mathias Music service. The proposal is to create a co-op for Anglesey in place of the traditional arrangement. This will also lead to savings for schools of approximately £19k
2 - Who is the lead Officer responsible for the proposal?	Delyth Wyn Molyneux
3 – Is this a new proposal or one that's been previously considered?	This is a new proposal for the Isle of Anglesey County Council but the delivery model proposed has been introduced in another county and savings were achieved as a result
4 – Which group of stakeholders will be effected by this proposal?	Cyngor Gwynedd (who ar part of the current agreement) William Mathias Music Service and the staff Partners who will establish a administer the co-op scheme Anglesey schools who receive the service

Step 1: The Proposal and Associated Risks	
<p>5 – How will this group of stakeholders be effected?</p>	<p>The evidence from the County that is already using this proposed delivery model have noted that it has not had an adverse effect on the performance of the service. In addition the evidence presented by them shows that the change has resulted in improvements to the current arrangements. It has also been recognised that it provides an opportunity to make savings in administration for the local authority and allows expenditure to be prioritised within the department on statutory aspects.</p> <p>A change is our agreement with Cyngor Gwynedd</p> <p>Schools paying less in fees for the service</p> <p>It will have a significant impact on staff but there will be discussions / an offer to move to be part of the co-op rather than be employed by William Mathias</p> <p>The proposed arrangement ensures one access to the music service that is present in schools.</p>
<p>6 – Are you aware of any other proposal which could affect this group?</p>	<p>No.</p>
<p>7 – Are there any risks associated with this proposal?</p>	<p>The risk of a lack of public support</p>

Step 1: The Proposal and Associated Risks	
<p>8 – Would there be any associated risks if a decision was taken to agree to the proposal</p> <p>e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.</p>	No more than has been identified already
<p>9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision</p>	No but it will be necessary to consult with the stakeholders most affected by the decision.

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	To give notice to the partners that the cut is possible.
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	No

<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	No
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Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	23/10/17	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Reduce the sum that is distributed to organisations as small grants
2 - Who is the lead Officer responsible for the proposal?	Delyth Wyn Molyneux
3 – Is this a new proposal or one that’s been previously considered?	These grants have been reduced since 2015-2016, when the grant to the Ucheldre Centre and Cwmni Fran Wen was cut and small cuts to a number of organisations that receive small sums e.g. community papers, scouts, guides Eryri sports etc. The proposal is to make a further cut of £20,000, This will leave £40,000 as a remaining budget.
4 – Which group of stakeholders will be effected by this proposal?	Organisations that depend on this grant as a contribution towards their work e.g. Canolfan Ucheldre, Theatr Bara Caws, voluntary organisations and community papers.
5 – How will this group of stakeholders be effected?	A reduction in the grant from the Local Authority to the organisations activities. A reduction in the core funding received from the Local Authority can impact on Theatr Bara Caws and Canolfan Ucheldre’s ability to offer “match” funding when making grant applications for external grants

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	No
7 – Are there any risks associated with this proposal?	The organisations will be facing a financial challenge to fill the funding gap which will arise as a result of the cut to the small grants
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	No more than those already identified
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No but it will be necessary to consult further with the organisations most affected by the decision, to enable them sufficient time to consider the impact and to identify other funding sources, if possible.

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	<p>Giving the organisations as much advanced warning of the cut as possible</p>
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>No it is not possible to avoid the impact</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	23/10/17	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Raise the fee for vacant seats on school buses by 10% in accordance with the agreement by the Executive when the policy was adopted in 2014
2 - Who is the lead Officer responsible for the proposal?	Delyth Wyn Molyneux
3 – Is this a new proposal or one that’s been previously considered?	No the fee has been raised by approximately 10% each year
4 – Which group of stakeholders will be effected by this proposal?	Some parents will refuse to pay the increased fee for the bus pass
5 – How will this group of stakeholders be effected?	Raising the fee from £108 to £118 for the year

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	No
7 – Are there any risks associated with this proposal?	Some may choose not to use the service as a result of the increase but the service will continue to be offered
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	No more than those already identified
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	<p>Give advanced warning of the intention to raise the fees</p>
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>No it is not possible to avoid the impact</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	23/10/17	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Raise the fee for the morning care club, before the Breakfast Club which will continue to be free. The current fee is 75p per day for 25 minutes of care. The proposal is to raise the fee to £1 per day in order that the fee contributes a higher proportion of the actual staffing costs for this period of the day.
2 - Who is the lead Officer responsible for the proposal?	Delyth Wyn Molyneux
3 – Is this a new proposal or one that’s been previously considered?	This is a new proposal. This is the second year of charging this fee and it is timely to review the fee in order that it represents the true staffing costs, as the fee does not cover the costs at present
4 – Which group of stakeholders will be effected by this proposal?	The parents that choose to bring their children to school by 8 am to receive care will be affected by this increase. As the care of children is at least £5 per hour (with the majority being between £7 and £10), £1 is significantly lower.
5 – How will this group of stakeholders be effected?	The majority of parents who choose to drop off their children by 8 are in work and the cost will increase for this group

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	No
7 – Are there any risks associated with this proposal?	Some may choose not to use the service but this is unlikely as the fee is still cheaper than nurseries offer for the service
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	No more than those already identified
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	No

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	<p>Give advanced warning of the intention to raise the fees</p>
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>No it is not possible to avoid the impact</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

Isle of Anglesey County Council – Budget Proposals 2018/19 Impact Assessment Template

Revision history:		
Version	Date	Summary of changes
1	23/10/17	Original

Step 1: The Proposal and Associated Risks	
1 - What is the budget proposal you are assessing?	Top keep the school's budget at the 17/18 level with the schools absorbing the cost of pay and price inflation from this budget
2 - Who is the lead Officer responsible for the proposal?	Delyth Wyn Molyneux
3 – Is this a new proposal or one that's been previously considered?	New proposal
4 – Which group of stakeholders will be effected by this proposal?	This will impact on the level of staffing within schools and will lead to staffing reductions
5 – How will this group of stakeholders be effected?	A reduction of £563,000 is equivalent to a reduction of 6 teaching posts across the 2 sectors

Step 1: The Proposal and Associated Risks	
6 – Are you aware of any other proposal which could affect this group?	Budget reductions in Repairs and maintenance budgets (£100,000) and grounds maintenance budgets (£50,000) have also been proposed
7 – Are there any risks associated with this proposal?	This could lead to an increase in class sizes across the primary, secondary and special sectors (if the budget cut is allocated equally across each sector).
8 – Would there be any associated risks if a decision was taken to agree to the proposal e.g. decreasing investment in road maintenance might cause greater number of potholes which may cause greater number of insurance claims.	No more than those already identified
9. Do you anticipate a further consultation exercise will need to be undertaken (i.e. in addition to the corporate one) before implementing the decision	Each school and Governing Body affected will have to consider implementing the process to reduce staff numbers

Step 2: Assessment Result	
<p>10 – Can you note the main effects and how you would mitigate against the negative effects (i.e. summary of table above)</p>	<p>School class sizes will increase in some schools as a result of the reduction in the delegated schools budget or the range of subject choice options will reduce in KS4 and/or post 16</p>
<p>11 – Is there a strategy in place to deal with those effects which aren't unlawful but cannot be mitigated or avoided?</p>	<p>No, it is not possible to avoid the budget cut but some Headteachers can choose to reduce other budget headings and protect the staffing levels, although this will not be possible in a number of cases</p>
<p>12 – Is there a need to re-consider this proposal as a result of undertaking this impact assessment?</p> <p>(this assessment could provide evidence that the proposal is illegal. If you have identified such impact then consideration should be taken as to whether to continue with the proposal at this time)</p>	<p>No – if the Education Service are going to deliver the necessary level of savings</p>

Step 5: Action Plan

Please detail any actions that are planned following completion of your assessment. You should include any changes that have been made to reduce or eliminate the effects of potential or actual negative impact, as well as any arrangements to collect data or to carry out further research.

Ref	Proposed actions	Lead officer	Timescale

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 FEBRUARY 2018
SUBJECT:	CAPITAL BUDGET 2018/19
PORTFOLIO HOLDER(S):	COUNCILLOR J. GRIFFITH
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR: TEL: E-MAIL:	MARC JONES EXT. 2601 rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
1. PURPOSE OF THE REPORT	
1.1 The Executive is required to propose a capital budget for 2018/19 which will be presented to the full Council for ratification at its meeting on 28 February 2018	
2. RECOMMENDATIONS	
<ul style="list-style-type: none"> To recommend to the Full Council the following capital programme for 2018/19:- 	
	£'m
Committed Schemes Brought Forward from 2017/18	23.399
Investing in Existing Assets	2.518
Invest to Save Projects	0.250
Highway Maintenance	1.592
21 st Century Schools	<u>8.850</u>
Total General Fund Capital Schemes	36.609
HRA Capital Schemes	<u>12.417</u>
Total Proposed Capital Programme 2018/19	<u>49.026</u>
Funded by:-	
Funding B/F from 2017/18	
General Capital Grant	1.040
Capital Receipts	1.334
Supported Borrowing	0.500
Unsupported Borrowing – 21 st Century Schools	2.192
Unsupported Borrowing – 21 st Century Schools	3.734
External Grants	1.279
Capital Reserves	28.030
Highways Refurbishment Grant	0.250
HRA Funding	0.910
	<u>9.757</u>
Total Funding	<u>49.026</u>

<ul style="list-style-type: none"> • To determine which Invest to Save projects are supported. • To determine whether to support the construction of a new 3G pitch at Plas Arthur Leisure Centre to be funded from unsupported borrowing. • To determine whether to support the purchase of new fitness equipment for Holyhead Leisure Centre to be funded from unsupported borrowing. 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes were considered in drafting the capital programme but the main driving factor is funding and affordability and the maximisation of external grant funding. The proposed capital programme does not commit the Council to a level of borrowing which increases minimum revenue provision or interest payments to an unaffordable level.		
C - Why is this decision for the Executive?		
The matter is delegated to the Executive to propose the capital budget.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
N/A		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	The capital strategy and draft capital programme were considered by the SLT in September 2017 and were supported.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	No specific comments
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	To support and to recommend to the Executive the proposed capital budget for 2018/19
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix 1 – Report on the Capital Budget 2018/19 Appendix 2 – Proposed Capital Budget 2018/19 Appendix 3 – Energy Efficiency Invest to Save Bid Appendix 4 – Wifi at Canolfan Byron Invest to Save Bid Appendix 5 – 3G Football Pitch Bid Appendix 6 – Fitness Equipment for Holyhead Leisure Centre Bid		
FF - Background papers (please contact the author of the Report for any further information):		
Capital Strategy Report – Executive Committee 30 October 2017		

1. INTRODUCTION

1.1. The proposed capital budget for 2018/19 is based on the capital strategy that was approved by the Executive on 30 October 2017. The strategy outlined that the proposed capital programme would be based on the 7 main sources of funding:-

- General Capital Grant
- Supported Borrowing
- Capital Receipts
- Unsupported Borrowing for 21st Century Schools Programme
- Specific Capital Grants (incl 21st Century Schools Grant)
- Capital Reserves
- Housing Revenue Account Reserves and Balances

1.2. In addition, the Executive resolved to release £0.25m of capital reserves to fund Invest to Save projects.

2. PROJECTED FUNDING FOR 2018/19

2.1. The final Local Government funding settlement for 2018/19 was published by the Welsh Government on 20 December 2017. The funding settlement sets out two elements of capital funding namely the General Capital Grant and the level of Unhypothesized Supported Borrowing which the Welsh Government funds through the capital financing element of the Standard Spending Assessment. The settlement set the General Capital Grant as £1.334m and the Unhypothesized Supported Borrowing as £2.192m. In addition, the Council will also receive £2.660m in the form of the Major Repairs Allowance from the Welsh Government which will part fund the major capital works to the Council's housing stock.

2.2. Over the past few years a large amount of the Council's surplus land and buildings have been sold off with the proceeds used to fund the refurbishment of the Council's smallholdings or to fund capital expenditure. The Council have a number of surplus school sites following the opening of Ysgol Cybi and Ysgol Rhyd y Llan and further sites will become available when Ysgol Santes Dwynwen opens in 2019. However, any proceeds from the sale of these sites has already been allocated as a contribution towards the cost of building the new schools and are, therefore, not available to fund the general capital programme. Therefore, the sum available from capital receipts to fund new capital expenditure is much reduced from previous years and estimated at £0.5m.

2.3. The funding of the Band A 21st Century Schools is allocated 50% funded by Welsh Government and 50% by the Council through unsupported borrowing. Welsh Government then provide one third of their funding in the form of a specific grant with the remainder being supported borrowing. The funding available through the 3 elements is dependent on the expenditure incurred and is subject to change depending on the progress of each scheme. The Council ensures that sufficient expenditure is incurred to ensure that all the grant can be drawn down. Based on the expenditure profile, it is anticipated that the funding available for 2018/19 will be as follows:- Welsh Government Grant funding - £3.837m, Supported Borrowing - £1.279m and Unsupported Borrowing - £3.734m.

2.4. Some projects are either partly funded or fully funded from external grants. These can be grants from the Welsh Government, European grant funding or from contributions from external bodies. The expenditure incurred on each project will determine the level of grant funding received. Based on the plans for the current projects, it is estimated that the Council draw down £24.193m in external funding.

- 2.5.** Included as part of the Council's Earmarked Reserves is a Capital Reserve which was built up from contributions from the revenue budget from previous years. The Executive previously approved the release of £0.25m from this reserve to fund small Invest to Save projects.
- 2.6.** In addition to the Major Repair Allowance, the remainder of the HRA capital programme is funded from the annual revenue surplus generated by the HRA and the use of the HRA balance. The HRA also has its own borrowing facility which is capped by Welsh Government. For 2018/19, it is proposed to use £9.757m from the in year surplus and the HRA balance to fund the capital expenditure. No additional borrowing for HRA purposes is planned for 2018/19.
- 2.7.** In January 2018, the Welsh Government announced additional grant funding of £30m for 2017/18. Anglesey's allocation of this additional funding will be £910k. The grant can be used to fund locally sourced funding for any project in 2017/18 provided that the funds are then used for roads refurbishment in 2018/19. This will provide additional funding of £910k in 2018/19 above the general capital grant.

3. PLANNED CAPITAL PROGRAMME FOR 2018/19

- 3.1.** The agreed capital strategy approved by the Executive in October 2016 and reaffirmed in October 2017, laid down the principles on which the 2018/19 capital programme is based. The principles are as follows:-
- That a sum is allocated in the capital programme each year to fund the major repairs to, or the replacement of, existing I.T. equipment, vehicles and Council buildings;
 - That a sum is allocated in the capital programme to meet the Council's statutory requirement to offer disabled facilities grants;
 - That a level of road surfacing work is funded from the capital programme year. The sum allocated will be dependant on the funding required to achieve any minimum contract value guarantees, the level of funding available and an assessment of the state of repair of the Authority's roads;
 - Projects that require a level of match funding to enable grant funding to be drawn down are assessed on a case by case basis by the Executive. The decision whether to commit funding will be dependant on the project, how it fits into the Council's corporate priorities and the ratio of Council funding to grant funding;
 - That the 21st Century schools programme is considered separately from the remainder of the general Council capital programme.
- 3.2.** Based on the above principles and the funding available, the core capital programme for 2018/19 is shown in Table 1 below. Full details are attached as Appendix 2.

Table 1
Proposed Capital Programme

Scheme	2018/19 Budget £'m	External Grants £'m	Council Funding £'m
Holy Island Visitor Gateway	0.353	0.323	0.030
Lôn Newydd Wylfa	12.000	12.000	0.000
Llangefni Link Road	2.975	2.677	0.298
Holyhead and Llangefni Strategic Infrastructure	4.727	4.657	0.070
Flood Alleviation Schemes	0.400	0.340	0.060
Gypsy and Traveller Sites	1.858	0.450	1.408
Holyhead Market Hall	1.086	1.086	0.000
Ysgol Santes Dwynwen	3.357	0.958	2.399
Ysgol Parc y Bont	0.007	0.000	0.070
Ysgol Brynsiencyn	0.203	0.081	0.122
Ysgol Bro Llangefni	5.233	2.798	2.435
Ysgol Esceifiog	0.050	0.000	0.050
Disabled Facilities Grant	0.750	0.000	0.750
Disabled Access – Education Buildings	0.300	0.000	0.300
Replacement Vehicles	0.150	0.000	0.150
IT Infrastructure	0.418	0.000	0.418
School Refurbishment	0.500	0.000	0.500
Non School Refurbishment	0.400	0.000	0.400
Highway Resurfacing	1.592	0.000	1.592
Invest to Save Projects	0.250	0.000	0.250
HRA Capital Expenditure / New Developments	12.417	2.660	9.757
TOTAL CAPITAL PROGRAMME	49.026	28.030	21.059
Funded By:			
External Grants	28.030		
Funding Brought Forward from 2017/18	1.040		
General Capital Grant	1.334		
Supported Borrowing	2.192		
Highways Refurbishment Grant	0.910		
Capital Receipts	0.500		
Unsupported Borrowing 21 st Century Schools	3.734		
Supported Borrowing 21 st Century Schools	1.279		
Capital Reserves	0.250		
HRA Revenue / Reserves	9.757		
TOTAL FUNDING	49.026		

4. INVEST TO SAVE PROJECTS

4.1. Following on from the Executive's decision to release £250k from the Capital Earmarked Reserve to fund small Invest to Save projects, Services were invited to bid for the funding. The following bids were received:-

4.2. Energy Efficiency in Corporate Buildings

The Council's Energy Efficiency Strategy, adopted by the Executive in June 2017, aims to reduce the Council's energy consumption by 15% by 2022. In order to achieve this, over £1m will need to be invested on energy efficiency measures, such as installing LED lighting, replacing inefficient boilers and improving the insulation of Council buildings.

