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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mrs Annwen Morgan
Prif Weithredwr – Chief Executive

CYNGOR SIR YNYS MÔN
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (BUDGET)	THE EXECUTIVE (CYLLIDEB)
DYDD LLUN 18 IONAWR 2021 10.00 o'r gloch	MONDAY 18 JANUARY 2021 10.00 am
CYFARFOD RHITHIOL	VIRTUAL MEETING
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

COPI ER GWYBODAETH / COPY FOR INFORMATION

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 INITIAL CAPITAL BUDGET 2021/22 (Pages 1 - 12)

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

4 DRAFT REVENUE BUDGET 2021/22 (Pages 13 - 28)

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

5 EXCLUSION OF THE PRESS AND PUBLIC (Pages 29 - 30)

To consider adopting the following –

“Under Section 100 (A) (4) of the Local Government Act 1972, to exclude the press and public from the meeting during the discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test.”

6 FULL BUSINESS CASE - CORN HIR (Pages 31 - 82)

To submit a report by the Director of Education, Skills and Young People.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	EXECUTIVE COMMITTEE
Date:	18 JANUARY 2021
Subject:	INITIAL CAPITAL BUDGET 2021/22
Portfolio Holder(s):	COUNCILLOR R WILLIAMS
Head of Service / Director:	R MARC JONES
Report Author: Tel: E-mail:	JEMMA ROBINSON 01248 752675 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 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

- To note the potential future funding requirements for 2022/23 onwards (Appendix 1, Table 3 and paragraph 5.3).

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 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 Capital Budget 2020/21 – full Council 10 March 2020</p>		

DRAFT CAPITAL BUDGET 2021/22**1. INTRODUCTION**

- 1.1. The draft Capital Budget for 2021/22, set out below, 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.

2. PRINCIPLES OF THE CAPITAL STRATEGY

- 2.1. The Capital Strategy for 2020/21 was approved by the Executive and full Council and will be updated for 2021/22 to reflect the new funding levels, any changes in the Council's priorities and any changes set out in the Council's Treasury Management Strategy for 2021/22, which will be approved by the Executive and full Council in March 2021.

- 2.2. The current Capital Strategy sets out the following principles for the Council in determining its capital programme:-

- Each year capital funding will be allocated to ensure an investment in existing assets to protect them into the future;
- The Council will maximise external capital funding wherever possible and affordable;
- Capital funding will also be prioritised on assets required to help the Council deliver its statutory responsibilities;
- The Council remains committed to the 21st Century Schools Programme and will continue to fully utilise 21st Century Schools external funding.
-

- 2.3. The strategy then went on to provide a little more information on how these principles would be delivered and included the following key points:-

- That the 21st Century Schools programme is considered separately from the remainder of the general capital programme;
- That the replacement of existing and obsolete assets has the benefit of reducing revenue costs and that the capital programme will allocate funding to replace or improve existing I.T. equipment, vehicles and Council buildings;
- It is a statutory requirement to offer disabled facilities grants and that the capital programme will allocate funding annually to comply with this requirement;
- A sum will be allocated annually to fund road improvement works. The sum will depend on the amount required to achieve any minimum contract values, the level of external and internal funding available and an assessment of the state of repair of the Authority's roads;
- Projects that require match funding will be assessed on a case by case basis, with any decision to allocate funding being based on how the project fits into the Council's corporate priorities, any ongoing revenue implications and the ratio of Council funding to external funding;
- Projects funded from unsupported borrowing will only be undertaken if the reduction in revenue costs or increased income generated is sufficient to meet any additional capital financing costs.

2.4. The Capital Strategy also sets out how any new bid should be scored, as follows:-

- How closely the project will contribute to the priorities of the Corporate plan – score out of 20;
- Whether the project attracts significant external funding – score out of 10;
- Whether the project will lead to revenue savings – score out of 10;
- Whether the project will help mitigate a corporate risk – score out of 10.

