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CYNGOR SIR
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ISLE OF ANGLESEY
COUNTY COUNCIL

Mrs Annwen Morgan
Prif Weithredwr – Chief Executive

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
Swyddfeydd y Cyngor - Council Offices
LLANGFNI
Ynys Môn - Anglesey
LL77 7TW

Ffôn / tel (01248) 752500
Ffacs / fax (01248) 750839

RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	THE EXECUTIVE (BUDGET)
DYDD LLUN 1 MAWRTH 2021 10.00 o'r gloch	MONDAY 1 MARCH 2021 10.00 am
CYFARFOD RHITHIOL (AR HYN O BRYD NID OES MODD I'R CYHOEDD FYNYCHU'R CYFARFOD)	VIRTUAL MEETING (AT PRESENT MEMBERS OF THE PUBLIC ARE UNABLE TO ATTEND)
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Plaid Cymru/Party of Wales

Llinos Medi Huws, Carwyn Jones, R Meirion Jones, Alun W Mummery, Robert G Parry, OBE, FRAGS, Robin Wyn Williams

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.

At present this Committee is not being webcast live. A recording of the meeting will be made available on the Council's website as soon as possible.

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 HER APPOINTED OFFICER

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

3 REVENUE BUDGET MONITORING - QUARTER 3, 2020/21 (Pages 1 - 30)

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

4 CAPITAL BUDGET MONITORING - QUARTER 3, 2020/21 (Pages 31 - 46)

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

5 HOUSING REVENUE ACCOUNT BUDGET MONITORING - QUARTER 3, 2020/21 (Pages 47 - 54)

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

6 TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22 (Pages 55 - 98)

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

7 COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES – 2021/2022 FEES AND CHARGES (Pages 99 - 104)

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

8 LOCAL AUTHORITY HOMES FOR OLDER PEOPLE – SETTING THE STANDARD CHARGE (Pages 105 - 108)

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

9 FEES AND CHARGES 2021/22 (Pages 109 - 150)

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

10 MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2021/22 (Pages 151 - 174)

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

11 CAPITAL STRATEGY AND CAPITAL PROGRAMME 2021/22 TO 2023/24 (Pages 175 - 194)

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

At present this Committee is not being webcast live. A recording of the meeting will be made available on the Council's website as soon as possible.

12 FINAL PROPOSED CAPITAL BUDGET 2021/22 (Pages 195 - 204)

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

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	1 MARCH 2021
SUBJECT:	REVENUE BUDGET MONITORING, QUARTER 3 2020/21
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	BETHAN HUGHES OWEN
TEL:	01248 752663
E-MAIL:	BETHANOWEN2@YNYSMON.GOV.UK
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
<ol style="list-style-type: none"> <li style="margin-bottom: 10px;">1. On 10 March 2020, the Council set a net budget for 2020/21 with net service expenditure of £142.146m to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £1.115m. The budget for the Council Tax Premium was reduced by £0.051m to £1.393m. <li style="margin-bottom: 10px;">2. The budget for 2020/21 included required savings of £0.307m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net (under)/overspends shown. The savings target for 2020/21 was significantly less than prior years due to an increase of 3.8% in funding from Welsh Government. This was a welcome increase following several years of reduced funding, which led to significant savings targets each year of over £2m. The provisional settlement for 2021/22 again shows an increase of 3.4% in Welsh Government funding. The draft budget agreed by the Executive in January 2021 does not require the implementation of any savings targets and requires a Council Tax increase of 3.75%. The position beyond 2021/22 still remains unclear at this stage. <li style="margin-bottom: 10px;">3. The Welsh Government have provided £557m to date to meet the additional costs incurred by Councils in dealing with the pandemic, which has covered the cost of purchasing PPE, supporting the Adult Care Sector, providing additional services for the homeless, helping with the costs of transferring to home working, funding the cost of weekly payments to parents of children who would normally receive free school meals and covering the loss of income incurred by Councils as a result of the closure of services. To date, the Council has claimed £5.88m in additional funding, of which £5.15m has been received. The net expenditure to date and the projected net expenditure to the year end take account of this additional funding. <li style="margin-bottom: 10px;">4. This report sets out the financial performance of the Council's services at the end of Quarter 3, 31 December 2020. The projected position for the year, as a whole is also summarised. As we move closer to the end of the financial year there is an increased level of certainty surrounding the projections made, compared to quarter 2, although it should be noted that, in the current emergency situation, the position can change quickly as the Council continues to respond to the pandemic. <li style="margin-bottom: 10px;">5. The overall projected financial position for 2020/21, including Corporate Finance and the Council Tax fund is an underspend of £1.472m. This is 1.04% of the Council's net budget for 2020/21. 	

6. It is recommended that:-		
(i) To note the position set out in Appendices A and B in respect of the Authority's financial performance to date and expected outturn for 2020/21;		
(ii) To note the summary of Contingency budgets for 2020/21 detailed in Appendix C;		
(iii) To note the position of the invest to save programmes in Appendix CH;		
(iv) To note the position of the efficiency savings for 2020/21 in Appendix D;		
(v) To note the monitoring of agency and consultancy costs for 2020/21 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)	The report has been considered by the SLT and the comments made incorporated into the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT and any comments made were considered by the SLT
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Scrutiny	The report has been considered by the Finance Scrutiny Panel and reported on to the Corporate Scrutiny Committee
8	Local Members	N/A
9	Any external bodies / other/s	N/A
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 Budget Monitoring Report – Quarter 3, 2020/21
- Appendix B - Table of Provisional Outturn 2020/21
- Appendix C - Summary of Contingency Budgets 2020/21
- Appendix CH - Review of the Invest-to-Save projects 2020/21
- Appendix D - Review of Efficiency Savings 2020/21
- Appendix DD - Information regarding monitoring of Agency Staff 2020/21
- Appendix E - Information regarding monitoring of Consultants
- Appendix F - Detailed information regarding the expenditure on Consultants

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

- 2020/21 Revenue Budget (as recommended by this Committee on 2 March 2020 and adopted by the County Council on 10 March 2020).

REVENUE BUDGET MONITORING – QUARTER 3 2020/21

1. General Balance

The Council Fund held £8.760m of earmarked reserves and school reserves amounting to £0.197m at the start of the financial year. The outturn for 2019/20 resulted in a general balance at the start of the current financial year of £7.060m.

The Executive approved the following items to be funded in 2020/21 from the General reserve:-

Executive Meeting	Amount £m	Purpose
Draft opening balance	-7.060	Draft audited general reserve at 31 March 2020.
15 June 2020	0.085	To top up the earmarked reserve of £100k to £185k to fully fund the painting of Beaumaris Pier.
Revised Council Fund General Balance	-6.975	As mentioned above, this may change following any post-audit adjustments.

The current predicted outturn for 2020/21 is an estimated underspend of £1.472m. If this trend continues, the Council general reserve is likely to increase to £8.447m by the year-end. This is higher than the minimum balance recommended for the general reserve which has been set at £7.1m for 2020/21, as approved by the full Council on 10 March 2020. In its draft capital budget, the Executive intends to utilise £0.921m as a contribution to the funding of the capital programme.

2. 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 underspend of £1.906m on services is predicted as at 31 March 2021. An overspend of £0.160m is estimated on Corporate Finance. In addition, an overspend of £0.274m is predicted on the Collection of Council Tax, of which £0.556m is due to a shortfall on the collection of general Council Tax. However, a surplus of £0.282m on the Council Tax Premium offsets a significant part of the Council Tax shortfall. The current total revenue forecast for 2020/21 is an underspend of £1.472m, which is 1.04% of the Council's total net revenue budget.

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

Table 1

	(Under)/Overspend £'000
Learning	(1,278)
Adults	(295)
Children's Service	(216)
Property	141
Waste	(290)
HR	(185)
ICT	136
Transformation	(152)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	142 400
Council Tax, including Council Tax Premium	274
Other (total of variances less than £100k)	(149)
Total Variance over/(under)spend	(1,472)

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Delegated Schools Budget

Once the Council sets the budget for schools, responsibility for the budget is delegated to the schools and annual under or overspends are held in individual school reserves. As the majority of schools were closed for all but one week of the summer term, schools will have incurred less costs than normal e.g. supplies and services, supply teachers and exam fees. Any underspending that will result will feed through to an increase in school balances. The Council is not intending to claw back any of the underspend. The overall position for the delegated schools budget will not be known until the end of the financial year.

Central Education

3.1.2 This service was underspent by £620k (44.27%) at the end of Quarter 3. The forecast for the year-end is an underspend of £1,278k (26.91%). Many of these budgets are demand-led, therefore, with the closure of schools due to the Coronavirus Pandemic, there is no or reduced demand as highlighted below in 3.1.3. These demand-led services may change as we progress further into the academic year and financial year.

3.1.3 There are a number of over and underspends across the Service. The most significant of which are listed below:-

- School meals are forecast to underspend by £358k due to no demand for school meals due to the closure of schools for the first four months of the financial year, the subsequent firebreak lockdown and the current lockdown. The Council subsidises school meals, therefore, reduced demand leads to reduced expenditure against the school meals budget.
- The out-of-county placements budget has seen a reduction in demand since the beginning 2019/20, with eleven children leaving out-of-county placements due to turning 16+ or returning to placements on Anglesey. Only five new placements took place. An underspend of £719k is forecast for out-of-county placements. As this is a demand led budget, the underspends could be significantly reduced should there be an uptake in demand during the remainder of the financial year.
- The early years provision also sees a forecasted underspend of £175k, this is in part due to the closure of some of the providers during the pandemic, which means no grants have been distributed.
- There are some budgets within the service which are under pressure but are covered by the estimated underspend. The joint Môn and Gwynedd Additional Learning Needs service is estimated to overspend by £47k. There are also budget pressures relating to Clwb Gofal (loss of income) and further education.

3.1.2 Culture

3.1.2.1 This service was £144k (13.36%) underspent during the period, but the forecast outturn for the year is an overspend of £54k (4.20%). This is due to lost income from the closure of the Oriel, which amounts to £157k. This presumes that Welsh Government stops compensating local authorities for lost income. Funding for the arts is deemed no longer eligible from the Welsh Government Covid-19 Hardship Grant scheme, however, a claim has been made for quarter 3 losses. There is alternative funding to support the arts, the main claim made by the Oriel to the Cultural Resilience Fund has been rejected while some of the smaller claims have been accepted. Libraries is helping to reduce the service's overspend and is expected to underspend by £116k due to vacant posts and a saving on relief staff while the libraries are closed due to Covid-19. There are small overspends expected in culture grants and archives.

3.2 Adults Social Care

3.2.1 This service was £1,083k (5.54%) overspent for the period. However, the service is forecast to underspend by £295k (1.10%) for the year. An additional £1.028m budget was provided to the service as part of 2020/21 budget-setting due to Adults Services budgets being under pressure in 2019/20. A contingency for £251k was also included in budget-setting for Adult Services Demand, which has not been taken into account in the forecast as mentioned.

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

- Services for the Elderly: Forecast overspend of £31k for the year. There are various elements that create the overspend, there are vacant posts in assessment and care management which creates an underspend of £112k, there has been additional income arising from deferred charges which has resulted in a projected underspend within residential care of £32k. However, these underspends are offset by forecasted overspends of £57k for nursing care due to increase in demand and homecare is expected to overspend by £139k, mainly due to unexpected void costs
- Physical Disabilities (PD): Forecast underspend of £80k – the largest underspends relate to assessment and care management (£93k) due to a vacant post and grant funding for other posts. Equipment and adaptations (£34k). There are less aids and adaptation work being carried out due to the Covid-19 pandemic. Home Support is expected to overspend (£46k).
- Learning Disabilities (LD): Forecast overspend of £297k – residential care is forecast to overspend by £132k due to extra demand for high cost placements for individuals with complex care needs. This is a demand led service and predominantly commissions high cost low volume placements to meet the needs of service users. It is anticipated that day care will overspend by £3k, along with assessment and care management of £13k. Supported and other accommodation is forecast to overspend by £454k. Savings of £300k were expected in this area due to a tendering exercise, however, this was not implemented due to Covid-19. The tendering process has been placed on hold. A large underspend of £231k is forecast for home care as more individuals take-up direct payments and organise their own home care.
- Mental Health (MH): Forecast underspend of £253k – residential care is projected to underspend by £13k, this is a demand led service which, again, is predominantly high cost low volume placements. This is, therefore, subject to change as we progress towards the year end. An underspend of £257k on community support is forecast due to vacant posts. There are overspends predicted within Homecare (£16k) and Supported Living (£31k), which mainly related to an increase in adult placement costs.

- Provider Unit and Management and Support: Forecast underspend of £134k. This is due to vacant posts across the different elements of the unit and unopened day centres due to Covid restrictions.

3.2.3 The Quarter 3 figures indicate significant demand pressures within the quarter. In order to fully investigate the issues, the department will be considering each specific individual line which has led to the significant projected overspend. Within each, the following will be considered:-

- Nature of cyclical trend (year by year and month by month trend);
- Reasons behind the trend;
- Further steps that can be taken to manage demand.

Any feedback will be reported to the Executive and Finance Scrutiny Panel.

3.3 Children's Services

3.3.1 The service was overspent by £291k (3.52%) during the period and is projected to be underspent by £216k (1.97%) at year-end. Most of the sections within Children's Services are underspending, with commissioning and Social Work forecast to underspend by £166k. Children with disabilities are expected to overspend by £110k, which is better than what was forecasted in quarter 2 (£193k).

3.3.2 The Looked After Children's budget was forecasted to underspend in quarter 2 by £449k due to an expected underspend of £1,000k on out-of-county placements. However, in the last few months there has been an increase in the demand in out of county placements and staff being appointed to the small group homes has meant that the year end underspend is now forecasted to be £20k. Children with disabilities services was forecasting an overspend of £193k at the end of quarter 2 due to high cost specialist placements which will, eventually, be moved to the Council's Specialist Small Group Home when it is operational. At the end of quarter 3, the forecast is slightly better in being forecast to overspend by £110k which is due to a combination of a reduction in staffing costs and use of direct payments. The Commissioning and Social Work budget sees a difference of £81k in the underspend for the year, with the forecast now being £166k underspent at year end. This has been the result of additional funding from the transformation fund and careful use of the ICF funding.

3.3.3 Given the pandemic, Children and Families Services have seen a reduction in referrals coming into the service and a slight reduction in the amount of children coming into the care of the Local Authority. It is predicted that referrals will increase and, indeed, we will need to potentially bring some children into care. Therefore, we need to be mindful of the financial demands of these pressures for the forthcoming months.

3.4 Housing (Council Fund)

3.4.1 This service was underspent by £20k (1.34%) during the period and is forecast to underspend by £25k at year-end. Homelessness is showing an underspend of £25k (2.14%) due to a staff vacancy otherwise budgets are expected to be within budget.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

- 3.5.1.1** The service, overall, was underspent by £163k (9.98%) for the period, with a projected outturn being £25k (1.33%) underspent.
- 3.5.1.2** The Economic Development element of the service is projected to underspend by £5k at year-end. This is improved from the overspend of £20k forecasted in quarter 2. The suspension of the Wylfa Newydd project and termination of partnership agreements with Horizon and National Grid are having a negative impact on the service's ability to achieve its income targets against staff recharges. Staff have been redeployed to work on the Authority's response to the Coronavirus situation. However, these costs are not eligible for Welsh Government grant funding. Other budget pressures are graphic design and economic development subscriptions, which could amount to a combined overspend of £35k by year-end. The vacant post for Director of Regulation and Place has helped fund much of these budget pressures.
- 3.5.1.3** The Destination section is forecast to underspend by £50k for the year, which is an increase of £45k from that predicted during quarter 2. There is uncertainty over the service's ability to achieve its income targets for moorings, personal water craft (pwc) registrations and launching. Income from launches had improved while the lockdown eased during the summer. However, moorings and registrations remain a problem. The vacant Destination Manager post and savings on beach wardens and seasonal staff, however, reduce the impact of these budgetary pressures.
- 3.5.1.4** The Leisure section has been hit hard due to closure of all leisure centres in the early part of the year, fire break and the current lockdown restrictions. However, Welsh Government has compensated the service for loss of income up to the end of quarter 3 and will compensate for quarter 4. The department have an overspend for the period of £295k, the monies received from Welsh Government amount to £227k, leaving an overspend of £68k for the department. The year end projection is a £30k overspend.

3.5.2 Planning and Public Protection

- 3.5.2.1** This service was £182k underspent (10.93%) for the period. However, the forecast outturn for the year is an underspend of £63k (2.96%).
- 3.5.2.2** The Public Protection section was underspent by £124k for the period, with the forecast outturn position being £50k underspend, which is better than the forecasted overspend of £36k in quarter 2. The overspend on Dog/pest control is expected to be £20k for the year, mainly due to income targets needing to be adjusted to reflect the change in demand for the service. Environmental Health is forecasted to underspend by £30k, which is better than the expected £18k overspend in quarter 2. This is the result of continuing staff savings as well as grant income. The overspend on Registrars is still forecasted at £35k, this is due to waiting on confirmation as to whether the shortfall on income arising from the pandemic will be funded by Welsh Government. Underspends in Licencing (£45k) and Corporate Health and Safety (£35k) are forecast due to vacant posts.

3.5.2.3 The Planning section was underspent by £58k for the period and is forecast to underspend by £13k at year-end. Planning control was projected to overspend by £30k due to a shortfall on income budgets due to the first half of the lockdown. However, planning fee income has increased in quarter 3 which, in turn, brings the planning control budgets to a breakeven position. Building control was forecast to overspend by £6k in quarter 2, however, again income levels have increased within this section to bring the section to a breakeven position. Underspends of £5k for Planning Policy and £8k for Implementation and Conservation are the results of received grant income and controlling of the sections running costs.

3.6 Highways, Waste and Property

3.6.1 Highways

3.6.1.1 This service was £50k (0.90%) underspent for the period. However, the forecast position at year-end is a £17k underspend (0.27%). This is an improvement from the overspend of £6k predicted during quarter 2.

3.6.1.2 There are several small compensating over and underspends. The most significant overspend is £130k on Fleet due to a shortfall on income from other services due to the Covid restrictions. This overspend has increased by £20k from quarter 2. The car parking income is still expected to be £90k overspent for the year due to the covid crisis however some of the lost car park income has been covered by Welsh Government as a result of the reduction in the number of people using car parks generally but they will not cover the lost income arising from the local decision not to charge a fee after 10 a.m. These overspends are compensated by a number of underspends across other sections. Street works forecast still remains at an underspend of £50k. There is a £55k underspend on departmental support due to a vacant post and savings in transport costs and supplies and services costs. There are also underspends in Public Transport and Môn Community Transport as a result of part year vacant posts and a general reduction on supplies and services.

3.6.1.3 The works budget which includes winter maintenance and storm damage is currently projected to overspend by £30k. As this budget can be affected by winter weather, it is hard to accurately predict if this figure will be affected between now and the year-end. Any significant winter costs could worsen the outturn estimated this quarter, however, the Council does maintain an earmarked reserve of £54k which is available to help fund any significant costs which may arise during the winter period.

3.6.2 Waste

3.6.2.1 The Waste service was £478k (8.33%) underspent for the period, the service is predicted to have an outturn position of £290k underspend (3.61%) at year-end. This is a increase of £85k on the underspend of £205k forecast for quarter 2. With the new Parc Adfer up and running, the forecast for Waste Disposal has increased from £150k underspend in quarter 2 to an underspend of £250k in quarter 3. This is due to the Council benefitting from a lower rate per tonne of disposal since becoming a partner in the Parc Adfer partnership with four of the other North Wales local authorities.

- 3.6.2.2** The forecast for the year-end includes overspends in waste collection (£210k) public conveniences (£10k), Administration (£10k) and compensating underspends within different sections of the service. The overspend on Waste Collection rose by £150k to £210k, which is the result of increase in costs and associated costs for implementing the new contract. The overspend on public conveniences is expected to improve by £10k, to an overspend of £10k due to grant from Welsh Government to help fund Covid-19 costs. Penhesgyn electricity generation station was previously forecast to achieve a balanced budget but is now expected to be underspent by £30k . An underspend of £350k is projected on recycling, this is an increase of £260k from the underspend of £90k forecast in quarter 2. The underspend on recycling is due to a vacant post, surplus income from recyclates and reduced expenditure on supplies and services, as well as the department being successful in applying for additional funding through the Circular Economy Grant. The cleansing service was previously expected to underspend by £10k at quarter 2, but is now forecast to underspend by £40k due to the cleansing contract.
- 3.6.2.3** The underspending on recycling will allow £200k to be transferred to the Council's earmarked reserve, which has been set up to provide funding to tackle the climate emergency decalred by the Council on 8 September 2020.

3.6.3 Property

- 3.6.3.1** The Service's position for the period is a £198k (43.69%) underspend but with a forecast for the year-end position being £141k (15.82%) overspent. This is a modest improvement on the overspend of £156k projected during quarter 2.
- 3.6.3.2** The main reason for the projected overspend within the Property services is a forecast underachievement of £160k on capitalised professional fees, arising from delays in the 21 Century Schools programme, part of which is due to the lockdown. A delay in capital projects within the 21st Century Schools programme has reduced the fee earning work within Property in this financial year. However, this work is expected to increase in future financial years when the 21st Century Schools Band B projects are progressed. The utilities expenditure is lower than anticipated, which will provide a £10k underspend for the financial year.

3.7 Transformation

- 3.7.1** The Transformation function overspent by £115k (10.17%) for the period. The projected year-end position is an underspend of £201k (13.74%). This is an increased underspend of £25k on the underspend of £176k forecast for quarter 2.
- 3.7.1.1** The HR function was underspent by £115k (17.76%) for the period and is projected to be £185k (13.74%) underspent at year-end, which is similar to that reported in quarter 2. Vacant posts are expected to result in an underspend of £36k. Central training is forecast to be underspent by £150k. This is due to the Covid-19 outbreak preventing the usual training to take place.

3.7.1.2 The ICT Section was overspent by £117k (5.08%) for the period and is expected to be £136k (4.87%) overspent at year-end. Software budgets have historically been insufficient and the budget is still expected to be £137k overspent at year-end. The expansion of citrix licences and VASCOs to enable widespread home-working during the lockdown period and beyond has increased budgetary pressures further, though Welsh Government has supported the Council by providing 50% funding towards increased ICT cost. The function, which includes network and hardware, is forecast to overspend by £199k, this is reduced by underspends of £146k on staffing and agency and consultancy costs, along with £20k on Anglesey Connected.

3.7.1.3 The Corporate Transformation was underspent by £117k (19.79%) for the period and is expected to be underspent at the year-end by £152k (17.81%), which is an increase in underspend of £48k from quarter 2. All budget areas are expected to underspend with the most significant being an underspend of £58k on the Ynys Môn and Gwynedd Partnership. Cyswllt Môn is forecast to underspend by £60k, mainly on staffing costs.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £54k (2.11%) underspent for the period, with the projection for outturn being an underspend of £96k (3.09%). This is an improvement from the £66k overspend forecasted in quarter 2, which is a result of a grant received for administrating the Covid grants.

3.8.2 Revenues and Benefits are expected to be £46k overspent for the year due to reduced court cost income of £153k. The Accountancy section is looking at an overspend of £71k mainly due to bank charges of £36k. Accountancy staffing is expected to overspend by £51k and there is a forecast shortfall on grant staff income of £16k due to the redeployment of the grants team on Covid-19 related work. Internal Audit is expected to have an underspend of £59k arising from staff vacancies. The Procurement section is expected to be £154k underspent due to initiatives in purchasing, i.e. centralised purchasing budgets and procurement card rebates.

3.9 Council Business

3.9.1 The function was £100k (8.43%) underspent for the period, but the forecast for the year-end position is an underspend of £13k (0.78%). An increase on the underspend of £7k reported during quarter 2.

3.9.2 Legal Services are expected to be overspent by £19k, which is less than the overspend of £25k forecast in quarter 2. This improvement is due to recovery of income levels post lockdown. An overspend of £14k is expected on Legal agency staff to cover staff vacancies/absences.

3.9.3 Similarly, Democratic Services are forecasting less costs at quarter 3, with the underspend increased by £2k to an underspend of £32k. There are underspends projected in each of its functions with the largest underspend being within the Committee services (£26k).

3.10 Corporate and Democratic Costs

3.10.1 The Corporate and Democratic budget was overspent by £50k (1.93%) for the period, and the forecast year-end position is an overspend of £61k (2.19%). This is an improvement of £110k on the overspend of £171k projected in quarter 2.

3.10.2 There are sections within the department that are forecasting to overspend at year-end, whilst there are some mitigating underspends in other areas. The areas of concern are all within the Corporate other area, which is expected to overspend by £133k compared with £227k during quarter 2. This is due to increased historic pension costs of £148k, following the triennial valuation of the pension fund in March 2019. Staff counselling costs are expected to overspend by £24k, though this is more than reported in quarter 2. An underspend of £25k is expected on the apprenticeship levy and an underspend of £56k is forecast on Members' support and expenses. This is an increase of £21k in the underspend expected during quarter 2, due to online meetings due to Covid-19 restrictions.

3.11 Corporate Management

3.11.1 The function was £33k (7.07%) underspent for the period, with the forecast at year-end being an underspend of £43k (6.87%). This relates to the residual budget following the management restructure in 2019/20 and small underspends on transport and general office supplies.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, is expected to overspend by £160k (0.93%) at year-end. An overspend of £142k is forecast on benefits granted, due to a rise in the number of Council Tax Reduction Scheme claims as a consequence of the increased Universal Credit claimants which have resulted from the economic fallout of the Covid-19 crisis, although the Welsh Government will be providing some additional funding to meet a proportion of this additional cost.

4.2 The budget for 2020/21 included some items retained centrally as contingency budgets, these amount to £1,115k. The general contingency is £371.5k, which is for ad-hoc unexpected budgetary pressures arising through the year. A salary and grading contingency of £150k is included for unbudgeted salary and grading costs, such as redundancy payments. Contingencies amounting to £593k were included in the budget which can only be used for the costs approved. £251k was included for Adult Services extra demand, this has already been used to fund increased demand for services to the Elderly. A risk contingency for £235k was also included in the budget to contribute towards any pay award for 2020/21 agreed which is over the 2% budgeted for during budget-setting. The pay award has now been agreed at 2.75%. This will cost the Council an additional £340k, therefore, the risk contingency will be used towards the pay award. The balance of £105k will be funded from the salary and grading contingency. An additional allocation to the earmarked contingencies has subsequently been provided for £115k for recovery activity due to Covid-19. This increased the total budget for contingencies to £1,230k. There are also smaller contingencies for the Regional Growth bid, STEM and lone-working. Appendix C provides a summary of the contingencies budget, this shows that £166k has already been vired to approved budgets.

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 2019. 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 underachieve the target by £556k due to continued erosion of the tax base with significant numbers of self-catering properties switching to business rates. Covid-19 is also impacting on the collection of Council Tax and an increase in the bad debt provision has been made to reflect this impact.
- 5.2** 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 by £282k. This surplus is lower than expected following the waving of the premium for 6 months as a result of the Covid pandemic.

6. Budget Savings 2020/21

- 6.1** Budget savings of £307k were removed from service budgets for 2020/21. £244k of the savings are likely to be achieved, however, £63k is not expected to be delivered. The most significant shortfall will be within Highways, Waste and Property, where £57k of savings relating to car park income will be difficult to achieve due to delays caused by the Coronavirus pandemic. 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, £814k has been spent or committed from this allocation of funding up to and including 2020/21. All projects are at various stages of development, with some closer to completion than others, although progress to complete these projects has been impacted by the Coronavirus pandemic. The full detail of the expenditure and progress on each of the projects can be seen in Appendix CH. Where the projects are not completed at year-end, they will continue into 2021/22 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, £470k was spent on Agency staff, with the highest agency costs in social care. These were, in the main, part-funded from staffing budgets as they related to staff vacancies. The full details can be seen at Appendix DD.
- 8.2** Expenditure on consultancy services in quarter 3 was £104k, this is considerably less than the £227k spent on consultancy during quarter 3 last year. This is due to delays in projects and work streams requiring consultants due to the Coronavirus restrictions. The full summary of expenditure per service and additional details of the expenditure can be seen at Appendix E.

9. Welsh Government Covid-19 Grant Funding to date

9.1 The Welsh Government has provided significant financial support to the Welsh local authorities on Coronavirus related additional costs and loss of income, without which the forecast outturn would be a sizeable overspend. Table 2 below shows that, for the first three quarters, the Council claimed £4.182m for additional costs arising from the pandemic, £69k of this was not eligible but £4.113m was considered eligible and £3.793m has already been paid to the Council, leaving a balance of £0.320m remaining for quarters 2 and 3. In addition, Welsh Government has announced that this grant funding will be extended to quarters 3 and 4 of the financial year.

Table 2 Covid-19 related expenditure April to September 2020 funded by Welsh Government

	Adult Social Services	Excess Deaths	Free School Meals	General	Homeless	School Cleaning	Community Support	IT / Home Working	Self Isolation	SSP Enhancement	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claimed	1,390	23	695	1,262	459	69	69	168	42	5	4,182
Disallowed	1	0	9	14	0	0	36	9	0	0	69
Balance Due	1,389	23	686	1,248	459	69	33	159	42	5	4,113
Paid	1,267	20	585	1,202	445	46	33	159	36	0	3,793
Balance Outstanding	122	3	101	46	14	23	0	0	6	5	320

9.2 Loss of Income from Covid-19 Restrictions Funded by Welsh Government

The Council's income has significantly reduced as a result of Covid-19 restrictions, such as closure of the Leisure centres and the impact on car parking fees during the Lockdown, Fire-break and the current Lockdown period. There is also the risk of further restrictions to help reduce the transmission of Covid-19. Welsh Government has compensated local authorities for eligible income lost due to the Coronavirus. The Council has claimed £1,783k from Welsh Government of which £20k has been disallowed. £1,357k has been paid to date, with a further £406k expected to be paid over the coming weeks. A summary of the income compensated and claimed to 30 December 2020 is shown below in Table 3:-

Table 3 – Welsh Government Grant Funding for Loss of Income from Services during the Pandemic

Summary	Maritime	Museums	Leisure	Open Spaces	Education	Waste Disposal	Car Parks	Adult Services	Public Protection	Rental Income	Markets and Travel Clubs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claimed	37	125	844	6	317	2	242	33	116	49	12	1,783
Disallowed	0	0	0	0	0	0	0	20	0	0	0	20
Balance Due	37	125	844	6	317	2	242	13	116	49	12	1,763
Paid	37	89	618	6	274	2	222	13	37	49	10	1,357
Balance Outstanding	0	36	226	0	43	0	20	0	79	0	2	406

10. Conclusion

- 10.1** The Coronavirus pandemic has had a significant impact on the normal delivery of services by the Council in 2020/21 and, as such, the financial performance does not reflect what would happen in a normal year. The projected underspend of £1.47m is welcomed and strengthens the Council's financial position moving forward, but would have not been achieved without the additional funding that has been provided by the Welsh Government. It should be noted that the £1.47m is still a projection and a number of matters could impact on the final outturn figure, including the demand for services during the final quarter of the year and the amount of Council Tax that the Council will not be able to ultimately collect.
- 10.2** The position for 2021/22 is also uncertain i.e. how quickly will the Council be able to move out of the lockdown and provide the normal level of service and generate the budgeted level of income. The continued financial support from Welsh Government is an important factor to also consider i.e. if the additional costs and loss of income arising from the pandemic continue at the current level for a significant period, and if the Welsh Government cannot provide the same level of financial support, then the Council will have to fund these additional costs from its own reserves, which highlights the importance of maintaining adequate general and earmarked reserves.

Projected Revenue Outturn for the Financial Year-ending 31 March 2020 – Quarter 3

Service/Function	2020/21 Annual Budget	Q3 2020/21 Budget Year to Date	Q3 Actual & Committed spend	Q3 2020/21 Variance	Q3 Actual & Committed Spend	Estimated Expenditure to 31 March 2021 at Q3	Estimated Outturn 31 March 2021 over/(under) at Q3	2020/21 Projected Over/(Under)spend as a % of Total Budget	Estimated Outturn 31 March 2021 over/(under) at Q2	Draft Over/(under)spend Last Year 2019/20 (Subject to Audit)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000
<u>Lifelong Learning</u>										
Delegated Schools Budget	47,579	36,799	35,378	(1,422)	-3.86%	47,579	0	0.00%	0	0
Central Education	4,748	1,401	781	(620)	-44.27%	3,470	(1,278)	-26.91%	(1,041)	(272)
Culture	1,285	1,074	930	(144)	-13.36%	1,339	54	4.20%	74	29
<u>Adult Services</u>	26,911	9,548	20,631	1,083	5.54%	26,616	(295)	-1.10%	(309)	1,085
<u>Children's Services</u>	10,951	8,271	8,562	291	-3.52%	10,735	(216)	-1.97%	(543)	156
<u>Housing</u>	1,168	1,471	1,451	(20)	-1.34%	1,143	(25)	-2.14%	(25)	(77)
<u>Highways, Waste & Property</u>										
Highways	6,287	5,547	5,497	(50)	-0.90%	6,270	(17)	0.27%	6	(192)
Property	891	453	255	(198)	-43.69%	1,032	141	15.82%	156	44
Waste	8,030	5,741	5,263	(478)	-8.33%	7,540	(290)	-3.61%	(205)	(208)
<u>Regulation & Economic Development</u>										
Economic Development	1,882	1,635	1,472	(163)	-9.98%	1,857	(25)	-1.33%	15	0
Planning and Public Protection	2,131	1,670	1,488	(182)	-10.93%	2,068	(63)	-2.96%	62	(117)
<u>Transformation</u>										
Human Resources	1,346	1,129	1,014	(115)	-10.17%	1,161	(185)	-13.74%	(185)	(35)
ICT	2,794	2,300	2,417	117	5.08%	2,930	136	4.87%	113	(85)

Service/Function	2020/21 Annual Budget	Q3 2020/21 Budget Year to Date	Q3 Actual & Committed spend	Q3 2020/21 Variance	Q3 Actual & Committed Spend	Estimated Expenditure to 31 March 2021 at Q3	Estimated Outturn 31 March 2021 over/(under) at Q3	2020/21 Projected Over/(Under)spend as a % of Total Budget	Estimated Outturn 31 March 2021 over/(under) at Q2	Draft Over/(under)spend Last Year 2019/20 (Subject to Audit)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000
Corporate Transformation	853	592	475	(117)	-19.79%	701	(152)	-17.81%	(104)	(192)
Resources	3,109	2,546	2,492	(54)	-2.11%	3,013	(96)	-3.09%	66	(170)
Council Business	1,669	1,181	1,082	(100)	-8.43%	1,656	(13)	-0.78%	(6)	(2)
Corporate & Democratic costs	2,785	2,575	2,625	50	1.93%	2,846	61	2.19%	171	(99)
Corporate Management	626	468	435	(33)	-7.07%	583	(43)	-6.87%	(40)	(70)
Unbudgeted, uncontrollable costs: insurances, pension costs and bad debt write offs/impairment allowances on services income						400	400	0.00%	200	241
Total Service Budgets	125,046	94,403	92,247	(2,155)	-2.28%	122,740	(1,746)	-1.23%	(1,595)	36
Levies	3,599	3,599	3,599	0	0.00%	3,599	0	0.00%	0	0
Discretionary Rate Relief	95	0	0	0	0.00%	116	21	22.11%	13	11
Capital Financing	6,939	3,068	2,098	(970)	31.63%	6,036	(3)	-0.05%	16	(277)
General & Other Contingencies	1,065	1,065	1,065	0	0.04%	1,065	0	0.00%	0	(447)
Support Services contribution HRA	(700)	0	0	0	0.00%	(700)	0	0.00%	0	(86)
Benefits Granted	6,103	753	753	0	0.00%	6245	142	2.33%	210	248
Total Corporate Finance	17,100	8,484	7,514	(960)	-11.43%	16,360	(160)	0.93%	239	(551)
Total 2020/21	142,146	102,888	99,761	(3,125)	-3.04%	139,100	(1,746)	-1.23%	(1,356)	(515)

Service/Function	2020/21 Annual Budget	Q3 2020/21 Budget Year to Date	Q3 Actual & Committed spend	Q3 2020/21 Variance	Q3 Actual & Committed Spend	Estimated Expenditure to 31 March 2021 at Q3	Estimated Outturn 31 March 2021 over/(under) at Q3	2020/21 Projected Over/(Under)spend as a % of Total Budget	Estimated Outturn 31 March 2021 over/(under) at Q2	Draft Over/(under)spend Last Year 2019/20 (Subject to Audit)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000
Funding										
NDR	(24,313)	(18,702)	(19,722)	0	0.00%	(24,313)	0	0.00%	0	0
Council Tax	(39,749)	0	0	0	0.00%	(39,193)	556	-1.53%	608	207
Council Tax Premium	(1,393)	0	0	0	0.00%	(1,675)	(282)	29.01%	(404)	
Revenue Support Grant	(76,692)	(58,993)	62,212)	0	0.00%	(76,692)	0	0.00%	0	0
Total Funding 2020/21	(142,146)	(77,695)	(81,934)	0	0	(141,872)	274	-0.19%	204	207
Total outturn including impact of funding	0	25,192	17,827	(3,125)	-12.40%	(2,772)	(1,472)	-1.04%	(1,152)	(308)

Summary of the Outturn Position on Contingency Budgets 2020/21

	Budget	Virements	Amended Budget YTD	Committed YTD	Currently Uncommitted Budgets	Budget Forecast
	£	£	£	£	£	£
General Contingency	371,550	- 90,200	281,350	53,560	227,790	-
Salary and Grading	150,000	- 12,727	137,273	9,037	128,236	-
Earmarked Contingency	708,770	- 62,800	645,970	-	645,970	-
Total General and other Contingencies	1,230,320	-165,727	1,064,593	62,597	1,001,996	0

Review of Invest-to-Save Projects 2020/21

Service	Title	Description	Amount Approved £	Allocation for 2020/21 £	Spent 2020/21 £	Remaining budget 2020/21 £	Balance at 31 Dec 2020 £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	0	0	0	0	Project closed. No further update.
I.T	Local Land and Property Gazetteer (LLPG)	Implement a LLPG system across the Council	10,800	0	0	0	0	Project closed. No further update.
I.T. / Transformation	Customer Relationship Management System	Purchase and implementation of a CRM system	255,000	100,132	53,456	46,676	46,676	The CRM continues to be used extensively with tranche 2 of business support grants being administered through the system as well as a booking system for attending Household Waste Recycling Centres. The CRM is currently being integrated with the line of business system used by the contractor appointed to the waste collection contract for the Authority. Progress on other forms has been impacted by Covid, but work on other forms as nominated by the Transformation Board continues where possible. Update - The integration with the waste systems is progressing well and ahead of the development schedule, the Green Waste collection payment and contract creation is live in the CRM and has had in excess of 500 payments made since launch in November.
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	13,583	0	13,583	13,583	Project closed. No further update.