Loan funding is available and the Council has made use of this funding but, as with any loan, the funding has to be repaid and, as a result, the savings are not realised for a number of years. Using our own funding would release revenue savings immediately. The service has, therefore, bid for the full £250k available which would release an estimated £30k in savings. If a lesser amount was awarded, the number of projects that could be undertaken would be less or would be funded through loan funding.

A copy of the bid is attached as Appendix 3.

4.3. Upgrading of WiFi Capability at Canolfan Byron

The bid is to provide wireless access points across the building along with the purchase of new telephone handsets. The total cost of the bid is £8,750. The investment would reduce maintenance costs of the system (over £1,100 has been paid over the past 3 years). In addition it would generate additional income as rooms within the Centre could be let for training etc. An estimate of £5,000 has been suggested but it is not possible to guarantee that this level of income would be generated.

A copy of the bid is attached as Appendix 4.

5. UNSUPPORTED BORROWING PROJECTS

5.1. Under the CIPFA Prudential Code 2017, the capital expenditure plans of local authorities have to be affordable, prudent and sustainable. This means that the Council can, if it chooses to do so, take out additional borrowing to fund capital expenditure where the cost of borrowing does not place an additional financial burden on the Council. In practice, this allows the Council to fund a scheme through unsupported borrowing if the scheme generates sufficient additional income or reduces ongoing revenue expenditure to meet the costs of the Minimum Revenue Provision charge and the additional interest costs.

5.2. Leisure Services have put forward 2 schemes which fall into this category and the Executive are requested to consider both bids to determine whether they wish them to be included in the 2018/19 capital programme.

5.3. 3G Football Pitch at Plas Arthur Leisure Centre

The proposal is to replace the existing artificial football pitch with a 3G football pitch. The current pitch is reaching the end of its useful life and any significant rainfall leads to the pitch flooding and the cancelling of sessions. A new 3G pitch would also allow local teams to use the pitch for league games, in particular during the winter months when a number of games are cancelled.

The proposal is estimated to cost around £200k with the potential of grant funding of £50k. Based on an estimated life of 10 years, the capital financing costs would be approximately £18k per annum.

The Service estimate that the new pitch would substantially increase the usage and, therefore, increase income. An increase of around £25k per annum is estimated, which would be sufficient to cover the capital financing costs. However, it may be a condition of the grant that the Council set up a sinking fund in order that the Council can fund a replacement pitch in 10 years when the proposed pitch would reach the end of its useful life.

Further details on the bid are attached as Appendix 5.

5.4. Fitness Equipment at Holyhead Leisure Centre

The bid is to upgrade the fitness equipment at Holyhead Leisure Centre. The equipment at both Plas Arthur and Amlwch Leisure Centres have been upgraded in recent years and this has increased income and usage figures. The current equipment at Holyhead Leisure Centre are, on average, 10 years old and, as a result the service estimate that they are losing around 20 members each year.

To fully replace the equipment would cost £200k but this would include a 5 year parts and servicing agreement. The current cost to the Council is around £14k per annum.

The service estimate that the upgrade of the equipment would bring in around 175 new members generating an additional £46,200 in income.

Borrowing would be undertaken over the life of the asset (5 years) and this would generate an additional capital financing charge of £45k.

Therefore, the estimated additional income and reduced servicing costs would be sufficient to fund the capital financing charges, however, there is a risk that that income projections will not meet the expected target and this would leave a shortfall. However, without additional investment income will continue to fall and the servicing costs will continue to increase.

Further details on the bid are attached as Appendix 6.

2018/19 PROPOSED CAPITAL PROGRAMME

Scheme	Category	2018/19 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2017/18 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Capital Reserves £	HRA Revenue / Reserves £
Holy Island Visitor Gateway	Committed Schemes B/F	353	323	30	-	-	-	-	-	-	-	-
Lôn Newydd Wylfa	Committed Schemes B/F	12,000	12,000	-	-	-	-	-	-	-	-	-
Holyhead and Llangefni Strategic Infrastructure	Committed Schemes B/F	4,727	4,657	70	-	-	-	-	-	-	-	-
Llangefni Link Road	Committed Schemes B/F	2,975	2,677	-	-	298	-	-	-	-	-	-
Flood Alleviation Schemes	Committed Schemes B/F	400	340	60	-	-	-	-	-	-	-	-
Gypsy and Traveller Sites	Committed Schemes B/F	1,858	450	880	-	528	-	-	-	-	-	-
Holyhead Market Hall	Committed Schemes B/F	1,086	1,086	-	-	-	-	-	-	-	-	-
TOTAL COMMITTED SCHEMES B/F		23,399	21,533	1,040	-	826	-	-	-	-	-	-

Scheme	Category	2018/19 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2017/18 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Capital Reserves £	HRA Revenue / Reserves £
Replacement Vehicles	Investing in Existing Assets	150	-	-	150	-	-	-	-	-	-	-
IT Infrastructure	Investing in Existing Assets	418	-	-	418	-	-	-	-	-	-	-
School Refurbishment	Investing in Existing Assets	500	-	-	500	-	-	-	-	-	-	-
Non School Refurbishment	Investing in Existing Assets	400	-	-	266	-	-	134	-	-	-	-
Disabled Access – Education Buildings	Investing in Existing Assets	300	-	-	-	-	-	300	-	-	-	-
Disabled Facilities Grants	Investing in Existing Assets	750	-	-	-	684	-	66	-	-	-	-
TOTAL INVESTING IN EXISTING ASSETS		2,518	-	-	1,334	684	-	500	-	-	-	-
Invest o Save Projects	Invest to Save	250	-	-	-	-	-	-	-	-	250	-
TOTAL INVEST TO SAVE PROJECTS		250	-	-	-	-	-	-	-	-	250	-
Highway Maintenance	Highway Maintenance	1,592	-	-	-	682	910	-	-	-	-	-
TOTAL HIGHWAY MAINTENANCE		1,592	-	-	-	682	910	-	-	-	-	-

Scheme	Category	2018/19 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2017/18 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Capital Reserves £	HRA Revenue / Reserves £
TOTAL CAPITAL PROGRAMME 2018/19		49,026	28,030	1,040	1,334	2,192	910	500	3,734	1,279	250	9,757

Invest To Save Fund Outline Bid

Programme or Project:	Energy Efficiency Strategy	Expected Start Date	Feb 2018
Title:	Energy Efficiency in corporate buildings	Expected End Date	March 2022
Lead (HoS/Manager):	Dewi Williams	Links to Corporate Plan	
Main Contact:	Rhys Griffith		

1. Brief background and description

The Energy efficiency strategy 2017-2022 was adopted by the Executive in June 2017. The aim of the strategy is to reduce energy consumption by 15% by 2022. Ynys Mon Council's annual expenditure on energy and water was over £2.1million in 2015/16 and the cost of fuel continues to rise above the rate of inflation.

In order to achieve the target, the council need to invest in energy efficiency measures such as installation of LED lighting, replacing old inefficient boilers, insulation measures etc. Initial benchmarking studies indicate that an investment of £1.1million would payback within 8 years.

This could be achieved through carrying out the work with use of Salix funding or other similar funding streams, however this would mean paying back the loan and therefore savings would not begin until the loan is re-paid.

By funding this work through this capital invest to save budget, the annual savings could be realised as soon as the work is completed.

This proposal is to engage Re-fit Cymru to provide the necessary support and the guaranteed savings required to deliver the project. By a combination of in house capital investment and further investment through the Refit project, and the repair and maintenance programme, there is the potential for a significant investment in our buildings to not only ensure we reduce energy consumption, but also reduce our backlog maintenance risks.

(please refer to attached Refit briefing note)

2. Corporate Support Need

Some support will be required from Legal Department to check the Refit terms and conditions, and the procurement team to assist in the procurement process.

Please return completed bid to Gareth Roberts, Senior Accountant Capital & Treasury Management

3. Funding

3.1 Budget breakdown

Total amount requested:	£250,000
One off costs total:	£ 1,100,000
Description:	Amount:
Refit Fee	£10,000
Energy saving Projects	£ 1,090,000
Ongoing funding total per year and number of years	£
Description:	Amount:

3.2 Other sources of funding

Repairs and maintenance budgets (approx. 100,000)

Refit Salix finance (approx. 650,000)

4. Savings

Estimated payback is 8 years therefore an investment of £250,000 will realize savings of £30,000 per annum.

5. Project Delivery

Project Manager will be Rhys Griffith in the Property Department. Refit Cymru will provide technical expertise and support as outlined in the attached briefing document. A fee of £10,000 is required to engage Refit support. This sum can be capitalised within the project's funding, so it does not need to come out of a revenue budget.

6. Benefits

Benefit	Measure
Reduced energy bills	£ per annum
Reduced energy use	Total KilowattHours
Reduced Carbon footprint	Total CO2

Please return completed bid to Gareth Roberts, Senior Accountant Capital & Treasury Management

7. Additional information

Re:fit Cymru (guaranteed energy efficiency)

Senior Management Briefing Note

Re:fit – delivering guaranteed energy efficiency for Anglesey County Council

Market analysis suggests that the cost of choosing to do nothing about managing energy means that costs will rise and is therefore no longer a viable option.

In addition there are a number of positive drivers for delivering energy efficiency:-

- increasing electricity bills
- carbon taxes and potentially forthcoming carbon budgeting
- the opportunity to generate revenue off your own estate
- the need to reduce operating and maintenance costs
- the chance to improve workplace environment and productivity
- Wellbeing of Future Generations Act with statutory obligations to plan for the long term
- Environment Act (part II) carbon budget obligations which require an 80% reduction in all (net) Wales emissions by 2050 (likely to be directly imposed on LAs and other Public Sector Clients)
- Corporate Social Responsibility reporting

Energy Performance Contracting – how does it work ?

Re:fit is a smart, cost effective and fast way for public sector bodies to improve the energy efficiency and generate revenue from their estate by retrofitting energy and water efficiency measures, energy generation systems or using optimisation services.

The Re:fit Cymru Programme Implementation Unit (PIU) has now been recruited by the Welsh Government and is assisting Public Sector Contracting Authorities with a review of their estate. This has commenced with an initial benchmarking exercise which compares building type, energy use and other factors against national buildings' benchmarks.

Your existing energy bill for gas, electric and water is £2.1m and Re:fit typically delivers annual savings and revenue of around 18 – 25% across estates or portfolios.

Anglesey County Council supported by the PIU, will be able to outline the broad performance parameters and project briefs that it wants to achieve. This might include parameters such as the required level of savings, revenue, payback period, capital spend, funding routes, carbon dioxide savings, levels of back log maintenance etc. Tender documentation (from standard Re:fit templates) is prepared and proposals are requested from the specialist service providers through a mini competition; the service providers have been pre-procured on the OJEU compliant Re:fit framework.

The service providers bid in the mini competition tender, offering a **guaranteed level of savings over a tranche of work**. They will be contractually obliged to reimburse any annual shortfall in savings and to investigate and rectify, at their own cost, any under performance. This occurrence rarely occurs on Re:fit projects as the service providers develop robust engineering solutions using engineering calculations to mitigate their risk. The cost of the Please return completed bid to Gareth Roberts, Senior Accountant Capital & Treasury Management

works are paid back by savings guaranteed over the payback period; this is typically about 3 to 10 years on most projects, however, this can vary depending on the type of measures or equipment installed, or services provided (for instance, lighting or controls would have a shorter payback than photo-voltaic systems, District Heating, new boilers or Combined Heat & Power plant).

Re:fit projects are therefore budget neutral or positive over the payback period and many schemes are structured so that savings are larger than payments on an annual basis. The Re:fit approach does not need to impact on existing Facilities Management contracts or utilities procurement,

however, Re:fit can be combined with addressing back log maintenance issues and can include maintenance, operational and management contracts.

Re:fit Cymru is a Welsh Government initiative for the Welsh public sector, supported and funded by the European ELENA Fund (European Local Energy Assistance) and the Welsh Government. Since 2010, Re:fit within London and England has benefitted over 250 organisations, with £165m invested and £10m audited savings per annum; these programmes are managed by the GLA and Local Partnerships, respectively.

In April 2016, the Welsh Government created the Re:fit Cymru Programme Implementation Unit (PIU) to support Welsh public sector bodies through every stage of their Re:fit projects. This support is heavily subsidised – further improving the value-for-money for participating organisations.

The PIU is also able to support you with the review and decision on funding routes for the project., if applicable. This may include zero interest Salix Finance, the Welsh Government Invest-to-Save Grant opportunities, the Green Investment Bank or other commercial or private / service provider funded routes.

By taking early advantage of this opportunity, Anglesey County Council would start to make savings faster, and would receive publicity and profile from Welsh Government as a pathfinder.

This efficiency programme can elevate the work of the energy officers by offering pace and scale, and transfer of risk.

The support package you would receive includes:

Planning and preparation support:

- Engagement with your key senior executives and stakeholders (including legal, procurement, facilities/FM and IT)
- Explanation of all areas of the Re:fit programme and help developing key project requirements including targets, strategic aims, financial targets and business case
- Provision of a benchmarking assessment of buildings information and energy spend data to assess project potential and propose a scope for the project/tender
- Review potential funding options and arrange meetings with funding bodies
- Review and get agreement for the bidding options
- Programming support
- Undertaking of a market attractiveness test with service providers pre-tender

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Contracting and tender support:

- Provide template legal contracts and guidance documents
- Coordinate with client legal team to outline Re:fit contracting approach
- Provide advice on tender evaluation
- Review final draft contract documents (for inclusion in ITT pre-launch)
- Undertake a formal review of the final draft ITT documents
- Provide advice and guidance on bidders day and site visits
- Support in the entire process leading to final tender

Solution development and project delivery support:

- Provide high level review of preferred bidders approach
- Support initial engagement with the selected Service Provider (attendance at meeting)
- Provide access to support during the savings delivery phase to resolve issues should they arise
- Quality Assurance
- Provide advice and measurement and verification (M&V) support
- Review the first annual savings report

Financial commitment

The capital cost of a Re:fit project can vary depending on organisation needs and ambition, however, it is usually greater than approximately £0.75m and typically delivers annual savings and revenue of around 15 – 25% across estates or portfolios.

An estimated cost of delivering the standard package of PIU Re:fit project support for an organisation, is approximately £70-100k. However, as the Welsh Government has secured European grant funding from ELENA, this support can be delivered to you with a significant subsidy. The support can therefore be provided to you for the reduced cost of £10k. This sum can also be capitalised within the project's funding, so it does not need to come out of a revenue budget.

If after signing the Re:fit Access Agreement and Client Support Agreement (formally commencing the Re:fit support) your organisation decides to withdraw, the Welsh Government reserves the right to recover partial costs, capped at £20k for the standard Re:fit support package. In other words, if you withdraw from the Re:fit process, your total exposure is £20k - subject to any additional project management support you have utilised to help deliver the project.

Please return completed bid to Gareth Roberts, Senior Accountant Capital & Treasury Management

Invest To Save Fund Outline Bid

Programme or Project:	wifi	Expected Start Date	1 st April 2018
Title:	Wifi for Canolfan Byron	Expected End Date	
Lead (HoS/Manager):	Alwyn Jones	Links to Corporate Plan	Smarter Working
Main Contact:	Martin Williams		

1. Brief background and description

Current issues with internet / phone service not up to standard having many issues with lag and daily callouts for IT with various different issues due to the age of our it systems.

We as Canolfan Byron are at the latter stages of utilising the internet to sell our products and enabling wifi would ease access to the internet. Mobile phones can connect via wifi.

We believe that if we had the proper investment we would have a system that could cope with up to 50 users creating spare capacity for the authority (SMARTER WORKING) to utilise as necessary as recent issues with the authority flooding.

All our internet systems are at least 9 yrs old and are due an upgrade. Our phone system is currently supported with a £500 a day callout fee. All systems are running to capacity we are currently unable to develop our paperless systems as our current IT systems have issues.

As a centre we would be able to offer so much more if we received Wifi, we need to move forward with the times and develop and promote our products and services during such competitive times.

2. Corporate Support Need

IT with infrastructure

3. Funding

3.1 Budget breakdown

Including descriptions, for example staffing, hardware, software, consultancy

Total amount requested:	£
One off costs total:	£
Description: wifi	Amount: £ 5000
Phones x 25 @ £150 each	£ £ 3750
	£
Ongoing funding total per year and number of years	
Description:	Amount:
By utilising the corporate system there would be cost savings	

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3.2 Other sources of funding

4. Savings

Income			
1-Income form Room Hire	£50 per day	Usage 2 days a week	2 x £50 x 50 weeks = £5000
2- Changing telephone system- utilising internal calls through Authority			Saving minimum £1000
3- Internet Sales- increase due to the ability to utilise internet.			

Cost avoidance

	One-off costs	Annual costs	
1-Replace telephone system (see attached quote)	£7436.12 +Vat	£1000	
2- Callout fee with phone system per day		£500	
3- Savings to IT, currently average 5 logs weekly			
4-Savings to training, enabling basic inhouse training by staff. One course example of cost £1,320 by Chapter IT Ltd (other quote received have been £3,600) based on max of 6 people attending a 6 weeks basic IT course. Minimum price per head £18.35 per hour. Potential savings of over (18.35 x 2 x 15 x 12=) £6606 per annum. (Example based on 15 people attending a 12 day, 2 hour course).	£6606		
5 - Saving by enable staff to carry out their daily tasks without network delay. (Calculation based on average £13 per hour wages, can take a total of 2 hour per week affecting 20 users).		£27040 annual	
6 - External contractors and visitors would be able to use their own laptops/mobiles without our staff having to set things up on their behalf. Cost of interfering normal work duties up to £17 per hour, averaging 1 hour per week.		£884 annual	
7. – Having the ability to search and find cheaper goods utilising the internet.		£5000 annual	

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It would be difficult to put a figure on the time saved by having the ability to work from anywhere in the building and the freedom it would give the authority with smarter working as we could offer spare capacity to the authority (250 per person annual).changing to wireless would also assist us with our intentions in going paperless.