3. FUNDING THE CAPITAL PROGRAMME 2021/22

3.1. The funds available to finance the capital programme for 2021/22 are shown in Table 1 below. It should be noted that the figure for the General Capital Grant and Supported Borrowing are based on the provisional Local Government settlement figures. The final figure will not be known until the final settlement figures are announced on 2 March 2021. The level of funding under both headings have remained fairly constant over a number of years and are not anticipated to change significantly between the provisional and final settlement.

**Table 1
Anticipated Capital Funding Available for 2021/22**

Source of Funding	£'m	£'m
General Fund Capital Programme		
Schemes/Funding brought forward from 2020/21	3.970	
General Capital Grant	2.163	
Supported Borrowing	2.158	
Capital Receipts	-	
Capital Reserve	-	
Leisure VAT Reserve	0.750	
External Grants and Contributions	0.030	
Funding for the General Capital Programme (Council Fund)		9.071
21st Century Schools		
Supported Borrowing	2.897	
Unsupported Borrowing	0.498	
Welsh Government Grant	3.205	
Funding for 21st Century Schools		6.600
Housing Revenue Account (HRA)		
HRA Reserve	6.079	
HRA - In-year Surplus	9.560	
Welsh Government Major Repairs Allowance	2.674	
Unsupported Borrowing	2.000	
Funding for HRA		20.313
Total Capital Funding 2021/22		35.984

3.2. The potential for any significant capital receipts is limited as the majority of any remaining assets which remain unsold have been already earmarked to fund existing or future capital projects (21st Century Schools, leisure improvements and smallholdings).

- 3.3.** In previous years, funding has been available from an earmarked reserve which was specifically set up to fund capital projects. Over the past few years, this reserve has been used as a source of funding, but the balance has fallen considerably and the remaining balance will be held to fund any emergency capital works which may arise during the year or to provide match funding if the offer of significant grant funding was received during the year which required a small amount of match funding.
- 3.4.** The HRA funding is earmarked for HRA projects only and cannot be used for any other projects. The plan allows for the use of £6.079m in 2021/22, leaving £1.5m as the ongoing reserve balance. This is in accordance with the HRA Business Plan which has been previously approved by the Council.

4. DRAFT CAPITAL PROGRAMME (Committed Schemes)

4.1. 2020/21 Schemes Carried Forward

The following schemes will not be completed in 2020/21 and will carry forward to 2021/22:-

**Table 2
2020/21 Schemes Brought Forward**

2020/21 Schemes Brought Forward	2021/22 £'000	2022/23 £'000	2023/24 £'000
Gateway Units	2,032	-	-
Tourism Gateway	1,290	170	-
Holyhead Landscape Partnership	210	190	-
Holyhead Regeneration (THI Phase II)	438	350	200
Total Schemes Brought Forward	3,970	710	200

4.1.1 Gateway Units – This is a European Regional Development Fund (ERDF) grant funded scheme to build new industrial units on the gateway site, with the project completing in December 2021.

4.1.2 Tourism Gateway – This is a grant funded scheme and no additional Council funding will be required in 2021/22.

4.1.3 Holyhead Landscape Partnership – This is a scheme fully funded by external grants and no Council funding will be required to complete the scheme.

4.1.4 Holyhead Regeneration (THI Phase II) - £75k match funding was secured in 2020/21 for this scheme, with the remaining being funded by grant. The scheme will now run to 2023/24 with no additional Council funding required to complete the scheme.

4.2. Refurbishing/Replacing Existing Assets

4.2.1 Each year, sums are allocated in the capital programme in order to maintain, upgrade or replace existing assets. The sums allocated have been reviewed by the Finance Team in consultation with the relevant service and the following sums are recommended for 2021/22:-