Service	Title	Description	Amount Approved £	Allocation for 2020/21 £	Spent 2020/21 £	Remaining budget 2020/21 £	Balance at 31 Dec 2020 £	Project Update
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	15,374	0	15,374	8,047	The scheduled 'go-live' date for Enterprise was unfortunately missed due to unforeseen errors and glitches within the system which required resolving. Testing has, therefore, continued with a new proposed date of early April to 'go-live'. Works are also in progress to include a new Tree Preservation Order module and Ash Die Back reporting module within Salesforce as well as works to facilitate copies of planning decision notices being sent automatically via e-mail directly from the system to Local Members and Town and Community Councils. All Planning Staff have also been provided with a works mobile telephone to enable improved and efficient remote working.
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 (AppMôn etc.) to link into the cash management system	150,000	42,799	30,459	12,340	12,340	Full commitments have now been made and within the bid budgets. Implementation recommenced during Quarter 2 following ending of furlough of certain Capita project staff, but momentum will only pick up in Quarter 3. Testing of the new GL export file that could be done remotely is almost complete and arrangements are in place to complete the testing that cannot be done remotely. Once this is complete, automated income reconciliation/e-returns can begin to be implemented, involving new processes for services and bespoke electronic bank statements from the Authority's bankers. Further automated work is being progressed by developing APIs to enable automated income update to ledger through income management for internal services such as leisure, education and highways and externally for DWP. Implementation will be ongoing into the next financial year due to Covid-19 delaying implementation and internal services retendering certain software processes. The remaining budget balance will be used for any unexpected items which remain.

Service	Title	Description	Amount Approved £	Allocation for 2020/21 £	Spent 2020/21 £	Remaining budget 2020/21 £	Balance at 31 Dec 2020 £	Project Update
Lifelong Learning	Modernisation of business and performance processes - Education	Implement unused modules in the ONE Management Information system	67,000	0	0	0	0	Project closed. No further update.
Lifelong Learning	Modernisation of business and performance processes - Oriel Môn	Website for the Oriel	20,000	11,474	0	11,474	11,474	There have been some delays with the company and Covid-19. The website and online shop and EPOS system are now all live and remaining invoices paid January 2021 (Quarter 4).
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	50,000	51,463	-1,463	47,667	Both Temporary Digital Technicians are continuing the development work on the forms and supporting forms developed for Covid support.
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	10,000	0	10,000	45,000	No progress to report in 2020/21. Due to Covid-19 and pressures on Public Protection, there has been no capacity to proceed.
Total				243,362	135,378	107,984	184,787	

Review of Efficiency Savings 2020/21

Service/Function	Budget Savings 2020/21 £'000	Achievable 2020/21 £'000	Possibly Unachievable 2020/21 £'000	Comments
Highways, Waste & Property	68	11	57	<p>Currently, savings of £10k are unlikely to be achieved by reducing the cost of running the Council's vehicle fleet by investing in more fuel efficient vehicles and improving administration procedures to reduce down time. This is due to the significant reduction of fleet vehicle use due to Covid-19. Four LPG vehicles were delivered in July which will be more fuel efficient but the benefit will not materialise until the next financial year.</p> <p>A saving of £47k by increasing car park fees is also unlikely to be achieved. Saving is dependent on:-</p> <ol style="list-style-type: none"> 1. Implementation of cash-less option but this was delayed until 3 August due to Covid-19. 2. Increase in prices - car parks were closed during the first quarter of the financial year due to Covid restrictions. All were subsequently reopened but EMRT decided not to implement charges in urban car parks until the end of September in order to encourage use of Town Centres. Additionally, the Parking Steering Group has resolved not to implement new charges until 2021-22. As these are local decisions, the loss of income will not be eligible in full for WG Covid-19 grant. <p>The Service will aim to absorb the shortfall through underspends elsewhere within the Highways budget.</p> <p>A saving of £11k by rearranging the out of hours rota of the property repairs team is on track to be fully achieved.</p>
Regulation and Economic Development	65	59	6	<p>A saving of £22k has been implemented in full by reducing the Development Control Team's administrative capacity. This has been achieved by the recent investment in the planning system.</p> <p>The expected increase in income of £1k is unlikely to be achieved given the current pandemic and its effect on group gatherings and events.</p> <p>£37k saving by deleting the remainder of the Outdoor Facilities budget following the transfer of the assets from the Council's control has been fully achieved.</p> <p>The fees and charges for maritime services have been increased, although the saving of £5k is not likely to be achieved due to the Covid-19 related restrictions and the shortening of the open season.</p>

Service/Function	Budget Savings 2020/21	Achievable 2020/21	Possibly Unachievable 2020/21	Comments
	£'000	£'000	£'000	
Housing	101	101	0	A saving of £27k has been achieved by deleting the vacant post of Strategic Development Officer.
				Savings of £4k by reducing the cost of administrative support to the Head of Housing is being achieved.
				A saving of £36k by capitalising the staffing costs relating to the delivery of Disabled Facilities Grant will be achieved.
				Savings of £19k were proposed by adjusting the charges to the Housing Revenue Account to reflect the increase in these costs, are likely to be achieved at year-end review.
				A service budget review identified £15k of un-utilised budget which have now been deleted. There was no overspend at the end of Q2, so this saving is being achieved.
Transformation	5	5	0	A saving of £5k was recognised by deleting budgets for low usage telephone lines and mobile phones. No further line savings have been identified to date but, if not found, the savings will be found from elsewhere in the department's budget, as in 2019/20.
Resources	60	60	0	A saving of £10k was proposed by reducing postage budgets as a result of investments in the Payroll and Housing Benefit systems which has allowed the transfer of information electronically rather than posting paper documents. Expenditure for Q2 is slightly above budget, but this is likely due to the timing of the expenditure.
				A corporate approach to the purchase of some is expected to release a saving of £50k. Expenditure at Q3 is within budget.
Council Business	8	8	0	Reducing the cost of holding Civic events is expected to achieve a saving of £8k for the year. Expenditure at Q3 is within budget.
Total	307	244	63	

Agency costs April to December 2020

Service	Amount £	Source of Funding (Specific Core Budget / Un-utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	10,943	Grant	Temporary	Unable to recruit fully qualified EHO for food sampling
	10,943			
Schools	1,843	Core	Temporary	Teaching cover in specialised areas
	1,843			
Waste	54,100	Specific Core Budget	Temporary	Short term staff - not available view HR Matrix
	52,745	Specific Core Budget	Temporary	Additional tasks required short term. Staff not available via HR Matrix
	38,269	Specific Core Budget	Temporary	Additional tasks required short term. Staff not available via HR Matrix
	145,114			
Children Services	56,742	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	109,033	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	24,961	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	190,736			
Adult Services	101,975	Core Budget	Temporary	DOLS project
	17,171	Core Budget	Temporary	To cover vacant posts
	85,617			
Transformation	13,572	Un-utilised staffing budget	Temporary	Maternity
	13,572			
Total	470,410			

APPENDIX E

Summary Consultancy Expenditure Q3 2020/21

Summary Consultancy Expenditure per Service				
Service	Qtr1	Qtr2	Qtr3	Total 2020/21
	£	£	£	£
Central Education	8,685	10,033	875	19,593
Culture	0	0	1,950	1,950
Economic & Regeneration	1,125	36,501	54,255	91,881
Property	0	0	0	0
Highways	0	17,655	6,428	24,083
Schools	0	0	0	0
Waste	12,883	40,257	11,033	53,140
HRA	0	1,200	2,500	3,700
Housing	0	0	600	600
Corporate & Democratic	0	0	0	0
Adult Services	0	0	0	0
Children Services	2,466	56	4,811	7,333
Corporate	0	0	0	0
Transformation	630	1,386	13,122	15,138
Council Business	11,847	2,582	0	14,429
Resources	9,515	0	8,450	17,965
Total	47,151	109,671	104,023	260,845
Funded by:				
Core Budget	46,016	72,640	40,379	159,035
Grant	630	1,386	11,018	13,034
External Contribution	505	35,645	52,626	88,776
Reserves	0	0	0	0
Total	47,151	109,671	104,023	260,845

Breakdown of Consultancy Costs Quarter 3 2020/21

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Total Q1 April - June	47,151					
Total Q2 July - Sept	109,671					
Central Education	875		✓		Core	Professional Fees - Service to the Learning Service
Total Central Education	875					
Culture	900		✓		Unutilised staffing budget	Curriculum Work completed for Oriel Môn
	750			✓	Grant	Film scripting
	300			✓	Core	Resetting the compass - commission fee - deposit
Total Culture	1,950					
Regulation, Economic & Regeneration	500			✓	Core	t.insight and agili.t.assessments
	2,400			✓	External	Production of draft document - phase 1 of the Economic Impact Study
	400			✓	External	Valuation Report on Newry Community Centre
	29,594	✓			External	Morlais TWAO Application
	5,311	✓			External	Morlais Project G2624
	846	✓			External	Applications Support - Holyhead Waterfront
	3,432	✓			External	Wylfa - post examination advice
	2,694	✓			External	Applications Support - Morlais
	4,948			✓	External	Evaluation of Llangefni and Holyhead Strategic Infrastructure Projects
	3,001			✓	External	North Anglesey economic impact - Amlwch EZ Extension Invoice

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
	300			✓	Core – planning Income	Rural Enterprise Worker's Dwelling - Gwenfro Isaf Llanbedrgoch
	490			✓	Core	Structural checks
	189	✓			Core	Sampling of lemon chicken
	150	✓			Core	Sanitiser Gel - generic test
Total Economic and Regeneration	54,255					
Highways	975			✓	Grant Funded	Provision of Radiological Protection Advisory Services
	3,953			✓	Core budget	SCRIM survey 2020/21 on Anglesey 185km
	1,500			✓	Core budget	Peer Review Report
Total Highways	6,428					
Waste	1,563	✓		Specific Work	Specific Core Budget	Provision of External Technical Support - Procurement of a new waste collection and cleansing contract
	19	✓		Specific Work	Specific Core Budget	DUoS Offtake
	92	✓		Specific Work	Specific Core Budget	Metering and Settlement fee
	4,845	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Gas Technical Support
	375	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill - Perimeter Gas Monitoring
	1,798	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Environment Permit Variation Application SEMP
	1,688	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Site Financial Provision Review
	55	✓		Specific Work	Specific Core Budget	Analysis charges
600	✓		Specific Work	Specific Core Budget	Undertake PAS 100 consultancy work at Penhesgyn	
Total Waste	11,033					

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
HRA	1,500			Yes	Core	Orchard Intelligent Forms Solution Subscription
	1,000			Yes	Core	AccuServ Orchard Connect - managed services
Total HRA	2,500					
Housing	600			✓	Core	Bwyd Da Môn salary
Total Housing	600					
Children's Services	203			✓	Grant Funded	Youth service 15 places - level 1 food hygiene
	4,609			✓	Grant Funded	Amend existing Kitchen Hygiene Workbook Sept 2020 - CDG011
Total Children's Services	4,811					
Transformation	8,640	✓			Core Budget	Support for the Contensis content management system used for the corporate website
	4,482	✓			Grant	Assesor - Trainee Social Workers
Total Transformation	13,122					
Resources	7,450	✓			Specific Core Budget	Treasury Services Retainer Contracts
	1,000			✓	Specific Core Budget	Annual release upgrade services 2020
Total Council Business	8,450					
Total Q3 - October - December	104,023					
Cumulative total 2020/21 - April to December	260,845					

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	EXECUTIVE COMMITTEE
Date:	1 MARCH 2021
Subject:	BUDGET MONITORING REPORT THIRD QUARTER 2020/21 - CAPITAL
Portfolio Holder(s):	COUNCILLOR R WILLIAMS
Head of Service / Director:	MARC JONES (EXT. 2601)
Report Author: Tel: E-mail:	JEMMA ROBINSON 01248 752675 JemmaRobinson@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 2020/21 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 / Senior Leadership Team (SLT) (mandatory) Report has been reviewed by the SLT and comments incorporated into the final report.
2	Finance / Section 151 (mandatory) n/a – this is the Section 151 Officer’s report.
3	Legal / Monitoring Officer (mandatory) The Monitoring Officer is part of the SLT and comments made have been considered by the SLT.
4	Human Resources (HR)
5	Property
6	Information Communication Technology (ICT)
7	Procurement
8	Scrutiny
9	Local Members

E – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	The capital budget funds investments in assets and infrastructure which are required to allow the Council to meet the long term objectives which are set out in its Corporate Plan and Capital Strategy.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Some of the individual investments e.g. flood prevention work, will prevent future costs, whilst others e.g. ICF projects, will reduce the dependency on the Council to provide more expensive services.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The Council's Corporate Plan and Capital Programme 2020/21 have been subject to a consultation process with Anglesey citizens.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Some of the projects funded by the capital programme do impact on the equalities agenda e.g. disabled access in schools, disabled facilities grants. No impact on the Welsh language agenda.
F - Appendices:		
Appendix A - Capital Budget Monitoring Report – Quarter 3 2020/21 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):		
<ul style="list-style-type: none"> • 2020/21 Capital Budget, as recommended by the full Council on 10 March 2020; • 2020/21 Treasury Management Strategy Statement, approved by the full Council on 10 March 2020; • 2019/20 Capital Outturn Report, presented to this Committee on 15 June 2020; and • 2020/21 Capital Budget Monitoring Quarter 1, presented to this Committee on 28 September 2020, and 2020/21 Capital Budget Monitoring Quarter 2, presented to this Committee on 30 November 2020. 		

1. INTRODUCTION

- 1.1 This is the Capital Budget monitoring report for 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 2020, the Council approved a Capital Programme (which included estimated slippage) for non-housing services of £17.050m for 2020/21, and a Capital Programme of £20.255m for the HRA. In addition, in June 2020, the Executive approved Capital Slippage of £12.109m to be brought forward from 2019/20, bringing the Capital Programme for non-housing services to £22.336m, and £19.032m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, which amounted to £14.616m. This brings the total Capital budget for 2020/21 to £55.984m.

2. PROGRESS ON EXPENDITURE 2020/21

- 2.1 Below is a summary table of the Capital expenditure to 31 December 2020, the profiled budget to 31 December 2020 and the proposed funding of the Capital Programme for 2020/21:-

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	1,928	872	885	0	885	102	46
Housing HRA	19,032	7,715	7,125	230	7,355	95	39
Lifelong Learning	11,849	2,813	2,494	61	2,555	91	22
Economic and Regeneration	3,844	2,001	1,895	44	1,939	97	50
Highways	7,539	3,462	3,070	168	3,237	94	43
Waste Management	5,399	420	14	408	422	100	8
Property	2,673	1,750	1,607	1	1,609	92	60
Transformation	529	264	93	94	188	71	35
Planning	1,324	145	26	51	77	53	6
Adult Services	1,867	355	282	72	354	100	19
Total	55,984	19,797	17,491	1,130	18,622	94	33
Funded By:							
Capital Grant	22,775						
Capital Receipts	793						
Supported Borrowing	7,955						
Unsupported Borrowing	6,278						
Revenue Contribution	16,163						
Reserves	619						
Loan	1,401						
Total Funding	55,984						

- 2.2 The profiled budget spent to the end of the third quarter for the general fund is 93%, however, only 30% of the annual budget has been spent to date. The reason for this is that a number of the capital schemes are weighted towards the latter part of the financial year. Some capital schemes are underway, with the majority of the profiled budget for quarter 3 being spent, schemes such as Beaumaris and Pentraeth Flood Alleviation schemes, Holyhead Strategic Infrastructure and Gaerwen Park and Share. Some capital schemes have yet to commence, but their budget is profiled towards the latter part of the financial year, such as School Safety, Resilient Roads scheme, Electric Vehicle charge points, the Circular Economy grant and the adventure playground at Breakwater Park. These schemes and their profile can be seen in Appendix B. There are a number of Capital Grants schemes in 2020/21 and an update on these is provided in Section 3.1 of this report.

2.3 The Housing Revenue Account has spent 95% of its profiled budget and 39% of the annual budget. It is currently estimated that the budget will not be significantly underspent come the end of the financial year. The coronavirus pandemic brought all planned maintenance contracts to a halt towards the end of quarter 4 2019/20 and sites remained closed during lockdown for the majority of quarter 1 2020/21. The Housing Service worked towards recommencing works at a number of sites during the latter stage of quarter 1 2020/21, which included external planned maintenance contracts. This aim was successfully achieved, with all work undertaken in a safe manner which protected both residents and the contractor's workforce. The recommencing of works was, and will, continue to be centred on strict conditions and compliance with approved Risk Assessments, Social Distancing Guidelines and Government Guidelines in connection with construction works during the coronavirus pandemic. Inevitably, these developments had a serious impact on expected expenditure during quarters 1-3 and led to the cancellation of capital investment programmes involving internal works during the remainder of 2020/21. During quarter 3, expenditure on traditional planned maintenance recovered following recommencement of work on two major contracts. It is expected that expenditure profiles on these two schemes will continue to gather momentum during quarter 4.

The effects of Covid-19 are still being felt on new build and property acquisition projects. From March 2020 to September 2020, occupied properties could not be visited and, therefore, agreement to purchase any 'buy-back' properties during this time was not managed and delays were also caused to the renovation of buy-backs. The aim is to purchase 15 ex-Council houses per year but, at present, it is a more reasonable assumption that only half of that figure will be acquired during 2020/21, which will have a knock on effect on the budget. Delays are still being experienced on new building sites due to Covid-19, in particular with regard to certain materials availability and deliveries. This has slowed progress and lessened expenditure. Some projects have also experienced delays attributable to utility companies. Overall, these matters are expected to have quite a significant effect on the 2020/21 budget. Also, the commencement of one project was delayed by three months awaiting confirmation of a Welsh Government grant, which has reduced the actual spend achieved during the year.

3. FUNDING

3.1 Capital Grants

3.1.1 There are a number of Capital Grant schemes in the Capital Programme for 2020/21, most of which are underway and progressing, with a brief update on the schemes provided below:-

- **Llangefni Strategic Infrastructure** – The scheme involves the construction of five new industrial units on the old Môn Training site and an extension to the Business Centre for letting to the private sector. The new industrial units have now been completed, and all five have been let. Work at the Business Centre has now been completed, the lower ground floor office has been let and the remaining office space is currently being advertised. Due to delays on site as a result of Covid, an extension has now been granted to March 2021 by the Welsh European Funding Office. The remaining spends have been allocated to upgrade the cladding and other minor works on the current Business Centre and work is currently ongoing. Any underspend will be reviewed later in the year, when cladding works are coming to an end and will be considered for IT purposes to meet tenant requirements.

- **Holyhead Strategic Infrastructure** – This scheme is to construct ten new industrial units at Penrhos, Holyhead. The appointed contractor has now completed main works and is off site. Minor snagging works and commissioning works are remaining. Issues have been experienced relating to the electricity connection easements on site, which has resulted in increased legal fees. The matter was finally completed 22 January 2021 and remaining works are now being progressed with urgency. European Regional Development Funding (ERDF) has been secured and a Joint Venture has been entered into with Welsh Government, which provides the match funding for the scheme. All the units have been successfully let.
- **Transforming Towns Covid Grant** - All North Wales Local Authorities have been awarded £0.108m of Targeted Regeneration Investment (TRI) urban regeneration funding that has been repurposed to support town centre Covid adjustments. With Welsh Government agreement, the funding has been awarded in £10k grants to the five town councils and £5k grants to five community councils covering busy seaside villages. Items covered include adjustments to public toilets, benches, planters, picnic tables, sanitiser stations and signage. Part of the fund has also been used directly by the Council for social distancing signage and related measures. The £0.108m has now been fully committed and all claims have been requested by the end of January 2021.
- **21st Century Schools** - From the Band A Projects, new schools at Rhyd y Llan, Ysgol Cybi and Ysgol Santes Dwynwen have all been completed, together with an extension to Ysgol Parc y Bont and a refurbishment at Ysgol Brynsiencyn. The final Band A scheme, which focuses on the school provision in the Llangefni area, was consulted upon over a six week period during quarter 4 2019/20. The Council's Executive Committee decided to proceed with a new build school to replace Ysgol Corn Hir in December. The Final Business Case has been submitted to Welsh Government and a decision should be received in mid-February, with a view to commencing construction works in April.
- **Childcare Capital Grant** – £2.718m of grant funding has been secured for the period 2019 to 2021 to adapt a number of primary schools to enable the Council to provide sufficient childcare places to meet demand generated by the childcare offer. Additional facilities will be created at Ysgol Santes Dwynwen £0.400m, Ysgol Morswyn £0.413m, Ysgol Pencarnisiog £0.340m, Ysgol Esceifiog £0.364m, Ysgol y Tywyn £0.216m, and to deliver a Small Grants Scheme and Project Management £0.165m. Work has been completed at Ysgol Santes Dwynwen, Ysgol Morswyn, Ysgol Pencarnisiog, Ysgol y Tywyn and Ysgol Esceifiog. Surveys have been carried out on other school sites to determine where the remainder of the grant funding will be allocated. An additional £122k for small capital grants has been received – from which £86,280 has been awarded in grants. Currently in discussions with WG regarding a possible £35,720 underspend.
- **Market Hall** - Outstanding snagging work has largely been completed, with final elements due to be completed by mid-January 2021. Planning approval for the cycle racks and bins was delayed as internal applications have to go to Committee and are due to be considered at the 13 January 2021 meeting. Orders will be placed for this element of work once consent secured. The Audio Visual and launch related heritage interpretation have now been installed. A potential occupier has confirmed take up of 60% of the first floor office space, with heads of terms being drawn up by the Legal team. Further details will become available in the next quarter as to the occupation timetable.

- **Holyhead Townscape Transformation (Phase II THI)** - The first third party grant application was received in late November 2020 and, after a thorough assessment, a grant award made prior to Christmas, facilitating a commencement on site in the New Year, with anticipated completion in quarter 1 2021/22. The investment will support the conversion of former vacant storage area on two upper floors, last utilised in 2010, into four market rent flats in the town centre, supporting town centre vibrancy and vitality and increasing housing supply. Other projects in the town are under development, with prospective applicants for the reuse of other redundant space. The proposals at St Cybi's for the North East tower in the Upper Churchyard have been progressed, with final consents secured in quarter 3, with detailed draft contract documents under review prior to tender in quarter 4.
- Funding has been approved by Welsh Government for the **Targeted Regeneration Investment Programme (TRIP)**. The purpose of the funding is to bring 108 empty properties back into use through four schemes, being First Time Buyers Support, Vacant Homes Landlord Assistance, Empty Homes Direct Intervention and Town Centre Living. These schemes will be delivered by both the Isle of Anglesey County Council, as the lead authority, and Gwynedd Council, as their joint delivery partner. A revised Offer Letter has been issued for TRIP, allocating £1.001m for First Time Buyers Grants, Vacant Homes Landlord Assistance, Town Centre Living and Empty Homes Direct Intervention. During quarter 3, underspend across the Region was identified and a bid for further funding to be utilised on Anglesey and Gwynedd was made. The additional funding requested of £284k is to support the creation of two Community Hubs in Amlwch and Penygroes and provide additional funding for the First Time Buyer Grants. To the end of quarter 3, £566,805 has been claimed and it is envisaged that the grant will be claimed in full by the end of quarter 4.
- **The Holy Island Landscape Partnership** – The Landscape Partnership has secured funding of £1.146m from the National Lottery Heritage Fund (NLHF) to deliver a range of projects which focus on the natural environment of Holy Island. Permission to start from NLHF was expected in quarter 3 of 2019/20, but was delayed following a request for a 6 month extension to the European Regional Development Fund (ERDF) funding, which is being used as match funding for the Landscape Partnership. The extension to the ERDF has been granted, allowing expenditure up to December 2021. The Permission to Start was received from the NLHF in quarter 3 2020/21, and the Programme Manager and Project Officer were appointed with a view to taking up their new roles in January 2021. The funding has been reprofiled and the Programme will now run until 2024-25.
- **Hwb In-Schools Infrastructure Grant Scheme** – Despite Covid-19 pressures and additional work on Digitally Excluded Pupils, work has continued on the HWB Project. The goal of 80% by the end of calendar year was achieved for the primary schools as well as the partial installation in two secondary schools. The completion prior to the end of the financial year is still on schedule. The 2,941 Chromebooks have now been delivered to schools utilising the White Glove service provided as part of the Dynamic Purchasing Scheme established by the Welsh Government and administered by Caerphilly Council. These devices have, therefore, been available for schools to use as required straight from the box with no configuration required.

- **Tourism Gateway** – The Holy Island International Visitor Gateway TAD (Tourism Attractor Destination) Project is a mainly European Regional Development Fund, Welsh Government and Heritage Lottery Fund funded package of projects taking place over several years. Holyhead Wayfinding signage designs have been finalised and are expected to be installed during quarter 4. Procurement for detailed designs for the scheduled works at Holyhead Breakwater Country Park were undertaken during quarter 3. Due to no submissions received, works are to be re-tendered in quarter 4 in addition to finalising the tender process for the construction.
- **Adventure Playground, Breakwater Country Park** – Welsh Government awarded funding in relation to the Sustainable Development Fund for the Anglesey Area of Outstanding Natural Beauty. £0.100m was awarded for the design and installation of an adventure playground at Breakwater Country Park. An appointment has been made for a company to design and build the adventure play area. Welsh Government have agreed to extend the project completion to quarter 1 2021/22.
- **Electric Vehicle** – Welsh Government awarded funding in relation to the Sustainable Landscapes & Sustainable Places Programme for the Anglesey Area of Outstanding Natural Beauty. £0.05m was awarded for the purchase of a tourist information electric vehicle, and it is anticipated this will be achieved by year end.
- **Resilient Roads Fund** – This is a new grant funding stream, introduced this year. The Council has been successful in obtaining funding under this grant to study what resilience measures could be implemented on the A545 and B5109 either side of Beaumaris. Both these roads have a history of closures in times of adverse weather, and increased storminess associated with climate change will only worsen the situation. The Authority is in the process of procuring external consultancy to undertake this study, with the intention that the majority of expenditure will occur in the final quarter of this year.
- **Holyhead and Amlwch Drainage schemes** - These works are currently ongoing. In Holyhead, there is progression in developing a working agreement with Welsh Water and modelling data has now been shared to allow the study to holistically investigate the flooding risks that face both our and Welsh Water's systems in the town. In Amlwch, there is a need to work closely with Natural Resources Wales, such that the main river flood risk can be considered in the study. Currently awaiting agreement from Welsh Government to allow this to proceed. Both these studies will continue well into the next financial year.
- **Small Scale Grants Work** (25 locations) - This grant is the largest grant that has ever been awarded to the Council for small scale schemes. Unfortunately, it was awarded during the Covid-19 pandemic and, as a consequence, construction works could not begin straight away. However, works have continued and most have been completed. There remains the risk that, with the reduced time now available to carry out these works (that have to be completed within the current financial year) and the difficulties of working under social distancing rules in further lockdowns, two of the 25 schemes may not be completed. We continue to work closely with Welsh Government on this.
- **Beaumaris Flood Alleviation** – Site works were substantially completed in the summer, with a portion of the works deferred. Work is beginning on developing the deferred portion of the works. Construction work will not begin until late 2021 at the earliest.

- **Pentraeth Flood Alleviation** - Welsh Government allocated funding for the Nant y Felin, Pentraeth Flood Alleviation scheme within their programme for 2019/20 financial year. This scheme was on site but then encountered unforeseen ground conditions. Additional funding was secured for the difficult ground conditions and for the Covid implications. Site works were substantially completed in the summer.
- **Red Wharf Bay** - Consultancy work on the Design and Development of the Coastal Risk scheme in Red Wharf Bay is ongoing. There are some hurdles to overcome, particularly in relation to public consultation during the current restrictions. Consideration of construction is related to Council approval of the required grant match.
- **Llanfair, Menai and Valley Full Business Case (FBC)** - All three schemes are progressing. There are concerns regarding the challenges the preferred option for Llanfair PG poses and further work is anticipated here. It is likely that the FBC (Design and Development) of the Llanfair PG scheme will continue well into the next financial year. There are fewer perceived risks with Menai Bridge and Valley and it is anticipated that Valley and Menai Bridge may be ready for construction within the next financial year. Again, subject to Council approval of the match funding required.
- **Enable** - £0.093m of Welsh Government Grant has been secured for the delivery of adaptations to support independent living. It is expected that this grant will be fully drawn down by the end of the year.
- **Road Safety Capital** – This scheme incorporates two projects totalling £0.478m. One project involves the installation of road safety measures on the A5025, Valley to Menai Bridge, and the other project is the introduction of 20mph zones outside schools together with improved pedestrian links. There has been £0.254m expenditure to quarter 3 on the A5025. Work on the A5025 will continue in quarter 4, with the implementation of improved pedestrian facilities and road safety signage. Site visits and works orders for the introduction of school 20mph zones across the Island were undertaken in quarter 3. The work will be released to the contractor early in quarter 4.
- **Active Travel** - £0.200m of Welsh Government Grant has been secured for minor infrastructure improvements, including installation of signage, cycle parking, removal of access barriers and path widening, as well as developing the Integrated Active Travel maps. The purpose of the grant is to promote and increase levels of active travel, improve health & well-being, reduce carbon emissions and improve active travel for employment, education and key services, destinations and public transport. Limited minor improvements have been undertaken so far, however, the Authority has procured external consultancy whom have commenced feasibility studies on potential Active Travel improvement schemes which could be delivered in the future. Further minor improvements are to be undertaken in quarter 4 in accordance with the remaining budget.
- **Circular Economy Funding** – Waste Management have been successful in bidding for a share of the circular economy grant and have been awarded two capital grants (£0.439m and £0.478m). The purpose of this funding is to enable the Council to deliver a capital project to support the move to a circular economy in Wales - where waste is avoided and materials are kept in use for as long as possible. This is an important part of the action needed on climate change. It also brings many new opportunities as part of the transition to a low carbon economy. The public sector has a key role to play in supporting Wales' move to a circular economy and delivering an enhanced service to the people of Wales. The grants have been committed in full and it is expected that the grants will be fully drawn down by the end of the year.

- **Local Transport Funding** - £0.509m of Welsh Government grant has been secured in relation to Local Transport Fund, Local Transport Network Fund and Ultra Low Emission Vehicle Transformation Fund. The purpose of these funds are to enable development of integrated, effective, accessible, affordable and sustainable transport systems and to enable development and deliver schemes that support the Welsh Government's zero emission taxi/PHV by 2028 ambition.
 - **Local Transport Fund** - £0.375m has been secured for the completion of construction of the Gaerwen Park and Share site. There has been an increase in costs due to unforeseen conditions on site and additional funding will be requested from Welsh Government. Circa. 95% of works have been completed, with the remaining landscaping/planting works to be undertaken in quarter 4.
 - **Local Transport Network Fund** - £0.049m has been secured for bus stop improvements and scheme development for bus passenger facilities at Pencarnisiog junction on the A4080. Some minor works were undertaken in quarter 3, with expenditure of the remaining budget to be made in quarter 4 with the procurement of shelters and works at the various locations together with the feasibility study for the Pencarnisiog junction.
 - **Ultra Low Emission Vehicle Transformation Fund** - £0.085m has been secured for the provision of electric vehicle charge points at Llanfairpwll Park and Ride/Share facility as a sustainable transport hub. External consultants have been commissioned in quarter 3 to undertake a feasibility study and detailed design for the site. Accommodation works and procurement of Electric Vehicle chargers will be undertaken in quarter 4.

3.2 Capital Receipts

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

	Budget 2020/21 £'000	Received to 31-Dec-20 £'000	Projection to 31-Mar-21 £'000
Council Fund:			
Smallholdings	0	20	20
General	314	459	629
Industrial	0	0	0
Schools	554	370	562
Total	868	849	1,211

3.2.2 The projected Capital Receipts at 31 March 2021 is £1.211m, with £0.849m being received at 31 December 2020 (70%).

3.2.3 Although the Projected Capital Receipts is £1.211m, there is £2.541m of Capital Receipts available to fund the Capital Programme as £1.330m of Capital Receipts were brought forward from 2019/20 in the Capital Receipt Reserve. £1.808m of this can be used to fund the general capital programme, with the other £0.733m available to fund the 21st Century Schools programme as part of the Isle of Anglesey County Council's match funding.