5. Project Delivery

n/a

6. Benefits

Ensure all benefits have been identified and are measurable

Benefit	Measure	
Increase productivity	Productivity of staff	
Able to deal efficiently with external customers gaining positive feedbacks and returning customers and recommendations	Positive feedback and increase in returning customers	
Renting rooms and offices at Canolfan Byron more attractive	Having increased usage of room for hire purposes with external and Internal customers. Increase of income for room hire	£50 per day Utilised 2 days a week £5000 p a
Offer opportunity to external staff to use their laptops/phones on site e.g. when Occupational Therapists use the Disability Equipment's Display room they can use their devices onsite with their clients making the visits so much easier.	Saving a potential further visit as OT can research to see what other items would be suitable for their client. Can also write their report onsite saving mileage to their normal workplace.	Increased usage of building promoting the services provided from Canolfan Byron Promotes better co working within sections of the authority
Online selling	Increase of turnover	

7. Additional information

Currently we do not have a telephone system that works correctly as we have no call messaging services missed calls etc. By utilizing the authority's Wifi system we are getting a new phone system for free.

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CAPITAL FUNDING: BID FORM

PROJECT TITLE: 3G pitch at Ysgol Gyfun Llangefni /Plas Arthur Leisure Centre

SPONSORING DEPARTMENT/AGENCY: Regulation and Economic Development Service

SENIOR RESPONSIBLE OFFICER: Gerallt Roberts

SIGNED: DATE:

APPROVING HEAD OF SERVICE: Dylan Williams

SIGNED: DATE:

Section 1: Project Background, Strategic Context and Need

- Explain the background to the proposal including its relevance to strategic aims and policy objectives.*
- Identify the key stakeholders and explain their commitment and any outstanding issues.*
- As specifically as possible, explain the nature of the needs or demands that are to be addressed, and detail any deficiencies in existing service provision, or any statutory obligation that would be not otherwise satisfied.*
- Include suitable quantification of needs/demands/deficiencies where possible.*

Leisure Function Plan

- The Leisure Function Plan aims to safeguard the County Council's leisure centres in Amlwch, Llangefni, Holyhead and David Hughes, as its core assets, by providing a modern, quality, customer-focused service that maximises income. Making the leisure centres more commercially viable and customer focused - aligned to achieving efficiencies in other areas of the Service - is the key priority in order to help safeguard their long-term future.
- The current position is that positive progress has been made and some of the successes are highlighted below:
- 51% of the 60% reduction target in running costs of the leisure function to the council will be met by March 2018.
- £69,000+ income coming in on a monthly basis through our direct debit packages compared to £44,000 coming in January 2016.
- 400+ extra children in our swimming lessons compared to January 2016.
- Capital funding at Holyhead, Amlwch and Plas Arthur has proved a success with an increase in usage and income. Investing in developing the fitness offer further has a proven success.
- Mon Actif is proving popular as a new brand with 2,800 following on social media.

- The next step is to look at investing in key areas to ensure we maximise income revenue and that we maintain the current momentum of more users and more income.

Project Background

- This project will entail replacing the old all-weather football pitch currently on the Ysgol Gyfun Llangefni / Plas Arthur Leisure Centre site, which has come to the end of its life. This will address current negative perceptions and meet the customer expectations and demands as many clubs have now left the facility to train at Bangor City's new 3G pitch.
- Investment now will mean that our local clubs can have a facility that meet's the expectations and will be the first of its kind on the island.
- Anglesey is one of only a few authorities that do not currently have a 3G pitch provision within their authority, the vision by the FAW is that Anglesey needs a 3G pitch to cater for the demand as highlighted in the All Wales Artificial Turf Pitch Vision and Guidance document.
- This investment is certain to help us reach our target of a 60% reduction in expenditure cost of leisure to the council. Already over the last few months we have had to cancel bookings as any heavy rain means that the pitch is flooded and not safe to use which impact on us financially and on the education of the Ysgol Gyfun pupil's.
- The picture below highlights a regular occurrence currently with bookings being cancelled and income being lost as any heavy rain creates this affect:



Projected cost's

- The costs have been highlighted to be in the region of £175,000 - £200,000, this cost's is substantially lower than many 3G developments as the floodlight's, fencing and base of the pitch is already in place.
- The usual cost for this sort of development at e.g. Bangor City FC was £500,000.
- We hope that the funding needed will be less than what has been highlighted above, as the Collaborative Fund (FAW, WRU and Hockey Wales) will be able to help with some funding. We estimate that funding by the Collaborative Fund would be in the region of £30,000 - £50,000; our application for this funding will go in at the end of October.
- We must highlight that this fund will not be there forever therefore we must act to ensure that Anglesey gets its share of the grants available.
- It must be taken into consideration that there will be other cost's linked with this development as we will need a robust maintenance programme. We feel that current staff members on site can help with this which will mean that costs will be limited.
- The FAW now recommend that a sinking fund is established to ensure that in 8 – 10 years when the pitch will need an upgrade that funding is available. This is something the council need to consider as setting £10,000 a year a side could provide sustainability for the future years?

Projected outcomes of project

- If we look at what could be achieved if we were to fully replace the current provision with a new 3G pitch they can be outlined as below:
- **Income** – as we will charge more for the facility hire per hour and have much more usage hours then we would be looking at **extra income of £39,600 a year**.
- We currently take around £12,000 - £13,000 income per year on the current Astro pitch which has around 12 hours booking a week for around 25 weeks of the year. A new 3G pitch would see us extend our number of weeks to at least 30 weeks as people will want to start earlier due to a better surface and reality is some bookings will stay all year round.
- We anticipate that the usage will go up from 12 hours to 24 hours with all evening full and bookings on the weekend.
- The income would be worked out as follows: 12 hours junior hire x £55 x 30 weeks = £19,800 + 12 hours adult hire x £80 x 30 weeks = £28,800 total income £48,600. In addition to this we anticipate if a third of users, (we must remember that spectators are not included) use the vending / café and spend a £1 each this would bring in additional income of £4,000 a year.
- Total income would be £52,600 – present income (£13,000) = £39,600 additional income per year following completion of this project.
- Current prices are set as half pitch adults £36.00 children £25.75; full pitch children £37.10 adults £49.00. Estimated new prices would be full pitch children £55 adults £80; half pitch children £32 adults £45 we will also create the option of selling the pitch in thirds similar to Bangor City FC.
- Bookings that are currently taking place at other venues would return to our facility and that is why we are confident that the estimation above is realistic and achievable. **Coleg Llandrillo Menai** have already shown an interest in locating some of their college matches at our venue and **Llangefni Town Reserves** also want this facility to be their base for home games. **Anglesey Island Games** team

are also supportive as they are looking to start an academy very soon and want Plas Arthur to be the hub if a 3G pitch is developed.

- It will also help our usage figures, as we would estimate to have at least **12,000 extra users** using the facility per year.
- If we take all of the above figures into account, the **pay back for this scheme would be within 4 years.**
- We must not forget the outcomes that can be achieved by the Education service as this project will bring huge benefits to Ysgol Gyfun Llangefni, Ysgol Addysg y Bont and other local schools. We will be able to provide our local school children with the chance to develop to their full potential through a new modern sporting facility.

Strategic aims and Policy Objectives

- Through this project we will help IOACC meet its key ambition: **“will be working towards an Anglesey that is healthy, thriving and prosperous.” (Anglesey Corporate Plan 2017-22).**
- This project would also help the Council meet our objective of **“Creating the conditions for everyone to achieve their long-term potential”.**
- The vision of the Regulation and Economic Development service is to create a better Island to live, work and visit by delivering activities to develop Anglesey’s economy, regenerate its communities and transform current leisure provision.

Through this project we will be able to help the service reach it’s aims of:

- Provide formal opportunities for people on Anglesey to live their lives in a healthy way;
- Create vibrant and healthy rural communities

The project will also be able to ensure that Leisure meet their ambition of:

- Providing high quality, customer focused facilities and activities that maximise income generation and support healthy communities by:
- Maintaining a commercial approach to the management of Amlwch, Holyhead, Plas Arthur and Menai Bridge Leisure Centres
- Achieving improvements in the health and wellbeing of Anglesey residents by increasing participation in leisure activities.

This project will help us reach our current 2017/18 Service Delivery targets:

- Increase income generated by leisure centres = £35,000 per year
- Increase participation numbers at leisure centres = 476,000 per year
- Increase junior membership at leisure centres.

Sport Wales have identified 3 main targets by 2026, this project would help them achieve the following:

- 75% of young people and young adults hooked on sport
- Positively target the gap within inequality
- Develop a sporting pathway to become a nation of champions

The % of Anglesey children and young people that are currently hooked on sport is 50%, whilst the % for adults is 48% (participate in sport 3 or more times a week). Providing an

up to date modern facility at Plas Arthur will contribute towards achieving these key local and national targets.

Need for change:

- We are constantly having to cancel bookings on our all weather pitch due to flooding after heavy rain which is a regular income loss for the centre.
- Currently we have on average 12 hours of booking per week at the facility, this could be doubled with an up to date facility on offer.
- The Secondary School use the facility in the day and we aim to continue this partnership working and hope to add new partners e.g. Ysgol Addysg y Bont, Primary Schools, Coleg Menai and the FAW. Please see supporting letter for the project by the FAW.
- This is a vital facility for both Education and Leisure and it is key that we take this opportunity to improve the provision to provide the best facilities for our pupils / customers.

Why is this needed now:

- Other facilities provide a more modern facility and therefore local clubs opt to travel and pay more for better quality facilities.
- Constant complaints from local clubs that facility is out of date and it is a facility that is nearing the end of its life. Astro turf was put down in 2002, it usually has a lifespan of 10 – 15 years.
- To provide the young people of the island with a facility that can help them develop, the link with the school's is key for this project.
- Anglesey is one of only a few local authorities without this type of facility and could lose out on the Collaborative Fund unless we access funding this year.
- Opportunity to establish a community hub before other 3G's are developed in the area although it is practical to say that two full size 3G pitches is sustainable on the island.
- The development of the Urban Sports Park on site will be a boost for the centre but having the 3G pitch will turn the centre into a local hub.
- If we don't act now we could be faced with a defunct all weather pitch in a year's time which would mean loss of income and loss of opportunities for our young people and local clubs.
- We have an opportunity to make a real difference at Plas Arthur Leisure Centre and bring in much needed extra income.
- Recent investment on new 3G pitches has seen clubs bring in extra income in the region of £70,000 - £90,000 per year.
- We must remember that the school's will have use in the day and this is why we have estimated a lower figure than what can be achieved.
- One item to remember with games on the weekend it could see a spike in café and vending takings as supporters will be on site which would be additional income. The Welsh Premier Clubs that have developed a 3G pitch have stated that the secondary spend is now a big source of income for them. Therefore if the café and vending machines would also get a boost through this development.

Now is the time to provide a facility that the local community are crying out for, recent facebook campaign has identified this. We want to work with the local community to ensure we provide a community hub that maximises income for the centre.

Section 2: State Objectives and Constraints

- Explain and list the project objectives in specific measurable terms.
- Include quantifiable targets where possible.
- Identify any likely constraints to the project e.g. timing issues, legal requirements, professional standards, planning constraints and so on.

Project Objectives Measurable Targets

Project objectives	Measurable targets
1 Increase Income	£39,600 per year
2 Increase participation	12,000 per year
3 Decrease customer complaints	
4	
Constraints	Measures to address constraints
1 Timing	The ideal timing for this change would be to happen over the summer holiday's. As this reduces the impact on school use and also bookings are limited in the summer therefore no real loss of income.
2 Disruption	Need to plan ahead and forecast any loss of income.
3 Hockey Club	Discussion would be needed with Bangor Hockey Club, which currently train and play on the pitch. Alternative provision could be looked at e.g. Canolfan Brailsford or RAF Valley. Discussion has been had with Ysgol Gyfun Llangefni and they are supportive.

3: Identify and Shortlist the Options

- Consider alternative ways to meet the objectives e.g. variations in scale, quality, technique, location, timing etc.
- Start with an initial 'long list' of options and sift them to provide a shortlist. Record all the options considered and the reasons for rejecting those not shortlisted.
- The shortlist of options should include a baseline Status Quo or 'Do Minimum' option and a suitable number of alternative 'Do Something' options (usually at least two).

Option number / description	Shortlisted (S) Rejected (R)	Reason for rejection
1. Don't Invest	R	We have maximised the lifespan of the current all-weather pitch. Another year is the maximum that we can get out of the pitch so do nothing is not an option. For example on a rainy day bookings are cancelled as the pitch is flooded. Pitch will have to be closed

		if no investment is made by August 2018.
2. Replace like for like	R	Replacing like for like is not a viable option as we need to provide the people of Anglesey with modern fit for purpose facilities. We would not be maximising income if we did a like for like replacement and clubs would not return to play on this type of surface.
3. New 3G pitch	S	A full investment would mean that we meet all our objectives. We could provide a modern, fit for purpose facility that would attract our local clubs back. This would be a huge step forward in reaching our objectives and maximising our income opportunities.

4: Monetary Costs and Benefits of Options

- 1) Appraisals should include all the costs and benefits to the council arising from the project, not just those to a particular organisation or sector e.g. all costs and benefits to the public, private and third sectors should be included.
- 2) Costs and benefits should be valued in economic cost terms, which are generally reflected by using current market prices.
- 3) All the assets and other resources employed by each option should be costed, even if they have already been purchased. This is because they have an opportunity cost value i.e. if not used in this project they could be put to an alternative use.
- 4) Calculate the Net Present Cost (NPC) for each option:-
 - Use the NPC spreadsheet and append the NPC calculation for each option to the pro forma.
 - In the simplest cases, the table below may be used instead. Create a table for each option, adjusting the no. of columns to reflect the years of the project's life.
- 5) Treat the current financial year as Year 0.
- 6) Set out the expected capital costs and annual revenue costs for each option.
- 7) Express the figures in real terms i.e. held constant at today's prices.
- 8) The checklist of typical costs.
- 9) Financial savings arising from an option will be reflected in its lower costs compared to the Status Quo. Do not double count by also including them separately as benefits.
- 10) Other monetised benefits may be taken into account but are likely to be rare in small expenditure cases. Most benefits will be covered in the non-monetary Section 5 below.
- 11) For particularly uncertain cost assumptions, consider using sensitivity analysis to illustrate how NPCs and option rankings are affected by varying these assumptions.
- 12) For more in-depth guidance, see [Step 5](#) and [Step 8](#).

Option 1 Status Quo	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Totals
Capital Costs	£150,000						

'(a) Total Capital Cost							
Revenue Costs							
'(b) Total Revenue Costs							
'(c) Total Costs (a)+(b)							
'(CH) Disv Factor @3.5% p.a.	1.0000	0.9662	0.9335	0.9019	0.8714	0.8420	
'(e) NPC = (c)X(ch)							
Cost assumptions:							

Section 5: Non-Monetary Costs and Benefits

- List and describe the relevant non-monetary costs and benefits e.g. impacts on health, education, environment, transport, equality, sustainability etc.
- Use a table such as the one below to show how each factor impacts on each option.
- Quantify the impacts if possible and highlight important differences between the options.

Non Monetary Factor	Impact on Option 1	Impact on Option 2	Impact on Option 3	Impact on Option 4
---------------------	--------------------	--------------------	--------------------	--------------------

1 Increase usage = improve health	None	Slight as people will see an investment	Full impact as it will be a facility that is modern and fit for purpose.	
2 Provide Education with a modern fit for purpose facility for school lessons.	None	Slight as it will be in a better condition	Full impact and will attract Primary schools and schools competitions. Urdd would also locate their competitions here.	
3 Stronger clubs – increase in participation	None	Slight	Full impact as local clubs can train and play locally and provide a surface that gives the best opportunity for their players to develop fully.	
3				

Section 6: Assess Risks and Uncertainties

- Identify and describe the risks that the project may face.
- Explain how these compare under the various options using the table below.
- Identify measures to ensure that each risk is appropriately managed and mitigated.
- Explain any contingency allowances included for risks in the option costings.
- More sophisticated optimism bias adjustments should not generally be required but may be relevant in some cases e.g. ICT projects or cases with significant capital costs.

Risk description	Likely impact of Risk (H/M/L)				State how the options compare and identify relevant risk management/ mitigation measures
	Opt 1	Opt 2	Opt 3	Opt 4	
1	H	M	L		Option 3: ensures that we turn an ageing facility into a modern facility that will provide new and modern opportunities for people to participate in sport that will

Failure to invest will lead to decrease in income and footfall					also maximise income generation. Education will also have a facility where their pupils can maximise their potential.
2					
3					
4					
Overall risk (H/M/L)	H	M	L		

KEY: H = high M = medium L = low N/A = Not Applicable

Section 7: Summarise the Option Comparisons and Identify a Preferred Option

- Summarise the main differences between the options e.g. in terms of key assumptions, NPCs, nonmonetary impacts, risks and other factors.
- Identify which option is preferred and explain why.

Option 3 is the preferred option as it gives a clear statement of intent that the Leisure Function Plan is being fully utilised and that we provide the best sporting educational opportunities for Ysgol Gyfun Llangefni and Ysgol Addysg y Bont pupils . It also highlights that the council is serious about achieving their corporate objectives. It will create new opportunities on the island for people to participate in sport. This will show the residence that we as a council listen to their calls to modernise our provision and IOACC can be proud of the facilities they have to offer to the public.

Option 1 is what we currently face and we can see the negative impact on the customers and staff due to lack of investment. Continuing as we are is not an option, we will have to close or invest in the facility within the year. Closure would lead to a loss of income and participation opportunities would decrease.

Option 2 is a middle of the road approach that will keep people happy for a short period. However 3G is not a new approach, the people of Anglesey expect this standard of facility as they have seen what can be achieved at Bangor City FC.

Option 3 is the way forward; clubs such as Bangor City, Llandudno and Bala have done it with a huge positive effect. It is not a risk investing as payback can be outlined to take place within 4 years.

If we want to be achieving as we set out to do in our Corporate objectives and service plans then this investment needs to take place.