- **Disabled Facilities Grant (DFGs)** – In previous years, £750k has been allocated and this was supplemented in 2018/19 and 2019/20 by the use of Intermediate Care Fund grants. The Director of Social Services has indicated that the use of the Intermediate Care Fund grant to top up the core budget is possible in 2021/22 and, as such, a core budget of £500k will be sufficient in 2021/22, although it will be necessary to increase the core budget back to £750k in 2022/23.
- **Disabled Access in Education Buildings** - £300k has been allocated to meet the cost of these adaptations in previous years. Property Services have identified £978k required in 5 secondary schools and has programmed this work to take place over 3 years. As a result the allocation of £300k is recommended again for 2021/22 as this is the second year of the 3 year programme.
- **Refurbishment of Schools** – The backlog maintenance in schools is significant and cannot be funded in the short to medium term. Whilst some of this may be mitigated by the 21 Century school programme, some urgent works on buildings unaffected by this programme are still needed. The Property Services Team have identified the most urgent work to utilise the usual allocation of £1m. However, the sum that can be expended on schools ideally needs to be carried out over holiday periods to avoid health and safety risks and disruption. This means that some longer term projects need to be started now so they can be completed before serious risks arise. Secondary schools in particular are in a very poor condition and need substantial investment. However, some building issues are becoming critical and cannot wait for the 21 Century programme. Ideally, the Authority should be allocating approximately £2.5m annually.
- **Refurbishment of Non School Buildings** – Again, a backlog of work has been identified in the Council's offices, residential homes, day care facilities, libraries and leisure centres and there is insufficient funding to undertake this work in any one year. £600k has been allocated in previous year and this level of funding will be sufficient to meet the cost of the majority of the priority work required to be undertaken.
- **Highways Resurfacing** – Highways have assessed that the £1.250m allocation funded from the Council's core capital funding is sufficient for 2021/22, which is conditional upon the announcement in the provisional settlement that the Public Highways Refurbishment Grant will again be funded by Welsh Government at the same level as 2020/21. However, going forward, the Annual Status and Option Report confirms that an annual budget of £2m is required in order to sustain the Steady State (Preventative) condition of our roads. A budget below this required amount would inevitably result in less efficiency and reduced value for money with additional costs to the Highway Authority, with more money being spent on emergency works and also the risk of increased third party claims being made against the Authority. The Welsh Government Highways Refurbishment programme, which saw Welsh Government allocate £20m to assist Councils with highways refurbishment, ran from 2018-2021 and, as yet, no further funding to this effect has been announced.

- **Vehicles** – A sum of £150k has been allocated in previous years to allow for the replacement of obsolete vehicles and to purchase more fuel efficient vehicles e.g. electric cars. However, in addition to the routine replacement of vehicles, Môn Community Transport minibuses are reaching the end of their useful life and need to be replaced as the repair costs are increasing and there is an increasing risk that vehicles may not be available when they are needed. A programme of replacement has commenced and an additional £45k is required in 2021/22. In addition, a further £100k will be required in 2022/23 to recommence the upgrade of the fleet of gritters.
- **I.T. Assets** – Continued investment is required to maintain the Council's core infrastructure and the replace devices used by staff to access systems. £171k has been identified as a sum required to maintain the core infrastructure, with £121k required for desktop devices. In previous years, licensing costs were funded from capital funding but as the pressure on the revenue budget has eased slightly, these costs have been transferred to the revenue budget, which releases some capital funding.
- **I.T. Assets (Schools)** - In July 2019, Welsh Government announced significant grant funding of £50m for 2019/20 to transform Education Technology within Welsh State Schools well into the future. The funding will help equip schools with the infrastructure needed to meet Welsh Government digital standards. Welsh Government is expected to invest £30m in 2020/21 and £20m in 2021/22 and finally £10m in 2022/23. The majority of the funding for 2021/22 (90% approximately £0.270m for Anglesey) will be held by Welsh Government and local authorities will purchase equipment from a central source organised by Welsh Government. 10% (an estimated £30k for Anglesey) of the funding is provided to local authorities to support implementation of the programme. This funding is dependent on the Council's commitment to replacing the equipment at some point in the future when it reaches the end of its life. Further discussion will be required as part of future budgets as how best to create sufficient funding to fund the required investment when the equipment reaches the end of its useful life.