4. PROJECTED ACTUAL EXPENDITURE 2020/21

4.1 Below is a table with projected Expenditure at 31 March 2021 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000	Variance %
Housing General Fund	1,928	1,462	(466)	(24)
Housing HRA	19,032	11,010	(8,022)	(42)
Lifelong Learning	11,849	4,133	(7,716)	(65)
Economic and Regeneration	3,844	2,831	(1,013)	(26)
Highways	7,539	5,253	(2,286)	(30)
Waste Management	5,399	4,007	(1,392)	(26)
Property	2,673	2,673	0	0
Transformation	529	341	(188)	(35)
Planning	1,324	220	(1,104)	(83)
Adult Services	1,867	1,867	0	0
Total	55,984	33,798	(22,186)	(40)
Funded By:	Annual Budget £'000	Projected Funding £'000	Variance £'000	Variance %
Capital Grant	22,775	14,976	(7,799)	(34)
Capital Receipts	793	665	(128)	(16)
Supported Borrowing	7,955	4,652	(3,303)	(42)
Unsupported Borrowing	6,278	3,226	(3,052)	(49)
Revenue Contribution	16,163	8,391	(7,772)	(48)
Reserves	619	487	(133)	(21)
Loan	1,401	1,401	0	0
Total Funding	55,984	33,798	(22,186)	(40)

4.2 As can be seen from Table 4.1 (above), the forecast underspend on the Capital Programme for 2020/21 is £22.186m, with this being potential slippage into the 2021/22 Capital Programme. The funding for this slippage will also slip into 2021/22 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2021/22. The main project that is forecast to be underspent is the 21st Century Schools Programme, which was delayed due to further consultation on the modernisation of the school provision in the Llangefni area. However, progress has now been made and construction expected to start in quarter 1 of 2021/22. There is currently a delay in the purchase of nine Waste vehicles and these will now be funded in quarter 1 of 2021/22. The funding for these will also slip into 2021/22, currently estimated at £1.392m. This has no impact on the transfer to the new contract as the contract allows for the continued use of the existing fleet of vehicles.

The HRA is also forecast to have quite a significant underspend, as explained in paragraph 2.3 above.

4.3 The Capital Finance Requirement forecasted at 31 March 2021 is £142.685m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £135.526m, meaning the Authority essentially needs to borrow £7.159m 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 2020/21 Treasury Management Strategy Statement (Appendix 11).

5. FUTURE YEARS

- 5.1** The Capital Strategy recommended that the 2020/21 Capital Programme funding will be limited to the total of the general capital grant and supported borrowing (as determined by Welsh Government) and estimated value of any capital receipts that will be received. It is expected that the 2021/22 Capital Programme will follow the same principles, with the General Capital Grant and Supported Borrowing used to fund the annual replacement of Vehicles, Investment in ICT, Refurbishing existing assets and an annual allocation to meet the cost of statutory Disabled Facilities Grants. There will also be funding available for the resurfacing of roads and capital projects that attract external grants, and these will be evaluated on a case by case basis.

Once the above projects have been funded, any surplus funding available will be to fund new capital schemes, with priority given to projects which contribute to the Council's objectives as set out in the Council Plan 2017 – 2022 and any schemes which can generate future revenue savings or generate additional income.

The draft Capital Budget was presented to this Committee on 18 January 2021 and will be presented to full Council for approval in the near future. The Capital Strategy for 2021/22 will also be presented to this Committee on 1 March 2021.

6. CONCLUSION

- 6.1** The results at the end of quarter 3 and the associated projected expenditure shows the impact that Covid-19 and related restrictions are having on the progress and completion of some schemes. The majority of projects are on target to be completed within budget. Due to the 21st Century Schools programme being delayed, there is a risk of significant underspend against this project. The Council has secured many different external grants and work is progressing well on most of these schemes. The Council is also expecting to receive £1.211m of Capital Receipts in 2020/21 to contribute towards the funding of the Capital Programme.

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	636,000	185,000	184,999	0	184,999	(1)	100	29	636,000	0	0
Residential Site for Gypsies and Travellers	523,506	60,000	57,911	85	57,996	(2,004)	97	11	57,996	(465,510)	(89)
Complutory Purchase Scheme	135,000	135,000	150,114	0	150,114	15,114	111	111	135,000	0	0
Enable Grant	93,200	25,000	24,344	0	24,344	(656)	97	26	93,200	0	0
TRIP Landlord Grant Scheme	147,576	105,000	105,986	0	105,986	986	101	72	147,576	0	0
TRIP First Time Buyer Grant Scheme	362,000	362,000	361,646	0	361,646	(354)	100	100	362,000	0	0
Affordable Housing	30,650	0	0	0	0	0	0	0	30,650	0	0
TOTAL	1,927,932	872,000	884,999	85	885,084	13,084	102	46	1,462,422	(465,510)	(24)
Housing HRA											
Central Heating Contract	400,000	0	0	0	0	0	0	0	0	(400,000)	(100)
Planned Maintenance Contract	6,120,000	3,500,000	2,932,129	140,428	3,072,558	(427,442)	88	50	4,500,000	(1,620,000)	(26)
Energy Performance Improvement	537,000	0	0	3,978	3,978	3,978	0	1	150,000	(387,000)	(72)
Environmental Works	750,000	65,000	63,813	96	63,909	(1,091)	98	9	100,000	(650,000)	(87)
Acquisition of Existing Properties and Development of new properties	9,230,000	3,500,000	3,496,439	63,371	3,559,810	59,810	102	39	5,250,000	(3,980,000)	(43)
Remodelling Llawr y Dref	2,218	0	50,485	0	50,485	50,485	0	2,276	50,485	48,267	2,176
Public Sector Adaptations	350,000	90,000	61,428	22,254	83,682	(6,318)	93	24	150,000	(200,000)	(57)
Fire Risk	450,000	60,000	38,619	0	38,619	(21,381)	64	9	100,000	(350,000)	(78)
Contaminated Land	20,000	0	0	0	0	0	0	0	9,573	(10,427)	(52)
WHQS	1,172,875	500,000	482,305	0	482,305	(17,695)	96	41	700,000	(472,875)	(40)
TOTAL	19,032,093	7,715,000	7,125,220	230,127	7,355,346	(359,654)	95	39	11,010,058	(8,022,035)	(42)
Lifelong Learning											
Disabled Access in Education Building	500,000	400,000	101,786	5,104	106,890	(293,110)	27	21	500,000	0	0
Refurbish Education Building	2,034,000	1,500,000	1,460,265	37,003	1,497,268	(2,732)	100	74	2,034,000	0	0
School Safety	200,000	0	0	0	0	0	0	0	20,000	(180,000)	(90)
Demolition of schools	324,620	290,000	291,288	0	291,288	1,288	100	90	324,620	0	0
21st Century Schools - Band A Modernisation	5,409,861	43,700	72,424	1,115	73,539	29,839	168	1	515,065	(4,894,796)	(90)
21st Century Schools - Band B Modernisation	2,050,000	0	1,620	0	1,620	1,620	0	0	0	(2,050,000)	(100)
Flying Start Capital Grant	39,276	29,457	30,224	0	30,224	767	103	77	39,276	0	0
Increasing Capacity for Childcare Grant	1,291,197	550,000	536,607	17,468	554,075	4,075	101	43	700,000	(591,197)	(46)
TOTAL	11,848,954	2,813,157	2,494,214	60,690	2,554,904	(258,253)	91	22	4,132,961	(7,715,993)	(65)
Economic and Regeneration											
Plas Arthur Works to Fitness Room	102,864	102,864	116,010	356	116,366	13,502	113	113	116,366	13,502	13
Leisure Improvements	250,000	10,000	2,658	4,200	6,858	(3,142)	0	3	250,000	0	0
Tourism Gateway	1,076,233	100,000	54,168	27,758	81,926	(18,074)	82	8	110,000	(966,233)	(90)
Holyhead Strategic Infrastructure	1,553,764	1,350,000	1,335,911	0	1,335,911	(14,089)	99	86	1,553,764	0	0
Llangefni Strategic Infrastructure	231,360	200,000	160,691	9,798	170,489	(29,511)	85	74	231,360	0	0
Planning System Invest to Save	15,252	8,000	5,077	2,250	7,327	(673)	92	48	15,252	0	0
Economic Development & Environmental Wellbeing	95,000	0	0	0	0	0	0	0	95,000	0	0
Porth Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	0	0	0	0	(30,000)	(100)
School Site Redevelopment TRIP	7,222	0	0	0	0	0	0	0	7,222	0	0
Economic Development - To seek Match Fund	64,150	0	0	0	0	0	0	0	64,150	0	0
Gateway Units	160,000	200,000	197,179	0	197,179	(2,821)	99	123	200,000	40,000	25
Transforming Towns Covid Grant	108,000	30,000	23,289	0	23,289	(6,711)	78	22	108,000	0	0
AONB Grant - Electric Vehicle	50,000	0	0	0	0	0	0	0	50,000	0	0
AONB Grant - Breakwater Adventure Playground	100,000	0	0	0	0	0	0	0	30,000	(70,000)	(70)
TOTAL	3,843,845	2,000,864	1,894,983	44,362	1,939,345	(61,519)	97	50	2,831,114	(1,012,731)	(26)

APPENDIX B

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											
Upgrade Pay and Display Machines in Car Parks	30,000	30,000	9,932	20,375	30,307	307	101	101	30,307	307	1
Vehicles	593,367	300,000	217,662	99,471	317,133	17,133	106	53	417,133	(176,234)	(30)
Highways Resurfacing	1,363,582	1,138,581	932,740	0	932,740	(205,841)	82	68	1,263,582	(100,000)	(7)
Highways Refurbishment Grant	599,414	400,000	385,327	0	385,327	(14,673)	96	64	599,414	0	0
Beaumaris Flood Alleviation Works (WG)	683,371	90,000	87,061	0	87,061	(2,939)	97	13	107,061	(576,310)	(84)
Pentraeth Flood Alleviation Works (WG)	325,581	250,000	255,467	0	255,467	5,467	102	78	305,467	(20,114)	(6)
Llansadwrn Flood Alleviation	34,922	7,695	7,695	0	7,695	(0)	100	22	7,695	(27,227)	(78)
Holyhead & Amlwch Drainage Studies	69,845	2,500	2,349	0	2,349	(151)	94	3	9,349	(60,496)	(87)
Red Wharf Bay Flood Scheme	104,952	1,000	908	0	908	(92)	91	1	20,908	(84,044)	(80)
Llanfair Flood Scheme	406,034	6,000	6,387	0	6,387	387	106	2	55,419	(350,615)	(86)
FBC Menai Flood Scheme	161,801	1,000	624	0	624	(376)	62	0	10,624	(151,177)	(93)
FBC Valley Flood Scheme	150,913	1,000	2,010	0	2,010	1,010	201	1	9,010	(141,903)	(94)
Mill Lane Structure	201,250	45,000	43,472	0	43,472	(1,528)	97	22	113,472	(87,778)	(44)
Dwyran Ordinary Watercourse NFM	213,192	10,000	9,140	0	9,140	(860)	91	4	19,140	(194,052)	(91)
Mill Lane - NFM	245,525	1,000	978	0	978	(22)	98	0	978	(244,547)	(100)
Invest to Save - Vehicles	72,980	41,000	40,993	24,179	65,172	24,172	159	89	65,172	(7,808)	(11)
Small scale grants work	739,921	369,961	308,210	0	308,210	(61,750)	83	42	680,000	(59,921)	(8)
Active Travel	200,000	50,000	35,318	23,813	59,131	9,131	118	30	200,000	0	0
A545 Beaumaris	24,727	10,132	5,635	0	5,635	(4,497)	56	23	20,635	(4,092)	(17)
Road Safety Capital	478,000	250,000	255,696	0	255,696	5,696	102	53	478,000	0	0
Resilient Roads Fund	105,000	0	2,227	0	2,227	2,227	0	2	105,000	0	0
Local Transport Fund - Gaerwen Park and Share	375,000	300,000	296,222	0	296,222	(3,778)	99	79	375,000	0	0
Local Transport Network Fund - Bus Stop improvement works	49,000	5,000	6,930	0	6,930	1,930	139	14	49,000	0	0
Vehicle Transformation Fund - Electric Vehicle Charge Points	85,000	2,000	1,472	0	1,472	(528)	74	2	85,000	0	0
Holyhead Gateway Hub	225,443	150,000	155,053	0	155,053	5,053	103	69	225,443	0	0
TOTAL	7,538,820	3,461,869	3,069,508	167,837	3,237,345	(224,523)	94	43	5,252,809	(2,286,011)	(30)
Waste Management											
Waste Contract	4,482,000	0	0	0	0	0	0	0	3,090,186	(1,391,814)	(31)
Circular Economy Funding (266)	439,100	420,000	13,995	408,009	422,004	2,004	100	96	439,100	0	0
Circular Economy Funding (265)	477,830	0	0	0	0	0	0	0	477,830	0	0
TOTAL	5,398,930	420,000	13,995	408,009	422,004	2,004	100	8	4,007,116	(1,391,814)	(26)
Property											
Refurbish Existing Assets	918,773	500,000	352,427	0	352,427	(147,573)	70	38	918,773	0	0
Invest To Save Property	1,650,921	1,250,000	1,254,754	0	1,254,754	4,754	100	76	1,650,921	0	0
Smallholding Refurbishments	100,000	0	0	1,488	1,488	1,488	0	1	100,000	0	0
Cromlech Farm	3,172	0	0	0	0	0	0	0	3,172	0	0
TOTAL	2,672,866	1,750,000	1,607,181	1,488	1,608,668	(141,332)	92	60	2,672,866	0	0
Transformation											
ICT - Core Infrastructure	292,662	89,000	23,000	0	23,000	(66,000)	26	8	104,935	(187,727)	(64)
ICT - Desktop Refresh	121,000	121,000	59,990	61,504	121,494	494	100	100	121,000	0	0
ICT - Anglesey Connected (AC) to PSBA transition	32,405	24,304	10,345	12,455	22,800	(1,504)	94	70	32,405	0	0
ICT - Kit out the meeting rooms	19,964	10,000	0	0	0	(10,000)	0	0	19,964	0	0
Hwb IT Infrastructure	63,124	20,000	0	20,450	20,450	450	102	32	63,124	0	0
TOTAL	529,155	264,304	93,335	94,409	187,744	(76,560)	71	35	341,428	(187,727)	(35)

APPENDIX B

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 (%)
Planning											
Holyhead Market Hall Hub Project	281,000	95,000	0	35,000	35,000	(60,000)	37	12	35,000	(246,000)	(88)
Holyhead Landscape Partnership	143,300	0	0	0	0	0	0	0	0	(143,300)	(100)
Holyhead Regeneration (THI Phase II)	900,000	50,000	25,943	15,955	41,898	(8,102)	84	5	185,000	(715,000)	(79)
TOTAL	1,324,300	145,000	25,943	50,955	76,898	(68,102)	53	6	220,000	(1,104,300)	(83)
Adult Services											
ICF	1,732,800	350,000	278,430	72,388	350,818	818	100	20	1,732,800	0	0
Bryn Hwfa Community Hub	13,155	5,000	3,484	0	3,484	(1,516)	70	26	13,155	0	0
Plas Crigyll Refurbishment	37,978	0	1	0	1	1	0	0	37,978	0	0
Plas Mona Refurbishment	83,371	0	0	0	0	0	0	0	83,371	0	0
TOTAL	1,867,304	355,000	281,915	72,388	354,303	(697)	100	19	1,867,304	0	0
TOTAL	55,984,199	19,797,194	17,491,292	1,130,349	18,621,641	(1,175,552)	94	33	33,798,078	(22,186,121)	(40)

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	1 MARCH 2021
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 3 2020/21
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WILLIAMS
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
<p>1. The Executive is requested to note the following:-</p> <ul style="list-style-type: none"> (i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for quarter 3 2020/21. (ii) The forecast outturn for 2020/21. <p>2. Background</p> <ul style="list-style-type: none"> (i) In March 2020, the Council agreed a revenue budget for 2020/21 that showed a planned surplus of £7.8m. (ii) The capital budget for 2020/21 was £19.1m, including allowance for expenditure that was not completed from the 2019/20 capital budget. (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £7.1m, which would be funded from the HRA reserve. (iv) The HRA is 'ringfenced', and its reserves cannot be transferred to the General Fund, nor can General Fund reserves be used to fund the HRA. <p>3. This report sets out the financial performance of the HRA for the period from 1st April 2020 to 31 December 2020.</p> <p>4. Overview</p> <ul style="list-style-type: none"> (i) The revenue financial position for Q3 shows an underspend of £238k, compared to £324k at the end of Q2. The forecast for income is £150k below the original budget, and expenditure is forecast to be £181k below the original budget as explained below. More detail is shown in Appendix A. (ii) The Capital expenditure is £360k below the profiled budget (£1,250k at Q2). The forecast expenditure is £8,022k below budget as explained below. More detail is shown in Appendix B. (iii) The forecast deficit (combining both revenue and capital) is £8,053k less than the budget compared to a forecast deficit of £6,256k less than the budget at the end of Q2, largely the result of lower than budgeted capital expenditure. This means that there is a forecast surplus of £965k for the year, leaving an HRA reserve of £9,562k available to fund future capital projects.

5. Income

- (i) At the end of the third quarter, the level of income received was £197k (£140k better at Q2) worse than the profiled budget as noted below.
- (ii) Rental income was £203k below budget (£105k Q2). The budget, however, assumes that new properties will come on stream during the year that have been delayed (see also the 'capital' section below). Consequently, the forecast is that income will be £150k below budget by the end of the year.
- (iii) Service charge income, which is based on the actual costs incurred, is on budget. The budget was completely reviewed following last year's significant budget underspend.
- (iv) Other income is £12k better than the profiled budget as the result of the timing of FIT receipts from the feed in tariff. The forecast for the year is unchanged.
- (v) The 30 year plan includes a provision of £280k towards bad debts, 1.5% of the total rent income. This was an increase from 1.25% in the previous year to allow for the continuing roll out of Universal Credit. A bad debt only arises when there is no realistic prospect of recovering the arrears of rent owed. The actual provision in the 2019/20 annual account was £118k, just 0.65% of the total rent income, reflecting the efforts made to ensure that the rent due is recovered. These provisions were made before the Covid 19 pandemic affected Anglesey. At the end of March 2020, the level of rent arrears was 2.41% of rental income (£438k). At the end of June, this had risen to 3.4% (£625k), an increase of 50%, at the end of September this had decreased to 3.33% (£612k), and at the end of December this had further reduced to 3.14% (£578k). The Welsh Government are monitoring the effects of Covid on the finances of all housing stock holding local authorities in Wales, and the most recent analysis (to the end of December) shows levels of debt ranging from around 2.5% to over 5.5% amongst the 11 local authorities, with Anglesey being 4th best of the 11. At this stage, there can be no certainty how much of the debt will be recovered over time, or will become irrecoverable and so have to be written off. Past experience would seem to indicate that the provision is currently adequate, but this will be kept under review.
- (vi) The overall forecast for income is now a reduction of £150k compared to the original budget by the end of the year (a £100k reduction shown at the end of Q2).

6. Non Repairs and Maintenance Expenditure

- (i) At the end of the third quarter, non repairs and maintenance expenditure was £47k below the profiled budget (£59k above at Q2) . Mostly, this is the result of the reduced level of work due to Covid (in particular the suspension of estate clean up days), offset by the annual cost of the Orchard Computer system being committed now. The forecast has been reviewed, and is now £21k better than budget (compared to £12k better at Q2), taking into account the reduced activities from the Tenant Participation team (£35k) and the additional costs from the development of the mobile working module (£14k).

7. Repairs and Maintenance

- (i) The Housing Maintenance Unit (HMU) shows an underspend of £259k (£332k at Q2). This is the direct result of the Covid 19 situation where only essential repairs are being undertaken, which has reduced the costs of materials and the use of subcontractors. At this stage, there is no evidence that there is a significant backlog of work waiting to be done. The effect of increased activity once Covid restrictions are reduced is hard to quantify, but a conservative forecast of a £200k (£70k at Q2) reduction in expenditure compared to the original budget has been made. The situation will continue to be monitored.
- (ii) Expenditure on non HMU building maintenance staff is £67k (£36k at Q2) below the profiled budget at the end of Q3. Recruitment has proved slower than hoped, so the forecast year end position is that expenditure should be £60k below budget (£30k at Q2).
- (iii) Other Repairs and Maintenance costs are overspent by £134k (£124k in Q2) compared to the profiled budget. The main areas of overspend are grounds maintenance and urgent work on sewage treatment plants. It is now apparent that the original budget was insufficient, so a forecast overspend of £100k is now provided for. The budget will be reviewed for 2021/22.

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. At this stage, no changes are envisaged.

9. Capital Expenditure

- (i) The original capital programme approved by the Council in March 2020, totalled £19,114k, which was to be funded by the Major Repairs Allowance (£2,660k), other capital grants (£1,450k) and a contribution from the HRA reserve of £15,034. This includes expenditure carried forward from the 2019/20 capital programme. In the event, not all of the expenditure to be carried over was required, so there is now a revised budget of £19,032k (£14,992k after allowing for £4,110k of grant funding). Based on the current information, it is forecast that the actual expenditure after grants will be £6,900k, which is £8,022k below the revised budget (£6,244k at Q2).
- (ii) Capital projects have been seriously affected by Covid 19, leading to significant delays in projects. This is particularly so in the case of acquiring ex right to buy properties due to the effective suspension of the house property market. There has been considerable progress during Q3, however, with actual expenditure almost doubling from £3,680k to £7,355k. Additional work has been carried out during the remodeling of Llawr Y Dref (converting 6 small units into 4 larger ones) which resulted in the additional expenditure on this project. Currently, there are only 3 units remaining to be let in the remodeled scheme.
- (iii) The capital forecast has been completely revised to take into account all the above, and expenditure is now forecast to be £8,022k below the revised budget at the end of the year. Further details are shown in Appendix B.
- (iv) The underspend on capital expenditure means that the amount funded from the HRA revenue account is similarly reduced. The balance is then available to fund the projects that have been deferred into next year.

10. HRA balance

- (i) The opening balance of the HRA reserve stood at £8,597k. The revised budget allowed for the use of £7,088k of this balance. However, forecast underspend will result in the forecast surplus for the year of £965k being transferred into the reserve. This will give a reserve balance of £9,562k by the end of the financial year. This balance is ringfenced, so is available to fund future HRA expenditure only.

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)	The draft report was considered by the SLT and any comments have been incorporated into the final report.
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 3.
Appendix B – Capital expenditure and forecast to end of quarter 3.

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

- 2020/21 HRA budget (as approved by this Committee in March 2020).
- HRA 30 Year Business Plan 2020/50 (as approved by this Committee in June 2020).

APPENDIX A

HRA ACCOUNT 2020/21

	Annual Budget 2020/21	Profiled Budget to Month 9	Actual to Month 9	Variance to Month 9	Year End Forecast	Year End Variance
	£	£	£	£	£	£
REVENUE ACCOUNT						
Income						
Dwellings	(18,407,000)	(13,805,251)	(13,601,786)	203,465	(18,257,000)	150,000
Garages	(218,000)	(163,501)	(157,696)	5,805	(218,000)	0
Service Charges	(212,000)	(159,000)	(159,302)	(302)	(212,000)	0
Other	(199,000)	(117,000)	(129,201)	(12,201)	(199,000)	0
Bad Debt Provision	280,000	0	0	0	280,000	0
TOTAL INCOME	(18,756,000)	(14,244,752)	(14,047,985)	196,767	(18,606,000)	150,000
Non Repairs & Maintenance Expenditure						
Tenant Participation	136,170	102,053	63,489	(38,564)	101,170	(35,000)
Rent Administration	450,220	337,161	363,717	26,556	450,220	0
Estate Management	247,430	185,330	123,800	(61,530)	247,430	0
Other Revenue	899,340	640,382	666,866	26,484	913,340	14,000
Expenditure						
Total Non R & M Expenditure	1,733,160	1,264,926	1,217,872	(47,054)	1,712,160	(21,000)
Repairs and Maintenance						
Housing Maintenance Unit (HMU)	3,112,000	2,333,510	2,074,241	(259,269)	2,912,000	(200,000)
Building Maintenance Staff (non HMU)	926,020	693,511	626,790	(66,721)	866,020	(60,000)
Other Repairs and Maintenance	448,200	336,157	470,899	134,742	548,200	100,000
Total Repairs & Maintenance	4,486,220	3,363,178	3,171,930	(191,248)	4,326,220	(160,000)
Year End Adjustments						
Capital Financing Charges	3,093,000	0	0	0	3,093,000	0
Recharge from Housing Services	790,630	0	0	0	790,630	0
Recharge from Central Services	818,990	0	0	0	818,990	0
Total Year End Adjustments	4,702,620	0	0	0	4,702,620	0
TOTAL REVENUE EXPENDITURE	10,922,000	4,628,104	4,389,802	(238,302)	10,741,000	(181,000)

TOTAL REVENUE (SURPLUS) / DEFICIT	(7,834,000)	(9,616,648)	(9,658,183)	(41,535)	(7,865,000)	(31,000)
CAPITAL EXPENDITURE ACCOUNT						
2020/21 Expenditure	19,032,093	7,715,000	7,355,346	(359,654)	11,010,058	(8,022,035)
Major Repairs Allowance	(2,660,000)	0	0	0	(2,660,000)	0
Other Grants	(1,450,000)	0	0	0	(1,450,000)	0
TOTAL CAPITAL (SURPLUS) / DEFICIT	14,922,093	7,715,000	7,355,346	(359,654)	6,900,058	(8,022,035)
NET (INCREASE) / DECREASE IN HRA RESERVE	7,088,093	(1,901,648)	(2,302,837)	(401,189)	(964,942)	(8,053,035)
Opening HRA Balance	(8,597,000)				(8,597,000)	
Net (Increase) / Decrease in HRA Reserve	7,088,093				(964,942)	
Closing HRA Balance	1,508,907				(9,561,942)	

APPENDIX B

Service	Annual Budget (£)	Profiled Budget (£)	Total Expenditure (£)	Variance To Profile (£)	Projected Expenditure (£)	Projected Under / Over (£)
<u>Housing HRA</u>						
Central Heating Contract	400,000	0	0	0	0	(400,000)
Planned Maintenance Contract	6,120,000	3,500,000	3,072,558	(427,442)	4,500,000	(1,620,000)
Energy Performance Improvement	537,000	0	3,978	3,978	150,000	(387,000)
Environmental Works	750,000	65,000	63,909	(1,091)	100,000	(650,000)
Acquisition of Existing Properties/Development of New Properties	9,230,000	3,500,000	3,559,810	59,810	5,250,000	(3,980,000)
Premises Remodelling of Existing Stock	2,218	0	50,485	50,485	50,485	48,267
Public Sector Adaptations	350,000	90,000	83,682	(6,318)	150,000	(200,000)
Fire Risk	450,000	60,000	38,619	(21,381)	100,000	(350,000)
WHQS	1,172,875	500,000	482,305	(17,695)	700,000	(472,875)
Remediation Work	20,000	0	0	0	9,573	(10,427)
Totals for Housing HRA	19,032,093	7,715,000	7,355,346	(359,654)	11,010,058	(8,022,035)

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	01 MARCH 2021
SUBJECT:	TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22
LEAD OFFICER:	MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER
CONTACT OFFICER:	JEMMA ROBINSON, SENIOR ACCOUNTANT
Nature and reason for reporting For scrutiny - consistent with professional guidance.	

1. This report is presented to ensure that the Council is implementing best practice in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management. The code 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 scheme of delegation charges the Audit & Governance Committee with this function.
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 has produced documented TMPs, and were approved by the Audit Committee on 11 February 2020.
3. In terms of updates to the Treasury Management Strategy Statement, there are no proposed amendment to the core principals and policies of the 2020/21 Statement.
4. As noted in the Treasury Management Mid-Year Report 2020/21, presented to this committee on 14 December 2020, due to the large sums of grants received from Welsh Government to help deal with the Covid crisis and the availability of call accounts to the Council, this has resulted in the Council holding balances in call accounts over and above the limits approved within the Annual Investment Strategy included in the Treasury Management Strategy Statement (TMSS) 2020/21. When producing the TMSS 2020/21, these unprecedented times could not be foreseen. In light of this, counterparty limits have been assessed and reviewed when producing the TMSS for 2021/22. Appendix 8 has been amended (with specific reference to NatWest Bank cash limit).
5. Under the revised Code of Practice, it is a requirement that the Council prepares a Capital Strategy, which takes a longer-term view as to the capital investment that is required and how that investment will be funded. The Executive will approve this Strategy, along with other budget resolutions. This Treasury Management Strategy sits below the Capital Strategy, and considers the impact of that strategy on the Council's borrowing and investments. It sets out how both strategies will be undertaken in a controlled way, which is in line with a suitable level of risk that the Council wishes to take, bearing in mind the guidance set out in the CIPFA Code of Practice on Treasury Management.

6. Recommendations

- To consider the Treasury Management Strategy for 2021/22 and to make recommendations or note comments for consideration by the full Council.
- To consider the increase in transaction limits in Appendix 8 (as noted in point 4 above) and to make recommendations or note comments for consideration by full Council.

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2021/22

1. BACKGROUND

1.1. CIPFA defines treasury management as:-

“The management of the local authority’s borrowing, 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.”

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities (see **Appendix 1**).

1.2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. 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 low risk appetite, providing adequate liquidity initially before considering investment return.

1.3. 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, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.4. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the Council’s cash reserves.

2. CIPFA CODE OF PRACTICE ON TREASURY MANAGEMENT

2.1. The CIPFA Code of Practice on Treasury Management requires the Council to prepare and approve the following documents:-

- A Capital Strategy Statement which sets out a high level, long term overview of capital expenditure and financing, along with details on any associated risks and how they will be managed as well as the implications for future financial sustainability. The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- A Treasury Management Strategy which sets out the Council’s strategy in terms of borrowing and investment which follows on from the Capital Strategy, sets out the constraints on borrowing, determines a set of prudential indicators and determines the Council’s risk appetite and strategy in respect of investments.

2.2. The key principles of the CIPFA Treasury Management Code of Practice are set out in **Appendix 2**.

3. EXTERNAL CONTEXT

3.1. Setting the Treasury Management Strategy cannot be undertaken in isolation, and consideration must be given to the economic situation as this has an impact on investment interest rates, the cost of borrowing and the financial strength of counterparties. A full summary of the economic outlook is set out in **Appendix 3**, but the main points to consider are as follows:-

- World growth has been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half.
- Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor.
- Continuing uncertainty surrounding Brexit and its impact on the UK and Eurozone economy, however the final agreement of a trade deal in December 2020 has eliminated a significant downside risk for the UK economy.
- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

3.2. Having considered the available information and having considered the advice from the Council's Treasury Management Advisors, the following table sets out the Council's view on interest rate levels for the following 3 years:-

**Table 1
Prospects for Interest Rates to March 2024**

Annual Average	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2021	0.10	0.80	1.50	1.30
June 2021	0.10	0.80	1.60	1.40
September 2021	0.10	0.80	1.60	1.40
December 2021	0.10	0.80	1.60	1.40
March 2022	0.10	0.90	1.60	1.40
June 2022	0.10	0.90	1.70	1.50
September 2022	0.10	0.90	1.70	1.50
December 2022	0.10	0.90	1.70	1.50
March 2023	0.10	0.90	1.70	1.50
June 2023	0.10	1.00	1.80	1.60
September 2023	0.10	1.00	1.80	1.60
December 2023	0.10	1.00	1.80	1.60
March 2024	0.10	1.00	1.80	1.60

Information provided by Link Asset Services is attached as **Appendix 4**.

Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme

3.3. Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising. Given the forecast for bank base rates, 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 (the long term forecast is for periods over 10 years in the future):

2020/21: 0.10%;
 2021/22: 0.10%;
 2022/23: 0.10%;
 2023/24: 0.10%;
 2024/25: 0.25%;
 Long term later years: 2.00%.

3.4. The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. There is uncertainty regarding Brexit in relation to the economic impact of the deal agreed between the UK and the EU. There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

3.5. Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

4. THE COUNCIL'S CURRENT POSITION

4.1. Borrowing

4.1.1. The Council's current external borrowing is set out in Table 2 below. A full analysis is attached as **Appendix 5**.

Table 2
Summary of the Council's Current Outstanding Loans

PWLB LOANS					
	PWLB / PWLB Maturity	PWLB EIP/ Annuity	Market Loans	PWLB Variable	Total Maturing
Loan Outstanding	£121,684k	£208k	£0k	£0k	£121,892k
Average life (years)	30.62	5.28	0.00	0.00	30.57
Average rate (%)	4.58	9.42	0.00	0.00	4.59

OTHER LOANS						
	Salix Loan 1	Salix Loan 2	Salix Loan 3	Salix Loan 4	Salix Loan 5	Total
Outstanding Balance	£58k	£228k	£509k	£224k	£1,614k	£2,633k
Repayment Date	2024/25	2025/26	2028/29	2029/30	2030/31	
Interest Rate (%)	0.00	0.00	0.00	0.00	0.00	

4.2. Investments

4.2.1. Any surplus cash is currently invested in short term deposit accounts, call accounts and with other UK local authorities. The balance invested in these accounts changes daily (balance as at 31 December 2020 was £34.8m).

4.2.2. Under the current treasury management strategy, the Council invests surplus cash ensuring first of all the security of the deposit, secondly the liquidity of the deposit and, finally, the return on the investment. In practice, in order to ensure the first and second principles, the rate of return on investments is sacrificed and the current average return on investments is 0.09% (as at 31 December 2020).