Section 8: Assess Affordability and Funding Arrangements

- Set out the annual capital and resource requirements for the preferred option, as per the table below.*
- Figures should allow for inflation, contingencies and (where relevant) optimism bias.*
- Resource figures should include appropriate allowance for depreciation/impairment.*
- Identify expected sources of funding and the degree to which each funder is committed.*
- Consult a finance specialist if necessary.*

	Yr. 0 £000's	Yr. 1 £000's	Yr. 2 £000's	Yr. 3 £000's	Totals £000's
Total required:					
Capital	£150,000				
Resource					
Allowance for depreciation / impairment					
Existing Provision:					
Capital					

Resource					
Allowance for depreciation / impairment					
Additional requirement:					
Capital					
Resource					
Allowance for depreciation / impairment					

Funding Body	Sum funded & % of total	Funding Secured? Yes / No	If not secured, indicate status of negotiations
	£ (%)		
	£ (%)		
	£ (%)		

Section 9: Project Management

- Explain the proposed project management structure (e.g. use of PRINCE 2), key management personnel and project timetable.
- Where relevant, indicate the proposed approach to procurement.
- Consider provision for benefits management and realisation.
- Identify any significant management issues e.g. legal, contractual, accommodation, staff or TUPE issues.
- Is any external consultancy support required.

- The company that will get the contract will manage the project in regards to laying down the new 3G pitch in conjunction with our Property service.
- There is an option to use Alliance Leisure (they lead on similar projects in Flintshire and Denbighshire this summer) to lead on the project management of the project and costs are outlined below:
- Stage 1: Project essentials and feasibility / design work @ £3,822.50 (plus the CDM - this would be a % of the overall CDM fee **(This is already taking place as we need this completed)**.)
- Stage 2: Tender exercise @ £2,007.50 (plus % of CDM fee)
- Stage 3: Delivery of project @ 7089.50 PLUS cost of construction / delivery fee / framework fee etc

- The centre will run the bookings, maintenance and all other management tasks in conjunction with the Secondary school.
- Grant application bid will be going in to the Collaborative Fund at the end of October.

Section 10: Monitoring and Evaluation Arrangements

- Indicate arrangements for regular monitoring of the project's progress.*
- State proposed evaluation arrangements e.g. when it will happen, who will do it, what factors will be evaluated?.*

The central Môn Actif Performance team will be able to report monthly on progress and evaluate the outcomes of the project.

Our Performance Manager will be reporting monthly on usage figures to ensure that the footfall increase is regular and consistent.

In regards to evaluation initial evaluation will be done after the first three months, we will evaluate the following:

- Increase in usage hours a week.
- Increase in footfall.
- Customer survey and feedback.
- Increase in income per month.

We will also repeat this process after 12 months.

Feedback from Ysgol Gyfun Llangefni will also be key as this project will improve their provision and therefore we will also gain feedback from the school.

Main Sections of Capital Bid Project Brief Form

Section A – completed for Bid SUBMISSION

i. Project Name, Description and Objectives

A brief summary of the project and its objectives i.e. what is to be achieved by the project.

ii. Justification and Reasons for the Project

Setting out the reasons why the project is necessary and how it helps meet Corporate and Service Objectives and addresses items in the Deputy Leader's annual report. The various options that have been considered and the recommended option are also set out.

iii. Scoring against the Corporate Plan Priorities and Other Issues

To ensure that projects are appraised on a consistent and objective basis and are aligned to Corporate Plan priorities. Other important issues that are not specifically mentioned in the Corporate Plan are also taken into account e.g. Health and Safety and

Risk Management issues. Weightings are applied to the scores with Corporate Plan priorities and statutory requirements carrying the most weight.

iv. Cost and Funding Profile

Estimates of the costs of the project and timing of these costs and the funding sources investigated and identified.

v. Additional Revenue Budget Impact of the Project

Lifetime revenue costs for the project

vi. Consultation

That has taken place with community groups etc.

Section B – completed for successful Bids

vii. Project Outcomes and Scope

The expected and required deliverable/products/outcomes that the proposed project must create or acquire and the major areas, functions and processes to be addressed

during the project, is that, what is "in" and what is "out".

viii. Outline Project Plan

The main stages of the project are set out together with target dates for their completion.

ix. Project Constraints, Assumptions and risks

Restrictions and expectations on time, resources, funding and/or the eventual outcome

and the key risks facing the project.

x. Outline Business Benefits/Business Case

A brief summary of the business benefits that are expected to stem from the project.

xi. Spend Profile

Giving expected spend figures for the four quarters of each financial year.

xii. Planning Permission and Building Regulations Approval

Confirming whether or not planning permission is required and has been granted and whether Building Regulations approval has been granted. If either has not been granted

the timescale for making the submission must be stated.

Capital Funding Bid Form V1

CAPITAL FUNDING: BID FORM

PROJECT TITLE: Upgrade to a modern Fitness Facility (Holyhead Leisure Centre)

SPONSORING DEPARTMENT/AGENCY: Regulation and Economic Development Service

SENIOR RESPONSIBLE OFFICER: Gerallt Roberts

SIGNED: DATE:

APPROVING HEAD OF SERVICE: Dylan Williams

SIGNED: DATE:

Section 1: Project Background, Strategic Context and Need

- Explain the background to the proposal including its relevance to strategic aims and policy objectives.
- Identify the key stakeholders and explain their commitment and any outstanding issues.
- As specifically as possible, explain the nature of the needs or demands that are to be addressed, and detail any deficiencies in existing service provision, or any statutory obligation that would be not otherwise satisfied.
- Include suitable quantification of needs/demands/deficiencies where possible.

Leisure Function Plan

The Leisure Function Plan aims to safeguard the County Council's leisure centres in Amlwch, Llangefni, Holyhead and David Hughes, as its core assets, by providing a modern, quality, customer-focused service that maximises income. Making the leisure centres more commercially viable and customer focused - aligned to achieving efficiencies in other areas of the Service - is the key priority in order to help safeguard their long term future.

The current position is that positive progress has been made and some of the successes are highlighted below:

- 51% of the 60% reduction target in running costs of the leisure function to the council will be met by March 2018.
- £69,000 income coming in on a monthly basis through our direct debit packages compared to £44,000 coming in January 2016.
- 400+ extra children in our swimming lessons compared to January 2016.
- Capital funding at Amlwch and Plas Arthur has proved a success with an increase in usage and income. Investing in developing the fitness offer further has a proven success.
- Mon Actif is proving popular as a new brand with 2,800 likes now on facebook.

Capital Funding Bid Form V1

The next step is to look at investing in key areas to ensure we maximise income revenue and that we maintain the current momentum of more users and more income.

Project Background

This project will entail replacing and updating all fitness equipment within the fitness room at Holyhead Leisure Centre to ensure a modern fitness experience can be gained by all customers (Inclusive fitness room). This will address current negative perceptions and meet the customer expectations and demands. In addition the project will support our rolling programme which will ensure that we achieve the requirements of the Welsh language, given that the present fitness equipment do not offer a language choice and as a result the Leisure function currently does not comply with the requirements of the Welsh Language standard. It is important to implement this as soon as possible in order that we offer a service that is up to standard for the residents of Anglesey in addition to complying with the Welsh Language standards and maintaining the good name of the Isle of Anglesey County Council.

A rolling programme of investment has been agreed with the Welsh Language Commissioner in order that we receive an exception from Standard 60 of the Act for now (i.e. that self service machines offer a language choice). The first step would be the investment in Holyhead as there is a need to invest in the other 3 centres over the next 4 years in order to meet the language requirements. The rolling programme attached has been approved by the Language Commissioner recently. Investment at Amlwch and Plas Arthur Leisure Centres in 2015 has proven positive with increased income and usage figures. Holyhead requires funding now as it has missed out on recent investment in the fitness room over the years and the current fitness room is fast losing its appeal. This investment is certain to help us reach our target of a 60% reduction in expenditure cost of leisure to the council.

Projected 5 year cost's

Currently we have equipment within the fitness room which is 10 years old, please see list of equipment attached, the usual guide in replacing equipment is 5 to 6 years. As you are aware a similar bid came in for funding support in 2015 and 2016 but sadly this was rejected at the time. Cost prediction over the next 5 years as predicted by current fitness equipment provided can be highlighted as:

- Cost of service and parts for current equipment if there is no change will mount to £69,816.67 over the next 5 years.
- Membership decline due to old equipment (industry standard prediction) is loss of 20 members per year; this is a loss of £6,480 for us which equates to £32,400 over the next 5 years.
- Our current assets (present equipment) have been valued at £15,670 within 5 years this will reduce to £9,252.97.
- **Total cost over next 5 years £117,886.67**

Projected outcomes of project

If we look at what could be achieved if we were to fully replace the current equipment we can see a financial gain. One quote for full replacement was £200,000 this investment would see us gain free service and parts for 5 years therefore no occurring cost for the near future.

Costs of project:

- Full refurb £210,000
- Part refurb £100,000

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Benefits of full refurb:

- New members are attracted to an updated and modern fitness facility which will bring substantial income in.
- To look at a fitness facility that has gone through a similar process recently the Nova Centre at Prestatyn brought in 207 new Direct Debit members within the first 3 month.
- We would set our target at 175 new members within the first 3 month which would increase income per year by £46,200 per year.
- No service and parts cost for 5 years.
- **Total income over 3 years £138,600**

If we take all of the above figures into account the **pay back for this scheme would be within 3 years.**

Strategic aims and Policy Objectives

Through this project we will help IOACC meet one of its corporate objectives “ensure that our leisure offer is fit for purpose and delivering the best value for money possible, as we seek to improve the health and wellbeing of our communities” (Anglesey Corporate Plan 2013-17).

Objective 1 Ynys Môn Corporate Plan 2017 – 2022

“We will create conditions to allow individuals to improve their health and well being”

The vision of the Regulation and Economic Development service is to create a better Island to live, work and visit by delivering activities to develop Anglesey’s economy, regenerate its communities and transform current leisure provision.

Through this project we will be able to help the service reach it’s aims of:

- Provide formal opportunities for people on Anglesey to live their lives in a healthy way;
- Create vibrant and healthy rural communities

The project will also be able to ensure that Leisure meet their ambition of:

- Providing high quality, customer focused facilities and activities that maximise income generation and support healthy communities by:
- Maintaining a commercial approach to the management of Amlwch, Holyhead, Plas Arthur and Menai Bridge Leisure Centres
- Achieving improvements in the health and wellbeing of Anglesey residents by increasing participation in leisure activities.

This project will help us reach our current Service Delivery targets:

- Increase income generated by leisure centres = £46,200 per year
- Increase participation numbers at leisure centres = 18,200 per year
- Increase in numbers completing National Exercise Referral Scheme due to Inclusive improvements.
- Increase junior membership at leisure centres = with a new Youth direct debit package out we will attract more junior’s into the gym with a more modern offer.

Capital Funding Bid Form V1

- Ensure a resource that is totally inclusive which creates an Inclusive Hub for the Holyhead area

Sport Wales have identified 3 main targets by 2026, this project would help them achieve the following:

- 75% of young people and young adults hooked on sport
- Positively target the gap within inequality
- Develop a sporting pathway to become a nation of champions

The % of Anglesey children and young people that are currently hooked on sport is 50%, whilst the % for adults is 48% (participate in sport 3 or more times a week). Providing an up to date modern facility with new equipment at Holyhead will contribute towards achieving these key local and national targets. This facility will provide access to close by Community First wards, many that are known to be deprived, and will be fully inclusive. The newly launched Direct Debit package for young people will certainly increase income for the leisure service, however this can be much greater if modern up to date equipment is available.

Need for change:

Currently we have 1,404 direct debit members using the facilities at Holyhead Leisure Centre, which is 33% of the total direct debit members that we currently have on our schemes. If we take the 482 Junior Swimming members out this leaves 922 which directly use the fitness room through our packages. During the last month we have seen a loss of £748 from direct debit packages being cancelled in Holyhead. Having spoken to customers the feedback that comes back is that;

- Other facilities provide a more modern facility.
- Machines out of order therefore have to wait during busy times for others to come available.
- Lack of inclusive equipment (One family has bought equipment for the facility so that their son and other disabled users can have a specialised equipment within the fitness room).
- Lack of technology on equipment – we can watch TV/ Browse the internet whilst training at other locations.

We have an opportunity to make a real difference at Holyhead. Recent investment on aspects such as upgrading roof, main hall floor, changing rooms has all breathed a new lease of life to an ageing building. Now we need to improve what the customer use the most and lack of investment in regards to fitness equipment is the current biggest weakness at Holyhead Leisure Centre.

Section 2: State Objectives and Constraints

- Explain and list the project objectives in specific measurable terms.
- Include quantifiable targets where possible.
- Identify any likely constraints to the project e.g. timing issues, legal requirements, professional standards, planning constraints and so on.

Project Objectives Measurable Targets

Project objectives	Measurable targets
--------------------	--------------------

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1. Increase Income	£46,200 per year
2. Increase participation	18,200 per year
3. Inclusive Offer	20% of inclusive specific equipment
4. Reaching Welsh Language Standards	Equipment which provide a Welsh language choice is essential in terms of our rolling programme
Constraints	Measures to address constraints
1 Timing	The ideal timing for a change of this nature would be either December for a January Launch or August for a September launch.
2 Disruption	If this project was to take place then there would be a need for a closure of up to a week. But we could adapt our offer during this time as we have other locations to provide a temporary gym offer.
3	

3: Identify and Shortlist the Options

- Consider alternative ways to meet the objectives e.g. variations in scale, quality, technique, location, timing etc.
- Start with an initial 'long list' of options and sift them to provide a shortlist. Record all the options considered and the reasons for rejecting those not shortlisted.
- The shortlist of options should include a baseline Status Quo or 'Do Minimum' option and a suitable number of alternative 'Do Something' options (usually at least two).

Option number / description	Shortlisted (S) Rejected (R)	Reason for rejection
1. Don't Invest	R	Equipment will go into further decline which will lead to reduction of members and more cost on service and parts. Some equipment will be beyond repair and therefore the offer will be limited. Lack of opportunities for users with a disability to participate due to current lack of inclusive equipment.
2. Partial Investment	R	Partial investment would see a need to invest £100,000 to get only the older equipment upgraded. This could see an ongoing service cost and would still member decrease. The fitness room would still not be inclusive as we would not be providing 20% inclusive equipment through this option.
3. Full Investment	S	A full investment would mean that we meet all our objectives. We could provide a modern, fit for purpose facility that was inclusive.

Capital Funding Bid Form V1

		New members would be attracted to a new offer which would increase income and footfall.
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4: Monetary Costs and Benefits of Options

- 1) Appraisals should include all the costs and benefits to the council arising from the project, not just those to a particular organisation or sector e.g. all costs and benefits to the public, private and third sectors should be included.
- 2) Costs and benefits should be valued in economic cost terms, which are generally reflected by using current market prices.
- 3) All the assets and other resources employed by each option should be costed, even if they have already been purchased. This is because they have an opportunity cost value i.e. if not used in this project they could be put to an alternative use.
- 4) Calculate the Net Present Cost (NPC) for each option:-
 - Use the NPC spreadsheet and append the NPC calculation for each option to the pro forma.
 - In the simplest cases, the table below may be used instead. Create a table for each option, adjusting the no. of columns to reflect the years of the project's life.
- 5) Treat the current financial year as Year 0.
- 6) Set out the expected capital costs and annual revenue costs for each option.
- 7) Express the figures in real terms i.e. held constant at today's prices.
- 8) The checklist of typical costs.
- 9) Financial savings arising from an option will be reflected in its lower costs compared to the Status Quo. Do not double count by also including them separately as benefits.
- 10) Other monetised benefits may be taken into account but are likely to be rare in small expenditure cases. Most benefits will be covered in the non-monetary Section 5 below.
- 11) For particularly uncertain cost assumptions, consider using sensitivity analysis to illustrate how NPCs and option rankings are affected by varying these assumptions.
- 12) For more in-depth guidance, see [Step 5](#) and [Step 8](#).

Option 1 Status Quo	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Totals
Capital Costs	£200,000						
'(a) Total Capital Cost							
Revenue Costs							

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'(b) Total Revenue Costs							
'(c) Total Costs (a)+(b)							
'(CH) Disv Factor @3.5% p.a.	1.0000	0.9662	0.9335	0.9019	0.8714	0.8420	
'(e) NPC = (c)X(ch)							
Cost assumptions:							

Section 5: Non-Monetary Costs and Benefits

- List and describe the relevant non-monetary costs and benefits e.g. impacts on health, education, environment, transport, equality, sustainability etc.
- Use a table such as the one below to show how each factor impacts on each option.
- Quantify the impacts if possible and highlight important differences between the options.

Non Monetary Factor	Impact on Option 1	Impact on Option 2	Impact on Option 3	Impact on Option 4
1. Increase usage = improve health	None	Slight as people will see an investment	Full impact as it will offer an inclusive facility that will be open to all.	
2. Target gap of inequality	None	None	Full impact as it will be an inclusive offer (first of its kind on Anglesey)	
3. Reaching Language Standards	None	Some change	Full impact	
3				

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Section 6: Assess Risks and Uncertainties

- Identify and describe the risks that the project may face.
- Explain how these compare under the various options using the table below.
- Identify measures to ensure that each risk is appropriately managed and mitigated.
- Explain any contingency allowances included for risks in the option costings.
- More sophisticated optimism bias adjustments should not generally be required but may be relevant in some cases e.g. ICT projects or cases with significant capital costs.

Risk description	Likely impact of Risk (H/M/L)				State how the options compare and identify relevant risk management/ mitigation measures
	Opt 1	Opt 2	Opt 3	Opt 4	
1 Failure to invest will lead to decrease in income and footfall	H	M	L		Option 3: ensures that we turn a negative trend to a positive one with more members and more income.
2 Failure to meet the inequality gap	H	H	L		Option 3: The new equipment would ensure that the fitness room could be used by all by being an inclusive offer.
3 Failure to be ready for increased demand through large projects e.g. Orthios, Land and Lakes	H	H	L		Option 3: This will provide an improved offer with more options which will meet increased demand.
4					

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Overall risk (H/M/L)	H	M	L		

KEY: H = high M = medium L = low N/A = Not Applicable

Section 7: Summarise the Option Comparisons and Identify a Preferred Option

- Summarise the main differences between the options e.g. in terms of key assumptions, NPCs, nonmonetary impacts, risks and other factors.
- Identify which option is preferred and explain why.