4.2.2 The recommended core funding allocations above are summarised in table 3 below:-

Table 3

Recommended Allocation of Funding for Refurbishment / Replacement of Existing Assets 2021/22 – 2023/24

Refurbishing / Replacing Existing Assets	2021/22 £'000	2022/23 £'000	2023/24 £'000
Disabled Facilities Grants	500	750	750
Disabled Access in Education Buildings	300	300	300
Refurbishment of Schools	1,000	2,500	2,500
Refurbishment of Non School Buildings	600	600	600
Highways	1,250	2,000	2,000
Vehicles	195	295	250
I.T Assets	292	292	292
I.T Assets Schools	30	15	-
Total	4,167	6,752	6,692

4.2.3 The General Capital Funding received from Welsh Government for 2021/22 totals £4.321m. There has been little increase in the general capital allocation received from Welsh Government for a number of years as additional capital funding has been directed to specific projects e.g. 21st Century Schools. If this level of funding continues in 2022/23 and beyond, the Council's capital programme will either be limited to the refurbishment and replacement of existing assets or the allocations shown above will have to be reduced in order to free up funding to meet other commitments.

5. OTHER BIDS FOR ADDITIONAL FUNDING

- 5.1.** Services were requested to put forward bids for capital funding. These bids were assessed by the Finance Team, using the scoring mechanism set out in the Capital Strategy and then prioritised by the Senior Leadership Team. Excluding the 21st Century Schools programme and the Housing Revenue Account, the general core funding available for 2021/22 totalled £4.321m, of which £4.167m is required for the above, leaving £0.184m to fund any new one off projects.
- 5.2.** Having scored the projects, and following the review by the Senior Leadership Team, the following projects are recommended to be included in the 2021/22 capital programme (see Table 4 below):-

Table 4

Recommended One off Capital Projects to be Funded in 2021/22

Project Title	Description	Sum Recommended £'000
Economic Development and environmental wellbeing projects	Match funding to be used as and when grant funding becomes available.	95
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
Resurfacing play areas	Resurfacing two play areas at Holyhead High School.	300
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.	405
TOTAL NEW BIDS FOR CAPITAL FUNDING IN 2021/22		1,105

- 5.3.** The bids set out in Table 4 exceed the available funds by £0.921m and as the projects do not generate any additional income or do not reduce revenue expenditure, then unsupported borrowing is not considered to be an option. This only leaves the use of the Council's general balances as the only remaining funding option.
- 5.4.** The Council's current balance of general reserves stands at £7.06m (as at 1 April 2020) and, with the 2020/21 revenue budget currently being forecast to underspend by £1m, there is the potential for the general reserve to increase to approximately £8m by the end of the 2020/21 financial year. The Council has set a target of 5% of the net revenue budget as the target for the minimum level of general balances and, based on the proposed revenue budget for 2021/22, this would equate to a minimum balance of around £7.0m.
- 5.5.** Should the general balances rise to £8m, there is the potential to use £1m of general balances to fund the additional capital expenditure in 2021/22. However, should the revenue budget position worsen over the second half of the financial year, the level of funding available may be less than £1m.
- 5.6.** Of the 4 schemes detailed in Table 4, the match funding for Economic Development projects and the purchase of chrome books for pupils are considered as priority schemes which need to be funded in full in 2021/22. If sufficient reserves are not available i.e. the level of reserves are lower than forecast, then the final two schemes can be scaled back as follows:-
- The resurfacing of the two play areas at Holyhead Secondary school can be scaled back with only one area completed in 2021/22. This will reduce the scheme cost by an estimated £100k.
 - The match funding for the flood relief schemes includes £225k as match funding to undertake a £1.5m flood relief scheme at Red Wharf Bay. Although not making the match funding available for this scheme would result in the loss of £1.275m in Welsh Government grant, the scheme is considered to be a lower priority scheme than the other major schemes at Valley and Menai Bridge which are included in the capital programme.
- 5.7.** The bidding process also identified a number of projects which do not require funding in 2021/22 but may need to be funded in 2022/23 or beyond. These include the following:-
- School ICT – In July 2019, Welsh Government announced significant grant funding of £50m for 2019/20 to transform Education Technology within Welsh State Schools well into the future. The funding will help equip schools with the hwb infrastructure needed to meet Welsh Government digital standards. Welsh Government is expected to invest £30m in 2020/21 and £20m in 2021/22 and finally, £10m in 2022/23. The majority of the funding for 2021/22 (90% approximately £0.270m for Anglesey) will be held by Welsh Government and local authorities will purchase equipment from a central source organised by Welsh Government. 10% (an estimated £30k for Anglesey) of the funding is provided to local authorities to support implementation of the programme. This funding is dependent on the Council's commitment to replacing the equipment at some point in the future when it reaches the end of its life. The easiest way to do this is to set aside capital funding each year to build up a reserve of funds that are available when required. A sum of £500k per annum over 4 years from 2021/22 would secure a £2m fund in four years' time.