5. IMPACT OF FUTURE PLANS ON BORROWING

5.1. Capital expenditure is partly funded from borrowing and the capital programme, as set out in the Capital Strategy, is set out in Table 3 below:-

**Table 3
Proposed Capital Expenditure Programme 2021/22 – 2023/24**

	2021/22 £'000	2022/23 £'000	2023/24 £'000
Non - HRA	15,842	16,380	17,221
HRA	20,313	18,816	22,670
Commercial Activities / Non Financial Investment	0	0	0
TOTAL EXPENDITURE	36,155	35,196	39,891
Financed By			
Capital Grants	12,042	9,181	10,282
Capital Receipts	0	100	100
Reserves	921	0	0
Revenue	15,639	10,156	10,510
Balance Funded from Borrowing	7,553	15,759	18,999

- 5.2. An important factor to consider is the impact of borrowing on the Council's Capital Financing Requirement (CFR). The CFR is the measure of the Council's underlying borrowing need. Borrowing is not limited to external borrowing from PWLB but also the use of the Council's own cash balances (internal borrowing) which have been used to fund capital expenditure.
- 5.3. Capital expenditure will increase the CFR but only by the sum that is not funded from grants, capital receipts, reserves or revenue. The CFR will also reduce annually by the sum of the Minimum Revenue Provision (MRP) which is charged to revenue. The level of the CFR is an important measure to ensure that the Council does not commit itself to unaffordable levels of borrowing.
- 5.4. In order to ensure that the Council has sufficient funds available to repay debt as it falls due, the Council is required to make a charge to the revenue account each year and this charge is known as the Minimum Revenue Provision. Regulations require that the Council approves a MRP statement in advance of each financial year. The policy for 2021/22 is set out in **Appendix 6**. The Council's MRP was substantially revised in 2018 but there are no changes from that revised policy for 2021/22. By making the MRP charge each year, the Council's cash balances are replenished and that, in turn, reduces the level of internal borrowing.
- 5.5. The policy will provide an equal charge on borrowing up to 31 March 2018 and, for all borrowing after that date, the MRP charge will be based on the useful life of the asset which has been funded from borrowing, e.g. if £1m is borrowed to fund the capital expenditure on an asset that has an asset life of 20 years, the annual MRP in respect of that loan would be £50k per annum. As new borrowing is undertaken, it will increase the MRP charge over time and this increase in costs is allowed for in the Council's budgets. The Council may choose to pay more MRP in any given year. These overpayments of MRP (which in the Council's case, are to ensure enough cash for loan repayments), can, if needed, be reclaimed in later years. Up until 31 March 2020, the total overpayments were £212k and related specifically to the Salix loans where the MRP charged to the revenue account has been calculated on the basis of the life of the loan rather than on the life of the asset which was funded by the loan. This ensures that the Council has sufficient cash to repay the loans when they become due for repayment.
- 5.6. The impact of the Council's capital expenditure plans and the MRP charge on the CFR and level of external and internal borrowing is shown in Table 4 below:-

Table 4
Capital Financing Requirement and Borrowing 2020/21 to 2023/24

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Capital Financing Requirement				
Opening Balance of CFR	136,904	142,687	146,084	157,552
Capital Expenditure	33,798	36,155	35,196	39,891
External Capital Grants	(14,976)	(12,042)	(9,181)	(10,283)
Capital Receipts	(665)	0	(100)	(100)
Revenue Contribution & Reserves	(8,878)	(16,560)	(10,156)	(10,510)
Minimum Revenue Provision	(3,496)	(4,156)	(4,291)	(4,590)
CLOSING BALANCE OF CFR	142,687	146,084	157,552	171,960

External Borrowing				
Opening Balance of External Borrowing	139,232	133,803	140,991	154,099
Borrowing to Fund Capital Expenditure	9,279	7,553	15,759	18,999
Borrowing to Fund Loan Repayments	0	0	0	0
Borrowing to Replace Internal Borrowing	0	0	0	0
Loan Repayments	(14,708)	(365)	(2,651)	(2,222)
Closing Balance of External Borrowing	133,803	140,991	154,099	170,875
Internal Borrowing				
Opening Balance of Internal Borrowing	(2,328)	8,884	5,093	3,453
Replacement of Internal Borrowing	0	0	0	0
Funding Loan Repayments from External Borrowing	0	0	0	0
External Loan Repayments	14,708	365	2,651	2,222
Borrowing to Fund Capital Expenditure	0	0	0	0
Minimum Revenue Provision	(3,496)	(4,156)	(4,291)	(4,590)
Closing Balance of Internal Borrowing	8,884	5,093	3,453	1,085
TOTAL BORROWING	142,687	146,084	157,552	171,960

6. BORROWING STRATEGY

6.1. 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. As part of this strategy, the ability to externally borrow to repay the reserves and balances, if needed, is important. Table 4 indicates that £8.884m 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.

6.2. Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Section 151 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.

6.3. External v Internal Borrowing

6.3.1. 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.

6.3.2. 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.

6.3.3. 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.

6.3.4. However, short term savings by avoiding new long term external borrowing in 2021/22 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.

6.4. Borrowing in Advance of Need

6.4.1. 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.

6.4.2. In determining whether borrowing will be undertaken in advance of need, the Council will:-

1. 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;
2. ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets, have been considered;
3. evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
4. consider the advantages and disadvantages of alternative forms of funding;
5. consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
6. 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.

6.4.3. 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.

6.5. Debt Rescheduling

6.5.1. Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

6.5.2. 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; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

6.5.3. 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.

6.5.4. All rescheduling will be reported to the Audit Committee at the earliest practicable meeting following its action.

6.6. Debt Profile

6.6.1. As can be seen from **Appendix 5**, the existing borrowing is due to be repaid in various years up to 2068/69. As part of any decision on future borrowing, the Council will aim to ensure that the repayment date is arranged so as to smooth out repayments as far as possible, but priority will be given to the interest rate payable when determining the type of loan (maturity or annuity) and the length of the loan.

7. INVESTMENT STRATEGY

7.1. 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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking higher rates currently obtainable, for longer periods.

7.2. Management of Risk

7.2.1. CIPFA has extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

7.2.2. The Council's investment policy has regard to the following:-

- Welsh Government's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code");
- CIPFA Treasury Management Guidance Notes 2018;
- The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).

7.2.3. The above guidance from the Welsh Government and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; 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 achieve this consideration, 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.
3. **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.
4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in **Appendix 7** under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. All investments with local authorities are also specified investments regardless of the length of period to maturity.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use. (Investments, [other than investments with local authorities], which would be specified investments apart from originally being for a period longer than 12 months remain as non-specified even when the remaining period to maturity falls to under twelve months.)

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments by ensuring that no non-specific investment is undertaken without the prior consent of the Council. The Council does not hold any non-specified investments, nor does it intend to during 2021/22 (see **Appendix 7**).
6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table as set out in the Creditworthiness section of this strategy.
7. **Transaction limits** are set for each type of investment in **Appendix 8**.
8. This Authority will set a limit for the amount of its investments which are invested for **longer than 365 days** (see **Appendix 11**).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see **Appendix 9**).
10. This Authority has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2020/21 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Welsh Government has passed a statutory override to allow Welsh local authorities time to adjust their portfolio of all pooled investments by delaying implementation of IFRS 9 for five years until 31.03.23.

7.3. Creditworthiness Policy

- 7.3.1. 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 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.
- 7.3.2. The Section 151 Officer will maintain a counterparty list in compliance with the criteria set out in **Appendix 8** 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.

- 7.3.3.** Credit rating information is supplied the Link Group, our treasury advisors, 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.
- 7.3.4.** As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by Link 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.
- 7.3.5.** 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 Section 151 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 |
- 7.3.6.**The Link 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.
- 7.3.7.**Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalent) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

- 7.3.8.** All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.
- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 7.3.9.** Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information and information on any external support for banks to help support its decision making process.
- 7.3.10.** Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30.06.20 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for expected credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on actual levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- 7.3.11.** All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.
- 7.3.12.** Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

7.4. Country Limits

7.4.1 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 9**. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

8. GOVERNANCE AND CONTROL

8.1. The Prudential Code reflects a move towards self regulation for local authorities and effective corporate governance is one of the key elements to the successful implementation of the Code.

8.2. Corporate Governance includes the following elements:-

- A formal role for the Section 151 Officer;
- Setting and monitoring of Prudential and Treasury Indicators;
- A scheme of delegation and a process of formal approval;
- Reporting on Treasury Management matters to Members.

8.3. Role of the Section 151 Officer and Members

8.3.1. The Section 151 Officer is responsible for ensuring that matters relating to Treasury Management and Capital Financing are taken into account and reported to the Executive / full Council for consideration and that procedures are established to monitor performance.

8.3.2. The Section 151 Officer must ensure that prudential indicators are set and monitored in order to demonstrate the legislative requirement that the Council's financial plans are affordable.

8.3.3. Members also play an important role in not just authorising the relevant decisions but also in scrutinising treasury management processes, decisions and performance. In order to undertake this role, 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 and Governance Committee, the Committee's members received training in treasury management, delivered by the appointed treasury management consultants on 7 November 2019. Further training will be arranged when required. The training needs of treasury management officers are regularly reviewed and addressed.

8.3.4. The Treasury Management Scheme of Delegation and a fuller explanation of the role of the Section 151 Officer is set out in **Appendix 10**.

8.4. Treasury Management Advice

- 8.4.1.** The Council uses Link Asset Services as its external treasury management advisors. The Treasury Management advisory service was advertised for tender for the period 1 April 2016 to 31 March 2019 with an option to extend for two years, with Link Asset Services (previously Capita Asset Services) being the successful tenders. The Council exercised the option to extend for two years. In accordance with procurement regulations, the Council will retender this service during early 2021 for the period 1 April 2021 to 31 March 2026 with an option to extend for two years.
- 8.4.2.** 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. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. Final responsibility for treasury management decisions remains with the Council.
- 8.4.3.** 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.

8.5. Prudential and Treasury Indicators

- 8.5.1.** The Prudential and Treasury Indicators set out in **Appendix 11** cover affordability, prudence and sets out limits for capital expenditure, external debt and the structure of the debt. It is for the Council to set the Prudential Indicators and it is important to not just consider the indicators for each individual year in isolation but also to consider the past performance and the future forecasts. A fuller explanation of the purpose of each indicator is set out in **Appendix 12**.

8.6. Reporting

- 8.6.1.** 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 and Governance Committee.
- 8.6.2. Prudential and Treasury Management Indicators and Treasury Strategy** - the first and most important report (this 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).
- 8.6.3. 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.
- 8.6.4. An Annual Treasury Report** - this is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

APPENDICES

- 1.** Treasury Management Policy Statement
- 2.** Treasury Management Key Principles
- 3.** Economic background
- 4.** Interest rate forecasts
- 5.** Loan maturity profile
- 6.** MRP Policy Statement
- 7.** Specified and non-specified investments
- 8.** Counterparty criteria
- 9.** Approved countries for investments
- 10.** Treasury management scheme of delegation and the role of the Section 151 Officer
- 11.** Prudential and Treasury Indicators
- 12.** Explanation of Prudential Indicators
- 13.** Glossary of, and information on, Prudential & Treasury Management indicators

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.

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.

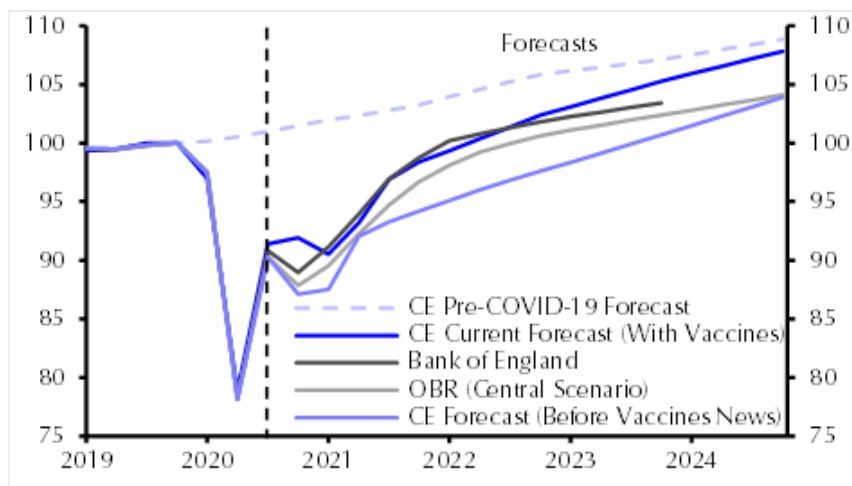
2. The County Council, Executive Committee and the Audit Committee will receive reports on the Authority's treasury management policies, practices and activities, including; an annual strategy and plan in advance of the year, a mid-year review report and an annual report after its close, in the form 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.

ECONOMIC BACKGROUND

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee kept **Bank Rate** unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown from 5.11.20 to 2.12.20 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.
- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
 - The economy would recover to reach its pre-pandemic level in Q1 2022
 - The Bank also expected there to be excess demand in the economy by Q4 2022.
 - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- One key addition to **the Bank’s forward guidance in August** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor due to base effects from twelve months ago falling out of the calculation, and so is not a concern. Looking further ahead, it is also unlikely to be a problem for some years as it will take a prolonged time for spare capacity in the economy, created by this downturn, to be used up.
- **Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. While the one month second national lockdown that started on 5th November caused a further contraction of 5.7% m/m in November, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy ‘only’ 8.6% below the pre-crisis level.

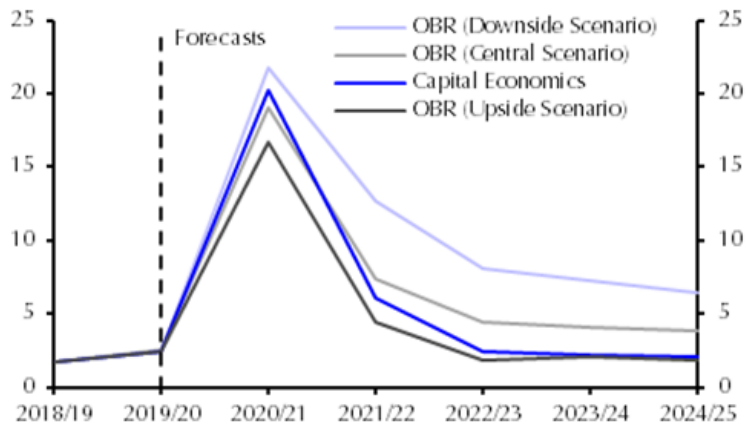
- Vaccines – the game changer.** The Pfizer announcement on 9th November of a successful vaccine has been followed by approval of the Oxford University/AstraZeneca and Moderna vaccines. The Government has a set a target to vaccinate 14 million people in the most at risk sectors of the population by 15th February; as of mid-January, it has made good, and accelerating progress in hitting that target. The aim is to vaccinate all adults by September. This means that the national lockdown starting in early January, could be replaced by regional tiers of lighter restrictions, beginning possibly in Q2. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines have radically improved the economic outlook so that it may now be possible for GDP to recover to its pre-virus level as early as Q1 2022. These vaccines have enormously boosted confidence that **life could largely return to normal during the second half of 2021**. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.
- Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant risk is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development, and vaccine production facilities are being ramped up around the world.

Chart: Level of real GDP (Q4 2019 = 100)



This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade, would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that politicians do not raise taxes or embark on major austerity measures and so, (perverse!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



- There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a **reversal of globalisation** as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, **digital services** are one area that has already seen huge growth.
- **Brexit.** The final agreement of a trade deal on 24.12.20 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.
- **Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, “Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case.” So, while vaccines are a positive development, in the eyes of the MPC at least, the economy is far from out of the woods in the shorter term. The MPC, therefore, voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)
- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -
 - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
 - The furlough scheme was lengthened from the end of March to the end of April.
 - The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
- The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.
- **US.** The Democrats gained the presidency and a majority in the House of Representatives in the November elections: after winning two key Senate seats in Georgia in elections in early January, they now also have a very slim majority in the Senate due to the vice president’s casting vote. President Biden will consequently have a much easier path to implement his election manifesto. However, he will not have a completely free hand as more radical Democrat plans may not be supported by all Democrat senators. His initial radical plan for a fiscal stimulus of \$1.9trn, (9% of GDP), is therefore likely to be toned down in order to get through both houses.

- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, individual states might feel it necessary to return to more draconian lockdowns.
- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and declining in December, and retail sales dropping back. The economy is set for further weakness into the spring. **GDP growth** is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.
- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- The Fed's meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that **inflation** will only get back to 2.0% in 2023, the vast majority expect the Fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.
- **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.
- With **inflation** expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact

of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.
- **World growth.** World growth will have been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.
- Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand and the pace of recovery in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand and the pace of recovery of the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Italy, Spain, Austria, Sweden, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services

**Rhagolygon Graddfeydd Llog 2021/2024
Interest Rate Forecasts 2021/2024**

The PWLB rates below are based on the new margins over gilts announced on 26th November 2020.

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 Group Interest Rate View		9.11.20				(The Capital Economics forecasts were done 11.11.20)								
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Bank Rate														
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-	
5yr PWLB Rate														
Link	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-	
10yr PWLB Rate														
Link	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-	
25yr PWLB Rate														
Link	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-	
50yr PWLB Rate														
Link	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-	

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services

DADANSODDIAD BENTHYCIADAU PWLB YN AEDDFEDU 2021/22 YMLAEN / PWLB LOANS MATURITY ANALYSIS 2021/22 ONWARDS						
	Aeddfedu PWLB Maturity	Blwydd-dal PWLB EIP/ Annuity	Benthyciadau Marchnad/ Market Loans	Amrywiol/ PWLB Variable	Cyfanswm yn Aeddfedu/ Total Maturing	%Yn Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding
	£'000	£'000	£'000	£'000	£'000	%
2021/22	0	14	0	0	14	0.0
2022/23	2,285	15	0	0	2,300	1.9
2023/24	1,854	16	0	0	1,870	1.5
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	1.2
2027/28	2,165	24	0	0	2,189	1.8
2028/29	263	26	0	0	289	0.2
2029/30	1,538	21	0	0	1,559	1.3
2030/31	451	15	0	0	466	0.4
2031/32	1,941	9	0	0	1,950	1.6
2032/33	315	8	0	0	323	0.3
2033/34	637	0	0	0	637	0.5
2034/35	624	0	0	0	624	0.5
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	4.1
2040/41	3,500	0	0	0	3,500	2.9
2042/43	1,000	0	0	0	1,000	0.8
2043/44	1,020	0	0	0	1,020	0.8
2044/45	1,010	0	0	0	1,010	0.8
2045/46	11,464	0	0	0	11,464	9.4
2050/51	2,000	0	0	0	2,000	1.6
2052/53	28,238	0	0	0	28,238	23.2
2054/55	3,000	0	0	0	3,000	2.5
2055/56	3,500	0	0	0	3,500	2.9
2056/57	5,000	0	0	0	5,000	4.1
2057/58	8,513	0	0	0	8,513	7.0
2059/60	1,763	0	0	0	1,763	1.4
2064/65	10,000	0	0	0	10,000	8.2
2066/67	6,200	0	0	0	6,200	5.1
2068/69	15,000	0	0	0	15,000	12.3
	121,684	208	0	0	121,892	100.0
Cyfartaledd bywyd (blynnyddoedd)/ Average life (years)	30.62	5.28	0.00	0.00	30.57	
Cyfartaledd graddfa (%)/ Average rate (%)	4.58	9.42	0.00	0.00	4.59	

**PROFFIL AD-DALU BENTHYCIADAU ERAILL 2021/22
YMLAEN / OTHER LOANS REPAYMENT PROFILE
2021/22 ONWARDS**

	Benthyciad Salix Loan 1	Benthyciad Salix Loan 2	Benthyciad Salix Loan 3	Benthyciad Salix Loan 4	Benthyciad Salix Loan 5	Cyfanswm / Total
	£'000	£'000	£'000	£'000	£'000	£'000
2021/22	16	46	64	26	199	351
2022/23	16	46	64	26	199	351
2023/24	17	46	64	26	199	352
2024/25	9	45	64	26	200	344
2025/26	0	45	64	26	200	335
2026/27	0	0	63	27	200	290
2027/28	0	0	63	27	200	290
2028/29	0	0	63	27	200	290
2029/30	0	0	0	13	200	213
2030/31	0	0	0	0	200	200
Cyfanswm / Total	58	228	509	224	1,997¹	3,016

¹ Total amount to be repaid differs from the total amount outstanding in Table 4.1.1 due to only having received £1,614k to date, however £1,997k will be received.

Minimum Revenue Provision Policy Statement 2021/22

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.

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 2021/22 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 8 set out the investment criteria and limits for the categories of investments intended for use during 2021/22 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 8 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 7.3 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
NatWest Bank (Part Nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	£30m	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 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-subsidary 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 5 January 2021]

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 Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

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.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
 - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

**PRUDENTIAL & TREASURY INDICATORS
BUDGET SETTING 2021/22**

APPENDIX 11

No.	Indicator	2019/20 out-turn	2020/21 estimate	2021/22 proposal	2022/23 proposal	2023/24 proposal
Affordability						
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	4.96%	4.80%	4.78%	4.73%	4.75%
	Housing Revenue Account (inclusive of settlement)	19.01%	16.34%	9.63%	13.17%	13.91%
	Total	6.62%	6.16%	5.36%	5.77%	5.90%
Prudence						
3	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
4,5	Estimates of [or actual] capital expenditure					
	Council Fund	18,203	22,788	15,842	16,380	17,221
	Housing Revenue Account	11,812	11,010	20,313	18,816	22,670
	Total	30,015	33,798	36,155	35,196	39,891
6,7	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	96,906	103,489	105,669	111,946	117,767
	Housing Revenue Account	39,998	39,198	40,415	45,606	54,193
	Total	136,904	142,687	146,084	157,552	171,960
External Debt						
		£000	£000	£000	£000	£000
8	Authorised Limit					
	: General Borrowing	175,000	175,000	178,000	190,000	204,000
	: Other long term liabilities	3,000	5,000	5,000	5,000	5,000
	: Total	178,000	180,000	183,000	195,000	209,000

Budget 2021

9	Operational Boundary					
	: General Borrowing	170,000	170,000	173,000	185,000	199,000
	: Other long term liabilities	3,000	5,000	5,000	5,000	5,000
	: Total	173,000	175,000	178,000	190,000	204,000
10	Actual External Debt	139,232				
Treasury Management		2019/20 out-turn	2020/21 estimate	2021/22 proposal	2022/23 proposal	2023/24 proposal
11	The Local Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services	✓	✓	✓	✓	✓
		£000	£000	£000	£000	£000
12	Gross and net debt	100%	100%	100%	100%	100%
	<i>The upper limit on the net debt as a proportion of gross debt</i>					
13	The upper limit on fixed rate exposures: (net principal outstanding)	155,000	155,000	158,000	170,000	184,000
14	The upper limit on variable rate exposures: (net principal outstanding)	20,000	20,000	20,000	20,000	20,000
15	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
			2021/22 upper limit		2021/22 lower limit	
16	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

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.

B) Prudence

3 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 2021/22 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

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.

4 & 5 Estimates of Capital Expenditure

This is the forecast Capital Expenditure from 2020/21 to 2023/24, and is based on the Capital Programme for 2020/21 and the Capital Strategy for 2021/22.

6 & 7 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 through a revenue or capital resource, 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 assets 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

8. **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.

9. **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.

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.

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive
Date:	01/03/2021
Subject:	COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES – 2021/2022 FEES AND CHARGES
Portfolio Holder(s):	Cllr Llinos Medi Huws
Head of Service:	Iola Richards – Interim Head of Service
Report Author: Tel: E-mail:	Carwyn Edwards, Finance Manager 01248 752699 CarwynEdwards@ynysmon.gov.uk
Local Members:	All members
A –Recommendation/s and reason/s	
<p>1. Background</p> <p>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,</p> <p>The report sets out community based non-residential social care fees and charges for 2021/2022 in accordance with the Social Services and Well-Being (Wales) Act 2014.</p> <p>2. Home Care Services:</p> <p><u>Home Care Charges 2021/2022</u></p> <p>We are awaiting confirmation from Welsh Government of the maximum charge as per legislation. We will charge up to the maximum amount permitted.</p> <p>3. Telecare Charges</p> <p>The following factors must be taken into account when determining a fair charge for the Telecare service:-</p> <ul style="list-style-type: none"> - 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. <p>For 2021/22, we recommend a 3% increase on the fees.</p>	

Table A: Telecare 2021/22 Proposed Charges

Tier 1 Equipment, service and maintenance (unit, pendant and smoke alarm)	Everyone will be paying £49.41 per quarter. (£3.80 a week)
Tier 2 & 3 Equipment, service, monitoring and Maintenance (Equipment other than unit, pendant and smoke alarm)	Everyone will be paying £98.42 per quarter. (£7.57 a week)

Telecare Annual Charges Apply a 3% increase for 2021/22 as stated in table B.

Table B – Telecare Annual Charges for 2021/22

	2020/21	2021/2022 (Proposed Charges)
Service and Maintenance	£114.12	£117.54
Services Only	£73.76	£75.97
One Off Installation	£45.63	£47.00

4. 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 £11.65 was set for 2020/21. In light of the increase in national living wage we propose to increase this to £11.89 for 2021/2022.

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 2021/22.

Purchasing Day Care Services in Independent Residential Care Homes

The charge for purchasing day services was £34.18 in 2020/21. We propose to increase the fee for 2021/22 by 3% to £35.21 to be consistent with increases in council charges. 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 following a tender exercise in 2018, the island is currently split into three patches for older people domiciliary care. Fee increase for these providers will be dealt with under the terms of that contract.

Recommendations

The Executive Committee is requested to approve the following:-

R1 Charges for Telecare services as outlined in table A.

Tier 1 everyone will be paying £49.41

Tier 2 & 3 everyone will be paying £98.42

R2 Charges for Telecare Annual Charges as outlined in table B

Services and Maintenance £117.54

Services Only £75.97

One off Installation £47.00

R3 Rate for Direct Payments at £11.89/hour

R4 Maintain a charge of £10.00 for the administration in relation to blue Badge requests and replacements as outlined

R5 Increase the fee for purchasing day care services in independent residential homes by 3% to £35.21

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 2020/21.

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?		
Yes		
DD – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	The fee increases were considered and supported by the SLT
2	Finance / Section 151 (mandatory)	Co-Author of the report
3	Legal / Monitoring Officer (mandatory)	Monitoring Officer is a member of the SLT and her comments were considered by the SLT
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:		
n/a		
FF - Background papers (please contact the author of the Report for any further information):		
n/a		

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive
Date:	1 March 2021
Subject:	Local Authority Homes for Older People – Setting the Standard Charge
Portfolio Holder(s):	Councillor Llinos Medi Huws
Head of Service:	Iola Richards, Interim Head of Adult Services
Report Author: Tel: E-mail:	Carwyn Edwards, Finance Manager 01248 752699 CarwynEdwards@ynysmon.gov.uk
Local Members:	All Members

A –Recommendation/s and reason/s

The Local Authority needs to set the level of its Standard Charge for local authority care homes for the year April 2021 – March 2022.

Members have determined a general guideline of a **3%** increase for fees and charges. However, 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.

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.

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.

For 2020/21, the Standard Charge was calculated at £760.38 per week due to an occupancy rate of 93.44% across the 4 in-house residential homes (excluding Garreglwyd). The Executive made a decision to increase the fees in line with actual cost of provision gradually over a 3 year period. A decision was made to raise the fees for 2020/21 to £722.21 per week.

In calculating the Standard Charge for 2021/22, we have again omitted Garreglwyd from the calculation as the Home has been re-modelled and now provides a specialist service. Due to the significant impact of the Covid19 pandemic, the occupancy rate for the remaining 4 Council run homes has been based on the average occupancy over the last 6 months of the 2019/20 financial year, which was 93.25% based on a total of 101 beds.

The following table calculates the estimated cost per resident week for the year to 31 March 2022:-

Number of Beds Available	101
Estimated Occupancy Rate	93.25%
Estimated Number of Resident Weeks	4,911

	Running Costs 2021/22	Standard Charge 2021/22	Standard Charge 2020/21	Fee Charged 2020/21
	£	£	£	£
Estimated Running Cost for 2021/22	3,425,113	697.44	679.37	
Add – Depreciation charge	242,933	49.47	41.89	
- Support Services	194,440	39.59	39.12	
	3,862,486	786.50	760.38	722.21
Increase from 2020/21 standard charge	1.033%	£26.12		

Based on the above table, the estimated cost per resident week for the year to 31 March 2022 is £786.50.

The estimated cost per resident week for the year to 31 March 2022 is higher when compared to the estimated cost for the year to 31 March 2021. This is as a result of inflation.

Given that 2021/22 is the final year of the 3 year plan to increase the fees, we are recommending that we charge the full cost of the service, which is £786.50 per week.

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 previously 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.

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.		
CH – Is this decision consistent with policy approved by the full Council?		
This decision is consistent with National Policy as outlined in section C above.		
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)	The fee increases were considered and supported by the SLT
2	Finance / Section 151 (mandatory)	Co-author of the report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT and her comments were considered by the SLT
5	Human Resources (HR)	
6	Property	
7	Information Communication Technology (ICT)	
8	Scrutiny	
9	Local Members	
10	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:		
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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	1 MARCH 2021
SUBJECT:	FEES AND CHARGES 2021/22
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
REPORT AUTHOR:	BETHAN HUGHES-OWEN
TEL:	01248 752663
E-MAIL:	BHOFI@YNYSMON.GOV.UK
LOCAL MEMBERS:	NOT APPLICABLE
A - Recommendation/s and reason/s	
<p style="text-align: center;">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 style="text-align: center;">RECOMMENDATION</p> <p>The Executive is requested to approve the schedule of Fees and Charges for 2021/22 as outlined in the booklet below.</p>	
B - What other options did you consider and why did you reject them and/or opt for this option?	
Individual Services considered differing levels 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?	
The Executive has delegated authority for decision making in relation to fees and charges.	
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 2021/22		
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

April 2021

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Planning

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Highways, Waste and Property

Highways

Waste Management

Council Business

Legal

Notes

1. Applicable Period

1.1 All fees and charges are from the specified date (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 VAT status may be subject to change in year.

2.4 Recharges between Isle of Anglesey County Council services are exclusive of VAT.

Social Services

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)	TBC	O/S
Home Care		
If you are above pension age with a current weekly income of or above £251.94 and:	If you are below pension age with a current weekly income of or above £164.65 and:	
below £256.93 per week	below £169.64 per week	TBC
between £256.94 - £261.93	between £169.65 - £174.64	TBC
between £261.94 - £262.89	between £174.65 - £175.60	TBC
between £262.90 - £266.93	between £175.61 - £179.64	TBC
between £266.94 - £271.93	between £179.65 - £184.64	TBC
between £271.94 - £276.93	between £184.65 - £189.64	TBC
between £276.94 - £281.93	between £189.65 - £194.64	TBC
between £281.94 - £286.93	between £194.65 - £199.64	TBC
between £286.94 - £291.93	between £199.65 - £204.64	TBC
between £291.94 - £296.93	between £204.65 - £209.64	TBC
between £296.94 - £301.93	between £209.65 - £214.64	TBC
between £301.94 - £306.93	between £214.65 - £219.64	TBC
between £306.94 - £311.93	between £219.65 - £224.64	TBC
between £311.94 - £316.93	between £224.65 - £229.64	TBC
between £316.94 - £321.93	between £229.65 - £234.64	TBC
between £321.94 - £326.93	between £234.65 - £239.64	TBC
between £326.94 - £331.93	between £239.65 - £244.64	TBC
between £331.94 - £336.93	between £244.65 - £249.64	TBC
between £336.94 - £341.93	between £249.65 - £254.64	TBC
between £341.94 - £346.93	between £254.65 - £259.64	TBC
between £346.94 - £351.93	between £259.65 - £264.64	TBC
above £351.94 or savings above £24,000.00	above £264.65 or savings above £24,000.00	TBC
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)	£6.40	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	£2.70	
Other refreshments (tea / coffee/ cake) in Day Services	£1.50	
Transport to Day Services	TBC	
Telecare Services		
Tier 1 – Equipment, Service and Maintenance	TBC	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	TBC	
Installation charge	TBC	
Service and Maintenance	TBC	
Services only	TBC	
Blue Badges (organisational and replacement (lost/stolen))	£10.00	O/S

Housing

Service	Fee / Charge	VAT
Houses into Homes Fees		
Up to £50,000	TBC	O/S
Over £50,000	TBC	O/S
Home Improvement Loan Scheme	15% of the loan value (may also be subject to a third party valuation fee) TBC	O/S
Garage Rents	TBC	Various
Fees		
1 Bed House/Bungalow	TBC	Various
2 Bed House/Bungalow	TBC	
3 Bed House/Bungalow	TBC	
4 Bed House/Bungalow	TBC	
5+ Bed House/Bungalow	TBC	
1 Bed Flat	TBC	
2 Bed Flat	TBC	
3 Bed Flat	TBC	
4+ Bed Flat	TBC	
Bedsit	TBC	
Application notice to request a force order	TBC	
Court Fee	TBC	
Warrant	TBC	
Re-issue of warrant	No Charge	
Dwelling Service Charges		
Cleaning of communal areas	TBC	O/S if in respect of a Council house lease, and E for other leases.
Lift maintenance	TBC	
Aerial within communal areas	TBC	
Heating and lighting within communal areas	TBC	
Fire alarms and fire equipment	TBC	
Door entry	TBC	
Sewerage Charges	TBC	
Painting of communal areas	TBC	
Ground maintenance (domestic Properties)	TBC	
Ground maintenance (sheltered properties)	TBC	
Management fee	15% of service charge TBC	

Education

Service	Fee / Charge	VAT
School Meals:		
Pupils and supervisory staff:		
Primary schools	£2.50	O/S
Secondary schools	£2.60	O/S
Other staff and visitors:		
Primary schools	£4.44	S
Secondary Schools	£3.24	S
Pre-Breakfast Club Care		
30 minutes pre-breakfast club care	£1.20 per child	E
School Buses:		
Post-16	£150.00 per annum	O/S
Under 3 miles	£135.00 per annum	O/S
Out of catchment	£185.00 per annum	O/S
College Bus Fee	TBC	
Other Charges		
Photocopies	£0.15 per sheet	S
All Weather Pitch Millbank		
Members		
Full Pitch	£48.00 Adult £31.00 Youth	E
Full Pitch (schools)	£40.00 Adult £25.50 Youth	N/A
Half Pitch	£31.00 Adult £19.00 Youth	E
Half Pitch (schools)	£26.00 Adult £15.00 Youth	N/A
Hire of Football Pitch	£48.00 Adult £31.00 Youth	E
Hire of Football Pitch (schools)	£40.00 Adult £26.00 Youth	N/A

Libraries & Culture

Service	Fee / Charge	VAT
Museums and Culture		
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)	£85.00 per hour	E
Tunncliffe Room – Commercial:		
Per Hour (maximum 3 hours)	£36.00	E
Half Day (3.5 hours)	£110.00	E
Full Day (7 hours)	£220.00	E
Evening (6 – 11pm)	£44.00 per hour	E
Additional Hours	£38.00 per hour	E
Tunncliffe Room – Educational:		
Per Hour (maximum 3 hours)	£18.00	E
Half Day (3.5 hours)	£54.00	E
Full Day (7 hours)	£108.00	E
Additional Hours	£22.00 per hour	E
Tunncliffe Room - Non-profit Organisations:		
Per Hour (maximum 3 hours)	£18.00	E
Half Day (3.5 hours)	£54.00	E
Full Day (7 hours)	£108.00	E
Additional Hours	£22.00 per hour	E
Tunncliffe Room – Council:		
Per Hour (maximum 3 hours)	£22.00	E
Half Day (3.5 hours)	£66.00	E
Full Day (7 hours)	£120.00	E
Additional Hours	£27.00 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 for school children formal	£4.00 per person	E
Workshops for children informal	£5.00 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 (price on application)		
Per Hour – Single use	£84.00	S
Reproductions- Images (price on application)		
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	£126.00	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	
Online packaging orders to the UK under £25	£3.50	S	
Online packaging orders to the UK £25 - £150	£5.50	S	
Online packaging orders to the UK over £150	£15.00	S	
Online orders to Europe under £25	£9.50	S	
Online orders to Europe £25 - £150	£12.50	S	
Online orders Worldwide under £25	£14.50	S	
Online orders Worldwide £25 - £150	£19.50	S	
Libraries and Information Service			
Charges for late returns of books / cassettes / CDs (per item):			
1 day late	£0.30	O/S	
2 days late	£0.40	O/S	
3 days late	£0.50	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)	£3.50	O/S	
Per week or part thereof – Regular service (maximum £15.00)	£2.50	O/S	
Charges for late returns to mobile libraries (per item)			
1 st and 2 nd visit	£0.00	O/S	
3 rd visit	£0.70	O/S	
4 th visit	£0.80	O/S	
5 th visit	£1.40	O/S	
Maximum total cost	£6.50	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	£12.00	O/S	
Hire of CDs / DVDs (per item)			
CDs	£1.80 per CD per 3 weeks	O/S	
Premium DVD – (DVDs added to stock within 1 year)	£3.50 per DVD per week	O/S	
Older DVDs and children's DVDs	£2.50 per DVD per week	O/S	
Lost Membership Card			
Children	£1.50	O/S	
Adult	£2.50	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.		£5.60 each invoice	O/S