Option 3 is the preferred option as it gives a clear statement of intent that the Leisure Function Plan is being fully utilised. It also highlights that the council is serious about achieving their corporate objectives. It will create opportunities for everyone to be able to use our fitness room with no barriers to participation.

Option 1 is what we currently face and we can see the negative impact on the customers and staff due to lack of investment. Continuing as we are is not an option, we will have a limited offer at Holyhead very soon due to lack of funds on increased service and parts cost's/

Option 2 is a middle of the road approach that will help in the short term but more cost's will be occurred over the next few years. Doing it at a smaller scale will not have the same affect and therefore the increased income and footfall target will not be met.

Option 3 is the way forward, other local authorities have done it recently e.g. Gwynedd and Denbighshire with a huge increase in numbers. It is not a risk investing as payback can be outlined to take place within 3 years.

If we want to be achieving as we set out to do in our Corporate objectives and service plans then this investment needs to take place.

Capital Funding Bid Form V1

Section 8: Assess Affordability and Funding Arrangements

- Set out the annual capital and resource requirements for the preferred option, as per the table below.
- Figures should allow for inflation, contingencies and (where relevant) optimism bias.
- Resource figures should include appropriate allowance for depreciation/impairment.
- Identify expected sources of funding and the degree to which each funder is committed.
- Consult a finance specialist if necessary.

	Yr. 0 £000's	Yr. 1 £000's	Yr. 2 £000's	Yr. 3 £000's	Totals £000's
Total required:					
Capital	£200,000				
Resource					
Allowance for depreciation / impairment					
Existing Provision:					
Capital					
Resource					
Allowance for depreciation / impairment					
Additional requirement:					
Capital					
Resource					

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Allowance for depreciation / impairment					
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Funding Body	Sum funded & % of total	Funding Secured? Yes / No	If not secured, indicate status of negotiations
	£ (%)		
	£ (%)		
	£ (%)		

Section 9: Project Management

- Explain the proposed project management structure (e.g. use of PRINCE 2), key management personnel and project timetable.
- Where relevant, indicate the proposed approach to procurement.
- Consider provision for benefits management and realisation.
- Identify any significant management issues e.g. legal, contractual, accommodation, staff or TUPE issues.
- Is any external consultancy support required.

The company that will get the contract will manage the project in regards to new layout plan and equipment assembly.

We as the Mon Actif Management team will decide on inclusive equipment with guidance from the company and consultation with the NERS team and customers.

Once funding is in place we can go out to tender using the ESPO framework agreement.

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Section 10: Monitoring and Evaluation Arrangements

- Indicate arrangements for regular monitoring of the project's progress.*
- State proposed evaluation arrangements e.g. when it will happen, who will do it, what factors will be evaluated?.*

The Performance co-ordinator will update on a month basis in regards to direct debit uptake to ensure we reach our target of 150 new members within 3 months. This monitoring will continue to ensure the figures are sustained.

Our Performance Manager will be reporting monthly on usage figures to ensure that the footfall increase is regular and consistent.

In regards to evaluation initial evaluation will be done after the first three months, we will evaluate the following:

- Increase number of Direct Debit members.
- Increase in footfall.
- Customer survey and feedback.

We will also repeat this process after 12 months.

Capital Funding Bid Form V1

Main Sections of Capital Bid Project Brief Form

Section A – completed for Bid SUBMISSION

i. Project Name, Description and Objectives

A brief summary of the project and its objectives i.e. what is to be achieved by the project.

ii. Justification and Reasons for the Project

Setting out the reasons why the project is necessary and how it helps meet Corporate and Service Objectives and addresses items in the Deputy Leader's annual report. The various options that have been considered and the recommended option are also set out.

iii. Scoring against the Corporate Plan Priorities and Other Issues

To ensure that projects are appraised on a consistent and objective basis and are aligned to Corporate Plan priorities. Other important issues that are not specifically mentioned in the Corporate Plan are also taken into account e.g. Health and Safety and Risk Management issues. Weightings are applied to the scores with Corporate Plan priorities and statutory requirements carrying the most weight.

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Estimates of the costs of the project and timing of these costs and the funding sources investigated and identified.

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Lifetime revenue costs for the project

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That has taken place with community groups etc.

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Capital Funding Bid Form V1

must create or acquire and the major areas, functions and processes to be addressed

during the project, is that, what is “in” and what is “out”.

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The main stages of the project are set out together with target dates for their completion.

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Restrictions and expectations on time, resources, funding and/or the eventual outcome

and the key risks facing the project.

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A brief summary of the business benefits that are expected to stem from the project.

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Giving expected spend figures for the four quarters of each financial year.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 FEBRUARY 2018
SUBJECT:	COUNCIL TAX DISCRETIONARY RELIEF POLICY
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH (PORTFOLIO HOLDER - FINANCE)
HEAD OF SERVICE:	MARC JONES - HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
REPORT AUTHOR: TEL: E-MAIL:	GERAINT H JONES - REVENUES AND BENEFITS SERVICE MANAGER 01248 752651 ghji@ynysmon.gov.uk
LOCAL MEMBERS:	N/A

A - Recommendation/s and Reason/s

RECOMMENDATIONS

- The Executive recommends to the Isle of Anglesey County Council (full Council) in its meeting on 28 February 2018, that it approves a Council Tax Discretionary Relief Policy under section 13A (1) (c) of the Local Government Finance Act 1992 (LGFA 1992) – as detailed in **Appendix A**.
- The Executive recommends to the full Council in its meeting on 28 February 2018, that it delegates to the Executive the power to revoke, re-enact and/or amend its Council Tax Discretionary Relief Policy.
- The Executive recommends to the full Council in its meeting on 28 February 2018, that it delegates powers to the Head of Function (Resources) and Section 151 Officer to determine applications made under section 13A (1) (c) of the LGFA 1992 and any amendment or re-enactment thereof, taking account of any policy guideline adopted by the National Assembly/Welsh Government, the full Council or the Executive.

REASONS AND BACKGROUND

Section 13A, subsections (1) (c); (6) and (7), of the LGFA 1992 (as inserted by Section 10 of the Local Government Act 2012) gives power to a billing authority to reduce the amount of tax payable as follows:-

- (1)(c)** in any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit;
- (6)** The power under subsection (1) (c) includes power to reduce an amount to nil; and
- (7)** The power under subsection (1) (c) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

This means, that the Isle of Anglesey County Council can apply a discretionary relief in respect of any amount of council tax liability that is owed, even if the Council has already awarded a reduction under its Council Tax Reduction Scheme by virtue of Section 13A, subsection (1) (b).

There is currently no such Council Tax Discretionary Relief Policy adopted by the full Council and, as such, no delegated executive arrangements have been approved by the full Council to consider such requests. Any application would currently have to be considered on a case by case basis by the full Council. The full Council, to date, has not been asked to consider an individual case or to consider the introduction of particular classes under which the discretionary relief could be provided.

In recent months, however, representations have been made by taxpayers and organisations that the full Council should, under certain circumstances, adopt a policy to award Council Tax Discretionary Relief for classes of individuals or dwelling – in particular with regard to care leavers, certain classes of dwelling subject to the Council Tax premium and for individual dwellings affected by the recent adverse weather conditions.

It is, therefore, proposed to introduce such a policy having as its purpose –

- a) Section 1 of the proposed policy detailing classes of cases which may be entitled to a reduction in accordance with section 13A (1) (c);
- b) Section 2 of the proposed policy outlining the conditions that should be satisfied in order for the Council to consider relief under section 13A (1) (c) for all other cases not covered in Section 1.

The policy is intended ultimately to enable the Council to provide relief to those in the most extreme financial hardship.

The full Council already provides a Council Tax Reduction Scheme in accordance with section 13A (1) (b) of the LGFA 1992, and the proposed Council Tax Discretionary Relief Policy is separate and independent of the Council's Council Tax Reduction Scheme.

A. To be included in Section 1 of the proposed policy: the case for all care leavers in the county to be exempt or have their council tax reduced.

This report considers the approach that can be taken to provide care leavers with financial assistance towards their council tax liability that they may have.

Corporate parenting is a statutory function of the Council. The underlying principle is that every local authority will seek the same outcomes for children and young people in care that every good parent would want for their own children.

Children and young people who are looked after by the local authority rather than their parents are amongst the most vulnerable groups in our community. Outcomes for this group are generally poor and, as corporate parents, the Council has responsibility to keep them safe, make sure their experiences in care are positive and improve their on-going life chances.

A 2015 report by The Children's Society (The Wolf at the Door. How council tax debt collection is harming children) suggests that care leavers are a particularly vulnerable group for council tax debt. It found that when care leavers move into independent accommodation and they begin to manage their own budget fully for the first time that this is a challenging time for care leavers, particularly if they are falling behind with their council tax. The Children's Society report made a number of recommendation, including making care leavers eligible for council tax discount. This would help relieve some of the initial pressure and would sit alongside a number of other financial support arrangements available to care leavers.

There is currently no specific exemption class for care leavers in Council Tax legislation. Consequently, the only way to achieve an exemption is a discretionary discount under Section 13A (1) (c). As mentioned earlier, a discretionary reduction can either be considered on a case by

case basis or by means of a scheme adopted by the full Council or the Executive which can decide to create a class of discount/reduction to apply to care leavers as a group. Under each option the cost will be borne by the council tax payers of the Isle of Anglesey.

It is anticipated that the actual number of individuals that will qualify is relatively small and currently only one individual has been identified who would be eligible. This is because a large number of care leavers live in supported accommodation or houses in multiple occupation or are receiving a Council Tax Reduction (that fully meet their housing costs) and, therefore, either not personally liable for Council Tax or having an amount to pay. Others have placements out of authority area.

The proposed policy has been drafted with specific details as regards the eligibility criteria for care leavers specifying treatment in cases of joint and several liability and the level of discount to be granted in such cases.

B. To be included in Section 1 of the proposed policy: the case to extend the period where the Council Tax premium does not apply under certain circumstances i.e. where it is a long-term empty property and structural work is actually on-going to render the dwelling habitable.

This report considers the approach that can be taken to provide certain class of dwelling with exemption from the Council Tax premium for longer than is currently allowed under council tax legislation.

The full Council on 10 March 2016 used its discretionary powers, under section 12A and 12B of the LGFA 1992 as inserted by the Housing (Wales) Act 2014 to disapply any discount(s) granted on long-term empty dwellings and apply a higher amount of council tax (called a Council Tax Premium) to come into effect from 1 April 2017. That the Council Tax Premium be set at 25% of the standard rate of council tax for long-term empty dwellings.

The full Council went onto resolve –

“That the full Council, also instructs and authorises the Head of Function (Resources) and Section 151 Officer, that before the Executive calculates the Council Tax Base for 2017/18 and the full Council sets its Council Tax requirement for 2017/18, the Executive and the full Council (as a billing authority in Wales), is advised whether it needs to determine under section 13A of the 1992 Act to use its discretionary powers to reduce council tax liability resulting from a Council Tax premium being charged, to such extent it thinks fit. For fairness and transparency, should such a determination be required, advice is to be provided if the full Council should adopt a clear policy on whether and how these powers will be used, with appropriate delegated decision making authority being provided for in the Council’s Constitution but also recognising that each case is considered on its merits having taken into account the circumstances of each case.”

Before the setting of the Council Tax requirement for 2017/18 no cases or circumstances were identified for the full Council to use its discretionary powers to reduce council tax liability resulting from the Council Tax premium but, since 1 April 2017 (when the premium was introduced), a case type has emerged where the person liable for Council Tax is seeking to bring the property back into use but is being charged the premium i.e. the person is carrying out the Council’s intention under the policy of bringing long-term property back into use. Before it sets its Council Tax requirement for 2018/19, the Council is asked whether it wishes to use its discretionary power to extend the period before the premium can be charged for this class of property. The cost of such a policy would be borne by the Council Tax payers of the Isle of Anglesey.

At present under Council Tax legislation, an empty property requiring structural work or substantial renovation work is exempted from Council Tax for up to 12 months and, after 12 months, the Council decided that, up to 31 March 2017, the full standard council tax was payable. From 1 April 2017, full Council decided that a 25% premium would also apply after 12 months. The aim being to bring such long-term empty property back into use. The Authority has received

representation from taxpayers who have purchased long-term empty property (that have been empty for over 12 months already) and have started to undertake work to bring the property back into use as their future home but are now subject to the premium. The full Council is asked to consider providing discretionary relief from the premium in the circumstances described in the policy i.e. the premium will not be applied for a 24 months period from the date it was deemed the property required such work and, also, that work is currently being undertaken.

C. To be included in Section 2 of the proposed policy: the case for the full Council to agree a policy for applying for council tax discretionary relief, delegating future changes to the policy to the Executive and agreeing administrative arrangements for the Head of Function (Resources)/Section 151 Officer to deal with applications on a case by case basis.

Currently, as the full Council has not agreed a policy or delegated the function to determine Council Tax discretionary relief applications under Section 13A (1) (c) of the LGFA 1992, such applications will have to be determined by the full Council itself. Regulations made by Welsh Ministers in respect of the Council Tax Reduction Scheme under Section 13A (1) (b) of the LGFA 1992 specifically reserved this function to determine or revoke the scheme to the full Council. No such specification has been made with regard to Section 13 (1) (c) in respect of a discretionary council tax relief scheme.

The full Council has, for previous applications for discretionary relief, decided that for the full Council to deal with them is not the most efficient and effective way and has delegated to the Head of Function (Resources)/Section 151 Officer the delegated power to determine such discretionary applications. This is part 3.5.3.5.19 of the Constitution which delegates to the Head of Function (Resources)/Section 151 Officer the power to determine applications under sections 44A, 47 and 49 of the Local Government Finance Act 1988 and any amendment or re-enactment thereof, taking account of any policy guideline adopted by the National Assembly, the Council or the Executive.

This primarily applies to discretionary relief under Business Rates in respect of part occupancy relief (section 44A), charities and non-profit making organisations (section 47) and hardship relief (section 49). The Head of Function (Resources)/Section 151 Officer has set up administrative arrangements to deal with such requests which take account of the full Council, the Executive or National Assembly/Welsh Government guidelines. The same arrangement is now being proposed under section 13A (1) (c) of the LGFA 1992 and this is detailed in the proposed policy in Appendix A.

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

The full Council can decide for itself to deal with each application on a case by case basis or delegate this function to the Executive to deal with applications on a case by case basis. Such applications may have to be dealt with as a matter of urgency and reports could include detailed and personal information. The timetable of meetings would not be conducive to effective and efficient administration of applications.

C – Why is this a decision for the Executive?

This is a decision for the full Council as determinations made under section 13a (1) (c) of the LGFA 1992 has not been removed from the list of functions reserved for the full Council.

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

The proposed policy has clear alignment with one of the main priorities of the Isle of Anglesey Council Plan 2017 – 2022: “Support vulnerable adults and families to keep them safe, healthy and as independent as possible” and its Well-Being Statement and Objectives for 2017/2018. It also meets the full Council’s decision on whether, following the introduction of Council Tax premiums, determinations could be made under Section 13A (1) (c) to apply discretionary exemptions from the premium.

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

Within the current budget there is £60k to meet the cost that falls on the Council regarding the discretionary relief schemes with regard to business rates, with current expenditure estimated to be at budget for the year. The proposed budget for 2018/19 would, therefore, have to be increased to meet the estimated cost of the proposed Council Tax discretionary relief scheme. It is estimated that **£8k** should be added to the budget to meet the costs of discretionary reliefs with regard to local taxation i.e. the proposed council tax discretionary relief scheme, if approved. This is based on the following projected numbers and successful applications:-

Section 1

Care Leavers **£3k** (100% awards being made equivalent to 2 average council tax for Band D pa);
Premium **£1k** (25% awards approximately equivalent to 3 or 4 average council tax for Band D pa).

Section 2

Case by Case **£4k** (based on average of actual write offs approved under the heading “poor financial circumstances) for the last 3 years in respect of Council Tax write offs).

DD - Who did you consult?

What did they say?

	DD - Who did you consult?	What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	No comment
2	Finance / Section 151 (mandatory)	Author of the report.
3	Legal / Monitoring Officer (mandatory)	No comment
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local members	
9	Any external bodies / other / other	

E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	equalities	
6	Outcome agreements	
7	Other	The approved budget may not be sufficient. Quarterly monitoring of expenditure.
F - Attachments:		
Appendix A: Council Tax Discretionary Relief Policy		
FF - Background Papers (please contact the author of the report for further information):		
The Children's Society – Council Tax exemption for care leavers in Wales.		



COUNCIL TAX DISCRETIONARY RELIEF POLICY

Background

Section 13A, subsections (1) (c); (6) and (7), of the Local Government Finance Act 1992 (LGFA) (as inserted by Section 10 of the Local Government Act 2012) gives power to a billing authority to reduce the amount of tax payable as follows:-

- (1)(c)** in any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit;
- (6)** The power under subsection (1) (c) includes power to reduce an amount to nil; and
- (7)** The power under subsection (1) (c) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

This means that the Isle of Anglesey County Council can apply a discretionary relief in respect of any amount of council tax liability, even if the Council has already awarded a reduction under its Council Tax Reduction Scheme by virtue of section 13A (1) (b).

This policy sets out how the Isle of Anglesey County Council will consider and apply relief under Section 13A (1) (c).

Purpose of the policy

- a)** Section 1 of the proposed policy detailing classes of cases which may be entitled to a reduction in accordance with section 13A (1) (c);
- b)** Section 2 of the proposed policy outlining the conditions that should be satisfied in order for the Council to consider relief under section 13A (1) (c) for all other cases not covered in Section 1.

The policy is intended ultimately to enable the Council to provide relief to those in the most extreme financial hardship in respect of Council Tax costs.