- Flood mitigation on the B5109 at Fryars Bay. As no properties are at risk from the flooding in this area, the scheme does not attract grant funding from the Welsh Government under its current scheme. Should grant funding become available, the Council may need to consider releasing match funding in order to complete the mitigation works.
- The provision of learning disability day services is currently under review. The outcome of that review may recommend a capital investment in one or more centre in order to modernise the service. It is not clear at this point how much capital funding would be required, but it is likely to be a significant sum.
- The Council is currently producing a leisure improvement plan, designed to identify what will be required to maintain and improve the leisure facilities at the Council's 3 main leisure centres. Around £750k is held in a leisure specific reserve and the funding available could be increased through the sale of the golf course, if the Council reaches that conclusion. However, the funding requirement is considerably higher and will require additional external funding to implement.
- The current Anglesey Connected equipment is nearing the end of its useful life and, in order to maintain the connections to the establishments currently served by Anglesey Connected, the equipment will need to be replaced or the connections need to be transferred to PSBA. It is estimated that, over a 3 year period, £180k will be required to complete the transition. However, moving away from Anglesey Connected would allow the masts to be sold, which would generate a capital receipt.
- The Council has invested sums over recent years in modernising its business processes by investing in back office systems and implementing the Customer Relationship Management (CRM) system. The next step is to begin to develop automated response systems to deal with customer queries (ChatBots). Although the Council are not in a position to implement the technology at the present time, the need to invest in such technology was identified as a future capital bid.

6. 21ST CENTURY SCHOOLS

- 6.1.** Due to the significant amount of Welsh Government funding the schemes will attract and the need to modernise the existing school estate, the Council is committed to funding these schemes through the use of unsupported borrowing and the capital receipts from the sale of old school sites. The 2021/22 Capital Programme allows for the completion of the final Band A project and the commencement of Band B projects. It is for the Executive to decide what those projects will be and when they will be commenced.
- 6.2.** The estimated cost of the programme in 2021/22 is £6.600m (net of any capital receipts) which will be funded from £3.205m Welsh Government grant, £2.897m supported borrowing and £0.498m unsupported borrowing.

7. HOUSING REVENUE ACCOUNT

- 7.1.** The Housing Revenue Account is a ring fenced account in terms of both revenue and capital expenditure. The proposed programme for 2021/22 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £9.555m being invested. A further £10.758m will be spent on developing new properties and in re-purchasing former right to buy properties.

7.2. The programme will be funded from: the HRA Reserve (£6.079m), the revenue surplus generated in 2021/22 (£9.560m), Welsh Government grants (£2.674m) and new unsupported borrowing (£2.000m).

8. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2021/22

8.1. The recommended capital programme for 2021/22 is summarised in Table 5 below and analysed in further detail in Appendix 2:-

Table 5
Summary Recommended Capital Programme 2021/22

	Ref	£'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
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External Grants		5,909
2020/21 Funding Brought Forward		3,970
2021/22 Total Capital Funding		36,155

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	18 JANUARY 2021
SUBJECT:	DRAFT REVENUE BUDGET 2021/22
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W 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	
<p>The final budget will not be approved by the full Council until 9 March 2021, however, at this point, the Executive is recommended to approve the following:-</p> <ul style="list-style-type: none"> (i) The Budget adjustments included in the Standstill Budget, as set out in Paragraphs 4 to 7; (ii) The standstill budget for 2021/22 of £147.076m and this should form the basis of the 2021/22 revenue budget (para 7.1); (iii) A proposed increase in Council Tax for 2021/22 at 3.75%, which will be subject to public consultation (para 10.2); (iv) Additional proposed budget amendments, as set out in Table 5; (v) An initial proposed budget for 2021/22 of £147.531m; (vi) That the Executive should seek the opinion of the public on the proposed budget proposal and council tax rise for 2021/22. <p>The detailed report on the preparation of the 2021/22 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 – 3.</p>	
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)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	TBC
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2021/22 • Appendix 2 – Analysis of the Movement from the 2020/21 Final Revenue Budget to the 2021/22 Standstill Budget • Appendix 3 - 2021/22 Standstill Budget by Service 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2021/22 – 2023/24 – See Executive Meeting Agenda 28 September 2020 – Item 8 		

DRAFT REVENUE BUDGET 2021/22**1. INTRODUCTION**

- 1.1. The following report sets out the Executive's provisional revenue budget for 2021/22. The budget is prepared on the basis of the assumptions set out in the Medium Term Financial Plan (MTFP) approved by the Executive in September 2020, the provisional local government settlement, which was issued by the Welsh Government on 22 December 2020, and the proposed revenue savings which have been identified by the individual services and have been discussed at the various workshops that have taken place during the summer and autumn.
- 1.2. The provisional budget approved by the Executive will then be subject to a formal public consultation process, which will run from 19 January 2021 to 2 February 2021.
- 1.3. Following receipt of the final settlement figures on 2 March 2021, the final budget proposal will be subject to a review by the Scrutiny Committee on 16 February 2021, will be recommended for approval by the Executive on 1 March 2021, with the final 2021/22 budget being approved by the Council at its meeting on 9 March 2021.

2. MAIN ASSUMPTIONS ARISING FROM THE MEDIUM TERM FINANCIAL PLAN

- 2.1. The Medium Term Financial Plan sets out a number of assumptions and these assumptions have been taken into account in calculating the standstill budget for 2021/22. The standstill budget is a budget which provides resources to operate services at 2020/21 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the costs in 2021/22.
- 2.2. These assumptions have been factored into the standstill budget along with more detailed changes (committed changes) which allow for known increases in costs e.g. contractual commitments and minor budget corrections. The draft budget also allows for additional funding, known changes to grant funding and minor budget corrections deemed necessary to ensure that the Council's budget accurately reflects the costs it faces in 2021/22.

3. COMMITTED CHANGES

- 3.1. Committed changes are amendments which are taken into account in drawing up the standstill budget and they reflect an increase or decrease in costs which are outside the control of the Council or the individual service. The changes can include items of one off funding required or falling out of the budget, costs arising from legislative changes, changes in costs arising as a result of a tendering exercise, capital financing costs etc. The total adjustments made to the budget total £2,642k, details of the major changes are discussed in the paragraphs below.

3.2. Refuse Collection and Street Cleansing Contract

Following a formal procurement process, the Council has entered into a new agreement with Biffa for the provision of refuse collection and street cleansing services. The new contract commences on 1 April 2021 and will run for an initial 8 year period. The agreed contract price for 2021/22 is £909k above the current budget. In addition, the Council has agreed to fund the purchase of £4.5m of new vehicles and plant which Biffa will use to undertake the contract. The Council will undertake unsupported borrowing to fund the purchase of the vehicles and plant and this will result in an annual minimum revenue provision (MRP) charge of £563k to the revenue budget along with additional annual interest costs of £68k.