Withdrawn items of stock – minimum charge		
Paperback Fiction - adult [English]	£1.00 each or £4.00 for 5	S
Hardback Fiction - adult [English]	£1.50 each or £2.00 for 2	S
Hardback Non-fiction - adult [English + Welsh]	£2.00 each or £3.00 for 2	S
Paperback Non Fiction - adult [English + Welsh]	£1.20 each or £2.00 for 2	S
Reference books	individually priced	S
Welsh Fiction - adult	£0.80 each or £3.60 for 5	S
Children's Books [all languages]	£1.00 each or £3.50 for 5	S
Use of Computer Equipment		
Visitors not possessing a UK Library Card	£3.00 each ½ hour	O/S
Photocopies / Computer Printouts and Disks		
A4 B&W	£0.15 per sheet	O/S
A4 B&W – 10+ copies (when printing in one go from a session)	£0.10 per sheet	O/S
A4 B&W – back to back	£0.30 per sheet	O/S
A4 B&W – back to back 10+ copies (when printing in one go from a session)	£0.20 per sheet	O/S
A3 B&W	£0.30 per sheet	O/S
A3 B&W – 10+ copies (when printing in one go from a session)	£0.20 per sheet	O/S
A3 B&W – back to back	£0.60 per sheet	O/S
A3 B&W – back to back 10+ copies (when printing in one go from a session)	£0.40 per sheet	O/S
A4 Colour	£0.80 per sheet	O/S
A4 Colour – 10+ copies (when printing in one go from a session)	£0.50 per sheet	O/S
A4 Colour – back to back	£1.60 per sheet	O/S
A4 Colour – back to back 10+ copies (when printing in one go from a session)	£1.00 per sheet	O/S
A3 Colour	£1.60 per sheet	O/S
A3 Colour – 10+ copies (when printing in one go from a session)	£1.20 per sheet	O/S
A3 Colour – back to back	£3.20 per sheet	O/S
A3 Colour – back to back 10+ copies (when printing in one go from a session)	£2.40 per sheet	O/S
Fax Service		
1st page – UK	£1.90	O/S
Additional page - UK	£0.50 each page	O/S
1st page - Europe	£2.90	O/S
Additional page – Europe	£1.10 each page	O/S
1st page - North America	£4.00	O/S
Additional page - North America	£1.60 each page	O/S
1st page - Rest of the World	£5.00	O/S
Additional page - Rest of the World	£2.10 each page	O/S
Receiving an A4 fax	£1.10	O/S
Letting Rooms		
2 hour session - weekdays	£26.00	E
2 hour session with entrance charge/fund raising - weekdays	£38.00	E
Cost per additional half hour - weekdays	£8.00	E
2 hour session – Saturday	£45.00	E
2 hour session with entrance charge/fund-raising - Saturday	£48.00	E
Cost per additional half hour – Saturdays	£10.00	E
Hire of computer facilities (inc. room hire)		
2 hour session – Weekdays daytime	£35.00	S
2 hour session – Evenings and Saturdays	£45.00	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	£4.50	S
Market Hall: Library Meeting Room		
During opening hours		
2 hour session	£26.00	S
2 hour session with entrance charge/fund raising -	£40.00	S
Cost per additional half hour -	£8.00	S
Out of opening hours		
2 hour session - weekdays	£30.00	S
2 hour session with entrance charge/fund-raising – weekdays	£45.00	S
Cost per additional half hour - weekdays	£10.00	S
2 hour session - Saturday	£45.00	S
2 hour session with entrance charge/fund-raising – Saturday	£50.00	S
Cost per additional half hour - Saturday	£15.00	S
Anglesey Archives		
Stationery		
Pencils	£0.45 per pencil	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 / Computer printouts		
B/W A4 copies	£0.15 per sheet	S
B/W A3 copies	£0.30 per sheet	S
Colour A4 copies	£0.80 per sheet	S
Colour A3 copies	£1.60 per sheet	S
Photocopies / Computer printouts - sent by post		
1-3 B/W A4 sheets	£6.40	S
4-7 B/W A4 sheets	£7.30	S
1-3 B/W A3 sheets	£7.30	S
4-7 B/W A3 sheets	£7.80	S
1-3 Colour A4 sheets	£12.70	S
4-7 Colour A4 sheets	£14.40	S
1-3 Colour A3 sheets	£14.40	S
4-7 Colour A3 sheets	£16.20	S
Scanned copies		
Printed on A4 plain paper	£4.00 per sheet	S
Printed on A3 plain paper	£4.60 per sheet	S
1 scanned copy saved to CD	£4.50	S
2-5 scanned copies saved to CD	£9.10	S
6-10 scanned copies saved to CD	£15.60	S
Scanned copies - Sent by Post		
Printed A4 plain paper	£4.00 per sheet + P&P	S
Printed A3 plain paper	£4.60 per sheet + P&P	S
1 digital copy (JPEG file type) saved to CD	£4.50 + £2.85 P&P	S
2-5 digital copies (JPEG file type) saved to CD	£9.10 + £2.85 P&P	S
6-10 digital copies (JPEG file type) saved to CD	£15.60 + £2.85 P&P	S
Digital copies - sent by email		
1 JPEG file type	£5.00	S
2-3 JPEG file types	£10.10	S
4-5 JPEG file types	£15.10	S

Post and packaging using UK postage rates (overseas mail will be weighed and charged accordingly):		
up to 100g – second class	£1.25	S
up to 250g – second class	£1.81	S
up to 500g – second class	£2.28	S
up to 750g – second class	£2.99	S
Photographic permits for use in the Search room		
1 day	£7.50	S
3 day	£20.00	S
Half year	£60.00	S
1 year	£100.00	S
Use of Tripod	£5.00 per hour	S
Reproduction in books and periodicals	£36.00	S
Research		
Paid research service (1 hour minimum & 2 hours maximum per request)	£30.00 per hour	S
Official letter		
Official letter / letter of certification	£9.00	S
Filming on Premises		
(1 hour minimum)	£70.00 per hour	S
Television		
Welsh / regional broadcast - up to 10 years	£136.00 per image	S
British broadcast - up to 10 years	£160.00	S
Reproduction worldwide - up to 10 years	£198.00	S
Web use	£71.00	S
Web use on line digital streaming service	£226.00 per image	S
Dewi O. Jones Room Hire		
Per Hour	£30.00	E
Per Half Day: 09.30 – 13.00	£77.00	E
Per Half Day: 14.00 – 16.30	£55.00	E
Per Full Day: 09.30 – 16.30	£120.00	E
Penalty charge for overstaying booking period	£42.00	E
Refreshments (Tea / Coffee only) 1 - 10 people	£10.60	S
Refreshments (Tea / Coffee only) 11 – 20 people	£21.10	S
Refreshments (Tea / Coffee only) 21 – 30 people	£32.00	S

Public Protection

Service	Fee / Charge	VAT
Environmental Health Licences / Permits / Registrations		
Animal Regulation / Welfare		
Riding establishments	£148.00 plus vet's fees	O/S S
Dog breeding establishments	£184.00 plus vet's fees	O/S S
Animal boarding establishments	£184.00 plus vet's fees	O/S S
Performing animals	£231.00	O/S
Pet Shops	£184.00 plus vet's fees	O/S S
Zoo Licence	£343.00 plus vet's fees	O/S S
Dangerous Wild Animals	£343.00 plus vet's fees	O/S S
Dog Control	Statutory Fee: £25.00 plus Collection Fee: £82.00	O/S S
Dog Control	Statutory Fee: £25.00 plus Collection Fee from Mona Kennel: £43.70	O/S S
Dog Registration - Metal Tag	£6.00	O/S
Taxis		
Operator's licence (5 year licence)	£535.00	O/S
Vehicle licence (new and renewal)	£229.00	O/S
Driver licence (3 year licence)(does not include costs of DVLA checks) (new and renewal)	£340.00	O/S
Transfer fee	£48.60	O/S
Test fee	£59.00	O/S
Re-test fee	£59.00	O/S
Re-test fee within 24 hours (minor faults)	£30.00	O/S
Vehicle licence plates (new)	£71.00	O/S
Renewal plates	£47.00	O/S
Replacement plates	£30.00	O/S
Replacement plate bracket	£30.00	O/S
Replacement driver's badge	£21.30	O/S
Knowledge re-sit fee	£27.30	O/S
DBS check fee	£40.00	O/S
Civil Registration Fees		
Marriage & civil partnership booking fee - Register Office	£46.00	O/S
Marriage & civil partnership booking fee - Approved Premises	£130.00	O/S
Advanced booking fee 12-24 months non refundable	£70.00	O/S
Advanced booking fee 25-36 months non refundable	£100.00	O/S
Town hall ceremonies – Holyhead	£250.00	O/S

Ystafell Bryn Cefni Suite ceremonies – Llangefni		
Weekdays (Mon – Thurs)	£210.00	O/S
Fridays / Saturdays	£250.00	O/S
Sunday / Bank Holiday	£360.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
Wedding in hotel		
Weekdays (Mon – Thurs)	£390.00	O/S
Fridays / Saturdays	£420.00	O/S
Sunday / Bank Holiday	£510.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
Ystafell Bryn Cefni Suite & approved premises - extended hours		
Weekdays (Mon – Thurs) 6pm - 8pm	£150.00	O/S
Weekdays (Mon – Thurs) 8pm – 12am	£285.00	O/S
Fridays / Saturdays 6pm - 8pm	£205.00	O/S
Fridays / Saturdays 8pm - 12am	£330.00	O/S
Sunday / Bank Holidays 6pm - 8pm	£280.00	O/S
Sunday / Bank Holiday 8pm-12am	£395.00	O/S
Licensing of premises for civil ceremonies	£1,500.00	O/S
Additional room in an approved premises	£225.00	O/S
Wedding rehearsals	£70.00	O/S
Administration fee – name change etc.	£78.00	S
Baby naming ceremony		
Weekdays (Mon – Thurs)	£288.00	S
Fridays / Saturdays	£360.00	S
Sunday / Bank Holidays	£408.00	S
Renewal of vows:		
Weekdays (Mon – Thurs)	£288.00	S
Fridays / Saturdays	£360.00	S
Sunday / Bank Holidays	£408.00	S
Other:		
Certificates issued within 24 hours (surcharge):	£35.00	O/S
Certificated standard issued within 10 working days	£11.00	O/S
Certification of documents	£6.00 per copy	O/S
Post Dated passports	£10.00	TBC
Citizenship ceremonies – priority service (surcharge)	£125.00	O/S
Photo Opportunities	£15.60	S
Miscellaneous		
Street Trading Consents		
Retail and catering		
Week	£177.00	O/S
Month	£266.00	O/S
3 month seasonal	£769.00	O/S
6 month seasonal	£1,420.00	O/S
Annual	£2,125.00	O/S
Mobile units (annual)	£1,182.00	O/S
Other		
Tattooing / semi-permanent make-up	£135.00 per premises plus £67.60 per practitioner	O/S
Ear / cosmetic piercing	£135.00 per premises plus £67.60 per practitioner	O/S

Acupuncture	£135.00 per premises plus £67.60 per practitioner	O/S
Electrolysis	£135.00 per premises plus £67.60 per practitioner	O/S
Sex Shop / sex cinema	£1,065.00 (including potential hearing costs)	O/S
Health Act 2006 – smoking offences	Statutory fines	O/S
Scrap Metal Dealers Act 2013 (3 year licence)		
Site Licence	£388.00	O/S
Collectors License	£266.00	O/S
Scrap Metal Dealers Act 2013 Variations		
Collector to Site	£54.70	O/S
Site to Collector	£32.90	O/S
Licensee Name Change (not transfer)	£31.20	O/S
Change of Site Manager	£51.90	O/S
Change to Number of Sites, etc.	£31.20	O/S
Licensing searches and enquiries	£98.00 per hour	S
Pre-licensing advice		
Minimum Charge	£98.00	S
Each hour or part thereof will be charged at standard rate per hour per officer	£98.00	S
Fees for small lotteries, for gaming machines and for permits for amusements with prizes are all set by central government		
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		O/S
Licence application (Provisional Statement holders)		O/S
Small Casino		
Annual fee	http://www.legislation.gov.uk/ukxi/2007/479/schedule/made	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	http://www.legislation.gov.uk/ukxi/2007/479/schedule/made	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)	£91.32 per visit	S
Commercial pest control treatment contracts (Total cost variable, depending on size of premises, frequency of visits per annum etc.)	£66.96 per hour plus cost of materials	S
Domestic pest control – rats and mice		
3 day response	£47.80	S
Domestic pest control treatments (except rodents)		
Cockroaches	£104.04	S
Bedbugs (subject to survey)	£213.22	S
Wasps, bees, ants, other – 3 day response	£63.66	S
Domestic Flea Treatment	£84.47	S
Other Environmental Health Charges		
Dog fouling: Fixed Penalty Fee	http://gov.wales/topics/environmentcountryside/epq/cleanneighbour/fixpenalty/	O/S
Night time noise offence - (Domestic and Licences Premises)		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	£103.00 per certificate	O/S
Copies of the Food Premises Register	£21.00	O/S
Copies of the FSBB Catering & Retail Pack	£31.00	O/S
Copies of the FSBB Diary Sheets	£26.00	O/S
Immigration inspections	£232.00	S

Houses in Multiple Occupation	£685.00	S
HHSRS Inspection for NEST Welsh Government Grant on behalf of British Gas	£150.00	O/S
Fees for serving Enforcement Notices as prescribed under Section 49 of the Housing Act 2004 (including inspection fee)	£233.00	O/S
Request for HHSRS Housing Inspection – commercial	£232.00	S
Consent to operate loudspeakers in streets	£110.00 plus cost of advertisement	O/S
Abandoned vehicles	http://www.legislation.gov.uk/uksi/2008/2095/content/s/made	O/S
Port Health Sampling (to include 1 bacti sample)	£180	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		O/S
LA permits for Part B installations and mobile plant and solvent emission activities		O/S
Copies of the Authorisations Register	TBC	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.)		O/S
Private water supplies enquiry		S
Contaminated land enquiry (up to 2 hours officer time included)	TBC	S
Search & enquiry hourly fee applies to additional time		
Private Water Supplies – Actual analysis charges		
Risk Assessment (maximum charge £500)		O/S
Small supplies sampling		O/S
Large supplies sampling		O/S
Investigation (maximum charge £100)	http://www.legislation.gov.uk/wsi/2017/1041/made	O/S
Authorisation		O/S
Taken under Reg. 10		O/S
Taken during check monitoring		O/S
Taken during audit monitoring		O/S
Issue of Shellfish Movement Permits	No Charge	N/A
Chinese Live Export Health Certificates (provided within 2 working days of request)	£74.20 ¹	S
Chinese Live Export Health Certificates (provided within 1 working days of request)	£81.70 ¹	S
Chinese Live Export Health Certificates (same working day request of where the request is made over a weekend/bank holiday for next working day collection. This includes requests made on Friday (or Thursday in the case of a Bank Holiday Friday) for shipments over the weekend/ Bank Holiday Monday. This is subject to staff availability)	£89.10 ¹	S

¹ Chinese export fees may be subject to change in year due to a new electronic DEFRA (Department for Environment, Food and Rural Affairs) system being piloted early in the year.

Other Export Health Certificates (provided within 2 working days of request)	£24.00	S
Other Export Health Certificates (provided within 1 working days of request)	£30.00	S
Other Export Health Certificates (same working day request of where the request is made over a weekend/bank holiday for next working day collection. This includes requests made on Friday (or Thursday in the case of a Bank Holiday Friday) for shipments over the weekend/ Bank Holiday Monday. This is subject to staff availability.)	£40.00	S
Export certificate requiring data input	£24.80	S
Copy of Export Certificate	£18.60	S
Changes to Chinese Export Certificate once Certified Copy Provided	£18.60	S
Export Certificate - Set up to a New Location (including 1 Certificate)	£124.00	S
European Health Export Certificate	TBC – Awaiting national fee to be set up post Brexit	TBC
Ships Sanitation Certificate	http://www.porthalthassociation.co.uk/	O/S
Mobile Homes (Wales) Act 2013		
Single Caravan	£165.00	O/S
Small site (2 – 10 units)	£350.00	O/S
Medium site (11 - 50 units)	£416.00	O/S
Large site (51 + units)	£541.00	O/S
Vary conditions	£165.00	O/S
Lodge rules	£55.30	O/S
Replacement licence	£44.60	O/S
Markets and Fairs		
Menai Bridge Markets and Fairs		
Zone A – Bridge Street and Wood Street (up to 2 metres)	£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)	Above fee plus £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)	Above fee plus £1.00 for each additional 0.1 metres	O/S
Metrology		
*NOTE - All fees are shown NET of VAT and will need to be applied where applicable.		
Measuring Instruments Directive		
In order to reflect additional costs associated with examination, testing and documentation, and maintenance of MID notified body status, certain classes of instrument covered by MID should be subject to additional charges, as follows:-		
<ul style="list-style-type: none"> Automatic discontinuous totalisers, automatic rail weighbridges, automatic catchweighers, automatic gravimetric filling instruments and beltweighers. Cold water meters 	No extra charge	N/A

<ul style="list-style-type: none"> Measuring instruments for liquid fuel and lubricants Measuring instruments for liquid fuel delivered from road tankers 	10% surcharge	S
<ul style="list-style-type: none"> Capacity serving measures Material measures of length 	25% surcharge	S
Note: Fees increase for initial MID conformity assessment, but not subsequent reverification.		
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 Templates 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. 	£89.71 per officer per hour	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988 - In pursuance of a Community obligation other than under (1)
Weights		
First Hour	£92.40	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Each hour thereafter	£55.44	
Hire of weights up to 500kg – daily charge	£35.00	
Surcharge per hire for weights over 500kg	Daily charge + £100.00	
Measures		
Linear measures not exceeding 3 m, for each scale	£13.40 each	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Capacity measures, without divisions, not exceeding 1 litre	£10.58 each	S
Cubic ballast measures (other than brim measures)	£237.04 each	S
Liquid capacity measures for making up and checking average quantity packages	£37.46 each	S
Templates		
Per scale - first item	£65.14 each	S
Second and subsequent items	£24.64 each	S
Weighing Instruments (Non – NAWI)		
Not exceeding 1 tonne	£70.91 each	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Exceeding 1 tonne to 10 tonnes	£114.87 each	
Exceeding 10 tonnes	£239.90 each	
Certification of Weighbridge Operators (Minimum charge of half an hour)	£89.71 per hour	

Weighing Instruments that are not automatic (NAWI)		
Not exceeding 1 tonne	TBC	S
Exceeding 1 tonne to 10 tonnes	TBC	S
Exceeding 10 tonnes	TBC	S
When testing instruments incorporating remote display or printing facilities, and where completion of the test requires a second person or a second series of tests by the same person, an additional fee may be charged	TBC	S
Note: When supplying specialist equipment (including but not limited to weighbridge test unit, van and test weights, etc.) an additional fee may be charged hourly, daily or per appointment, according to circumstances		
Measuring Instruments for Intoxicating Liquor		
Not exceeding 150ml	TBC	S
Other	TBC	S
Measuring Instruments for Liquid Fuel and Lubricants		
Container type (not subdivided)	TBC	S
Single/multi-outlets (nozzles)		
First nozzle tested, per site	TBC	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Each additional nozzle tested	TBC	
Testing of peripheral electronic equipment on a separate visit (per site)	TBC	
Testing of credit card acceptor (per unit, regardless of no. of slots/nozzles/pumps)	TBC	
Road Tanker Fuel Measuring Equipment (Above 100 Litres)		
Meter measuring systems		
Wet hose with two testing liquids	TBC	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Wet hose with three testing liquids	TBC	
Dry hose with two testing liquids	TBC	
Dry hose with three testing liquids	TBC	
Wet/dry hose with two testing liquids	TBC	
Wet/dry hose with three testing liquids	TBC	
Certificate of errors		
For supplying a certificate containing results of errors found on testing (certificate supplied upon request of the submitter; fee applies when no other fee is payable).	TBC	S
NOTES for testing Metrology Equipment:		
<ul style="list-style-type: none"> - V.A.T - Verification after adjustment No VAT. Verification after repair – Charge VAT - 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 £89.71 per hour, (NET of VAT). - 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 £89.71 (NET of VAT) per extra officer/hour. 		
Lab Fees – Working Standards Only (inclusive of VAT)		
Weight Bags Excl. fractional weights	TBC	S
Weights Bags Incl. fractional weights	TBC	S
Test weights / working standard weights – price per weight	TBC	S
Length Measures Rigid (<=1m)	TBC	S
Length Measures Flexible (>1m to <=30m)	TBC	S
Capacity (Fuel) Metal visigauge or carbon-fibre integrated	TBC	S
Capacity (Glass) Flasks	TBC	S
Capacity (Glass) Graduated measuring cylinders	TBC	S
Lab Fees – Trade (NET of VAT)		
Charged per hourly rate	TBC	S

Conditions for Lab Fees:-

- Artefacts submitted for testing must be in a clean condition.
- If cleaning is required, an additional charge will be levied (to be agreed beforehand).
- Damaged artefacts will not be tested.
- Certificates of fitness and calibration are included in the price.
- We undertake to complete calibration within 10 working days unless agreed otherwise.
- Discount may be available for sets of artefacts submitted at the same time and/or for repeat customers.
- Discount may be available for 10 or more weights of same nominal mass submitted at the same time.
- Minimum charge of £50 per submission.
- Please contact the calibration service to discuss individual requirements.

“BUY WITH CONFIDENCE” – TRADER APPROVAL SCHEME

New application fee 0-5 employees		S
New application fee 6-20 employees		S
New application fee 21-49 employees	https://www.buywi	S
New application fee 50+ employees	thconfidence.gov.	S
Annual Membership Fee 0-5 employees	uk/business/costs	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	
Planning Service			
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)	£5.25 per sheet	E	
Colour (FOI/EI requests)	£8.75 per sheet	E	
Black and White	£6.20 per sheet	S	
Colour	£10.50 per sheet	S	
A1 – plans :			
Black and White (FOI/EI requests)	£6.40 per sheet	E	
Colour (FOI/EI requests)	£9.90 per sheet	E	
Black and White	£7.75 per sheet	S	
Colour	£11.85 per sheet	S	
A0 – plans :			
Black and White (FOI/EI requests)	£7.50 per sheet	E	
Colour (FOI/EI requests)	£11.20 per sheet	E	
Black and White	£9.05 per sheet	S	
Colour	£13.30 per sheet	S	
Copies on CD	£25.00	S	
Planning Research and Commercial enquiries (minimum charge). Photocopying charges will be extra	£130.00	S	
Planning application fees	Fixed fee set by Central Government https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Planning-application-fees.pdf	-	
Office or Site Meetings	£130.00	S	
Building Regulation Applications			
Table A: New Dwellings and Dwellings Created by Conversion			
No of Dwellings:			
1	Plan Deposit Charge	£207.90	S
	Inspection Charge	£386.10	
	Building Notice Charge	£594.00	
2	Plan Deposit Charge	£311.86	S
	Inspection Charge	£579.14	
	Building Notice Charge	£891.00	
3	Plan Deposit Charge	£413.50	S
	Inspection Charge	£767.90	
	Building Notice Charge	£1,181.40	

4	Plan Deposit Charge	£512.82	S
	Inspection Charge	£793.57	
	Building Notice Charge	£1,465.20	
5	Plan Deposit Charge	£609.84	S
	Inspection Charge	£943.80	
	Building Notice Charge	£1,742.40	
6	Plan Deposit Charge	£704.55	S
	Inspection Charge	£1,308.45	
	Building Notice Charge	£2,013.00	
7	Plan Deposit Charge	£796.94	S
	Inspection Charge	£1,480.06	
	Building Notice Charge	£2,277.00	
8	Plan Deposit Charge	£887.04	S
	Inspection Charge	£1,647.36	
	Building Notice Charge	£2,534.40	
9	Plan Deposit Charge	£974.82	S
	Inspection Charge	£1,810.38	
	Building Notice Charge	£2,785.20	
10	Plan Deposit Charge	£1,060.28	S
	Inspection Charge	£1,969.12	
	Building Notice Charge	£3,029.40	
11	Plan Deposit Charge	£1,143.46	S
	Inspection Charge	£2,123.54	
	Building Notice Charge	£3,267.00	
12	Plan Deposit Charge	£1,224.30	S
	Inspection Charge	£2,273.70	
	Building Notice Charge	£3,498.00	
13	Plan Deposit Charge	£1,302.84	S
	Inspection Charge	£2,419.56	
	Building Notice Charge	£3,722.40	
14	Plan Deposit Charge	£1,379.06	S
	Inspection Charge	£2,561.14	
	Building Notice Charge	£3,940.20	
15	Plan Deposit Charge	£1,452.98	S
	Inspection Charge	£2,698.42	
	Building Notice Charge	£4,151.40	
16	Plan Deposit Charge	£1,524.60	S
	Inspection Charge	£2,831.40	
	Building Notice Charge	£4,356.00	
17	Plan Deposit Charge	£1,593.90	S
	Inspection Charge	£2,960.10	
	Building Notice Charge	£4,554.00	
18	Plan Deposit Charge	£1,660.90	S
	Inspection Charge	£3,084.50	
	Building Notice Charge	£4,745.40	
19	Plan Deposit Charge	£1,725.58	S
	Inspection Charge	£3,204.62	
	Building Notice Charge	£4,930.20	
20	Plan Deposit Charge	£1,787.94	S
	Inspection Charge	£3,320.46	
	Building Notice Charge	£5,108.40	

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	£115.50	S
		Inspection Charge	£214.50	
		Building Notice Charge	£330.00	
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	£115.50	S
		Inspection Charge	£214.50	
		Building Notice Charge	£330.00	
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	£115.50	S
		Inspection Charge	£214.50	
		Building Notice Charge	£330.00	
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	£173.26	S
		Inspection Charge	£321.74	
		Building Notice Charge	£495.00	
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	£207.90	S
		Inspection Charge	£386.10	
		Building Notice Charge	£594.00	
6.	Any extension of a dwelling the total floor area of which exceeds 60 sq. but does not exceed 80 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£242.54	S
		Inspection Charge	£450.46	
		Building Notice Charge	£693.00	
7.	Conversion of a loft space to form additional residential accommodation with a floor area not exceeding 50 sq. m	Plan Deposit Charge	£202.12	S
		Inspection Charge	£375.38	
		Building Notice Charge	£577.50	
8.	Conversion of a loft space to form additional residential accommodation with a floor area exceeding 50 sq. m	Plan Deposit Charge	£242.54	S
		Inspection Charge	£450.46	
		Building Notice Charge	£693.00	
9.	Replacement windows and doors	Plan Deposit Charge	£115.50	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£115.50	
10.	Renovation of a single thermal element e.g. replacement roof / floors.	Plan Deposit Charge	£99.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£99.00	

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	£66.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£66.00	
12.	Cost of Works between £1,001 & £5,000	Plan Deposit Charge	£99.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£99.00	
Where the estimated cost of works is in excess of £5,000 the charge will be in accordance with Table C below				
New Electrical Installations & Electrical Works to existing properties				
13.	Electrical wiring in connection with a new extension to a dwelling under construction with a floor area not exceeding 60m ²	Plan Deposit Charge	£330.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£330.00	
14.	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	£429.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£429.00	
15.	Installation of a wood burning stove in an existing dwelling	Plan Deposit Charge: Building Notice	£330.00	S
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	£132.00	S	
	Inspection Charge	Included in Plan Charge	S	
	Building Notice Charge	£132.00	S	
£1,001 - £5,000	Plan Deposit Charge	£198.00	S	
	Inspection Charge	Included in Plan Charge	S	
	Building Notice Charge	£198.00	S	
£5,001 - £10,000	Plan Deposit Charge	£103.04	S	
	Inspection Charge	£193.06	S	
	Building Notice Charge	£297.00	S	
£10,001 - £15,000	Plan Deposit Charge	£127.06	S	
	Inspection Charge	£235.94	S	
	Building Notice Charge	£363.00	S	
£15,001 - £20,000	Plan Deposit Charge	£150.14	S	
	Inspection Charge	£278.86	S	
	Building Notice Charge	£429.00	S	
£20,001 - £25,000	Plan Deposit Charge	£173.26	S	
	Inspection Charge	£321.74	S	
	Building Notice Charge	£495.00	S	
£25,001 - £30,000	Plan Deposit Charge	£196.34	S	
	Inspection Charge	£364.64	S	
	Building Notice Charge	£561.00	S	

£30,001 - £35,000	Plan Deposit Charge	£219.46	S
	Inspection Charge	£407.55	S
	Building Notice Charge	£627.00	S
£35,001 - £40,000	Plan Deposit Charge	£242.54	S
	Inspection Charge	£450.46	S
	Building Notice Charge	£693.00	S
£40,001 - £45,000	Plan Deposit Charge	£265.66	S
	Inspection Charge	£493.34	S
	Building Notice Charge	£759.00	S
£45,001 - £50,000	Plan Deposit Charge	£288.74	S
	Inspection Charge	£536.26	S
	Building Notice Charge	£825.00	S
£50,001 - £55,000	Plan Deposit Charge	£311.86	S
	Inspection Charge	£579.14	S
	Building Notice Charge	£891.00	S
£55,001 - £60,000	Plan Deposit Charge	£335.95	S
	Inspection Charge	£622.06	S
	Building Notice Charge	£957.00	S
£60,001 - £65,000	Plan Deposit Charge	£358.06	S
	Inspection Charge	£664.94	S
	Building Notice Charge	£1,023.00	S
£65,001 - £70,000	Plan Deposit Charge	£381.14	S
	Inspection Charge	£707.86	S
	Building Notice Charge	£1,089.00	S
£70,001 - £75,000	Plan Deposit Charge	£404.26	S
	Inspection Charge	£750.74	S
	Building Notice Charge	£1,155.00	S
£75,001 - £80,000	Plan Deposit Charge	£427.34	S
	Inspection Charge	£793.66	S
	Building Notice Charge	£1,221.00	S
£80,001 - £85,000	Plan Deposit Charge	£450.46	S
	Inspection Charge	£836.54	S
	Building Notice Charge	£1,287.00	S
£85,001 - £90,000	Plan Deposit Charge	£473.54	S
	Inspection Charge	£879.46	S
	Building Notice Charge	£1,353.00	S
£90,001-£95,000	Plan Deposit Charge	£596.66	S
	Inspection Charge	£922.34	S
	Building Notice Charge	£1,419.00	S
£95,001- £100,000	Plan Deposit Charge	£519.74	S
	Inspection Charge	£965.26	S
	Building Notice Charge	£1,485.00	S
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		£55.00	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		£110.00 per hour	S
Charges for Demolition Notices		£275.00 per notice	O/S

Pre-planning advice on large applications	Fixed fee by Welsh Government https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf	
Build Environment and Landscape		
High hedges complaints	https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf	Z
Office or Site Meetings (minimum charge)	£130.00 per hour or part thereof	S
Site Inspection (minimum charge)	£130.00 per hour or part thereof	S

Anglesey Business Centre

Service	Fee / Charge	VAT	
Anglesey Business Centre Meeting Room Hire (inclusive of VAT)			
Llynon (seating capacity 25)			
Cost per hour	£36.00	Subject to VAT where applicable, i.e S – for external clients, No VAT on internal hires (costs noted are exclusive of VAT)	
Cost per half day	£78.00		
Cost per full day	£126.00		
Rhosyr (seating capacity 10)			
Cost per hour	£30.00		
Cost per half day	£72.00		
Cost per full day	£96.00		
Cemlyn (seating capacity 10)			
Cost per hour	£30.00		
Cost per half day	£72.00		
Cost per full day	£96.00		
Cybi (seating capacity 10)			
Cost per hour	£30.00		
Cost per half day	£72.00		
Cost per full day	£96.00		
Parys (seating capacity 6)			
Cost per hour	£18.00		
Cost per half day	£48.00		
Cost per full day	£66.00		
Penmon (seating capacity 24)			
Cost per hour	£36.00		
Cost per half day	£78.00		
Cost per full day	£126.00		
Aberlleiniog (seating capacity 16)			
Cost per hour	£33.00		
Cost per half day	£72.00		
Cost per full day	£105.00		
Pwllfanogl (seating capacity 8)			
Cost per hour	£26.40		
Cost per half day	£63.00		
Cost per full day	£90.00		
Abermenai (seating capacity 6)			
Cost per hour	£23.00		
Cost per half day	£54.00		
Cost per full day	£78.00		
There is a removable wall between Penmon & Aberlleiniog if required (seating capacity 36, theatre style capacity 60)			
Cost per half day	£132.00		
Cost per full day	£200.00		
Other (inclusive of VAT)			
Refreshments	£1.80 per cup	S	
Hire of translation equipment	£45.00	S	

Leisure

Service	Fee / Charge	VAT
Leisure Centres		
Leisure Card (Annual Payment)		
Leisure Card	£3.50	E
Children and young people (under 18 years old) and registered disabled	£8.00	E
60+ years old	£12.00	E
Adults (18 – 59 years old (inclusive))	£21.00	E
Unemployed (3+ months)	£5.20	E
Teams / groups / clubs	£70.00	E
Leisure Card (3 month membership)		
<p>For all casual group bookings, the booking is charged at the full rate 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 (member – adult)	£3.00	S
Showers (member – concessionary)	£2.00	S
Showers (non-member – adult)	£3.80	S
Showers (non-member – concessionary)	£2.50	S
Staff Time (30 mins)	£14.00	S
Staff Costs	£20.00	S
Sports Hall		
Full Hall (member – adult)	£45.00	E
Full Hall (member – concessionary)	£27.00	E
Full Hall (non-member – adult)	£56.30	E
Full Hall (non-member – concessionary)	£34.00	E
Full Hall - Commercial Hire (exc VAT) (member – adult)	£67.50	N/A
Full Hall - Commercial Hire (exc VAT) (non-member – adult)	£84.40	N/A
Party pool inflatable (member)	£84.00	E
Party pool inflatable (non-member)	£105.00	E
Party - bouncy castle (member)	£69.00	S
Party - bouncy castle (non-member)	£86.00	S
Birthday Party – Sports (member)	£45.00	E
Birthday Party – Sports (non-member)	£56.20	E
Various party packages	POA	S
Badminton Court / Short Tennis / Short Mat Bowling (member – adult)	£8.50	E
Badminton Court / Short Tennis / Short Mat Bowling (member – concessionary)	£5.00	E
Badminton Court / Short Tennis / Short Mat Bowling (non-member - adult)	£10.70	E
Badminton Court / Short Tennis / Short Mat Bowling (non-member – concessionary)	£6.30	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (member – adult)	£12.80	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (member – junior)	£7.50	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (non-member – adult)	£15.90	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (non-member – junior)	£9.20	E
Squash court (member – adult)	£8.50	E
Squash court (member – concessionary)	£5.00	E
Squash court (non-member – adult)	£10.70	E
Squash court (non-member – concessionary)	£6.30	E
Squash court (member – adult, +1)	£4.30	E