The Council already provides a Council Tax Reduction Scheme in accordance with section 13A (1) (b) of the LGFA 1992. The Council's Council Tax Reduction Scheme can be downloaded at;

<http://www.anglesey.gov.uk/advice-and-benefits/council-tax/reduce-your-council-tax/council-tax-reduction-scheme/>

This discretionary relief policy is separate and independent of the Council's Council Tax Reduction Scheme.

Section 1

A. Section 13A (1) (c) discretionary relief for class of persons

1. Eligible person(s) - care leavers

The Council may reduce to nil the council tax liability of care leavers who satisfy all of the following criteria:-

- The person is a former relevant care leaver as defined within The Children (Leaving Care) Act 2000;
- The person is someone for whom the Isle of Anglesey County Council has acted previously as a corporate parent;
- The person has left care and is aged between 18 and 21. The person resides in the Isle of Anglesey County Council area and is liable to pay council tax to the Isle of Anglesey County Council.

Where the care leaver is liable for more than one dwelling the discretionary relief will be awarded in respect of only one property – that being the person’s sole or main residence.

Where the care leaver is the sole resident at a dwelling and is over 18 years of age, the council tax liability on the dwelling will be reduced to nil.

Where the care leaver resides with another person at the property but, by virtue of section 6 (2) of the LGFA 1992 “hierarchy of liability”, the care leaver is solely responsible for payment of the council tax (and joint and several liability does not apply), a 25% reduction will apply to the council tax liability on the dwelling.

Where the care leaver is jointly and severally liable with another care leaver as husband or wife or as a partner, for a dwelling (and they are the only occupants 18 years of age or over), the council tax liability on the dwelling will be reduced to nil.

Where the care leaver is jointly and severally liable with a husband or wife or partner who is not a care leaver (and they are the only occupants 18 years of age or over), a 25% reduction will apply to the council tax liability on the dwelling.

Where a care leaver has a joint tenancy with another tenant (who is not a care leaver) and they are the only occupants 18 years of age or over, a 25% reduction will apply to the council tax liability on the dwelling.

Where a care leaver has a joint tenancy with another tenant (who is a care leaver) and they are the only occupants 18 years of age or over, the council tax liability on the dwelling will be reduced to nil.

2. Requesting relief

Requests for a reduction will normally be made by the Council’s Children’s Service. In which case, requests will:-

- Be submitted by email to the council tax team;
- Confirm that the care leaver has been informed of the intention to submit the request on their behalf and that information will be shared with the council tax team for this purpose and has not objected to this;
- Confirm that the care leaver satisfies the requirements of entitlement;
- Confirm the care leaver's name, address and date of birth.

Eligible care leavers may submit requests in writing directly to the council tax team. Requests should include supporting evidence from the Council's Children's Service that the care leaver satisfies the requirements. Alternatively, requests should confirm the applicant's consent for the council tax team to obtain information directly from the Children's Service.

When making the decision the following will be assessed:-

- Whether the care leaver has applied for any national reliefs, exemptions or discounts they would be entitled to. These must be assessed before Care Leaver discretionary relief is awarded.
- Whether the care leaver applied for any Council Tax Reduction they would be entitled to. This should be assessed before Care Leaver relief is awarded.
- The date of the day before the care leaver's 21st birthday determines the last day of the period of award.
- Whether the Council's Children's Service or other public body or professional organisation have confirmed that the care leaver was in the care (being 'looked after') of the Council.
- Which Council is the council tax billing authority to whom the care leaver is liable to make council tax payments?

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. "Decision making and appeals"** later on in this policy.

B. Section 13a (1) (c) discretionary relief for class of dwelling

1. Eligible dwelling(s) – unoccupied long-term dwellings that are undergoing structural work to render them habitable

The Council may not charge the Council Tax premium (as determined for the relevant period by the Council) for designated dwellings who meet the following criteria:-

- The dwelling is being treated as an Exempt Class A dwelling under The Council Tax (Exempt Dwelling) Order 1992 SI 558 as amended by The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2000 SI 1025 (W.61).
- The dwelling is undergoing major repair work to render it habitable which are structural in nature.
- The dwelling has been vacant i.e. not occupied as a sole or main residence, for a period of not more than 24 months.

2. Requesting relief

The owner of the designated dwelling may submit a request in writing directly to the council tax team. Requests should include supporting evidence of major structural repair work that is being undertaken to render the dwelling habitable. The council tax team will carry out an inspection of the property to verify the current state of the property and the work being undertaken confirming whether it is structural in nature or not.

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. “Decision making and appeals”** later on in this policy.

Section 2

C. Section 13a (1) (c) discretionary relief for persons or class of dwelling other than those designated in Section 1 of this policy

1. Discretionary relief scheme

Section 13A (1) (c) allows the Council the discretion to provide assistance to council taxpayers where either the existing legislation does not provide a discount, exemption or reduction or in such circumstances where the Council feels that the level of discount, exemption or reduction is insufficient given the circumstances. When deciding on whether to grant a discretionary award, the Council will consider each application on its merits (apart from persons or dwellings meeting the criteria set out in Section 1 of this policy). Principles of reasonableness will apply in all cases with the Authority deciding each case on relevant merits.

Any decision made will be without reference to any budgetary considerations notwithstanding the fact that any awards must be balanced against the need of local taxpayers who will, ultimately, pay for a reduction in Council Tax income. Likewise the period of any reduced liability will be considered in conjunction with the circumstances of the Council Taxpayer or dwelling. For the purposes of administration, the Council proposes that the discretionary power to grant any reduction in liability for Council Tax shall be considered within the following categories:-

a) Exceptional financial hardship

In accordance with Section 13A (1) (b) of the LGFA 1992, this Council has a Council Tax Reduction Scheme which provides support, through a reduction, to those who need assistance to meet their Council Tax costs. The scheme is designed to take account of the financial and specific circumstances of individuals through the use of applicable amounts, premiums and income disregards.

Applications will be accepted under the Council Tax Discretionary Relief Policy for people who have qualified for support under the Council Tax Reduction Scheme. All taxpayers can, however, apply but, initially, the Council will normally expect a taxpayer to ascertain if eligibility for a Council Tax Reduction will apply.

As part of the process of applying for a discretionary reduction in Council Tax, all applicants must be willing to undertake **all** of the following:-

- Make a separate application for assistance
- Provide full details of their income and expenditure (a form will be provided for the purpose)
- The taxpayer is able to satisfy the Council that they are not able to meet their full council tax liability or part of their liability
- Identify potential changes in payment methods and arrangements to assist the applicant
- The taxpayer to assist the Council to minimise his/her liability by ensuring that all discounts, exemptions and reductions are properly being applied for and granted, and
- The taxpayer has no access to assets that could be realised and used to pay the Council Tax.

The following factors will be considered when assessing the application under this policy:-

- Current household composition and specific circumstances including disability or caring responsibilities
- Current financial circumstances
- Determine what action(s) the applicant has taken to alleviate the situation
- Consider alternative means of support that may be available to the applicant by:-
 - i. Re-profiling council tax debts or other debts
 - ii. Applying for a Discretionary Housing Payment to meet rent costs (if applicable)
 - iii. Maximising other benefits (by referring to welfare advice)
 - iv. Determining whether, in the opinion of the decision maker, the spending priorities of the applicant should be re-arranged, having regard that Council Tax is a priority debt.

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. “Decision making and appeals”** later on in this policy.

b) Crisis – flood, fire etc.

The Council will consider requests for assistance from council taxpayers who, through no fault of their own, have experienced a crisis or event that has made their dwelling uninhabitable e.g. due to fire or flooding, where they remain liable to pay council tax and for which they have no recourse for compensation nor have recourse to any statutory exemptions or discounts.

All such requests must be made in writing detailing the **exact** circumstances of any reduction in the liability required and specifying when the situation is expected to be resolved.

The Council will consider applications on a case by case basis in consultation with other services or organisations as appropriate. Any reduction will be applied where they remain liable to pay council tax and for which they have no recourse for compensation nor to any statutory exemptions or discounts or where the crisis or event is not covered by any insurance policy. The Council will not consider requests from taxpayers where devolved government guidance or policy provides for a reduction in liability in specific circumstances, for example, flood relief schemes.

c) Other circumstances

The Council will consider requests from Council Taxpayers for a reduction in their liability based on other circumstances, not specifically mentioned within this policy. However, the Council must be of the opinion that the circumstances relating to the application warrant further reduction in their liability for Council Tax having regard to the effect on other Council Taxpayers.

No reduction in liability will be granted where the statutory exemption or discount could be granted. No reduction in liability will be granted where it would conflict with any resolution, core priority or objective of the Council.

CH. Changes in circumstances

The Council may revise any discretionary reduction in liability granted under Section 1 and Section 2 where the applicant's circumstances have changed.

The taxpayer agrees that he/she must inform the Council immediately either by telephone, email or in writing about any changes in their circumstances which might affect the claim under this policy. Failure to do so may result in the withdrawal of the reduction granted for the year and the requirement to repay any outstanding amount to the Council. All changes in circumstances should be notified within 21 days.

D. Duties of the applicant and the applicant's household

A person claiming any discretionary reduction in liability must:-

- Provide the Council with such information as it may require to make a decision
- Tell the Council of any changes in circumstances that may be relevant to their ongoing claim, and
- Provide the Council with such other information as it may require in connection with their claim.

DD. The award and duration of the reduction in liability

Both the amount and the duration of the award will be determined at the discretion of the Council and will be done so on the basis of the evidence supplied and the circumstances of the claim.

The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given unless specific cases in Section 1 of this policy state otherwise.

E. Payment

In line with legislation, any award shall be granted as a reduction in the liability of the Council Taxpayer and shown on their bill, thereby reducing the amount of Council tax payable.

F. Reductions in Council Tax liability granted in error or incorrectly

Where a reduction in liability has been granted incorrectly or in error, either due to a failure to provide the correct or inaccurate information to the Council or some other circumstances, the amount will be recovered from the Council Taxpayer's account in the normal way.

FF. Notification of a reduction in liability

The Council will notify the outcome of each application in writing. The notification will include the reason for the decision and advise the applicant of their appeal rights.

G. Responsibility for decision making and appeals

Any relief granted in accordance Section 1 of this policy will be approved by an officer of Team Leader grade or above within Council Tax.

Any relief granted in accordance with Section 2 of this policy will be approved by the Head of Function (Resources)/Section 151 Officer or Revenues and Benefits Service Manager and an officer of Team Leader grade or above within Council Tax will submit a report to the Head of Function (Resources)/Section 151 Officer or Revenues and Benefits Service Manager for consideration when making the decision.

Taxpayers can request that the Council reviews a decision in respect of a discretionary relief. Requests for reconsideration should be made in writing within 21 days of notification of the original decision and should detail the reasons for the request.

Upon receipt of a request for reconsideration, decisions made with regard to Section 1 of the policy will be reviewed by a more senior officer within Council Tax/Resources. For decisions made with regard to Section 2 of the policy, dependant on who made the decision this can be reviewed by the Head of Function (Resources)/Section 151 Officer or by any one of the Assistant Chief Executives. The Council will notify the taxpayer of its decision within 21 days of the request for reconsideration.

The Valuation Tribunal does not have jurisdiction to investigate a Council's decision in respect of section 13A discretionary relief decisions under Section 2 of the policy in respect of individual cases. In such instances, the Valuation Tribunal's opinion is that the council taxpayer should make an application before the High Court for a judicial review.

Where the council taxpayer is aggrieved by the Council's refusal to abide by its own resolution to award a reduction regarding specific classes, further appeal may be made to a Valuation Tribunal.

Section 3

NG. Policy Review

This policy will be reviewed on a regular basis and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	19 FEBRUARY 2018
SUBJECT:	DISCRETIONARY BUSINESS RATES RELIEF FRAMEWORK – CHARITIES AND NON-PROFIT MAKING ORGANISATIONS
PORTFOLIO HOLDER(S):	COUNCILLOR JOHN GRIFFITH (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES (HEAD OF FUNCTION - RESOURCES AND SECTION 151 OFFICER)
REPORT AUTHOR:	GERIAINT H. JONES (REVENUES AND BENEFITS SERVICE MANAGER)
TEL:	01248 752651
E-MAIL:	GeriantH.Jones @anglesey.gov.uk
LOCAL MEMBERS:	NOT APPLICABLE

A - Recommendation/s and reason/s

RECOMMENDATIONS

- That the Executive adopts the current Discretionary Business Rates Relief Framework - Charities and Non-Profit Making Organisations as detailed in Appendix A for the financial year 2018/19 only and instructs the Head of Function (Resources) and Section 151 Officer to ensure that administrative procedures before 31 March 2018 advise relevant charities and non-profit making organisations that the policy will apply for 2018/19 only and will cease on 31 March 2019.
- That the Executive agrees that the public consultation on the framework is to be carried out by the Head of Function (Resources) and Section 151 Officer during the first half of 2018/19 with a revised framework coming into effect on 1 April 2019.

BACKGROUND

Non-domestic properties (apart from certain exemptions, such as agriculture, places of worship, property used by the disabled etc.) are liable to payment of non-domestic rates. These are commonly termed business rates although not all ratepayers are businesses in the ordinary sense. Indeed, the system of reliefs is partly designed to alleviate the burden of taxation on occupiers other than business.

Local Authorities in Wales must grant mandatory rate relief provided for within the Local Government Finance Act 1988 (LGFA88), as amended by the Local Government Act 2003.

Under the LGFA88, local authorities can also grant discretionary relief or remission from rates up to 100% of the rates payable. This applies to the properties occupied by:-

- Charities (“20% top-up” in addition to 80% mandatory relief);
- Other non-profit making organisations.

The cost of granting discretionary business rates relief is borne in part by the Non-Domestic Rates (NDR) Pool (i.e. Welsh Government) and by local council taxpayers.

For example, the proportion borne by the Welsh Government in respect of non-profit making organisations is 90% of the cost. This means, that every £1 spent by the Council buys relief worth £10

to the ratepayer.

However, in respect of the cost of the “20% top-up”, the proportion borne by the Welsh Government is 25% of the cost. This means, that every £7.50 spent by the Council buys relief worth £10 to the ratepayer.

THE DECISION OF THE EXECUTIVE IN FEBRUARY 2017

On 14 February 2017, the Executive extended its Discretionary Business Rates Relief Framework – Charities and Non-Profit Making Organisations for one year. It also resolved to delay the public consultation on the framework and that the Head of Function (Resources)/Section 151 Officer reported back to the Executive regarding the development of this framework for the future after taking into account the Welsh Government’s review of its relief for small businesses and the effect of the revaluation regarding the cost of the current policy during 2017/18.

During 2017/18, to date the following has occurred –

- The Welsh Government announced its new permanent small business rates relief effective from 1 April 2018 on 13 December 2017. The new scheme will limit the number of properties eligible for small business relief to two per business in each local authority, preventing larger businesses and national chains from benefiting from the scheme. The new permanent scheme seeks to provide more effective support for small and local businesses releasing £7m to support such businesses. It also amended the rateable value entitlement thresholds in some instances.
- The new permanent scheme will also provide – additional support for the childcare sector, targeted support for small hydropower projects, extend the temporary high street relief into 2018/19 and a further £1.3m for local authorities for 2018/19 to support local businesses which would benefit most from additional assistance.
- The effect of the revaluation on the discretionary business rates relief framework has been cost neutral with the cost for 2017/18 projected to be £60k in line with the current budget for the scheme for 2017/18.
- A draft consultation document in respect of the Council’s discretionary business rates relief framework has been completed (in both Welsh and English) and it was reviewed by the Finance Scrutiny Panel on 1 December 2017, who in principle, subject to possible consequential amendments arising from the Welsh Government’s new permanent small business rates relief and revision to the questions being consulted upon, accepted it as a worth while exercise to undertake. A limited spend on behalf of the Council would result, through financial arrangements with Welsh Government, in considerably more relief to charities and non-profit making organisations. An expenditure of £60k under the current framework resulting in £202k in relief from business rates costs to charities and non-profit making organisations.
- As there was a possibility of budgetary implications following such a consultation and with the final financial settlement for 2018/19 not received until 20 December 2017, which included the additional £1.3m of support for small businesses, the timetable does not allow sufficient time to consult and for any revisions to the framework, with possible potential costings to be discussed and reflected in the proposed budget for 2018/19.
- Consequently, it is recommended that the current policy is adopted for a further year with the consultation being undertaken in the first half of 2018/19 allowing sufficient time for responses and budgetary implication, if any to be considered with a new framework coming into effect from 1 April 2019.

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

The current relief policy has been a success, in that virtually no applications have been made that are

not covered by the policy. This has led to a significant reduction in applications being considered individually.

Not to extend the current discretionary business rates relief policy for Charities and non-profit making organisations, would mean that each application would have to be dealt with individually by the Head of Function (Resources) and Section 151 Officer taking account of guidance from Welsh Government and Executive guidance/policies. (See Council's Constitution – Scheme of Delegation to Specific Officers (Head of Function (Resources)/Section 151 Officer – Section and specific duty detailed under 3.5.3.5.19).

If the Executive is of the opinion that a consultation should be undertaken, the decision on the new framework would have to be delayed until March 2018 after completion of the consultation. If a decision is not made in March 2018 the Head of Function (Resources) and Section 151 Officer, as mentioned above, would have to deal with each case individually.

C - Why is this a decision for the Executive?

The decisions to grant relief from Business Rates to charities and non profit making organisations has been delegated to the Head of Function (Resources) and Section 151 Officer. The Executive is being asked to create guidance and a framework for the officer to refer to ensuring consistency and fairness with regard to each decision.

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

This policy contributes to the corporate aims of the Authority – mainly regenerating our community and developing the economy and transforming leisure services.

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

A budget of £60k has been earmarked within the 2017/18 budget. Projected expenditure at the end of quarter 3 is £61k*. For the 2018/19 proposed budget, £60k has been allocated for the cost of the discretionary relief for charities and non-profit making organisations.

* This figure reflects adjustments for previous years during 2017/18 unlike Appendix A which shows figures relating to 2017/18 only.