Squash court (member – concessionary, +1)	£2.50	E
Squash court (non-member – adult, +1)	£5.40	E
Squash court (non-member – concessionary, +1)	£3.20	E
Table tennis (per table) (member – adult)	£8.50	E
Table tennis (per table) (member – concessionary)	£5.00	E
Table tennis (per table) (non-member – adult)	£10.70	E
Table tennis (per table) (non-member – concessionary)	£6.30	E
Schools use –without instructors (30 minutes)		
Full main hall	£18.00	E
Half main hall	£13.50	E
Instructors for the above	£14.00	E
Room Hire		
Activities Room (With Catering) (member – adult)	£15.50	S
Activities Room (With Catering) (non-member – adult)	£19.40	S
Meeting Room (member – adult)	£13.00	S
Meeting Room (non-member – adult)	£16.30	S
4hrs consecutive booking (member – adult)	£47.40	E
4hrs consecutive booking (non-member – adult)	£60.00	E
Full day (member – adult)	£94.20	E
Full day (non-member – adult)	£118.00	E
Fitness room / Weights room		
Induction (member – adult)	£12.50	E
Induction (member – concessionary)	£9.00	E
Induction (non-member – adult)	£15.70	E
Induction (non-member – concessionary)	£11.30	E
Fitness & Weights Room (non-member)	£6.30	E
Fitness & Weights Room (member)	£5.00	E
Fitness & Weights Room (member – 11-16 year old)	£3.80	E
Fitness & Weights Room (non-member – 11-16 year old)	£4.80	E
Individual Use:		
Fitness session (16+)	£5.00	E
Weekly Ticket - Gym and Swim (member – adult)	£12.00	E
Weekly Ticket - Gym and Swim (member – concessionary)	£8.50	E
Weekly Ticket - Gym and Swim (non-member – adult)	£15.00	E
Weekly Ticket - Gym and Swim (non-member – concessionary)	£11.00	E
Monthly Ticket - Gym and Swim (member – adult)	£34.00	E
Monthly Ticket - Gym and Swim (member – concessionary)	£25.00	E
Monthly Ticket - Gym and Swim (non-member – adult)	£43.00	E
Monthly Ticket - Gym and Swim (non-member – concessionary)	£31.00	E
Weekly Ticket (DHLC) - Gym only (member – adult)	£11.00	E
Weekly Ticket (DHLC) - Gym only (member – concessionary)	£8.00	E
Weekly Ticket (DHLC) - Gym only (non-member – adult)	£14.00	E
Weekly Ticket (DHLC) - Gym only (non-member – concessionary)	£10.00	E
Youth Fitness Training 14-16 years old - with instructor present (member)	£2.90	E
Youth Fitness Training 14-16 years old - with instructor present (non-member)	£3.70	E
Fit for Life (member)	£2.50	E
Fit for Life (non-member)	£3.30	E
Direct Debit - All Leisure Centres		
Full Package	£29.00	E
Off Peak Package	£19.50	E
Swimming Lessons	£16.50	E
Youth Package	£16.00	E
Gym & Swim	£23.50	E
Corporate	£25.00	E
Annual Membership Packages:		
Full Package	£290.00	E
Off Peak Package	£195.00	E
Youth Package	£160.00	E

Gym & Swim	£235.00	E
Personal Training (Direct Debit)	£58.00	E
Non-refundable administration charge for raising bill	£6.00	S
Exercise By Invitation		
Non acute	£2.00	E
Cardiac rehabilitation	£2.00	E
Sessions & Courses - Dry Side		
Fitness Session (0.5 hour) (member – adult)	£3.50	E
Fitness Session (0.5 hour) (member – concessionary)	£2.50	E
Fitness Session (0.5 hour) (non-member – adult)	£4.40	E
Fitness Session (0.5 hour) (non-member – concessionary)	£3.20	E
Fitness Session (1 hour) (member – adult)	£5.00	E
Fitness Session (1 hour) (member – concessionary)	£3.80	E
Fitness Session (1 hour) (non-member – adult)	£6.30	E
Fitness Session (1 hour) (non-member – concessionary)	£4.80	E
Fitness Session (2 hour) (member – adult)	£6.00	E
Fitness Session (2 hour) (non-member – adult)	£7.50	E
Personal Training 1:1 (member – adult)	£12.00	E
Personal Training 1:1 (member – concessionary)	£11.00	E
Personal Training 1:1 (non-member – adult)	£15.00	E
Personal Training 1:1 (non-member – concessionary)	£13.80	E
Personal Training 1:2 (member – adult)	£17.00	E
Personal Training 1:2 (member – concessionary)	£16.00	E
Personal Training 1:2 (non-member – adult)	£21.30	E
Personal Training 1:2 (non-member – concessionary)	£20.00	E
Gymnastics Lesson (member – per session)	£4.00	E
Gymnastics Lesson (non-member – per session)	£5.50	E
Children's activities (member)	£3.20	E
Children's activities (non-member)	£4.00	E
Crèche - commercial	£2.10	S
Crèche (non-member)	£2.60	S
Sports Camps (per day, per child)	£10.50	E
Swimming		
Public swimming (per session) (member – adult)	£4.10	E
Public swimming (per session) (member – concessionary)	£2.50	E
Public swimming (per session) (non-member – adult)	£5.20	E
Public swimming (per session) (non-member – concessionary)	£3.20	E
Weekly ticket (Monday-Sunday) (member – adult)	£9.00	E
Weekly ticket (Monday-Sunday) (member – concessionary)	£6.00	E
Weekly ticket (Monday-Sunday) (non-member – adult)	£11.00	E
Weekly ticket (Monday-Sunday) (non-member – concessionary)	£8.00	E
Family – daily swim ticket (member)	£10.50	E
Family – daily swim ticket (non-member)	£13.00	E
Family – weekly swim ticket (member)	£21.00	E
Family – weekly swim ticket (non-member)	£26.00	E
Swimming (under 3)	Free	N/A
Lessons (30 minutes) (member – adult)	£5.70	E
Lessons (30 minutes) (member – concessionary)	£4.70	E
Lessons (30 minutes) (non-member – adult)	£7.20	E
Lessons (30 minutes) (non-member – concessionary)	£5.90	E
One to one private lessons (30 minutes) (member – adult)	£22.00	E
One to one private lessons (30 minutes) (member – concessionary)	£18.50	E
One to one private lessons (30 minutes) (non-member – adult)	£27.50	E
One to one private lessons (30 minutes) (non-member - concessionary)	£23.00	E
One to two private lessons (30 minutes) (member – adult)	£30.00	E
One to two private lessons (30 minutes) (member – concessionary)	£25.00	E
One to two private lessons (30 minutes) (non-member – adult)	£42.00	E
One to two private lessons (30 minutes) (non-member - concessionary)	£35.00	E

IOA Swimming Club Use – per hour	£30.00	E
IOA Club - lane hire	£10.00	E
Exclusive use of main pool (member)	£72.10	E
Exclusive use of main pool (non-member)	£90.15	E
Exclusive use of teaching pool (member)	£36.10	E
Exclusive use of teaching pool (non-member)	£45.10	E
Lane hire (member)	£15.50	E
Lane hire (non-member)	£19.30	E
Pool Lifeguard (member)	£250.00	E
Pool Lifeguard (non-member)	£305.00	E
Pool Lifeguard Re-sit (Member)	£55.00	E
Pool Lifeguard Re-sit (Non-Member)	£70.00	E
Swimming - schools use - 1 instructor per class included (30 Minutes)		
Class up to 14 children (1 instructor required)	£33.00	E
15 - 29 children (2 instructors required)	£35.00	E
Over 30 children (3 instructors required)	£38.00	E
Additional instructor	£14.00	E
Outdoor Facilities		
Game Fee (member – adult)	£100.00	E
Game Fee (member – concessionary)	£80.00	E
Game Fee (non-member – adult)	£125.00	E
Game Fee (non-member – concessionary)	£100.00	E
Half 3G pitch (PALC) (member – adult)	£46.00	E
Half 3G pitch (PALC) (member – concessionary)	£36.00	E
Half 3G pitch (PALC) (non-member – adult)	£57.50	E
Half 3G pitch (PALC) (non-member – concessionary)	£45.00	E
Full 3G pitch (PALC) (member – adult)	£76.00	E
Full 3G pitch (PALC) (member – concessionary)	£56.00	E
Full 3G pitch (PALC) (non-member – adult)	£95.00	E
Full 3G pitch (PALC) (non-member - concessionary)	£70.00	E
Outdoor courts (ALC / David Hughes School) (member – adult)	£29.00	E
Outdoor courts (ALC / David Hughes School) (member – concessionary)	£21.00	E
Outdoor courts (ALC / David Hughes School) (non-member – adult)	£36.00	E
Outdoor courts (ALC / David Hughes School) (non-member -concessionary)	£26.00	E
Tennis - cost per Court (member – adult)	£8.50	E
Tennis - cost per Court (member – concessionary)	£5.00	E
Tennis - cost per Court (non-member – adult)	£10.70	E
Tennis - cost per Court (non-member - concessionary)	£6.30	E
Tennis court - schools use (member)	£6.30	E
Tennis court - schools use (non-member)	£7.90	E
Equipment Hire		
Ball / Racket	£2.00	E

Destination

Service	Fee / Charge	VAT
St. George's Pier – Menai Bridge		
Laying at pier and visitor moorings (per overnight stay)	£18.00	S
Freshwater supply – small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.24 per tonne of water	S
Car Parking Permit (Annual)	£85.00	S
Navigational Light Dues (Commercial)	£0.37 per tonne	S
Permanent berth on Pier (allocation based on Business Case)	£2,185.67 per annum	S
Beaumaris Pier		
Laying at pier (per overnight stay)	£18.00	S
Freshwater supply – small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.24 per tonne of water	S
Licence for Booking Kiosk (Seasonal – 1 st March – 31 st October)	£477.92	S
Mooring Licence Fees		
Red Wharf Bay and Cymyran - constant	£0.67 (Per metre x area)	S
Beaumaris, Menai Bridge and Fryars Bay – constant	£1.14 (Per metre x area)	S
Waiting List Fee	£13.50 per annum	S
Amlwch Outer Harbour		
Berthing – visiting yachts and pleasure craft	£18.00	S
Mooring licence fees (all craft except commercial fishing)	£47.49 per meter, per annum	S
Commercial fishing mooring licence fees	£95.07 per meter, per annum	S
Freshwater supply - small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.55 per tonne of water	S
Diesel – tanker/bowser	£51.50	S
Sale of Marine Diesel (Under 2000 litres)	Market Value + 20%	Z - commercial vessels going outside of UK waters and RNLI crafts S - commercial UK water journeys R - pleasure craft with supply less than 2300 litres for propulsion only and residential and charitable craft
Sale of Marine Diesel (Over 2000 litres)	Market Value + 10%	

Boat storage fee (compound / outer pens)	£6.50 per week	S
Conservancy / harbour fee - all vessels	£73.85	Z – qualifying ships S – all other ²
Amlwch Inner Harbour		
Mooring licence fees all craft except commercial fishing	£47.49 per metre per year	S
Commercial fishing mooring licence fees	£95.07 per metre per year	S
Non licensed vessels - visiting yachts and pleasure craft	£18.54	S
Non licensed vessels – conservancy / harbour fee – all vessels	£73.85	Z – qualifying ships S – all other ²
Waiting List Fee	£13.50 per annum	S
Registration of all power driven craft (under 10hp, no launch fee)		
Annual Registration		
By post or at slipway	£30.00	O/S
New vessel applications	£35.00	O/S
At private slipways in partnership (75% Council / 25% seller)	£30.00	O/S
Launching fees		
Daily charge	£20.00	S
Annual permit	£160.00	S
Annual permit – reduced by £50 for power boat training certificate	£110.00	S
Companies launching to demonstrate or test (written agreement)	£90.00	S
Commercial		
Commercial launching at Council Slipways	£850.00 per company per annum	S
Safety boats for events	No charge (application still required)	N/A
Commercial Charter Boat Licence Administration Fee	£55.00	S
Commercial Charter Boat Landing Fee (Amlwch, Beaumaris and Menai Bridge)	No charge	N/A
Miscellaneous		
Use of Foreshore by Film Crews/Events etc.		
Half day	£473.81	S
Full day	£835.34	S
Local Film Companies (per location)	£105.00	S
Use of foreshore by charitable organisations	At the discretion of Maritime Function staff	S
Car parking fee at Breakwater Country Park, Holyhead		
Annual Permit	£30.00	S
1 hour	£1.00	S
2 hours	£2.00	S
4 hours	£3.00	S
Up to 12 hours	£4.00	S
Breakwater Country Park Commercial Events Licence		
Small Event, c. 0-250 people	£100.00	S
Medium Event, c. 250-500 people	£200.00	S
Large Event, c. 500+ people	£300.00	S

² For guidance on what vessels are classified as qualifying ships please see the following link: <https://www.gov.uk/guidance/ships-aircraft-and-associated-services-notice-744c#ships-and-qualifying-ships>

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	£246.17	O/S
Order made, but withdrawn following its advertising	£853.87	O/S
Order which is confirmed by the authority unopposed	£1,399.77	O/S
If the order is opposed but objections are subsequently withdrawn	£1,530.58	O/S
If objections are received and sustained and the order is submitted to the Welsh Government	£2,623.41	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	£367.71	O/S
Temporary Path Diversion & Closure Orders		
Emergency up to 21 days	£246.17	O/S
Short term work up to 5 days (2 weeks' notice required)	£246.17	O/S
Longer term works up to 6 months (6 weeks' notice required and 2 adverts)	£1,465.69	O/S
Extension on 6 months order (application to Welsh Government) (6 weeks' notice and 1 advert)	£973.35	O/S
Street Works		
Skips		
Skip company registration	£350.00	O/S
Skip permit (one month)	£45.00	O/S
Roll on roll off large skip (one month)	£100.00	O/S
Scaffolding		
Scaffolding company registration	£360.00	O/S
Scaffolding permit (three months)	£50.00	O/S
Herras Fencing on the highway (no registration required) three months	£50.00	O/S
Hoarding on the highway (no registration required) three months	£50.00	O/S
Section 171 Licenses		
Section 184 & 171 create access to land or property, combine both applications. Pay one fee when applying for the Section 184	£350.00	O/S
Section 171 for cabin, container, portalo, compound or store material on the highway for a maximum period of three months	£350.00	O/S
Section 171 application to place a traffic mirror on the highway opposite a private entrance	£50.00	O/S
Section 171 high lift, scissor lift or HIAB on the highway at one location for more than one hour (no fee for less than one hour at the same location)	£50.00 per day plus road closure fee if required	O/S
Section 171 crane on the highway	£300.00 per day plus road closure fee	O/S
Section 50 Highways Act 1980		
Section 50 existing (apparatus in highway)	£400.00	O/S
Section 50 new	£500.00	O/S
Section 50 inspection of excavation per 200 meter length	£250.00	O/S
Section 50 license for new dwellings – 6 or more properties (per dwelling)	£300.00	O/S
Road Closures		
Road closure by routine	£2,750.00	O/S
Road closure by emergency	£2,750.00	O/S

Miscellaneous		
Lost keys down gully	£50.00 plus contractor's cost	O/S
Benches and flowerbeds applications from Community Council	No Charge	N/A
Events on the Highway		
Traffic Regulation Orders for the Disabled	Actual Cost	O/S
Access Protection Markings	£83.00	O/S
Parking Dispensation	£19.00	O/S
Tourism Sign Application	£62.40	S
Tourism Sign Design and Installation	Actual cost + Fees	S
Temporary Restriction Order Fees		
Event Prohibition of vehicles order (Road Closure, approx. 6 events per annum)	£700.00	O/S
Event Amending Traffic Order (Limited waiting, one way etc, approx.. 6 events per annum)	£700.00	O/S
Tourism Sign	Free	O/S
Small scale community or charitable events	Free	N/A
Development Management		
Basic search at a single location	£71.69	S
Basic search at up to 5 locations	£144.20	S
Advanced Town Searches	£280.16	S
Advanced Area Searches	£574.74	S
Application for major developments	£71.69 per hour	S
Section 38/278 Agreements – minimum charge of £2,250	9% of works costs	S
Car Parks		
Cars		
1 hour	£1.00	S
2 hours	£2.00	S
4 hours	£3.00	S
Up to 12 hours	£4.00	S
Coastal		
4 hours	£6.00	S
12 hours	£10.00	S
Trailer	£20.00	S
Rhosneigr, Fron Tywyn & Lôn St Ffraid		
1 hour	£1.00	S
2 hours	£3.00	S
4 hours	£6.00	S
12 hours	£10.00	S
Trailer	£20.00	S
Rhoscolyn		
2 hours	£3.00	S
4 hours	£4.00	S
12 hours	£10.00	S
Trailer	£20.00	S
Llanfairpwll Park & Share		
1 day	£0.50	S
2 - 7 days	£2.00 per day	S
Stanley Crescent, Holyhead		
1 day	£1.00	S
2 - 7 days	£1.00 per day	S
Parking Season Ticket		
12 months	£170.00	S
6 months	£120.00	S

Other Car Park Charges		
Car park possession (small compound 4-6 bays)	£80.00 to £100.00 per week	S
Car park possession (large compound)	Up to £250.00	S
Market stall in car park	£5.00	S
NOTE: Please note that services which require an input from Legal Services will incur a variable additional charge.		

Waste Management

Service	Fee / Charge	VAT
New or replacement 240 litre black wheeled bin for residual waste (lost, stolen, exchanged or damaged) (delivery and administration charge only and not sale of the black wheeled bin). New build properties will not be charged for their first black wheeled bin.	£35.00	S
New or replacement 140 litre black wheeled bin for residual waste (lost, stolen, exchanged or damaged) (delivery and administration charge only and not sale of the black wheeled bin)	£20.00	S
Bulky waste Collection 'A' (up to 4 items per collection)	£40.00	O/S
Sale of radar key	£6.80	E
Sale of compost bin (purchase, delivery and administration)	£37.00	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 (CON29R)	£150.38	S
LLC1	£4 or £6 but subject to a pending increase to £15 by Welsh Government	O/S
Con 29O (excl. question 22)	£14.83	S
Con 29O: question 22 (common land)	£20.29	S
Discretionary Legal Fees		
Planning obligations (section 106 agreements)		
Self-build single affordable dwellings	£608.73	O/S
3 hours work on all other agreements with hourly rates applying on time spent in excess of 3 hours	£913.61	O/S
Simple Deeds of Release / Deeds of Variation	£290.46	O/S
Sale of land or Grants of leases		
Where no solicitor instructed by the other party (3 hours work, relevant hourly rate to be applied for work in excess of 3 hours)	£659.21	S
Where a solicitor instructed by other party (6 hours work, relevant hourly rate to be applied for work in excess of 6 hours)	£1,318.01	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)	£913.61	O/S
Traffic regulation orders where requested by third parties (such as stopping-up, diversion, temporary traffic orders) (4.5 hours work, relevant hourly rate to be applied for work in excess of 4.5 hours)	£551.05	O/S
Register of Common Land		
Correcting other mistake under section 19(2)(b)	£345.05	See note
Updating names and addresses under section 19 (2)(d)	£57.47	See note
Accretion of diluvion under section 19(2)(e)	£57.47	See note
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)	£2,229.95	See note
To note: Value Added Tax is payable on certain fees relating to property transactions. Essentially, where the property is registered for VAT. The above fees are exclusive of VAT which will be charged at the then prevailing rate.		
*Appropriate hourly rates		
Director of Function, Legal Services Manager or Solicitors	£183.34	VAT will be charged consistent with the enquiry it relates to.
All other fee earning staff	£110.21	
NOTE - The Director 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.		

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ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	1 MARCH 2021
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2021/22
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS
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 2020/21 REVENUE BUDGET

1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2021/22 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 9 March 2021. The matters requiring agreement are:-

- The Council’s Revenue Budget and resulting Council Tax for 2021/22;
- 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 2021/22 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. 2021/22 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 3 of Appendix 1 and Appendix 2;
- To agree the final details of the Council’s proposed budget, as shown in Section 9 of Appendix 1 and Appendix 3;
- To note the Section 151 Officer’s recommendation that the Council should be working towards achieving a minimum of £7.3m general balances;
- To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in Section 7 of Appendix 1;

- To recommend a net budget for the County Council of £147.420m and resulting increase in the level of Council Tax of 2.75% (£35.91 – Band D) 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 9 March 2021;
- That any differences between the provisional settlement and the final settlement will be adjusted for by using the general contingency which is included in the 2021/22 budget, or by making a contribution to / from the Council's general reserves in order to set a balanced budget;
- 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 confirm that the level of Council Tax Premium for second homes remains at 35% and for empty homes remains at 100%.

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 16 February 2021. A verbal update on the outcome of the meeting will be provided to the Executive.

8	Local Members	The Council's budget is applicable to all Members and consultation has taken place throughout the budget setting Process.
9	Any external bodies / other/s	See Section 2 of the report.
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	Increasing Council Tax will impact on the levels of disposable income for Taxpayers. The Council Tax Reduction Scheme assists low income taxpayers by reducing the sum due in part or in full.
3	Crime and Disorder	-
4	Environmental	-
5	Equalities	See Section 11 of Appendix 1.
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 – Summary of the Proposed Revenue Budget 2021/22 by Service 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Initial Budget Proposals for 2021/22 – Executive Committee – 18 January 2021 • Initial Budget Proposals for 2021/22 – Corporate Scrutiny Committee – 16 February 2021 • Medium Term Financial Plan for 2021/22 to 2023/24 – Executive Committee – 28 September 2020 		

1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2021/22 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 and Capital Strategy, the Council's Treasury Management Strategy and Fees and Charges.
- 1.2. The revenue budget and the continued need to identify revenue savings has been driven by the Medium Term Financial Plan as approved by the Executive Committee in September 2020 and can be summarised as follows:-

Table 1
Medium Term Financial Plan 2021/22 to 2023/24

	2021/22 £'m	2022/23 £'m	2023/24 £'m
Net Revenue Budget B/F	142.146	148.205	151.402
Budget Pressures and Inflation	6.059	3.197	3.009
Revised Standstill Budget	148.205	151.402	154.411
Aggregate External Finance (AEF) for 2020/21	101.005	101.005	101.005
Council Tax	41.141	41.141	41.141
Total Funding	142.146	142.146	142.146
Additional Funding Requirement / Savings Required	6.059	9.256	12.265
Main Assumptions			
Pay Awards – Non Teaching	2.6%	2.0%	2.0%
Pay Awards - Teaching	2.8%	2.0%	2.0%
General Inflation	1.5%	2.0%	2.0%

- 1.3. Given the lack of forward information, it was difficult to estimate the change in the level of the Aggregate External Finance (AEF) provided by the Welsh Government for 2021/22, and even more difficult to estimate the changes in 2022/23 and 2023/24. The AEF is a significant figure from which the Council then determines the level of Council Tax increase and any savings it is required to make in each year.
- 1.4. The Executive had previously agreed a strategy that set the annual Council Tax rise at 5% per annum. A rise of this level would generate an additional £2.06m in Council Tax in 2021/22, £2.16m in 2022/23 and £2.27m in 2023/24. This would fund just over 50% of the £12.265m increase in costs by 2023/24, with the remainder being funded from any increase in the AEF and savings.

2. THE INITIAL BUDGET PROPOSAL

- 2.1. At its meeting on 18 January 2021, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 22 December 2020.
- 2.2. The provisional settlement was better than anticipated and would provide the Council with £104.825m, which is an increase in cash terms of £3.545m (3.5%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £3.456m (3.4%).

- 2.3. The Executive accepted that the standstill budget for 2021/22 would be £147.076m and, given the provisional AEF of £104.825m, this would require an increase of 2.65% in Council Tax to balance the budget.
- 2.4. However, the Executive recognised the need to invest in a number of areas to increase staffing capacity, to invest in services for schools and to respond to changes in demand as a result of increased tourism and the need to respond to climate change. The Executive also proposed to freeze the price of school meals. These changes would increase the revenue budget by £0.653m and would be funded from an increase in parking charges for seasonal car parks at seaside locations (an additional £100k in income) and by raising the Council Tax by a further 1.1%. This would take the proposed budget to £147.531m and the Council Tax increase to 3.75%.
- 2.5. The budget proposal did not require any services to implement any budget savings for 2021/22.
- 2.6. Although not intended as a measure of what the Council's net revenue budget should be, the Standard Spending Assessment (SSA) does give some indication as to whether the Council's budget is at a reasonable level for the Council. The SSA for 2021/22 is £148.168m and the proposed budget is, therefore, 99.6% of the SSA.

3. THE COUNCIL'S CONSULTATION

- 3.1. The Council published its budget proposals on 19 January 2021 and the consultation period closed on 3 February 2021. Citizens, partners, stakeholders and staff were asked to respond to the consultation by responding to a questionnaire on the Council's website. The consultation process was widely advertised on the Council's social media.
- 3.2. Given the short time available to undertake consultation, arising from the late announcement of the provisional settlement and the fact that the pandemic and associated lockdown has restricted the Council's ability to hold meetings with its partners and stakeholders, the only additional meeting that took place to discuss the budget was with the Schools' Finance Forum, which met on 10 February 2021 to discuss the budget proposals.
- 3.3. The results of the consultation process are attached as Appendix 2.

4. REVISED STANDSTILL BUDGET 2021/22 AND THE BUDGET GAP

- 4.1. Since the completion of the initial budget proposals, further work has been undertaken to review and revise the standstill budget for 2020/21. This has not resulted in any changes and the initial budget proposal is set out in Table 2 below:-

**Table 2
Adjustments to Standstill Budget**

	£m	£m
Standstill Budget as at 13 January 2020		147.076
Additional Funding for Budget Pressures		0.630
Increased Car Park Charges		(0.100)
Freezing of School Meal Prices		0.023
Adjustment of CTRS Budget to reflect 3.75% proposed Council Tax increase		(0.075)
Adjustment to General Contingency		(0.023)
Initial 2021/22 Budget Proposal as at 18 January 2021 (assumes 3.75% increase in Council Tax)		147.531

- 4.2. The Welsh Government will publish its final local government settlement on 2 March 2021, which will be too late for the Executive to take account of in its final budget proposals. It is not anticipated that there will be any significant change between the provisional and final settlement but any change will be accounted for by adjusting the level of general contingency if the variance is small or by funding from / contributing to the Council's general balances should the variance be larger. As such, the proposed level of Council Tax will remain unchanged even if the final AEF differs from the figure shown in the provisional settlement.

5. COUNCIL TAX

- 5.1. The Council's Band D Council Tax charge for 2020/21 was £1,248.57, which was 16th from the 22 Authorities in Wales and is lower than the Welsh Average of £1,319. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 3 below:-

Table 3
Comparison of Council Tax Band Charges for North Wales Authorities

Authority	Band D Charge 2020/21 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,305		
Gwynedd	1,430	+ 125	+ 9.6%
Conwy	1,344	+ 39	+ 3.0%
Denbighshire	1,384	+ 79	+ 6.1%
Flintshire	1,342	+ 37	+ 2.8%
Wrexham	1,233	- 72	- 5.5%

- 5.2. The Council Tax budget for 2021/22 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £41.14m. Therefore, each 1% increase generates an additional £411k. After taking into account the provisional settlement figure of £104.825m, the revised budget requirement of £147.531m (see Table 2) would require £42.706m in Council Tax funding. To fund the revised budget requirement, the minimum increase in the level of Council Tax would be 3.75%, taking the Band D charge to £1,353.69, an increase of £48.96 or £0.94 per week.
- 5.3. In the provisional 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 £1,403.57, which is 5.1% higher than the 2020/21 figure.

6. GENERAL AND SPECIFIC RESERVES, CONTINGENCIES AND FINANCIAL RISK

- 6.1. 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:-
- The global pandemic increased the Council's expenditure considerably (estimated figure for 2020/21 is £5.1m) and also reduced its ability to raise income through fees and charges (estimated figure for 2020/21 is £1.75m). In addition, the collection rate for Council Tax is currently around 2% lower than the normal levels and, although it is anticipated that the Council will collect some of this shortfall, it is anticipated that the level of Council Tax debts written off for 2020/21 will be considerably higher than in previous years. To date, the Welsh Government have funded the additional expenditure and loss of income and there is an expectation that additional funding will continue in 2021/22. However, there is a risk that if the pandemic remains a significant risk in 2021/22 and further lockdowns are required, or social distancing measures continue, then the additional expenditure incurred by the Council and the income losses experienced will be higher than the funding available from the Welsh Government. As a result, there is a significant risk that the Council will have to utilise its own reserves to make up any shortfall.

- However, the pandemic has resulted in a temporary reduction in some services which has resulted in a projected underspend of the Council's revenue budget of between £1m and £1.5m. This underspending will boost the Council's general balances, although the Executive has earmarked some of the underspend to increase the capital budget in 2021/22. It is difficult at this stage to estimate the increase demand for services as the Council emerges from the lockdown and a level of normality resumes in 2021/22. The projected underspend in 2020/21 is seen as a temporary position and it is expected that services will at least require their full budget allocation in 2021/22.
 - The demand for Adult Services, Children's Services and additional specialist educational services and associated costs has increased over the past two to three years and this has been matched by budget increases in previous years. The standstill budget is based on the current level of demand, but there is still a significant risk that the demand for these services will continue to grow given that we have an ageing population and the improvement in processes within Children's Services which may identify further children which require intervention by the Authority, particularly as we return to a level of normality during 2021/22.
 - The teachers' pay award up to September 2021 has been agreed, and the required sum included in the budget proposal. However, the pay award for the period September 2021 onwards has not. The Chancellor has announced a pay freeze for public sector staff in 2021/22, however, the teacher's pay award in Wales has been devolved to the Welsh Government who have not indicated whether they will follow the position set out by the Chancellor. As a result, a 1% increase has been allowed for. The Council's budget for teachers pay is around £30m and if the actual pay award from September 2021 was 2% then this would increase costs by £175k higher than allowed for in the budget proposal. Previous increases above the normal level of inflation have been funded by the Welsh Government but there is no guarantee that this will be the position for 2021/22.
 - The non-teaching pay award, which is effective from 1 April 2021, has not been agreed. The Chancellor has stated that only those employees who earn under £24,000 should receive a £250 pay award. The Unions have called for a £2,000 flat rate increase or 6%, whichever is the greater. The non teaching pay award for local government staff is not set by the UK Government so, again, the actual pay award may differ from the Chancellor's intentions. A 1% increase has been allowed for in the budget but, based on a non teaching pay budget of approximately £50m, if the Unions were successful with their 6% pay claim, then pay costs would increase by £2.5m more than has been allowed for in the budget. This additional cost is not normally funded by the Welsh Government and the cost would fall on the Council to fund.
 - An inflationary increase of 1.5% has been allowed for across all of the non-pay expenditure (unless the contractual inflationary increase is known). Although most forecasts suggest that inflation will remain on or below 2% for the foreseeable future, the uncertainty over Brexit and its impact on the UK economy may result in inflation rising 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.
- 6.2.** 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.
- 6.3.** 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.

- 6.4.** 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.
- 6.5.** As at 31 March 2020, the Council's general reserves stood at £7.060m, which is equivalent to 4.97% of the Council's net revenue budget for 2020/21, 7.0% 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 2021/22 proposed revenue budget, this would require a level of general reserves of approximately £7.3m. 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. If the delegated schools budget is taken out of the calculation, the general level of reserves required would be £5.24m.
- 6.6.** The revenue budget is projected to underspend by £1.47m (as at end of quarter 3) and, if this is the actual outcome at the end of the financial year, this would increase the general balances to £8.53m (5.8% of the proposed net revenue budget for 2021/22). However, it should be noted that the Executive initially proposed to use £0.921m of general reserves to fund the 2021/22 capital budget. This would reduce the level of general balances back down to £7.609m (5.16% of the proposed net revenue budget for 2021/22).
- 6.7.** 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.
- 6.8.** It is the professional opinion of the Section 151 Officer that the level of general reserves is currently at an adequate level to meet the future financial risks faced by the Council. However, it should be noted that achieving the projected level of reserves noted in paragraph 6.6 above is dependent on the financial results over the final quarter of the 2020/21 financial year, and there is a risk that the final outturn position may differ from this projection. It should also be noted that the level of reserves of £7.6m is sufficient to meet the normal financial risks faced by the Council, but the pandemic creates a greater level of uncertainty and increased financial risks going forward. The financial risks posed by the pandemic are mitigated if the Welsh Government continue to support the Council with additional funding for the additional costs incurred and for the loss of income.
- 6.9.** The Council also holds £10.29m as earmarked and restricted reserves and school balances (as at 31 March 2020). 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. These earmarked and restricted reserves continue to be used and a full report will be presented to the Executive on the earmarked and restricted reserves at the end of the financial year. The majority of the reserves are held to cover potential risks e.g. uninsured risks, to hold unallocated grants and to fund projects which are partly underway and will be completed during 2021/22. There may be scope to release a small amount of the earmarked reserves back to the general reserves at the end of the financial year, which will further increase the general balances.

- 6.10. The proposed revenue budget for 2021/22 includes £1.294m of earmarked and general contingencies. Items included under this heading include a general contingency £350k, salary and grading contingency £150k and £155k for time limited funding, including, Regional Growth bid and the North Wales STEM project. The contingency budgets also includes the £640k proposed to cover the budget pressures. These funds will be allocated to service budgets as and when the expenditure starts to be incurred. 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.

7. ROBUSTNESS OF ESTIMATES

- 7.1. 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.
- 7.2. 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.
- 7.3. 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 2021/22, 1% inflation has been allowed for to cover staffing pay awards (teachers and NJC staff) and the financial risks relating to pay are detailed in 6.1 above. The latest forecasts do not show that inflation will rise significantly during 2021/22 and it is expected to be on or around the Government's target of 2% and as such, 1.5% has been included in the budget to cover general price inflation. Approximately £60m of the Council's budget is for supplies and service where the price will increase as inflation increases. A 1% rise in inflation may add £600k to the Council's costs (around 0.4% 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, they will not rise significantly during 2021/22. The majority of the interest paid by the Council relates 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** – In previous years, 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 or that demand for services, particularly social care, will not increase significantly. For 2021/22, there are no savings proposed and, as such, this risk is not applicable to the 2021/22 budget.
- **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 and this would result in the Council Tax being set at a level that is higher than required, which is something that Members are keen to avoid.
- **Staff Redundancy Costs** – Due to the level of savings required in previous years, both teaching and non-teaching staff have been released through the redundancy process. The cost of redundancy has been funded from a central contingency. The contingency was £400k in 2019/20 but, as the need for savings has reduced in 2020/21 and no savings are proposed in 2021/22, the contingency to fund staff redundancy costs has been reduced to £150k. Although there is no overall need to reduce staff numbers at this point, there is a risk that the position of individual schools may require to reduce staff costs to balance their own individual budget or to clear deficits that still exist. The contingency set should be sufficient to meet any redundancy costs which arise during the year.
- **Council Tax Premium** – In setting the taxbase, it is accepted that the number of empty properties and second homes can change during the year and, as such, only 80% of eligible properties are included in the taxbase. This protects the Council's budget should there be a significant drop in numbers. However, it should be noted that the number of empty properties used in the taxbase calculation rose from 336 properties in October 2019 to 394 properties in October 2020, and the number of second homes rose from 2,044 to 2,067 over the same period.

- **Council Tax Income** – The Council Tax income budget is based on the taxbase calculation as at November of the previous financial year. The taxbase changes constantly during the year, as new properties are included and exemptions and single person discounts are granted. These changes cannot be estimated and, invariably, lead to a difference between the actual debit raised and the budget. It should be noted that the number of properties being identified as self-catering accommodation and transferring to the business rates register has increased from 718 properties in March 2020 to 927 properties in February 2021, an increase of 209 properties. When a property moves across, the Valuation Office Agency will determine a date from which the property becomes liable for business rates, which can be a number of years back. Not only does the Council lose the Council Tax on these properties, but must also refund any Council Tax and premium which has been paid from the date when the property is placed on the Business Rates register. These movements can have a significant impact on the Council Tax yield in any one year.
- **Demand Risk** – As noted previously in the report, and as we have experienced in the past two financial years, there has been an increase in the demand for services, particularly in social care and education, and these increases have put a financial strain on the Authority and has resulted in significant budget overspends. The standstill budget for 2021/22 has taken into account the increased demand experienced during 2020/21, but any further increases would be unfunded and increase the risk of demand led services overspending in 2021/22.

7.4. 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.

8. SCRUTINY COMMITTEE

8.1. Due to the delays in receiving the provisional and final settlement, the budget timetable for 2021/22 has had to be condensed in order to ensure that the Council is in a position to set the Council Tax within the timeframe set out in the Local Government Finance Act 1992 (Section 30(6)). The 2021/22 budget was given further consideration by the Corporate Scrutiny Committee at its meeting of 16 February, 2021 and a verbal report on the Committee's deliberations will be presented to the Executive at the Committee meeting.

9. PROPOSED BUDGET AND COUNCIL TAX LEVEL

9.1. Having considered the funding available, 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:-

- In light of additional funding received from the Welsh Government, £300k of reserves which were to be used to fund the purchase of Chromebooks for schools can now be funded from the additional Welsh Government funding. The £300k reserves will now be used as a contribution to the funding of the revenue budget in 2021/22, and this is equivalent to a 0.75% reduction in Council Tax.
- The Council has also been successful in obtaining grant funding from Welsh Government to cover some of the cost of purchasing new refuse collection vehicles. This, in turn reduces the amount of unsupported borrowing the Council will have to undertake, which reduces the budget requirement for minimum revenue provision (MRP) and interest charges. These budget reductions allows the net revenue budget to be reduced by a further £102k, which is equivalent to a 0.25% reduction in Council Tax.
- That the final budget proposal for 2021/22, is a net revenue budget of £147.420m.
- That the Council Tax is increased by 2.75% in 2021/22, which raises the Band D Council Tax by £35.91 to £1,340.64.

- That any difference between the provisional settlement and the final settlement is adjusted for by either adjusting level of general contingency in the annual budget or by adjusting for the difference by taking a contribution from or making a contribution to the Council's general reserves.

9.2. Table 4 below summarises the movement in the 2021/22 budget, taking into account the proposals set out in paragraph 10.1 above:-

Table 4
Proposed Budget Requirement and Funding 2021/22

Budget Requirement		£'m
Final Budget 2020/21		142.146
Committed Charges and Inflation		4.930
Standstill Budget as at 18 January 2021		147.076
Additional Funding for Budget Pressures		0.630
Additional Income from Increased Car Park Charges		(0.100)
Freezing of School Meal Prices		0.023
Reduction in Capital Financing Budget following receipt of grant funding for refuse vehicles		(0.086)
Adjustment to CTRS budget to reflect an increase of 2.75% in Council Tax		(0.139)
Adjustment to General Contingency		0.016
Final Proposed Budget Requirement		147.420
Funded By:		
Revenue Support Grant	81.345	
Non-Domestic Rates	23.480	
Total AEF		104.825
Council's General Reserves		0.300
Council Tax (including Premium)		42.295
Total Funding		147.420

10. EQUALITIES IMPACT ASSESSMENT

- 10.1. 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.
- 10.2. The proposed budget savings will not impact on any of the protected groups set out in the Regulations and, as a result, no Equality Impact Assessments are considered necessary.

11. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

- 11.1. The initial budget proposals to the Executive on 18 January 2021 was based on the Medium Term Financial Strategy (MTFS) approved by the Executive in September 2020 (see Table 1). The MTFP made no assumption on the future increases in AEF and Council Tax, but did set out different increases in AEF and how that would impact on the level of Council Tax required in order to balance the estimated future budgets in 2022/23 and 2023/24.
- 11.2. The provisional settlement for 2021/22 is at the higher end of the possible increases modelled in the MTFS and, as such, has allowed the Executive to propose a lowest Council Tax increase since 2017/18 and has not required any budget savings to be included in the budget. It should also be noted that the Council's reserves have increased, which strengthens the Council's financial position moving forward.

- 11.3.** Estimating future changes in the AEF is difficult, and much will depend on the performance of the UK economy post Brexit and post pandemic. The UK Government will set out its new financial policies in its budget on 5 March 2021. After this point, the future funding levels for Welsh Local Government may become clearer, although 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.
- 11.4.** Given the uncertainty surrounding future funding, any update of the Medium Term Financial Plan at this point would be speculative at best, and may give the impression that the Council's financial position is better or worse than the true position that will materialise. The situation will become clearer over the coming months and the Executive will receive an update on the Council's financial position in September 2021.

12. CONCLUSIONS

- 12.1.** It is important for the forthcoming year that the budget set is achievable and accurately reflects the demands faced by services currently, although it is noted that a lengthy prolonging of the lockdown or significant social distancing restrictions will have an impact on the Council's budget, and this has not been factored into the proposed budget. Support from Welsh Government will need to continue to fund additional expenditure and loss of income if the pandemic continues for a significant proportion of 2021/22.
- 12.2.** The improvement in the Council's financial reserves does put the Council in a stronger financial position moving forward into 2021/22 and beyond.
- 12.3.** Therefore, in the professional opinion of the Section 151 Officer, the revenue budget for 2021/22 must achieve the following objectives:-
- Ensure that the financial resources allocated to each service is sufficient to meet the current budget pressures and fulfil the demand for the statutory functions which the services must provide.
 - Addresses the continued underlying financial pressures in the Services which have been impacted most by an increased demand for services: Education, Children's Services and Adults Services.
 - To set a level of Council Tax which is comparable with the Welsh Government's assessment of where Anglesey's Council Tax should be, and is in line with the Council Tax set by other Welsh authorities of a similar size and type.

13. RECOMMENDATIONS

- 13.1.** The Executive is recommended to approve the final budget proposal, as set out in Paragraph 9, to the full Council meeting on 9 March 2021.

Response to the Executive Committee's Initial Budget Proposals – 2021/22**ISLE OF ANGLESEY COUNTY COUNCIL****February 2021****Author – Gethin Morgan, Business Planning, Programme and Performance Manager****Head of Service – Carys Edwards, Head of Human Resources & Corporate Transformation****1. Introduction**

- 1.1. The Council recently undertook a consultation exercise on the initial budget proposals agreed for consultation by the Executive Committee between 19th January and 2nd February, 2021. The 2 week consultation period focused on proposals from across Council services.
- 1.2. These proposals were the result of the annual budgetary process and were consulted upon in order to gain the views of the public and ensure the Executive can (as the process draws to a close) make recommendations from a fully informed position.
- 1.3. Consideration was given to a broad range of proposals such as increasing Council Tax levels by a further 1.1% on top of the 2.65% already earmarked as an annual raise, to fund essential Council services and invest in dealing with cost pressures identified as a result of the pandemic.
- 1.4. These proposals were publicised in various ways but were much more digitally targeted than in previous years;
 - 1.4.1. The proposals were published on the Council's website (homepage)
 - 1.4.2. Extensive use of social media – Twitter, Facebook and Instagram to promote the proposals to a broader range of residents

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

- 1.5. Citizens, partners and staff were asked to respond to the consultation through the following means:
 - An on-line survey on our website
 - E-mail

The consultation this year followed a similar pattern to previous consultation events that have been held in recent years, with a shortened timescale enforced upon the Council by Welsh Government and of course the impact of the pandemic in being able to consult face to face with the residents of Anglesey. As a result, the emphasis again this year was placed on gaining an electronic response through our extensive use of social media due to the imposed constraints of Covid arrangements meaning that the usual public meetings could not take place.

The proposals were marketed as follows through the following social media channels –

13 times via Welsh facebook account

13 times via English Facebook account

13 times via Welsh Twitter account



13 times via English Twitter account

3 time via bilingual Instagram account

The Council received nearly 600 responses via electronic means. Correspondence was also received via e-mail. These responses encapsulate a relatively large number of responses compared to the previous annual budget setting processes which have averaged approximately 500 responses. There was an exception to this one year where in excess of 5,000 responses were received in the consultation of the Council's 19/20 budget setting process.








Bearing in mind this year's consultation was open for two weeks only, this is an appropriate and welcomed response by the residents of Anglesey to the consultation.

The results / findings are as follows –

1. Do you agree that the County Council should raise Council Tax further by 1.1% in order to fund the above activities / services?			Response Percent	Response Total
1	Yes		12.33%	72
2	No		87.67%	512
			answered	584
			skipped	4



The above response demonstrates that the majority (nearly 9 out of 10 people) that responded to the consultation do not agree with the proposal to increase the Council Tax by 1.1% in order to fund the activities noted in the consultation.

2. If not, which of the above activities / services do you think the County Council should prioritise and fund from a Council Tax increase (please pick as many of the options below that you believe should be funded)?

			Response Percent	Response Total
1	Introduce a new professional entry level staffing programme to provide opportunities for young local people		14.23%	76
2	Increase public protection capacity to maintain future public health on Anglesey		18.54%	99
3	Improve educational provision for the most vulnerable learners at KS4 through further investment in the Education Inclusion Service		19.10%	102
4	IT support for schools to enable and support increased IT activity in education		21.54%	115
5	Improved Management of beaches and foreshore plus improvements in data collection to aide future tourism investment		14.23%	76
6	Climate change adaptations		15.17%	81
7	None of the above – continue as you are without the need for further investment		45.69%	244
			answered	534
			skipped	54

The above provides a picture of where those who do not wish to see a 1.1% increase to the Council Tax to fund Council Services would prioritise if required. It can be seen clearly that the majority would continue to state that no investment should be made and that the Council should continue as is without the need for further investment. This response gained approximately 46% and the second highest response was that of an additional investment in IT support for schools to enable and support increased IT activity in education.

2. To support these initiatives further and raise a proposed £100,000 the Council is also looking to increase car parking charges at seaside locations as it has concluded that the current charges are low in comparison to other authorities and destinations and believes there is scope to increase these charges. It proposes to increase these charges as follows:
Up to 1 hour – current charge £1, proposed new charge £1
Up to 2 hours – current charge £2, proposed new charge £3
Up to 4 hours – current charge £3.50, proposed new charge £6
Up to 12 hours – current charge £4.50, proposed new charge £10
Up to 12 hours (car and trailer) – current charge £6, proposed new charge £20
Would you agree with these proposals?

			Response Percent	Response Total
1	Yes		38.50%	226
2	No		61.50%	361
			answered	587
			skipped	1

The above question relating to increased car parking charges demonstrates a clear split in the opinion of respondents with an approximate 60:40 split against such a proposal. Correspondence has been received by a local Sailing & Watersports Club regarding the above proposal, who noted -

“The Club recognise that the Covid 19 Pandemic has put enormous strain on Council budgets and reductions in the support from the UK Government via the Welsh Assembly over the years have forced local councils across Wales to have to make difficult decisions.

However, Members had a number of concerns about the potential impact a substantial increase in car parking fees could have on Club participation levels”. The Club itself has over 600 members of whom about 250 are children.

The Club in its response asks that the County Council recognise our concern that, as many of our members are regular full day users of the Traeth Bychan car park, an unreasonable increase in the charge may not only impact participation in our Club activities, both on and off the water, but also reduce a more or less guaranteed season long income source to the County Council.

It also understands through its response that the council proposes to introduce more modern ticket issuing machines to some car parks. If this is correct, the Club would propose that it would be to the benefit of both the Club and the County Council to introduce a scheme that rewards regular car park users, such as

the clubs members, with a loyalty discount to users who are prepared to purchase blocks of parking tickets in advance.

A similar proposal (namely that residents could be offered a beneficial parking rate) has also been offered by an elected member for further consideration.

3. The Council will also look to use some of its general reserves to fund the following one-off improvements projects.



Economic Development and environmental wellbeing projects. Match funding to be used as and when grant funding becomes available to draw down external funding in order to realise projects which will benefit the Island - £95,000

Chrome books for schools To fund 1,672 chrome books for Secondary and Primary schools to ensure that children have access to chrome books, increase the ratio of chrome books for pupils and contribute to the wider scheme of the 2019-2023 boost - £305,000

Resurfacing play areas Resurfacing two play areas at Holyhead High School - £300,000

Flood Relief Schemes To provide match funding (15%) for small scale schemes and also to provide match funding (15%) for prioritised major schemes in order to draw down Welsh Government (WG) grant funding. WG grant would therefore total £2.295m and allow Flood Relief Schemes to be built at Red Wharf Bay, Menai Bridge and Valley - £405,000

Do you agree with the proposed activities above?

			Response Percent	Response Total
1	Yes		51.55%	300
2	No		48.45%	282
			answered	582
			skipped	6

The response to the Council’s proposal of how to use its capital funding over the forthcoming 12 months is at odds with the previous comments with a slight majority in favour of the proposals.

Further comments regarding some of these proposals and respondents views can be gleaned in answer to the following final question of the consultation.

5. If not, where and on what should the Council invest over the forthcoming 12 months?

The findings relating to this question have been thematically collated for the ease of analysis. They are listed in the order of popularity. i.e. the largest number first / smallest response last.

- **Discontent: 69**

This number revolves around the suggestion of increasing the council tax. Several points were made, however a few themes did crop up more than others. 2nd homes - or holiday homes - was the main theme that respondents commented on. It was felt that the council should be looking to increase tax on those who do not live in Anglesey all year round and own holiday homes, rather than increasing the council tax in general. Furthermore, respondents were keen to point out that many of those who do own 2nd homes are profiteering by running their second homes as Air BnB's. Respondents also noted that it was very unfair to suggest increasing the council tax considering that there is now a £35 charge for green bins, along with the burden and cost associated with the pandemic. Many people strongly felt that they could not deal with any further costs. Finally, some respondents wanted to make their feelings heard with regards to how well some of the councillors are paid.

Away from council tax, the majority of people who did respond were totally opposed to the idea of increasing car parking charges on beaches and other tourist destinations. They generally felt that it would cause more problems – people parking on the sides of roads and the worry that it may turn some tourists away. These views are aligned to those of the Sailing & Watersports Club mentioned previously.

- **No Further Spending – Do with what we have already: 38**

A number of respondents generally felt that due to Covid they would rather see no additional investment being made by the County Council this year if it means that their council tax must be increased.

- **Highways: 35**

A number of respondents were keen to note that they wanted to see an improvement to the roads on Anglesey. Furthermore, this wasn't a view what was just based on a few areas, it was an universal view for the whole island. Respondents often pointed out that the number of pot holes and poor road surfaces had caused damage to their cars.

- **Education: 27**

Respondents were generally very supportive of the idea to bring in chrome books for school. This can be seen in the number of people that supported an improvement in education. However, the £300,000 play area in Holyhead was seen as an 'absurd' amount of money to spend on such a facility.

- **Flood Relief Schemes: 23**

Respondents were very supportive of additional work being undertaken for flood relief schemes. Many cited the recent floods as their reasoning behind wanting additional funding for flood defence schemes at different parts of the Island.

- **Health and Wellbeing: 20**

The responses to this point revolves around several different aspects. Firstly, many respondents feel that there needs to be additional funds towards ensuring that adults and children can receive the necessary mental health counselling when required. It was also felt that funds need to be made available to the wellbeing of families who are living on the breadline. Finally, a few respondents also felt that there needs to be additional support to the elderly and disabled.

- **More Activities: 17**

Many were keen to see an improvement in the number of cycle routes and walking routes for the island - in particular roads around the Llangefni area. People also cited how they would like to see an increase, or refurbishment of several playgrounds – pointing that there isn't enough spots for children to play in many areas. This point can be aligned to those noted above regarding the health and wellbeing of the residents.

- **Housing: 15**

Two main points surfaced here. Respondents were keen to see an increase in the number of houses available to first time buyers – they would like to see an initiative from the council which supports younger people to purchase their first house. Secondly, they were keen to see either more council houses being bought, or an improvement in the state of several council houses that already exist.

- **Rubbish and Waste: 13**

This response was hugely aimed at dog waste more than anything. People are fed up of seeing dog waste at beaches and would like to see additional funding put towards bins on beaches.

- **Improving Communities: 11**

There was a general theme – especially with regards to Holyhead – that respondents wanted to see town improvements. Essentially, they were keen to see old, tired buildings refurbished and made to look more attractive.

- **Small Businesses: 10**

Respondents felt that small businesses require additional funding in order to help them through the pandemic. The effect of Covid has been very costly to small businesses who have had to close as a result of lockdowns.

- **Tourism: 10**

There was a feeling from respondents that money should be made available for tourism activities. They felt that tourism was the best way to inject money in to the local economy post-covid, and thus felt that the council should look to invest in attractions that could lure more people in to visiting Anglesey. This was seen as an opportunity.

- **More Job Opportunities: 9**

A small number of respondents were keen to see investment being made to ensure that the people of Anglesey can secure jobs. 5 of the respondents for this highlighted that they would like to see an increase in the number of opportunities for young people in particular.

- **Improve the Environment: 6**

A few respondents mentioned that they would like to see funding being made available in order to ensure that Anglesey is more eco-friendly. Responses varied from wanting to see more electric car charging stations, to wanting to see more trees etc. being planted.

FINAL BUDGET PROPOSAL 2021/22 BY SERVICE

	Final Proposed Budget 2021/22 £
Education and Culture	54,874,010
Adult Services	27,677,674
Children's Services	11,184,105
Housing Services	1,247,378
Highways, Waste and Property	16,126,609
Economic and Community Regeneration	4,201,707
Corporate Transformation	5,436,964
Resources	3,235,694
Council Business	1,708,227
Corporate Management	635,849
Total Service Budgets	126,328,217
Corporate and Democratic Costs	3,009,885
Recharges to HRA	(700,000)
Levies	3,695,207
Capital Financing	7,392,381
Benefits Granted	109,239
Discretionary Rate Relief	71,050
Council Tax Reduction Scheme	6,180,558
Total Allocated Budgets	146,086,537
General & Other Contingencies	693,428
Budget Pressures (Held Initially as a Contingency Budget)	640,000
Total Budget 2020/21	147,419,965
Funded By	
Revenue Support Grant	(81,344,841)
Non Domestic Rates	(23,480,332)
Council Tax (Including Council Tax Premium)	(42,294,792)
Council Reserves	(300,000)
Total Funding	(147,419,965)
Difference Budget to Funding	-

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ISLE OF ANGLESEY COUNTY COUNCIL		
REPORT TO:	THE EXECUTIVE	
DATE:	1 MARCH 2021	
SUBJECT:	CAPITAL STRATEGY AND CAPITAL PROGRAMME 2021/22 to 2023/24	
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS	
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER	
REPORT AUTHOR:	MARC JONES / CLAIRE KLIMASZEWSKI	
TEL:	2601 / 2133	
E-MAIL:	rmifi@ynysmon.gov.uk / clkfi@ynysmon.gov.uk	
LOCAL MEMBERS:	n/a	
A - Recommendation/s and reason/s		
<p>The revised CIPFA Prudential Code, September 2017, introduced the requirement that all authorities must produce a capital strategy. This must set out the long-term context in which capital expenditure and investment decisions are made. This requirement is aimed at ensuring that authorities take capital and investment decisions in line with service objectives and properly take into account stewardship, value for money, prudence, sustainability and affordability.</p> <p>Recommendations</p> <p>The Executive is requested to :-</p> <ul style="list-style-type: none"> Endorse and recommend that full Council approve the Capital Strategy for 2021/22 – 2023/24 as detailed in Appendices 1 and 2 below. 		
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 decision for the Executive?		
Responsibility for determining the Council’s budget strategy remains with 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?		
N/A		
DD - Who did you consult? What did they say?		
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	The SLT have considered the overall capital strategy as part of the process to agree the capital budget for 2021/22
2	Finance / Section 151 (mandatory)	N/A – this is the Section 151 Officer’s report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT and any comments made would have been considered as part of the overall comments made by the SLT
4	Human Resources (HR)	Not Applicable
5	Property	The assessment of future repair and maintenance prepared by the property team have been taken into consideration in drawing up the capital strategy

6	Information Communication Technology (ICT)	The assessment of future IT investment prepared by the Head of IT has been taken into consideration in drawing up the capital strategy
7	Scrutiny	The capital programme for 2021/22 was considered by the Finance Scrutiny Panel at its meeting on 12 February 2021 and by the Corporate Scrutiny Committee on 16 February 2021
8	Local Members	Not Applicable
9	Any external bodies / other/s	The capital programme for 2021/22 was consulted on as part of the overall budget consultation process

E - Risks and any mitigation (if relevant)

1	How does this decision impact on our long term needs as an Island	The capital strategy targets expenditure at the key priorities of the Council (see Appendix 1, Section 1.2. below). This ensures that the Council's assets help the Council deliver services which meet the Council's priorities, including the long-term needs of Anglesey. Capital projects will meet planning requirements to ensure that buildings and structures are sympathetic to Anglesey's built and natural environment. The capital budget ensures funding to maintain the Council's assets and forms part of the strategy to meet the objectives set out in the Council's corporate plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Continued maintenance of the Council's assets will prevent higher costs in the future.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Capital projects in respect of 21 st Century Schools and the HRA are aligned to priorities set out by the Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The Council's stakeholders, including Anglesey Citizens, are asked for their views on the capital programme each year as part of the annual budget consultation. Significant consultation is also sought for significant schemes such as the 21 st Century Schools programme.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	The capital strategy and capital projects directly help increase equality through works which improve accessibility for individuals with disabilities. Every year, the Council provides funding for adaptations for individuals to remain in their home. There is capital funding each year for improving accessibility in schools.
6	Outcome Agreements	
7	Other	

F - Appendices:

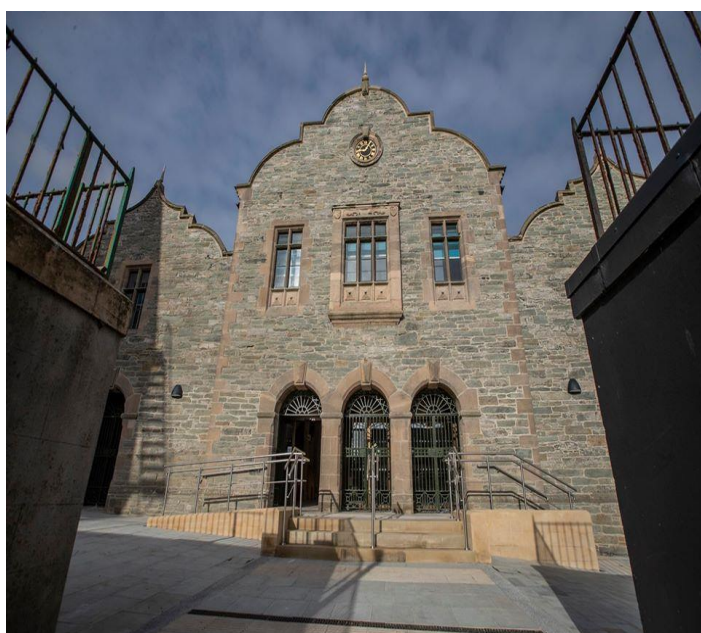
Appendix 1 – Capital Strategy 2021/22 to 2023/24
Appendix 2 – Summary of Draft Proposed Capital Programme 2021/22

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

Treasury Management Strategy Statement 2021/22, Executive, 1 March 2021
Medium Term Financial Plan 2021/22 to 2023/24, the Executive, 28 September 2020
Draft Capital Programme 2021/22 Report, the Executive, 18 January 2021
Capital Programme 2021/22 Report, the Executive, 1 March 2021
Revenue Budget 2021/22, the Executive, 1 March 2021



Capital Strategy 2021/22 to 2023/24



Isle of Anglesey County Council

Capital Strategy 2021/22 to 2023/24

1. Introduction

1.1 Part 1, Section 3 of the Local Government Finance Act 2003 requires that the Authority shall determine and keep under review how much it can afford to borrow. The Act is supported by the Prudential Framework for local authority capital investment and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code). The CIPFA Prudential Code was revised in 2017/18. The revised Code introduced a new requirement that all authorities produce a capital strategy, which sets out the long-term context in which capital expenditure and investment decisions are made. Authorities are required to give due consideration to both risks and reward and the impact on the achievement of priority outcomes. CIPFA also revised the Code of Practice on Treasury Management at the same time. This Capital Strategy 2021/22 meets the requirements of the CIPFA Prudential Code 2017, aligns with the Council's Treasury Management Strategy Statement 2021/22 and has regard to the CIPFA Treasury Management Code 2017.

1.2 The purpose of this strategy is to set out the objectives, principles and governance framework to ensure that the Authority takes capital expenditure and investment decisions in line with service objectives. The Isle of Anglesey County Council Plan 2017/22 outlines the key priorities and objectives of the Council for the period to 31 March 2022. A fundamental principle of the Strategy is to focus capital expenditure on projects which help the Council meet the following key objectives of the Council Plan or help the Council fulfil its statutory responsibilities:-

Objective 1: Ensure that the people of Anglesey can thrive and realise their long-term potential.

Objective 2: Support vulnerable adults and families to keep them safe, healthy and as independent as possible.

Objective 3: Work in partnership with our communities to ensure that they can cope effectively with change and developments whilst protecting our natural environment.

1.3 This strategy also identifies the potential future capital expenditure, assesses the impact on the capital financing element of the revenue account and determines the funding available to finance new capital schemes for the period 2021/22 to 2023/24. It also establishes long-term principles to support capital planning well into the future. The governance of this strategy follows the same process as the Revenue and Budget Setting Processes and will be presented to the Executive, which will make recommendations to full Council for approval.

2. Objectives and Principles of the Capital Strategy

2.1 The Capital Strategy has a number of key objectives to ensure that capital expenditure is targeted towards meeting the Council's key priorities, whilst also taking into account stewardship, value for money, prudence, sustainability and affordability.

2.1.1 The Council Plan 2017/22 sets out the key priorities and objectives of the Council to 31 March 2022 and resources should be focussed on the achievement of these objectives. This capital strategy will help ensure that the capital programme will focus capital expenditure on projects which contribute most to the key objectives of the Council's Plan 2017/22.

2.1.2 Each year, capital funding will be allocated to ensure an investment in existing assets to protect them into the future.

2.1.3 The Council will maximise external capital funding wherever possible and affordable.

2.1.4 Capital funding will also be prioritised on assets required to help the Council deliver its statutory responsibilities.

2.1.5 The Council remains committed to the 21st Century Schools Programme and will continue to fully utilise 21st Century Schools external funding.

2.2 The following principles will help support the achievement of the above key objectives:-

2.2.1 That the 21st Century Schools programme is considered separately from the remainder of the general Council capital programme. The 21st Century Schools programme is a long-term significant commitment to building and/or refurbishing schools so that Anglesey's schools are fit to last and meet the requirements of the 21st Century. The 21st Century programme helps the school modernisation agenda and supports the Council's key objective to ensure that the people of Anglesey can thrive and realise their long-term potential. This principle also meets the Wellbeing of Future Generations Act 2015 to ensure educational settings are suitable in the long-term. An element of the expenditure on the 21st Century Schools programme will be funded from the capital receipts from the sale of schools vacated, with the remaining balance being funded from unsupported borrowing. This will ensure that the capital general grant and supported borrowing are available to fund investment in existing and new assets needed to achieve the objectives of the Council Plan 2017/22 and ensure that the Council's existing assets are maintained.

2.2.2 That a sum is allocated in the capital programme each year to fund the major improvement to, or the replacement of, existing I.T. equipment, vehicles and Council buildings.

2.2.3 That a sum is allocated in the capital programme to meet the Council's statutory requirement to offer disabled facilities grants. This helps deliver statutory responsibilities and supports the key objective of the Council to support vulnerable adults and families to keep them safe, healthy and as independent as possible.

2.2.4 That a level of road improvement works is funded from the capital programme each year. The sum allocated will be dependent 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. Improvements to the roads will help the Council ensure the highway network is sustainable in the longer-term. It also underpins all of the Council key priorities due to the rural nature of Anglesey and the importance of the highway network to many aspects of the Council's work.

2.2.5 Projects that require a level of match funding to enable grant funding to be drawn down, will be assessed on a case-by-case basis by the Section 151 Officer, with a recommendation being made to the Executive. The decision whether to commit funding will be dependent on the project, how it fits into the Council's corporate priorities, any ongoing revenue implications and the ratio of Council funding to grant funding.

2.2.6 Projects to be funded from unsupported borrowing, with the exception of 21st Century Schools projects, will only be undertaken if the reduction in revenue costs or increased income generated is sufficient to meet the additional capital financing costs incurred. Any assets funded by unsupported borrowing should be fundamental to the achievement of the Council's key priorities.

3. How the Strategy fits with other documents

3.1 The Council Plan 2017/22

The Council Plan is the prime document which outlines what the Council aims to achieve during the period 2017/22. The priorities of the Council Plan are summarised above in 1.2. A key objective of this Capital Strategy is to ensure that the capital funding available to the Council is spent on projects that assist the Council to deliver its priorities, including maintaining, replacing or / and upgrading existing assets. There are several other key strategic documents which align with the Council Plan. These guide how the Authority works on specific aspects affecting the Council.

3.2 The Treasury Management Strategy Statement (TMSS)

This Capital Strategy and the TMSS are very closely linked and both are revised annually. The Capital Strategy will define how the Council spends its capital funding and the TMSS sets out how this will be funded and its impact on the overall financial standing of the Council. Borrowing is a key part of the funding strategy. The details of how the borrowing is undertaken and controlled is also set out in the TMSS.

3.3 The Medium Term Financial Plan

3.3.1 The Medium Term Financial Plan (MTFP) is the fundamental part of financial planning which estimates the Council's revenue requirements over the next three years and how this will be balanced to the funding available. Capital expenditure will impact on the revenue budget through the Minimum Revenue Provision and the interest payable on borrowing. The Capital Strategy helps to inform the Medium Term Financial Plan.

3.3.2 Regular budget monitoring and review of the MTFP helps to monitor the impact of financial performance and issues on the delivery of the Council Plan. Linked to the financial monitoring is also the monitoring of performance and corporate and service risks, some of which are identified as financial risks. The Council's Performance Management Framework and Risk Management Strategy govern how performance and risk is managed.

3.3.3 The diagram below summarises the interconnection between these strategies and how ultimately they are guided by the Council Plan.

The Council Plan 2017/22

The key strategies and plans below are important and inter-related to help identify an affordable level of revenue and capital resources needed to deliver the key priorities of the Council Plan 2017/22. These also provide a framework for robust financial management of Council resources.

The Medium Term Financial Plan (MTFP)

This is revised regularly to help set out the likely resource requirement for the next three years and how the Council plans to balance the resource requirement. This includes the impact of revenue and capital issues on the Council Fund.

Capital Strategy

The Capital Strategy sets out the key priorities on how capital expenditure should be spent to help deliver the Council Plan 2017/22. It acknowledges that capital expenditure leads to revenue capital financing costs which must be kept affordable. The Capital Strategy impacts on and is impacted by, the MTFP, the TMSS, the Annual Revenue Budget and the Annual Capital Programme.

Treasury Management Strategy (TMS)

This sets out the Annual Investment Strategy, Minimum Revenue Provisions Policy and Treasury Management Policy Statement for the year. These provide the framework and controls needed to ensure that there is enough cash to pay suppliers for revenue and capital costs, that surplus cash is invested safely and is accessible and that borrowing to fund capital expenditure does not go beyond an affordable level.

The Annual Revenue Budget is supported by the MTFP, Capital Strategy and TMS - Each year, the revenue capital financing costs are reviewed and revised as part of revenue budget - setting. Revenue contributions are sometimes used to fund capital costs.

The annual Capital Programme - The level of capital expenditure and borrowing impacts on the revenue budget due to capital financing costs and any ongoing revenue costs such as maintenance.

4. Corporate Strategy and Capital Programme Process

4.1 Developing the Capital Strategy

The Capital Strategy is revised each year taking into account the most recent Council Plan, the Medium Term Financial Plan and the budgetary pressures expected and the Treasury Management Plan. It also considers the prior year's capital programme and the level of reserves and the revenue budget. The capital strategy then outlines the key objectives and principles which then helps to develop the annual Capital Programme each year. Capital expenditure is expenditure to acquire or create new assets or to refurbish existing assets where the life of the asset is greater than one financial year. The assets can be tangible (buildings, vehicles and infrastructure) or intangible (software licences). Non-current assets which are £10k or more will be considered as capital expenditure. £10k is the Council's recommended de minimis level to qualify as part of the capital programme. Non-current assets less than £10k will be charged to revenue in most cases. The Council reserves the right to waive the de minimis if appropriate.

4.2 Developing the Annual Capital Programme

4.2.1 Bidding Process and Scoring

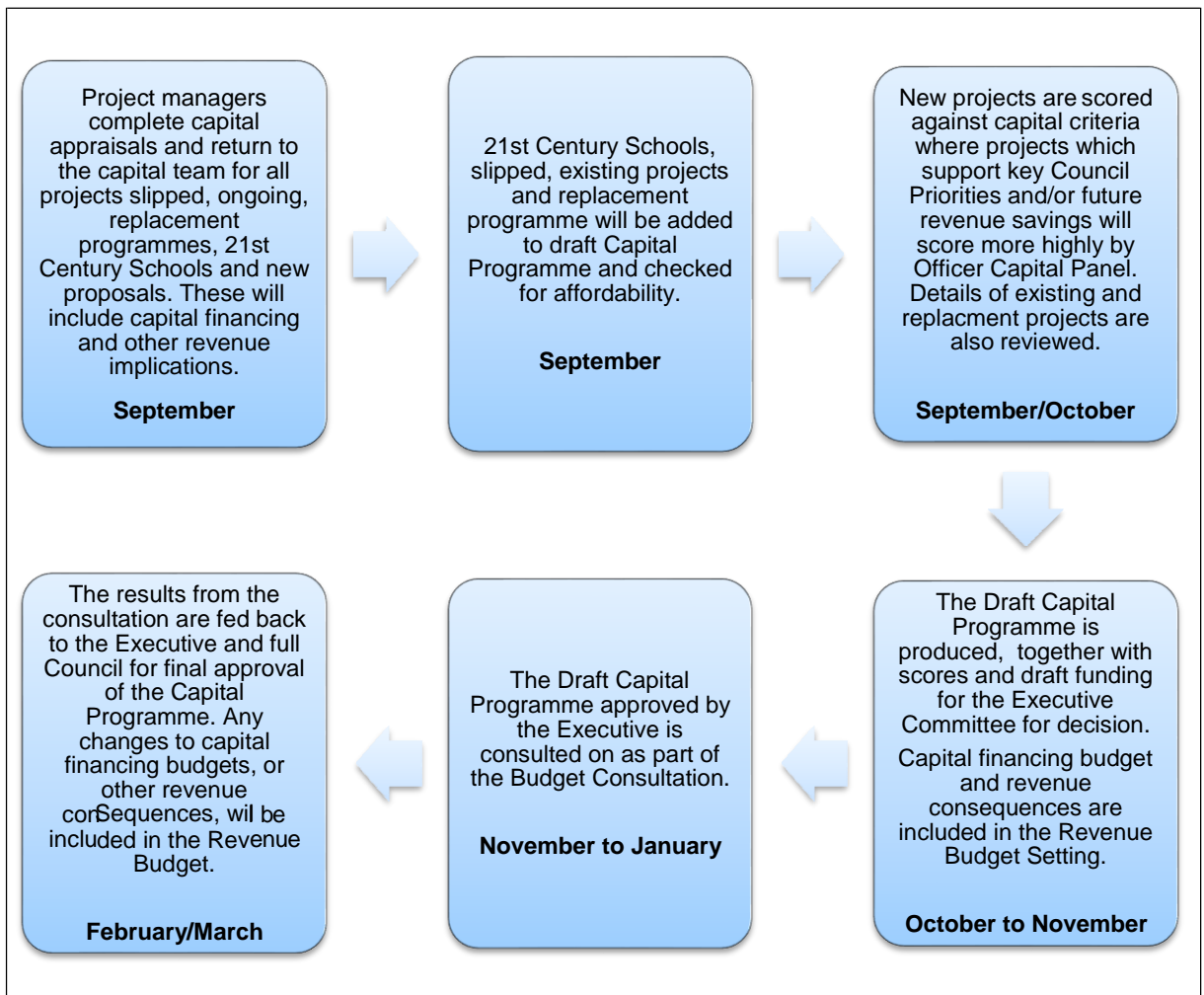
In determining which projects are included in the Capital Programme, bids must not only be affordable but also help deliver the key priorities of the Council Plan and meet the objectives and principles of the Capital Strategy. Each year, Services are asked to submit new capital appraisals/bids and update information for ongoing projects. The appraisals should demonstrate how each project meet the criteria (set out below) and all ongoing revenue implications from the project will be included e.g. maintenance costs. The scoring of new capital appraisals/bids helps to introduce a degree of objectivity and ensure the projects are relevant to the key objectives of the Council Plan and this Strategy. The most important criterion is how closely a project will contribute to the delivery of the Council Plan, hence the greater weighting given to this criterion. Initial scoring is undertaken by the Accountancy Service. The scores are then considered and ratified by the Executive, as part of the drafting of the annual capital programme.