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	No comment
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	No comment
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	

4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A – Business Rates Relief Framework for Charities and Non-Profit Making Organisations.		
FF - Background papers (please contact the author of the Report for any further information):		
Isle of Anglesey Executive decision 14 February 2017 Scrutiny Panel – Finance - Minutes 1 December 2017 The Non-Domestic Rating (Chargeable Amounts)(Wales) Regulations 2016 No. 1247(W.295) The Non-Domestic Rating (Small Business Relief) (Wales) Order 2017		

APPENDIX A

Category	Description	Mandatory	Discretionary	Total	Cost to Council	No
A (1)	Village Halls, Community Centres, Memorial Institutes, Old People Clubs, Scout and Guide Associations, Sea Cadets, Hospices, Playgroups	80% £114,606	20% £24,314	100% £138,920	£18,236	58
A (2)	Maritime safety	80% £37,298	20% £7,913	100% £45,211	£5,935	6
B (1)	Recreation Clubs, Theatres, Band Rooms and Museums – (registered charity)	80% £21,986	20% £4,740	100% £26,726	£3,555	8
B (2)	Recreation Clubs, Theatres, Band Rooms and Museums – (not a registered charity)	0% £0	100% £123,430	100% £123,430	£12,343	30
C (1)	Educational organisations statutory or open to all	80% £5,893	20% £1,250	100% £7,143	£938	1
C (2)	Educational organisations	80% £341,536	0% £0	80% £341,536	£0	11
CH	Charity Shops	80% £66,056	0% £0	80% £66,056	£0	19
D	Regeneration, Employment, Rehabilitation Organisations	80% £5,537	20% £1,175	100% £6,712	£881	1
DD	Race equality and ethnic minority	80% £0	20% £0	100% £0	£0	0
E (1)	Registered charity or a charitable purpose whose objectives have substantial common ground with Council objectives and which mainly serve Island residents	80% £78,040	20% £16,556	100% £94,596	£12,416	6
E (2)	Not a registered charity but whose objectives have substantial common ground with Council objectives and which mainly serve Island residents	0% £0	100% £17,237	100% £17,237	£1,724	5
F (1)	Registered charity or a charitable purpose whose objectives are supported by the Council but, either there is not substantial common ground with Council objectives or they do not mainly serve Island residents	80% £0	0% £0	80% £0	£0	0
F (2)	Not a registered charity and whose objectives are supported by the Council but, either there is not substantial common ground with Council objectives or they do not mainly serve Island resident	0% £0	80% £1,182	80% £1,182	£118	1
FF	Agricultural show grounds	80% £18,487	20% £3,922	100% £22,409	£2,942	1
G	Not any of the above categories	Various £0	Various £0	Various £0	£0	0
	Totals – 2017/18	£689,439	£201,719	£891,158	£59,088	147
	Cost per Band D – 2017/18				£1.92	

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ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	19 FEBRUARY 2018
SUBJECT:	TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19
LEAD OFFICER:	MARC JONES
CONTACT OFFICER:	GARETH ROBERTS (TEL: EXT 2675)

Nature and reason for reporting

To review: consistent with professional guidance.

The Council is required to implement best practice in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management which recommends that, prior to being presented for adoption, Members should scrutinise the Treasury Management Strategy Statement (which includes the Annual Investment Strategy, the annual MRP Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation). This Authority's Treasury Management Scheme of Delegation charges the Audit Committee with this function and Annex A to this report was presented to the Audit Committee on 13 February 2018. This report complies with the 2017/18 Treasury Management Scheme of Delegation, which requires this committee to receive and review this report prior to being passed to the full Council for approval. This report runs alongside the capital and revenue budget reports as part of the 2018/19 budget setting process.

A - Recommendation/s and reason/s

1. This report and Annex (as detailed in the section above, sections 2 to 4 below and including Annex A) was presented to the Audit Committee on 13 February 2018. That Committee resolved to:-

- Note the contents of the covering report; and
- Endorse the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) [Annex A] for 2018/19.

The Audit Committee did not resolve to pass any comments or recommendations on to this Committee.

2. The CIPFA Code of Practice on Treasury Management (Section 7) recommends that the Authority's Treasury Management Practices (TMPs) should be approved, documented and monitored. It goes on to state that the nature and extent of the involvement of an organisation's responsible body in approving and monitoring its TMPs and accompanying schedules is a matter for local decision and recognises that in some organisations this may be delegated to the responsible officer. In all cases it should be subjected to scrutiny by the responsible body following recommendations by the responsible officer. This Authority have produced documented TMPs, and were approved by the Audit Committee on 6 December 2016. There is one proposed change to these TMP's, which needs to be approved by this Committee. The change is to increase the minimum cash balance from £6m to £6.5m in accordance with the latest approved reserve policy.

3. In terms of updates to the Treasury Management Strategy Statement the only proposed amendment to the core principals and policies of the 2017/18 Statement is to amend the Minimum Revenue Provision (MRP) Policy. The Authority's External Treasury Management Advisers (Link which was previously known as Capita Asset Management Services) completed a review of the Council's MRP policy. The principles highlighted in their report are included in the revised policy.

The policy will lead to a consistent approach to MRP charges between supported and unsupported borrowing. The current policy charges MRP at 4% of the Capital Financing requirement for projects financed by supported borrowing. The MRP charge on assets funded by unsupported borrowing is based on the useful economic lives of those assets. The asset life approach is the one of two approaches permitted for projects funded by unsupported borrowing. The method for charging 4% of the CFR used for supported borrowing is not an option for unsupported borrowing. The asset life approach is a prudent method as it matches the MRP charged against revenue with the expected life of the asset. Therefore, it is recommended that the MRP policy is revised so that the MRP charge, going forward for both supported borrowing and unsupported borrowing will be based on the Asset Life basis. The proposals will lead to lower MRP charges over the next 10 to 15 years, but will then be higher until year 50. The revised policy will be applied back to 2008 to ensure the most prudent charge and consistency between the MRP charge for expenditure funded by supported borrowing and unsupported borrowing. The revised policy can be seen in Appendix 2. This will be subject to consultation and approval of External Audit.

4. The Council's external borrowing stood at £111.4m as at 7 November 2017, and is expected to be £118.0m at 31 March 2018. The borrowing is made up of maturity fixed loans and annuity fixed rate loans. At 7 November 2017, the maturity fixed loans stood at £111.2m with an average life of 23 years, and average interest rate of 5.15%. The annuity fixed rate loans stood at £0.2m with an average life of 8 years and an average interest rate of 9.44%. The anticipated cost of borrowing, which is the interest payable on existing loans, for 2017/18, is £5.9m for both the General Fund (£3.9m) and HRA (£2.0m). There will also be a Minimum Revenue Provision (MRP) charge, which is the revenue charge to pay off an element of the accumulated capital spend each year (Appendix 2). In 2017/18 this charge will be £4.7m for both the General Fund (£3.8m) and HRA (£0.9m). This means that the Capital Finance Requirement (the forecast underlying need to borrow to finance the capital programme) at the year end will be £138.1m, resulting in the Council being internally borrowed (see section 3.3.1) by £20.1m by the year end.

The Council's investments as at 7 November 2017 stood at £13.4m with an average rate of return of 0.15% and the average balance for the year to date is £16.6m. As internal borrowing has increased the investment balances have decreased.

5. Recommendations:-

- Note the contents of the covering report;
- Endorse the contents of, and assumptions and proposals made within, the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) for 2018/19 (Annex A to this report);
- To pass on any comments and/or recommendations to the County Council.
- To approve the change in TMP's, increasing the minimum cash balance from £6m to £6.5m, to reflect the increase in the minimum general reserve balance.

n/a

C - Why is this a decision for the Executive?

To comply with this Authority's budget setting process and Treasury Management Scheme of Delegation.

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 - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is a S151 Officer report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Annexes:		
Annex A: Treasury Management Strategy Statement and Prudential and Treasury Indicators for 2018/19.		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> Treasury Management Strategy Statement 2017/18 (as approved by the Council on 28 February 2017) 		

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2018/19

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, meaning that total income due during the financial year must be sufficient to meet expenditure, and also that actual cash inflows must be adequate to cover cash outflows. A key part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's policy to minimise risk ensuring adequate liquidity before considering 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 that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, debt previously drawn may be restructured to meet Council risk or cost objectives.

A particular point is that a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that:-

- increases in revenue costs resulting from increases in interest charges, incurred to finance additional borrowing to finance capital expenditure; and
- any increases in running costs from new capital projects, must be limited to a level which is affordable within the Council's projected income.

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities. See Appendix 10.

1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit Committee.

Prudential and Treasury Management Indicators and Treasury Strategy - The first and most important report, covers:-

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function); and
- the capital plans (including the associated prudential indicators).

A Mid-Year Treasury Management Report - This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting its objectives or whether any policies require revision.

An Annual Treasury Report - This provides details of a selection of actual prudential and treasury management indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2018/19

The strategy for 2018/19 covers two main areas:-

Capital Issues

- The capital plans and the prudential indicators; and
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- The current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Welsh Government MRP Guidance, the CIPFA Treasury Management Code and the Welsh Government Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Audit Committee, the committee's members received training in treasury management, delivered by the appointed treasury management consultants on November 9 2016. Further training will be arranged when required.

The training needs of treasury management officers are regularly reviewed and addressed.

1.5 Treasury management consultants

The Council uses The Link Group as its external treasury management advisors. In accordance with procurement regulations the Treasury Management advisory service were advertised for tender for the period 1 April 2016 to 31 March 2019 with an option to extend for 2 years. Capita Asset Services being the successful tender.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Capita Asset Service has been sold to The Link Group, however, the services provided will not change under the new ownership.

1.6 Adoption of the Code

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The current, 2011, code of practice has already been adopted by this Council therefore no update is required for 2018/19. In addition the authority follows guidance in the CIPFA Prudential Code 2013 which supplements the CIPFA code of practice on Treasury Management. However, the Prudential code and Treasury Management code have been reviewed and were published in January 2018. The code considers 2018/19 to being a transition year, with full implementation from 2019/20.

2. Capital Considerations

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts.

The Authority's capital expenditure projections for 2017/18 to 2020/21 are reflected in the Prudential Indicators (Appendix 11). The projected expenditure for 2018/19 to 2020/21 is based on the capital strategy that was approved by The Executive at its' meeting on 30 October 2017, and the draft proposal for Band B of the 21st Century Schools Programme. The projections for those years also includes the assumption that slippage from 2017/18 will be fully spent in 2018/19.

The overall programmes will be limited to what is affordable, both in terms of actual capital spend and in terms of the revenue implications (see 1.1 above). The prudential indicators are contained in Appendix 11. The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need, which can be seen in table 3.1.

Capital expenditure £'000m	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Non-HRA	28,030	22,030	38,800	34,340	16,060
HRA	8,610	11,490	13,820	15,200	15,340
Total	36,640	33,520	52,620	49,540	31,400
Financed by:					
Capital receipts	5,240	3,100	1,260	500	500
Capital grants	14,800	11,360	30,800	25,230	8,940
Reserves	580	510	300	0	0
Revenue	5,050	8,830	11,160	9,040	9,380
Loan	150	1,000	0	0	0
Net financing need for the year	10,820	8,720	9,100	14,770	12,580

3. Borrowing

The capital expenditure plans, set out in section 2 (above) of this report, provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current and Projected Borrowing Requirement and Actual Borrowing

The forecast movements in the Council's capital financing requirement (CFR) are:-

ESTIMATED MOVEMENTS IN THE CAPITAL FINANCING REQUIREMENT AND REPLACEMENT BORROWING 2017/18 TO 2020/21				
	2017/18 Projected £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Movement in the CFR				
New borrowing to support capital expenditure				
<i>Supported Borrowing</i>	2,131	4,422	4,370	3,959
<i>Unsupported Borrowing</i>	6,583	4,679	10,404	8,620
Total	8,714	9,101	14,774	12,579
<i>Reduce by: Minimum Revenue Provision and set aside capital receipts</i>	(4,667)	(3,223)	(3,328)	(3,584)
Net movement in the CFR	4,047	5,878	11,446	8,995
Potential movements in actual borrowing				
Movement in the CFR (above)	-	5,878	11,446	8,995
Externalisation of pre 2017/18 internal borrowing	-	20,100	-	-
Replacement Borrowing (included in unsupported borrowing above)	-	5,000	5,000	4,500
Total potential new borrowing	-	30,978	16,446	13,495

3.2 Prospects for Interest Rates

The Council's appointed treasury advisor is Capita Asset Services and part of their service is to assist the Council to formulate a view on interest rates. Appendix 3 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita central view.

Annual Average (%)	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
December 2017	0.50	1.50	2.80	2.50
March 2018	0.50	1.60	2.90	2.60
June 2018	0.50	1.60	3.00	2.70
September 2018	0.50	1.70	3.00	2.80
December 2018	0.75	1.80	3.10	2.90
March 2019	0.75	1.80	3.10	2.90
June 2019	0.75	1.90	3.20	3.00
September 2019	0.75	1.90	3.20	3.00
December 2019	1.00	2.00	3.30	3.10
March 2020	1.00	2.10	3.40	3.20
June 2020	1.00	2.10	3.50	3.30
September 2020	1.25	2.20	3.50	3.30
December 2020	1.25	2.30	3.60	3.40
March 2021	1.25	2.30	3.60	3.40

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea., but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- The result of the October 2017 Austrian general election is likely to result in a strongly anti-immigrant coalition government. This could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its initial pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in the Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

Investment and borrowing rates

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.

- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

3.3 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This approach is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered (see 3.3.1 below for a more detailed consideration of internal and external borrowing). As part of this strategy the ability to externally borrow to repay the reserves and balances if needed is important. Table 3.1 indicates that £20.100m may need to be externally borrowed if urgently required. This is the amount of council reserves and balances used in the past to fund the capital programme instead of taking out borrowing.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered if it is cost effective to do so.
- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years

Any decisions will be reported to this committee at the next available opportunity.

3.3.1 External v. internal borrowing

Current conditions indicate a need for a flexible approach to the choice between internal and external borrowing. Many of the factors which lay behind previous policies to externalise all borrowing remain valid, e.g.:-

- With a continuing historically abnormally low Bank Rate and PWLB rates, there remains a unique opportunity for local authorities to actively manage their strategy of undertaking new external borrowing.

However, it remains the case that there are certain limitations to this approach, as previously noted, e.g.:-

- The policy can cause exposure to credit risk (e.g. risk of the bank defaulting on the debt), so this aspect must be very carefully managed;
- Careful on going consideration needs to be given to the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

In favour of internalisation, over the medium term investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

However, short term savings by avoiding new long term external borrowing in 2017/18 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing.

Against this background, caution will be adopted with the 2018/19 treasury operations. The S151 Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the earliest opportunity.

3.4 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs, solely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:-

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets, have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the advantages and disadvantages of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.5 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (i.e. premiums incurred).

The reasons for any rescheduling to take place will include:-

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Audit Committee, at the earliest practicable meeting following its action.

4. Annual Investment Strategy

4.1 Investment Policy

The Council's investment policy has regard to the Welsh Government's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectorial Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

In accordance with the above guidance from the Welsh Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 5 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

The Council will also from time to time, make loans, deposits and investments 'for the purpose of delivery of its Service's (policy investments). These transactions will require the authority of the County Council for amounts over £100k. All transactions will be subject to adequate credit quality and the approval of the Section 151 Officer in consultation with the Portfolio Holder for Finance.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:-

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The S151 Officer will maintain a counterparty list in compliance with the criteria set out in Appendix 6 and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council at the discretion of the S151 Officer, to assist in determining the duration for investments. The Council will, therefore, normally use counterparties within the following durational bands:-

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Reference will also be made to other market data and market information, as available and as appropriate.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 7. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

4.4 Investment Strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations: Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:-

2017/18 0.40%
 2018/19 0.60%
 2019/20 0.90%
 2020/21 1.25%
 2021/22 1.50%
 2022/23 1.75%
 2023/24 2.00%
 Later years 2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6 External Fund Managers

The Council has not appointed external fund managers. The need for this will be kept under review and a reported as appropriate before such an appointment is made.

4.7 Policy on the use of External Service Providers

In order to acquire access to specialist skills and resources, the Council uses Capita Assets Services as its external treasury management advisors. The terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Final responsibility for treasury management decisions remains with the Council.

4.8 Delegation

The Treasury Management scheme of delegation and the role of the Section 151 Officer are outlined in Appendix 8.

APPENDICES

1. Loan maturity profile
2. MRP Policy Statement
3. Interest rate forecasts
4. Economic background
5. Specified and non-specified investments
6. Counterparty criteria
7. Approved countries for investments
8. Treasury management scheme of delegation and the role of the section 151 officer.
9. Treasury Management Key Principles
10. Treasury Management Policy Statement
11. Prudential and Treasury Indicators
12. Glossary of and information on Prudential & Treasury Management indicators

DADANSODDIAD BENTHYCIADAU YN AEDDFEDU 2017/18 YMLAEN GAN PWLB / PWLB LOANS MATURITY ANALYSIS 2017/18 ONWARDS						
	PWLB Aeddefedu/ PWLB Maturity £'000	PWLB EIP/ Annuity/ PWLB EIP/ Annuity £'000	Benthyciadau Marchnad/ Market Loans £'000	PWLB Amrywiol/ PWLB Variable £'000	Cyfanswm yn Aeddfedu/ Total Maturing £'000	%Yn Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %
2017/18	0	5	0	0	0	0.0
2018/19	5,000	10	0	0	5,010	4.5
2019/20	5,000	11	0	0	5,011	4.5
2020/21	4,500	12	0	0	4,512	4.0
2021/22	0	14	0	0	14	0.0
2022/23	2,285	15	0	0	2,300	1.7
2023/24	1,854	16	0	0	1,870	2.1
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	1,381	22	0	0	1,403	1.3
2027/28	2,165	24	0	0	2,189	2.0
2028/29	262	26	0	0	288	0.3
2029/30	1,539	21	0	0	1,560	1.4
2030/31	451	15	0	0	466	0.4
2031/32	1,941	9	0	0	1,950	1.7
2032/33	315	8	0	0	323	0.3
2033/34	637	0	0	0	637	0.6
2034/35	624	0	0	0	624	0.6
2035/36	611	0	0	0	611	0.5
2036/37	599	0	0	0	599	0.5
2037/38	587	0	0	0	587	0.5
2038/39	225	0	0	0	225	0.2
2039/40	5,000	0	0	0	5,000	4.5
2040/41	3,500	0	0	0	3,500	3.1
2042/43	1,000	0	0	0	1,000	0.9
2043/44	1,020	0	0	0	1,020	0.9
2044/45	1,010	0	0	0	1,010	0.9
2045/46	11,464	0	0	0	11,464	10.3
2050/51	2,000	0	0	0	2,000	1.8
2052/53	28,238	0	0	0	28,238	25.3
2054/55	3,000	0	0	0	3,000	2.7
2055/56	3,500	0	0	0	3,500	3.2
2056/57	5,000	0	0	0	5,000	4.5
2057/58	8,513	0	0	0	8,513	7.6
2059/60	1,763	0	0	0	1,763	1.6
2066/67	6,200	0	0	0	6,200	5.6
	111,184	246	0	0	111,430	100.0
Cyfartaledd bywyd (blynyddoedd)/ Average life(years)	23.12	8.13	0.00	0.00	23.09	
Cyfartaledd graddfa (%)/ Average rate (%)	5.26	9.41	0.00	0.00	5.15	

**PROFFIL AD-DALU BENTHYCIADAU ERAILL 2017/18 YMLAEN /
OTHER LOANS REPAYMENT PROFILE 2017/18 ONWARDS**

	Llywodraeth Cymru / Welsh Government	Benthycaf Salix Loan 1	Benthycaf Salix Loan 2	Benthycaf Salix Loan 3	Cyfanswm / Total	
	£'000	£'000	£'000	£'000	£'000	
2017/18	40	8	0	0	48	
2018/19	40	16	46	0	102	
2019/20	40	16	46	80	182	
2020/21	40	16	46	80	182	
2021/22	0	16	46	80	142	
2022/23	0	16	46	80	142	
2023/24	0	16	45	79	140	
2024/25	0	8	45	79	132	
2025/26	0	0	45	79	124	
2026/27	0	0	0	79	79	

Minimum Revenue Provision Policy Statement 2018/19

The Council is required to pay off an element of the accumulated Council Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision, MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision, VRP).

The Welsh Government regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options is provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:-

For capital expenditure incurred between 1 April 2008 and 31 March 2018, financed by supported borrowing, the MRP policy will be to charge MRP on the Equal Instalment method, Asset Life basis over 50 years. The MRP on capital expenditure funded by unsupported borrowing during this period has already been charged using the Equal Instalment method, Asset Life basis using the estimated lives of the assets, based on information available at that time. This change in policy realigns the MRP policies for assets funded by supported borrowing and assets funded by unsupported borrowing.

From 1st April 2018 for all supported and unsupported borrowing (including PFI and finance leases), the MRP policy will also be the Equal Instalment Annuity Method, the Asset Life basis. However, the estimated life periods, will be set by the S151 Officer based upon advice received from the relevant officers and will have regard to Welsh Government guidance in relation to MRP and asset lives. Where land is purchased, the asset life will be based on the asset life of the asset placed on the land, which in the majority of cases will be 50 years in line with the asset life for buildings.

MRP charges based on asset life would not be charged until the year the asset becomes operational. The S151 Officer may postpone the MRP charge until the financial year following the one in which the asset becomes operational. The estimated asset life of the asset would be determined in the year the MRP commences and would not change over the life of the asset. The estimated life periods, will be set by the S151 Officer based upon advice received from the relevant officers and will have regard to Statutory requirements and Welsh Government guidance in relation to MRP and asset life. Where land is purchased, the asset life will be based on the asset life of the asset placed on the land, which in the majority of cases will be 50 years in line with the asset life for buildings.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis, which most reasonably reflects the anticipated period of benefit that arises from the expenditure. In addition, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.

The Housing Revenue Account share of the CFR is subject to a 2% MRP charge, based upon the closing CFR for the previous year, in line with the approved 30-year business plan.

Any repayments included in annual PFI or finance leases are applied as MRP and will be consistent with the asset life basis over the life of the lease or PFI scheme.

**Rhagolygon Graddfeydd Llog 2017/2021
Interest Rate Forecasts 2017/2021**

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Asset Services Interest Rate View														
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
3 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.60%	0.60%	0.60%	0.70%	0.90%	0.90%	1.00%	1.20%	1.20%	1.20%
6 Month LIBID	0.50%	0.50%	0.50%	0.60%	0.80%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%
12 Month LIBID	0.70%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.10%	1.30%	1.30%	1.40%	1.50%	1.50%	1.60%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB Rate	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate														
Link Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
Capital Economics	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	-	-	-	-	-
5yr PWLB Rate														
Link Asset Services	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.70%	1.90%	2.30%	2.60%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-
10yr PWLB Rate														
Link Asset Services	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.30%	2.60%	2.80%	3.10%	3.30%	3.30%	3.30%	3.30%	3.30%	-	-	-	-	-
25yr PWLB Rate														
Link Asset Services	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.95%	3.15%	3.45%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	-	-	-	-	-
50yr PWLB Rate														
Link Asset Services	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.80%	3.10%	3.30%	3.60%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Capita Asset Services

Economic Background

GLOBAL OUTLOOK - World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

UNITED KINGDOM - After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.2% (+2.0% y/y), quarter 2 was +0.3% (+1.7% y/y) and quarter 3 was +0.4% (+1.6% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting MPC. (Inflation actually came in at 3.0% in September and is

expected to rise slightly in the coming months.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 by **two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate once they start. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

EUROPEAN UNION - Economic growth in the EU, (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y), 0.6% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

UNITED STATES OF AMERICA - Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.2%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Capita Asset Services

Specified and Non-Specified Investments

The Welsh Government 'Guidance on Local Government Investments' (Effective from 1 April 2010) provides the definition of specified and non-specified investments.

Paragraph 5.1 of the 'Guidance' states that an investment is specified if all of the following apply:-

- (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling; and
- (b) the investment is not a long-term investment (*); and
- (c) the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]; and
- (ch) the investment is made with a body or in an investment scheme of high credit quality (**); or with one of the following public-sector bodies:
 - (i) the United Kingdom Government
 - (ii) a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland
 - (iii) a parish or community council.

The 'Guidance' also states that any investment not meeting the definition of paragraph 5.1 is classified as a non-specified investment.

During 2018/19 the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to (i) long-term investments; and (ii) deposits with the Council's own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance balances will be minimised as far as is possible

The table in Appendix 6 set out the investment criteria and limits for the categories of investments intended for use during 2018/19 and therefore form the basis for the approved lending list.

Any proposed revisions or amendments during the year to the categories of specified and non-specified investments to be used and / or to the associated credit rating criteria / investment limits will be subject to prior approval by the County Council.

* Section 2.4 of the 'Guidance' defines a long term investment as "any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period."

** For the purposes of high credit quality the 'Guidance' states that "for the purposes of paragraph 5.1(d), Welsh ministers recommend that the Strategy should define high credit quality (and where this definition refers to credit ratings, paragraph 6.1 (***) is relevant)."

*** Paragraph 6.1 of the 'Guidance' recommends that "the Strategy should set out the authority's approach to assessing the risk of loss of investments, making clear in particular:

- (a) to what extent, if any, risk assessment is based upon credit ratings issued by one or more credit rating agencies;
- (b) where credit ratings are used, how frequently credit ratings are monitored and what action is to be taken when ratings change; and
- (c) what other sources of information on credit risk are used, additional to or instead of credit ratings."

The table in Appendix 6 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 4.2 of this strategy sets out the Council's creditworthiness approach.

Counterparty Criteria

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
UK Central Government (irrespective of credit rating)	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities**	n/a	n/a	n/a	n/a	n/a	n/a	£5m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

* as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003

** as defined in the Local Government Act 2003

Notes and Clarifications**(1) Cash Limit**

- (i) The cash limits apply both to the individual counterparty and to the overall group to which it belongs (e.g. for the banks within the Lloyds Banking Group plc (being Bank of Scotland plc and Lloyds Bank plc), the investment limit applies to those banks individually and the banking group as a whole);
- (ii) The overall cash limit for deposits over 364 days is £15m.

(2) Time Limit

- (i) This up to and including the period indicated.

(3) Foreign Countries

- (i) Investments in foreign countries will be limited to those that hold a sovereign credit rating of (Fitch) AA- or equivalent (from the agencies referred to in section 4.3 of this strategy) sovereign credit rating (based upon the lowest common denominator), and to a maximum of £10 million per foreign country.
- (ii) Investments in countries whose lowest sovereign rating is not AA- or above will not be permitted. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.
- (iii) Subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidiary relationships.
- (iv) Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

4. Credit Rating Downgrade

Should a credit rating downgrade place a counterparty below the minimum credit rating criteria for investment, the counterparty will cease to be used as soon as practicable.

If the S151 Officer wishes to continue investing with that counterparty approval will be sought from the Chair of the Audit Committee plus one other member of the Chair's choosing, who both must approve the action. This will then be reported as appropriate at the next available opportunity.

Approved countries for investments [correct as at 24 October 2017]

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- U.K.

AA-

- Belgium
- Qatar

Treasury management scheme of delegation

(i) County Council

- budget approval;
- approval of the annual Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy, annual Treasury Management Policy Statement and amendments thereto;
- approval of amendments to the Council's adopted clauses;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities; and
- acting on recommendations received from the Audit Committee and/or Executive Committee.

(ii) Executive Committee

- budget consideration;
- approval of the division of responsibilities;
- approval of the selection of external service providers and agreeing terms of appointment;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities and making recommendations to the County Council as appropriate; and
- acting on recommendations received from the Audit Committee.

(iii) Audit Committee

- Scrutiny of Treasury Management matters as required by CIPFA's Code of Practice on Treasury Management and the Council's Treasury Management Policy. This includes:-
 - scrutinising the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and making recommendations to the Executive Committee and County Council as appropriate;
 - scrutinising proposals for amendments to the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and to the adopted clauses and making recommendations to the Executive and County Council as appropriate;
 - receiving and scrutinising any other proposals relating to the treasury management which require a decision by the Executive or County Council; and
 - receiving and scrutinising monitoring reports on treasury management policies, practices and activities and make recommendations to the Executive and County Council as appropriate.

The Treasury Management role of the Section 151 Officer

The Section 151 (responsible) Officer's role includes:-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers; and
- Responsibility for the execution and administration of its Treasury decisions, including decision on borrowing, investment and financing, have been delegated to the Section 151 Officer, who will act in accordance with the Council's policy statements and TMP's.

The CIPFA Treasury Management in the Public Services: Code of Practice

The key principles of CIPFA's *Treasury Management in the Public Services: Code of Practice (2011 Edition)*, as described in Section 4 of that Code are as follows:-

Key Principle 1:

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2:

Their policies and practices should make clear that the effective management and control of risks are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.

Key Principle 3:

They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that, within the context of effective risk management, their treasury management policies and practices should reflect this.

The Code then goes on to say that:

“In framing these recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money. This code does not seek to be prescriptive about how this issue should be handled, particularly since it covers such a wide variety of organisations. However, where appropriate, the sector specific guidance notes give suitable advice. CIPFA recognises that no two organisations in the public services are likely to tackle this issue in precisely the same manner but success in this area of treasury management is likely to be viewed, especially in value for money terms, as an indicator of a strongly performing treasury management function.”

“Even though it dates back to 1991, CIPFA considers that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure is still pertinent, wherein it was stated that:”

“In balancing risk against return, local authorities should be more concerned to avoid risks than to maximise returns.”

“Indeed this view was supported by the Communities and Local Government Select Committee report into local authority investments in 2009.”

“It is CIPFA’s view that throughout the public services the priority is to protect capital rather than to maximise return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money.”

Accordingly the Authority will adopt, as part of the standing orders, the following four clauses;

1. The Authority will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - suitable treasury management practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles.

2. The County Council, Executive Committee and the Audit Committee will receive reports on the Authority's treasury management policies, practices and activities, including; an annual strategy and plan in advance of the year, a mid-year review report and an annual report after its close, in the form prescribed in the TMPs.
3. The County Council/Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The S151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Authority nominates Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies.

Treasury Management Policy Statement

1. CIPFA defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

**PRUDENTIAL & TREASURY INDICATORS
BUDGET SETTING 2018/19**

APPENDIX 11

No. Indicator

Affordability		2016/17 out-turn	2017/18 estimate	2018/19 proposal	2019/20 proposal	2020/21 proposal
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	6.20%	6.25%	5.12%	5.47%	5.73%
	Housing Revenue Account (inclusive of settlement)	19.82%	23.02%	20.15%	15.88%	15.42%
	Total	7.68%	8.14%	6.86%	6.86%	7.10%
3	Estimates of incremental impact of capital investment decisions on the Council Tax <i>for the Band D Council Tax</i>			£0.00	£21.16	£56.31
4 a	Estimates of incremental impact of capital investment decisions on housing rents <i>on average weekly rent levels</i>			£48.74	£44.57	£45.53
4 b	Estimates of incremental impact of capital borrowing on housing rents for HRA <i>on average weekly rent levels</i>			£0.00	£17.25	£16.02
Prudence						
5	Gross debt and the Capital Financing Requirement (CFR) <i>Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?</i>	✓	✓	✓	✓	✓
Capital Expenditure		£000	£000	£000	£000	£000
6,7	Estimates of [or actual] capital expenditure					
	Council Fund	28,030	22,030	38,810	34,350	16,060
	Housing Revenue Account	8,610	11,490	13,820	15,200	15,340
	Total	36,640	33,520	52,630	49,550	31,400
8,9	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	91,510	96,410	108,120	121,880	132,950
	Housing Revenue Account	42,500	41,650	40,820	43,500	45,930
	Total	134,010	138,060	148,940	165,380	178,880
External Debt		£000	£000	£000	£000	£000
10	Authorised Limit					
	: General Borrowing	166,000	166,000	174,000	190,000	203,000
	: Other long term liabilities	3,000	3,000	3,000	3,000	3,000
	: Total	169,000	169,000	177,000	193,000	206,000

11	HRA Limit on Indebtedness;					
	HRA Limit on Indebtedness	58,533	58,533	58,533	58,533	58,533
	HRA CFR	42,500	41,650	40,820	43,500	45,930
	HRA headroom	16,033	16,883	17,713	15,033	12,603
12	Operational Boundary					
	: General Borrowing	161,000	161,000	169,000	188,000	201,000
	: Other long term liabilities	3,000	3,000	3,000	3,000	3,000
	: Total	164,000	164,000	172,000	191,000	204,000
13	Actual External Debt	117,110				
Treasury Management		2016/17 out-turn	2017/18 estimate	2018/19 proposal	2019/20 proposal	2020/21 proposal
14	The Local Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services	✓	✓	✓	✓	✓
		£000	£000	£000	£000	£000
15	Gross and net debt	100%	100%	100%	100%	100%
	<i>The upper limit on the net debt as a proportion of gross debt</i>					
16	The upper limit on fixed rate exposures: (net principal outstanding)	143,000	166,000	167,000	169,000	171,000
17	The upper limit on variable rate exposures: (net principal outstanding)	20,000	20,000	20,000	20,000	20,000
18	The limit for total principal sums invested for periods longer than 364 days (any long term investments carried forward from previous years will be included in each year's limit)	15,000	15,000	15,000	15,000	15,000
			2017/18 upper limit	2017/18 lower limit		
19	The upper and lower limits for the maturity structure of fixed rate borrowing					
	• under 12 months		20%	0%		
	• 12 months and within 24 months		20%	0%		
	• 24 months and within 5 years		50%	0%		
	• 5 years and within 10 years		75%	0%		
	• 10 years and above		100%	0%		
			no change	no change		

Glossary of and information on Prudential & Treasury Management indicators (References as per appendix 11)

Glossary

CAPITAL EXPENDITURE

Capital expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

CAPITAL FINANCING

Funds that are available to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL FINANCING REQUIREMENT

The total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

CIPFA

This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

HOUSING REVENUE ACCOUNT (HRA)

The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

INTEREST RECEIVABLE OR PAYABLE

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax. For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET DEBT

The Net Debt is the Council's borrowings less cash and liquid resources.

PUBLIC WORKS LOANS BOARD (PWLB)

A Central Government Agency which provides loans for one year and/or more to authorities at interest rates only slightly higher than those at which the government can borrow itself.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

SUPPORTED BORROWING

The Council borrows money to fund part of its capital programme. This borrowing is recognised by Central Government in its calculation of formula funding for the Council.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

UNSUPPORTED BORROWING

The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

Information on Prudential & Treasury Management indicators

A) Affordability

1,2 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

The estimates of financing costs include current commitments and the proposals in this budget report.

3. Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

4(a) Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

4(b) Estimates of incremental impact of capital borrowing on housing rents for HRA

This indicator shows the additional cost of borrowing for HRA on rent amount.

B) Prudence

5. Gross Debt and the CFR

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

C) Capital expenditure

6,7. Estimates of Capital Expenditure

This is the forecast Capital Expenditure from 2017/18 to 2020/21, and is based on the Capital Programme for 2017/18 and the Capital Strategy for 2018/19.

8.9 The Council's borrowing need (the Capital Financing Requirement)

Another prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £nil of such schemes within the CFR.

CH) External Debt

- 10. The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

- 11. HRA Limit on Indebtedness.** As part of the HRA self-financing reform each Welsh local authority with responsibility for housing will be allocated a limit on indebtedness in relation to the HRA; this essentially places a limit on the HRA CFR (to be applied at 31st March each year). The gap between the two, if the CFR is within the limit, will be referred to as the borrowing headroom. The forecast account for the HRA settlement on the same basis as for the ratio in reference 2.
- 12. The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Treasury Management Indicators

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:-

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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