Criteria	Score
How closely the project will contribute to the priorities of in the Corporate Plan	20
The project attracts significant external funding	10
The project will lead to revenue savings	10
The project will help mitigate Corporate Risk	10
Total highest score	50

The strategy also allocates funding to the maintenance and upgrade of existing assets. Asset Managers determine their funding need and this is balanced against the funding available in order to allocate funding to each main assets group (buildings, vehicles, IT, roads).

4.2.2 Timetable

The Capital Strategy approval process follows the timetable for revenue budget-setting and the development of the Capital Programme. The timetable for the development of the Capital Programme is summarised below:-



4.2.3 Authorisation

Responsibility for ratifying the Capital Programme each year rests with the full Council based on the recommendation made by the Executive. In exceptional cases, new capital projects arising during the year will be considered by Members as part of the quarterly reports to the Executive. In-year projects are likely to be approved if the projects are significantly funded from external grants or contributions, or in response to an emergency e.g. landslide, or if an approved project in the programme is cancelled and there is funding available. A capital appraisal is required for in-year projects and projects will need to help the Authority achieve its key objectives.

5. Current Financial Context

5.1 Revenue Constraints

- 5.1.1** The initial Medium Term Financial Plan (MTFP) for 2021/22 to 2023/24 was presented to the Executive in September 2020. This acknowledged the difficulty in financial planning beyond one year due to the lack of three year budget forecasts from Central and Welsh Governments. Brexit alone caused significant uncertainty for the economy, and still does. The Coronavirus Pandemic, however, puts the impact of Brexit in the shade with an extremely fragile economy after nearly a year of Covid-19 restrictions. Public sector borrowing for 2020/21 is at its highest in one year since WWII. National debt is an estimated £2.13 trillion, 99.4% of gross domestic product (GDP). The Bank of England's action to reduce the base interest rate to 0.1% in response to the economic impact of Covid-19 restrictions has led to pitiful returns on treasury management investments. Conversely, this has resulted in reduced interest payable costs on new borrowing for capital expenditure. Despite this significant funding to prop up the economy, investment in PPE and vaccinations, there are significant job losses and business closures. The financial pressures the Government and Welsh Government are facing could jeopardise the amount of Council funding provided by Welsh Government in the medium and long-term. It is, therefore, important to set a capital strategy which minimises its impact on the revenue budget.
- 5.1.2** The revised MTFP for 2021/22 to 2023/24, reported to the Executive in January 2021, highlights a better than expected provisional settlement for 2021/22, particularly in light of the significant cost of the Pandemic on Welsh Government. After nearly a decade of significant funding cuts to 2019/20, Welsh Government's provisional settlement for 2021/22 is an increase of 3.41% (3.84% Welsh average), this is similar to 2020/21's final settlement. Yet again, this is welcomed after years of significant cuts.
- 5.1.3** Welsh Government's provisional settlement also includes details of the capital funding provided to the Council for 2021/22. The Council will provisionally receive a general capital grant of £2.163m and £2.158m in supported borrowing which, together, amount to £4.321m. In order to keep capital financing costs affordable for the revenue budget, particularly with the uncertainty about future revenue funding levels, it is a key principle of this strategy that capital programmes should not exceed this available funding from Welsh Government, with the exception of unsupported borrowing for the Council's element of funding the 21st Century Programme. It is predicted that Welsh Government will keep this level of funding the same, or less, in the future. Increasing the life of the Council's aging assets, and keeping up-to-date with technological upgrades will have the first call against this funding. This will, therefore, mean that there will not be significant funding for new projects. Under this strategy, new projects, should only be considered when there is significant grant funding to undertake a specific project or could be funded from unsupported borrowing if the project meets the requirement of the Prudential code in terms of being able to fund the capital financing costs from additional income or expenditure savings/cost avoidance. Council reserves could be used to fund capital projects, but using reserves is not sustainable and should only be considered when the general reserve is above its recommended minimum level. Use of surplus reserves to fund match-funding for grant funded projects can be considered.
- 5.1.4** As stated previously, funding the capital programme will have a significant impact on the revenue budget, and the Capital Strategy takes into account affordability, as it is drawn up, and the Treasury Management Strategy Statement ensures that the Council minimises borrowing costs through the best use of the Council's own cash balances to fund capital expenditure.

5.2 Funding the Modernisation of Schools

5.2.1 The Council is currently part way through an ambitious programme to modernise schools through the 21st Century Schools programme, with Band A coming to an end in 2022 and Band B running until 2026. The programme, if it achieves all its planned objectives, will take over 10 years to complete at a significant potential total capital cost.

5.2.2 There are four phases to the programme, identified as Band A, B, C and D. Two schools have been completed, Ysgol Cybi and Ysgol Rhyd y Llan, with a third school, Ysgol Santes Dwynwen, now completed and operational. Refurbishments are also complete at Ysgol Parc y Bont and Brynsiencyn. The final projects from Band A are expected to start in 2021, depending on the outcome from robust consultation and development works.

5.2.3 The Council is also starting consultations and scoping options for Band B of the 21st Century Schools Programme. Some work might start in 2020/21, however, it is estimated that major works may start in 2021/22. The total estimated cost of Band B is currently £36m.

5.2.4 Band A of the 21st Century Schools programme is funded by 50% additional funding from the Welsh Government and 50% via unsupported borrowing. The Welsh Government 50% funding is partly grant funding (67% of the 50%) and partly supported borrowing (33% of the 50%). The Welsh Government has announced that the intervention rate for Band B has increased to 65%, but how this is allocated between grant and supported borrowing is not known at this stage. It is, therefore, assumed that 50% of Welsh Government funding will be provided as a grant and 50% by supported borrowing.

5.2.5 The Welsh Government has also introduced a mutual investment model for Band B (MIM), where the capital cost of the project is funded by the private sector and the Council then pays a rental fee to the investor for a prescribed period (expected to be 25 years). Welsh Government make a contribution to the rental fee each year (expected to be at least 70%).

5.2.6 The Council's Strategic Outline Programme for Band B was submitted to Welsh Government in July (approved by the Executive 17 July 2017). Table 1 shows the estimated expenditure and funding for 2021/22.

Table 1 Estimated Funding for 2021/22 for Band A and Proposed Band B Projects					
Band	Region	Unsupported Borrowing (net of capital receipt) £'m	Supported Borrowing £'m	WG Grant £'m	Total £'m
	TOTAL BAND A	0	2.5	2.5	5.0
	TOTAL BAND B	0.5	0.4	0.7	1.6

5.2.7 It is assumed that all of the unsupported and supported borrowing would be undertaken through new PWLB loans over a length of time which matches the expected life of the asset (50 years).

- 5.2.8** Additional supported or unsupported borrowing will increase the Council's CFR which, in turn, will increase the annual MRP charge to the revenue account and will result in additional annual interest payments.
- 5.2.9** The additional unsupported borrowing for Band B (based on a 50 year repayment period and annual interest at 3.2%) would result in additional capital financing charges to the revenue budget of £0.658m per annum (£0.405m interest payable and £0.253m MRP) once the Programme is completed in full. In practice, these costs would be phased in as each project commences and once the loans are taken out to carry out the work. MRP would be charged once the schools become operational.
- 5.2.10** It should be noted that the delivery of the Band B projects will eliminate the need to undertake backlog maintenance work at the various schools. Further additional capital and revenue costs would be incurred as Band C and Band D are delivered. Any commitment towards these phases of the programme would need to be realistic and affordable.

6. Funding

6.1 Funding Sources – the Capital Programme is funded from the following sources:-

- **General Capital Grant** – This is a sum of money which is provided by the Welsh Government as part of the annual settlement. The Council is free to use the capital grant on any capital project it wishes. This must be spent by 31 March of the financial year it relates to.
- **Supported Borrowing** – The Council will borrow from the Public Works Loans Board (PWLB) to fund the expenditure. The revenue costs arising from the borrowing (Interest Costs and Minimum Revenue Provision) are funded by the Welsh Government through the annual revenue settlement, hence the term “Supported Borrowing”.
- **Unsupported Borrowing** – Again, the Council borrows the funding from the PWLB or elsewhere but is required to finance the revenue costs from its own resources. Projects funded by means of unsupported borrowing tend to be projects which deliver revenue savings and it is these savings that are used to meet the additional revenue costs arising from the borrowing.
- **Specific Capital Grants** – The Council will be awarded capital grants which partly or fully fund the cost of a project. Capital grants usually come with restrictions surrounding the expenditure which can be funded and by when the expenditure must be incurred.
- **Revenue Contribution** – Services can make a contribution from their revenue budgets to fund projects. These contributions tend to be as a match funding to a project which is mainly funded from a specific capital grant.
- **Capital Receipts** – The funds generated from the sale of assets can be used to contribute to the funding of the capital programme. These are usually generated from the sale of surplus assets (normally land or buildings).
- **Reserves** – Funding held in reserve, e.g. unapplied capital receipts, can be used to support the capital programme.

6.2 As explained in the paragraph above, the capital programme is funded from various sources which impact on the Council's financial position in different ways:-

- 6.2.1** Funding that is received in the form of grants (general or specific) does not have any impact on the long-term financial position of the Council as any grant received is used to fund the capital expenditure. There may be timing differences which can lead to grants being unapplied and carried from one year to the next via the Council's balance sheet.

6.2.2 Capital receipts result in surplus assets being converted into cash which, in turn, results in the creation of a new asset. Again, this type of funding has little long term impact on the Council's financial position but there will come a point where all surplus assets have been disposed of and the level of funding available through capital receipts will fall.

The Housing Revenue Account uses the surplus on the HRA account (excess of rental income over expenditure) to fund capital expenditure. This is reflected in the HRA business plan and does not impact on the Council Fund.

6.2.3 The use of revenue funding will reduce the value of funds held in reserves or the sum transferred to the general Council balances at the year end, i.e. it converts surplus cash into a new asset.

6.2.4 Both supported and unsupported borrowing impacts on the Council's Capital Financing Requirement (CFR) which, in turn, has implications on the Revenue budget in the form of increased Minimum Revenue Provision (MRP) and annual interest payments.

6.2.5 Although the Housing Revenue Account operates separately from the Council Fund, the Council does not borrow separately for Council Fund and HRA expenditure, all borrowing is combined and the costs apportioned to the two funds based on the level of expenditure funded from borrowing for the two funds. The apportionment method is kept under review to ensure that it remains the most equitable method.

6.3 Funding Constraints over the next Three Years

6.3.1 The uncertain financial context the Council continues to operate within is discussed in section 5, and highlights that there are limitations on the Council's funding of capital expenditure. One of the main priorities for the Council is to reduce revenue expenditure in order to deliver a balanced budget, whilst minimising the reduction in service budgets. It is reasonable for the Council to minimise the increase required to the capital financing budget. It will be necessary to provide additional capital funding but this should be maintained at a level that is funded through the settlement (general capital grant and supported borrowing) so that the increase in the capital financing costs is funded through capital receipts and any specific grants that are available.

6.3.2 Unsupported borrowing (outside the 21st Century Schools programme) should only be considered where the relevant service budget can be reduced by a sum greater than the MRP and interest costs.

6.3.3 It has been Welsh Government's policy over a number of years to maintain the level of general capital grant and supported borrowing on or about the level in previous years, with additional capital funding being directed to schools, road improvements etc. However, the general grant funding was increased for 2019/20 and 2020/21.

6.3.4 The Council, as a landlord of housing stock, will also receive a major repair allowance following the submission and approval of the 30 year business plan for the Housing Revenue Account. Capital expenditure on the HRA is supplemented with the use of the HRA reserve and by the borrowing powers which the HRA can utilise.

6.3.5 Specific grants which have been approved, likely to be approved or that result from successful bids, will also be available to fund capital schemes. In some cases, it may be necessary for the Council to contribute a sum of its own capital funding as match funding to enable the grant funding to be drawn down. The grants and contributions which have been currently identified as sources of funding for 2021/22 amount to £8m, including the general capital grant. The Council has received substantial funding in previous years from the EU. This source of funding will not be available from 2021/22 and onwards, but the Council will seek to identify alternative sources of grant funding where possible.

- 6.3.6** As stated previously, any unsupported borrowing must generate additional income / revenue expenditure savings to fund the additional capital financing costs (MRP and interest charges) which will be charged to the revenue account. Any proposed schemes funded by unsupported borrowing will be assessed on a scheme-by-scheme basis.
- 6.3.7** In addition to the sources of funding noted above, the Council holds a capital funding reserve, which includes revenue contributions which have not yet been applied. The current balance stands at £0.800m. It is expected that the majority of this will be used towards funding the 2020/21 programme.
- 6.3.8** Unallocated capital receipts are held in a reserve. The balance of the reserve at 31 March 2020 was £1.3m. These receipts will be used as a funding source for the 2020/21 programme, or will help fund slipped expenditure in 2021/22 and beyond as needed.
- 6.3.9** In summary, the funding for new capital projects in 2021/22 should be limited to the level of general capital grant (£2.163m), supported borrowing (£2.158m) and any unallocated capital receipts generated in the year. This would give a total budget available in the region of £4.3m, excluding grants, 21st Century Schools funding and HRA funding. This principle will be applied into the medium-term and longer-term to ensure the capital programme is affordable, particularly in the context of continual funding cuts.

6.4 Estimated Funding Profile 2021/22 to 2023/24

- 6.4.1** The external Welsh Government funding (excluding 21st Century Schools) for the period 2021/22 to 2023/24 is shown in Table 2 below. It should be noted that the Council will also receive a number of minor capital grants.

**Table 2
Estimated Welsh Government Capital Funding 2021/22– 2023/24**

	2021/22 £'m	2022/23 £'m	2023/24 £'m
General Capital Grant	2.163	1.818	1.818
Supported Borrowing	2.158	2.158	2.158
Major Repairs Allowance	2.660	2.660	2.660
Total Welsh Government Capital Funding	6.981	6.636	6.636

- 6.4.2** There is little scope to fund new projects in 2021/22 through the funding that is received as part of the Welsh Government's financial settlement. Welsh Government's increase in the Capital General Grant for 2018/19 to 2021/22 helped the Council fund additional priority capital projects. It is predicted that the general grant will revert back to previous levels from 2022/23. Unsupported borrowing is possible but, unless the projects generate revenue savings, then the additional MRP charge and interest costs will increase the revenue budget which must be funded by increased Council Tax or by making revenue savings elsewhere. Therefore, the Council can ensure the capital financing costs are affordable and sustainable by limiting capital expenditure funded by unsupported borrowing to the 21st Century Schools Programme and capital projects which lead to revenue savings higher than the MRP and interest payable charges incurred from the capital funding. The Draft Capital Programme Report 2021/22, summarised below, proposes an affordable programme with limited use of unsupported borrowing.

7. The Draft Capital Programme 2021/22

7.1 The draft capital programme for 2021/22 will be presented alongside this capital strategy to the Executive on 1 March 2021 and full Council on 9 March 2021. The table below summarises the proposed capital programme, including funding sources. Additional detail is provided in Appendix 2.

Summary Draft Capital Programme 2021/22

	Ref	£'000
2020/21 Schemes Brought Forward	Para 3.1	4,000
Refurbishment / Replacement of Assets	Para 3.1	4,137
New One Off Capital Projects (Priority Projects)	Para 3.3	780
New One Off Capital Projects (Subject to Funding being Available)	Para 3.3	325
21 st Century Schools	See report 18/01/21	6,600
Housing Revenue Account	"	20,313
Total Recommended Capital Programme 2021/22		36,155
Funded By:		
General Capital Grant		2,163
Supported Borrowing General		2,158
General Balances		596
General Balances (if sufficient funding available)		325
21 st Century Schools Supported Borrowing		2,897
21 st Century Schools Unsupported Borrowing		498
HRA Reserve & In Year Surplus		15,639
HRA Unsupported Borrowing		2,000
External Grants		5,909
2020/21 Schemes Brought Forward (External Grants)		3,970
2021/22 Total Capital Funding		36,155

7.2 Longer-term Capital Expenditure Plans

7.2.1 The below draft capital programme provides a forecast which is in line with the Medium Term Financial Plan and the Council Plan 2017/22 and Treasury Management Strategy Statement. This capital strategy also communicates the long-term intentions with regard to the 21st Century Schools Programme which is comprehensively outlined above and is expected to continue beyond 2023/24. As each scheme in Band B is developed, the financial impact is assessed but it is accepted that some projects will need to go ahead to meet the Council's overall priorities and that the additional revenue costs will need to be funded from revenue savings or increases in Council Tax. If, as the Council progresses through Band B of the 21st Century Schools Programme, it finds that there are affordability issues, then the projects included in Band B will be reviewed. The Welsh Government also plans a phase C and D of the programme, however, these could only be undertaken if affordable.

7.2.2 All of the principles included in section 2 should also be used as a basis for longer-term capital spend unless the new Council Plan 2023/28 differs significantly. Any non-schools projects, such as the refurbishment of existing assets, should be funded by grant or supported borrowing into the future, if those funding streams continue to be available into the long-term.

7.3 Non-Treasury Management Investment Strategy

7.3.1 The Treasury Management Investment Strategy is included in the TMSS discussed below. In addition, the Council holds a number of non-treasury management investments. These are the investment properties from which the Council earns rental income. These help provide a long-term revenue stream for the Council. The investment property portfolio held approximately 70 properties at 31 March 2020, which were valued at £6.2m. These include retail properties, office units and commercial units. In 2019/20, £349k of rental income was collected from investment properties. Costs of £140k were spent on maintenance etc., which resulted in a net operational income of £209k from rental income. In terms of future plans for the investment properties, the buildings will continue to be maintained to legal standards. In addition, a new industrial unit complex was recently constructed and is operational in Llangefni. The Council is also working in partnership with Welsh Government on the construction of Industrial Units at Penrhos, Holyhead. These are likely to become operational in 2021/22.

7.3.2 Local Authorities have the power to purchase or develop properties as investments in order to improve the economic activity within the Council area or as a means of generating additional income for the Council. At present, the Council has no plans to use these powers more widely than on the plans detailed above, but the use of these powers remains an option and the Strategy allows the Council to incur expenditure on investment properties in order to meet key Council objectives or to take advantage of any significant external funding which may become available.

8. Borrowing and Treasury Management

8.1 The Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) provide the framework to ensure there is sufficient cash to pay suppliers, ensure that any surplus cash is invested safely and that borrowing to fund the capital programme 2021/22 is affordable. The TMSS will be presented to the full Council on 9 March 2021.

8.2 Appendix 11 of the TMSS 2020/21 provides the prudential and treasury indicators for the periods 2019/20 to 2023/24, which help determine whether borrowing plans are affordable.

8.3 A measure of affordability is the ratio of financing costs to net revenue streams. The estimated ratio of financing costs to net revenue streams are as follows:-

2019/20 (Actual)	6.62%
2021/22(Projected)	6.18%
2022/23 (Projected)	5.51%
2023/24 (Projected)	6.04%

Based on the above, the proposed capital programme remains affordable in terms of the revenue implications.

In 2018/19, the Council revised its Minimum Revenue Provision policy and was able to back-date the changes. The revision of the policy was designed to ensure a prudent provision is charged to the revenue account each year. However, a consequence of this change was that it identified an over-provision in previous years and this over provision can be used in future years to ensure that the annual financing costs remain affordable. The Section 151 Officer will take this into account when determining the annual MRP charge.

- 8.4 The Treasury Management Strategy aims to utilise the Council's internal cash balances, wherever possible, in place of external borrowing. In determining the level of internal borrowing, sufficient cash balances must be maintained to meet the daily cash needs of the Council i.e. paying staff, suppliers etc.

9. Potential Risks arising from the Capital Strategy

- 9.1 It is likely that substantial annual savings will be required over the next three years which puts the Council at risk, and this includes the capital programme. If the savings target is difficult to achieve, which is probable as most budgets are cut to the core, this might lead to a review of the capital programme to ensure that capital financing costs affecting revenue are reduced.
- 9.2 The Council's Capital Strategy is based on an assumed level of funding from Welsh Government and via external grants. Given the continued uncertainty over budgets and the loss of substantial grant funding currently received from the European Union, there is a risk that this assumed level of grant funding may not be received as set out in the strategy. Any changes to funding will require a reassessment of the capital strategy and annual capital programme.
- 9.3 The Council used internal borrowing for a number of years to fund capital expenditure. This has had a significant impact on cash balances. The Council externalised £15m of borrowing in March 2019 at very low rates with the PWLB. Increasing these costs further in the present financial climate may impact on affordability and the Council's capacity to fund new capital projects through additional external borrowing.
- 9.4 The strategy acknowledges the importance of maintaining existing Council assets. There is a risk that the replacement programme is not sufficient and that the standard of the assets falls to such a point that a greater level of investment is required in order to maintain services. This additional investment may not be affordable or it will require other new projects to be removed from the programme.
- 9.5 The 21st Century Schools Programme is such an aspirational and substantial programme there is a risk that the Council will not be able to afford Bands C and D. Band B of the programme will need to be kept under constant review in order to ensure that costs are kept within the budgets set in the business cases.
- 9.6 External borrowing results in a significant interest cost each year. The majority of the Council's loans are fixed and are not affected by any interest rate rises. However, any sharp rise in interest rates may impact on the affordability of future projects which are funded from borrowing. Steps are outlined in the Treasury Management Strategy which mitigate this risk to some extent.

10. Knowledge and Skills

- 10.1 The Resources accounting team has four qualified accountants, including the Director of Function (Resources) / Section 151 Officer, who look after the capital programme and treasury management function. There is also a qualified accounting technician who has substantial experience in capital and treasury management. The team attend CIPFA courses on capital and treasury management and have a sound knowledge of this specialised accounting area. There is also a team of professionals within services such as architects, project managers, engineers, which support the Council with delivering the Capital Programme. The Council also commissions specialist advice from Link Asset Services. This service is currently being retendered in line with procurement rules. The decision-makers of the Council receive regular reports on capital and treasury management and Members are offered treasury management training. The governance arrangements are outlined in the Constitution and the Treasury Management Strategy Statement.

**Appendix 2
Proposed Capital Programme 2021/22**

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	General Reserves (if sufficient funding) £'000
2020/21 Committed schemes b/f								
Gateway Units (ERDF)	2,032	2,032						
Tourism Gateway	1,290	1,290						
Holyhead Landscape Partnership	210	210						
Holyhead Regeneration (THI Phase II)	438	438						
IT Assets Schools	30	30						
TOTAL 2020/21 Committed schemes b/f	4,000	4,000	-	-	-	-	-	-
Refurbishment / Replacement of Assets								
Disabled Facilities Grants	500		500					
Disabled Access in Education Buildings	300			300				
Refurbishment of Schools	1,000			1,000				
Refurbishment of Non School Buildings	600			600				
Highways	1,250		1,250					
Vehicles	195		195					
I.T Assets	292		218	74				
TOTAL Refurbishment / Replacement of Assets	4,137	-	2,163	1,974	-	-	-	-

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						General Reserves (if sufficient funding) £'000
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	
New One Off Capital Projects (Priority)								
Flood Relief Schemes	180			89			91	
Econ Dev - Match Funding pot	95			95				
Chromebooks for schools	305						305	
Resurfacing play areas (large area)	200						200	
TOTAL New One Off Capital Projects (Priority)	780	-	-	184	-	-	596	-
New One Off Capital Projects (Subject to funding)								
Traeth Coch Flood Scheme	225							225
Resurfacing play areas (small area)	100							100
TOTAL New One Off Capital Projects (Subject to funding)	325	-	-	-	-	-	-	325
21st Century Schools								
Band A	5,077	2,539		2,538				
Band B	1,523	666		359	498			
TOTAL 21st Century Schools	6,600	3,205	-	2,897	498	-	-	-
TOTAL GENERAL FUND	15,842	7,205	2,163	5,055	498	-	596	325

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	General Reserves (if sufficient funding) £'000
Housing Revenue Account								
WHQS Traditional Planned Maintenance Programme	9,555	2,674				6,881		
New Developments and re-purchase of RTB properties	10,758				2,000	8,758		
TOTAL - Housing Revenue Account	20,313	2,674	-	-	2,000	15,639	-	-
TOTAL CAPITAL PROGRAMME 2021/22	36,155	9,879	2,163	5,055	2,498	15,639	596	325

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	EXECUTIVE COMMITTEE	
Date:	1 MARCH 2021	
Subject:	FINAL PROPOSED CAPITAL BUDGET 2021/22	
Portfolio Holder(s):	COUNCILLOR R WILLIAMS	
Head of Service / Director:	R MARC JONES	
Report Author:	JEMMA ROBINSON	
Tel:	01248 752675	
E-mail:	JemmaRobinson@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 2021/22, which will be presented to full Council for approval at its meeting on 9 March 2021.		
2. RECOMMENDATIONS		
2.1 To recommend to the full Council the following capital programme for 2021/22:-		
	Ref	£'000
2020/21 Schemes Brought Forward	Para 3.1	4,000
Refurbishment / Replacement of Assets	Para 3.1	4,137
New One Off Capital Projects (Priority Projects)	Para 3.3	0.780
New One Off Capital Projects (Subject to Funding being Available)	Para 3.3	0.325
21 st Century Schools	See report 18/01/21	6,600
Housing Revenue Account	“	20,313
Total Recommended Capital Programme 2021/22		36,155
Funded By:		
General Capital Grant		2,163
Supported Borrowing General		2,158
General Balances		291
General Balances (if sufficient funding available)		325
21 st Century Schools Supported Borrowing		2,897
21 st Century Schools Unsupported Borrowing		498
HRA Reserve & In Year Surplus		15,639
HRA Unsupported Borrowing		2,000
External Grants		6,184
2020/21 Schemes Brought Forward (External Grants)		4,000
2021/22 Total Capital Funding		36,155

B – What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes are to be considered in the capital programme, with the main driving factor in funding being affordability and the maximisation of external grant funding.		
C – Why is this a 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 / Senior Leadership Team (SLT)(mandatory)	Incorporated into the report
2	Finance / Section 151(mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	N/A
5	Property	Budget requirements have been reflected in the proposed budget
6	Information Communication Technology (ICT)	Budget requirements have been reflected in the proposed budget
7	Procurement	N/A
8	Scrutiny	
9	Local Members	N/A
10	Other	
E – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	The capital budget ensures funding to maintain the Council's assets and forms part of the strategy to meet the objectives set out in the Council's corporate plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Continued maintenance of the Council's assets will prevent higher costs in the future.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Capital projects in respect of 21 st Century Schools and the HRA are aligned to priorities set out by the Welsh Government.

4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The capital budget will be subject to a formal budget consultation prior to final approval by the Council in March 2021.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Elements of the capital programme contribute to the Equalities agenda e.g. Disabled Facilities Grants, Disabled Access in Schools, purchase of Chromebooks for school pupils.
F - Appendices:		
<p>Appendix 1 – Report on the Capital Budget 2021/22</p> <p>Appendix 2 – Proposed Capital Budget 2021/22</p>		
FF - Background papers (please contact the author of the Report for any further information):		
<p>Capital Strategy Report – full Council 10 March 2020</p> <p>Capital Budget 2020/21 – full Council 10 March 2020</p> <p>Draft Capital Budget – Executive Committee – 18 January 2021</p>		

1. INTRODUCTION

- 1.1. At its meeting on 18 January 2021, the Executive recommended to approve the following provisional Capital Programme for 2021/22, as shown in Table 1 below. The draft Capital Budget for 2021/22, set out below in Table 1, takes into account the principles set out in the Capital Strategy, which was approved by the Executive in March 2020 and the full Council in March 2020. It also meets the principles of the Draft Capital Strategy 2021/22, which will be considered alongside this Capital Programme and will be presented to full Council on 9 March 2021.

Table 1

**Summary Recommended Capital Programme 2021/22
Recommended at the Executive 18 January 2021**

	Ref (within draft Capital Budget Report 2021/22, Executive 18 January 2021)	£'000
2020/21 Schemes Brought Forward	Para 4.1 & Table 2	3,970
Refurbishment / Replacement of Assets	Para 4.2.2 & Table 3	4,167
New One Off Capital Projects (Priority Projects)	Para 5.2 – 5.6 & Table 4	780
New One Off Capital Projects (Subject to Funding being Available)	Para 5.6	325
21 st Century Schools	Para 6	6,600
Housing Revenue Account	Para 7	20,313
Total Recommended Capital Programme 2021/22		36,155
Funded By:		
General Capital Grant		2,163
Supported Borrowing General		2,158
General Balances		596
General Balances (if sufficient funding available)		325
21 st Century Schools Supported Borrowing		2,897
21 st Century Schools Unsupported Borrowing		498
HRA Reserve & In Year Surplus		15,639
HRA Unsupported Borrowing		2,000
External Grants		5,909
2020/21 Funding Brought Forward		3,970
2021/22 Total Capital Funding		36,155

2. OUTCOME OF PUBLIC CONSULTATION PROCESS

- 2.1. A number of comments relating to the Draft Capital Programme 2021/22 were received during the budget consultation 2021/22, which closed on 2 February 2021.

- 2.1.1 Respondents were generally very supportive of the idea to bring in Chromebooks for schools. This can be seen in the number of people that supported an improvement in education. However, the £300,000 play area in Holyhead was seen as an absurd amount of money to spend.
- 2.1.2 People were very supportive of additional methods being done for flood relief schemes. Many people cited the recent floods as their reasoning behind wanting additional funding for flood defence schemes.
- 2.1.3 Many people were keen to see an improvement in the number of cycle routes and walking routes for the island - in particular roads around the Llangefni area. People also cited how they would like to see an increase, or refurbishment, of several playgrounds – pointing that there isn't enough spots for children to play in many areas.
- 2.1.4 People were keen to see either more Council houses being bought, or an improvement in the state of several Council houses that already exist.
- 2.1.5 There was a huge response to the number of people who wanted to see an improvement to their roads. Furthermore, this wasn't just based to a few areas, it was universal for the whole Island. People often pointed out that the number of pot holes in poor road surfaces had caused damage to their cars.
- 2.1.6 A few people mentioned that they would like to see funding being made in order to ensure that Anglesey is more eco-friendly. Responses varied from wanting to see more electric car charging stations, to wanting to see more trees etc. being planted.

3. UPDATING THE CAPITAL PROGRAMME SINCE DRAFT CAPITAL BUDGET WAS PRESENTED IN JANUARY 2021

- 3.1 Included in the Refurbishment/Replacement of Assets figure of £4,167k, is a figure of £30k that should be included in 2020/21 Schemes Brought Forward figure. This has now been reflected in the updated Table 2 below and has no impact on the funding.
- 3.2 In order to maximise grant funding and to use the cheapest method of funding for the capital programme, flexibility in funding is needed. Therefore, the sources of funding per scheme identified in the Capital Budget 2021/22 (as shown in Appendix 2) may change during 2021/22. This is common practice and allows the Council to ensure that the use of grants are maximized and external borrowing is minimized.
- 3.3 Included in the draft budget was a figure of £300k for the resurfacing of two play areas at Holyhead secondary school. It was suggested that if sufficient reserves were not available, then this scheme can be scaled back with only one area completed in 2021/22, with an estimated cost included in the draft budget of £200k for the large area and £100k for the smaller area. It must be noted that the cost of £300k for the two areas was for completing both areas simultaneously. A revised estimate has now been received for completing the two areas separately if required, which confirms the estimated split cost of £200k and £100k.
- 3.4 The draft budget included a figure of £305k for Chromebooks for schools, which was funded by general reserves. Following an announcement that Welsh Government are allocating an amount to Local authorities across Wales to fund Digital Transformation, the Executive have now proposed that the Chromebooks are funded by this external grant. This change has been reflected in Table 2 below.

3.5 These changes have been incorporated into the revised Proposed Capital Programme for 2021/22, which is summarised in Table 2 below.

4. 2020/21 SLIPPAGE

4.1 There is a forecast underspend of £22.186m on the current Capital Programme for 2020/21 schemes (£8.022m HRA and £14.164m General Fund). This figure is based on the projected outturn position at the end of quarter 3. The actual outturn position at the end of quarter 4 will be presented to this Committee in a separate capital outturn report and any slippage amounts requested to be carried forward to 2021/22 will be subject to this Committee's approval at that stage. Committed schemes that are due to run for a number of years from the current year and beyond have been factored in to this programme due to new budgets being required.

Table 2
Final Proposed Capital Programme 2021/22

	Ref	£'000
2020/21 Schemes Brought Forward	Para 3.1	4,000
Refurbishment / Replacement of Assets	Para 3.1	4,137
New One Off Capital Projects (Priority Projects)	Para 3.3 & Para 3.4	780
New One Off Capital Projects (Subject to Funding being Available)	Para 3.3	325
21 st Century Schools	See report 18/01/21	6,600
Housing Revenue Account	"	20,313
Total Recommended Capital Programme 2021/22		36,155
Funded By:		
General Capital Grant		2,163
Supported Borrowing General		2,158
General Balances		291
General Balances (if sufficient funding available)		325
21 st Century Schools Supported Borrowing		2,897
21 st Century Schools Unsupported Borrowing		498
HRA Reserve & In Year Surplus		15,639
HRA Unsupported Borrowing		2,000
External Grants		6,184
2020/21 Schemes Brought Forward (External Grants)		4,000
2021/22 Total Capital Funding		36,155

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	General Reserves (if sufficient funding) £'000
2020/21 Committed schemes b/f								
Gateway Units (ERDF)	2,032	2,032						
Tourism Gateway	1,290	1,290						
Holyhead Landscape Partnership	210	210						
Holyhead Regeneration (THI Phase II)	438	438						
IT Assets Schools	30	30						
TOTAL 2020/21 Committed schemes b/f	4,000	4,000	-	-	-	-	-	-
Refurbishment / Replacement of Assets								
Disabled Facilities Grants	500		500					
Disabled Access in Education Buildings	300			300				
Refurbishment of Schools	1,000			1,000				
Refurbishment of Non School Buildings	600			600				
Highways	1,250		1,250					
Vehicles	195		195					
I.T Assets	292		218	74				
TOTAL Refurbishment / Replacement of Assets	4,137	-	2,163	1,974	-	-	-	-

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	General Reserves (if sufficient funding) £'000
New One Off Capital Projects (Priority)								
Flood Relief Schemes	180			89			91	
Econ Dev - Match Funding pot	95			95				
Chromebooks for schools	305	305						
Resurfacing play areas (large area)	200						200	
TOTAL New One Off Capital Projects (Priority)	780	305	-	184	-	-	291	-
New One Off Capital Projects (Subject to funding)								
Traeth Coch Flood Scheme	225							225
Resurfacing play areas (small area)	100							100
TOTAL New One Off Capital Projects (Subject to funding)	325	-	-	-	-	-	-	325
21st Century Schools								
Band A	5,077	2,539		2,538				
Band B	1,523	666		359	498			
TOTAL 21st Century Schools	6,600	3,205	-	2,897	498	-	-	-
TOTAL GENERAL FUND	15,842	7,510	2,163	5,055	498	-	291	325

SCHEME	BUDGET 2021/22 £'000	FUNDED BY						
		External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	General Reserves £'000	General Reserves (if sufficient funding) £'000
Housing Revenue Account								
WHQS Traditional Planned Maintenance Programme	9,555	2,674				6,881		
New Developments and re- purchase of RTB properties	10,758				2,000	8,758		
TOTAL HOUSING REVENUE ACCOUNT	20,313	2,674	-	-	2,000	15,639	-	-
TOTAL CAPITAL PROGRAMME 2021/22	36,155	10,184	2,163	5,055	2,498	15,639	291	325