In January 2020, the Executive agreed to introduce an annual charge for the collection of green garden waste and, in October 2020, the Executive agreed that the annual charge would be £35 per household. It is estimated that the charge, net of additional staffing costs, will generate £265k in additional income which partly offsets the additional costs of the new contract.

Therefore, the new contract will require an additional £1.275m of funding, which is equivalent to around a 3% increase in Council Tax.

3.3. Information Technology

The Council is becoming ever more reliant on information technology to provide its services and this shift to digital services has been of great benefit during the pandemic, with staff switching to working from home and more of the Council's customers dealing with the Council electronically. This increase in demand for the use of information technology requires an increased level of technical support to maintain the Council's infrastructure and software. Additional staffing resources are now required and £257k has been allocated in the 2021/22 budget to fund these additional resources.

In addition, the threat to the Council's systems and data is ever increasing with daily attempts being made to hack into the Council's systems. An additional £22k has been allocated to upgrade the Council's systems to protect from ransomware attacks.

Maintaining contact with all of the Council's staff has become more important during the pandemic and it has highlighted the need for all the Council's staff to be allocated a corporate e-mail account. This will require the Council to purchase an additional 600 licenses at an annual cost of £43k.

During the pandemic, a significant number of staff have moved to home working in response to the Welsh Government's request, however, working from home does create issues on a number of fronts, not least in respect of telephony. The Council's current telephone system is based on a handset on each desk which is inflexible and costly to maintain. By moving to calls being routed to staff using Teams it will allow staff to access calls from home or on their own personal devices and will result in savings in capital expenditure i.e. to replace the infrastructure and handsets and also reduce the need for staff to have a corporate mobile phone. The cost of the change is £85k per annum but savings will result in mobile phone costs, energy costs and maintenance costs. These savings will be applied to future revenue budgets when the level of actual savings are clearer.

Improvements are necessary to the Council's public wifi system and an additional £8k is required to maintain the upgraded system annually.

3.4. Pupil Numbers

Each year, the effect of the change in pupil numbers in the primary and secondary sectors is taken into account as part of the budget setting process. For 2020/21, this has resulted in an increase in the secondary sector of £333k but a decrease in the primary sector of £95k.

Up until 2018/19, the Council's Special School (Canolfan Addysg y Bont) funded 85 pupils. As part of the 2018/19 budget, an additional £78k was allocated in order to fund an additional 5 pupils. Since 2019/20, the budget has been changed to reflect the changes in pupil numbers. The budget has been increased by £147k to reflect the anticipated change in pupil numbers in 2021/22.

3.5. North Wales Growth Bid

At its meeting on 8 December 2020, the full Council resolved to commit to the Growth Bid for North Wales. In addition to an annual payment to meet the Council's contribution to the cost of running the Programme Office (£50k per annum), which is already included in the Council's revenue budget, the Council also agreed to contribute to funding the annual interest costs which will be incurred as a result of borrowing which will be required in the early years of the project. The estimated annual contribution for the Council will be £67k per annum and this sum has been added to the revenue budget for 2021/22.

3.6. Historic Pension Costs

The Council continues to make payments to both the LGPS and Teachers Pension Schemes in respect of former employees who retired early. The method of funding early retirements changed in the mid 2000s and annual contributions ceased, however, annual payments continue to be made in respect of employees who retired early before the change took place. Although the number of individual payments fall, as sadly the former employees pass away, the required sum is assessed by the pension scheme actuary every 3 years and this has resulted in the Council's contributions having to increase. The new sum is an additional £150k from 2021/22.

3.7. Council Tax Reduction Scheme

Up until 2013/14, taxpayers eligible to receive a reduction in their Council Tax bills received this through the benefits system in the form of Council Tax Benefit, which was funded by the Department of Work and Pensions. In 2013/14, Council Tax Benefit was replaced by the Council Tax Reduction Scheme, with the funding for the scheme being transferred into the Revenue Support Grant. Initially, the scheme was fully funded but, as the level of Council Tax has risen and the number of claimants changed since 2013/14, it has been necessary for the Council to provide additional funding to meet the cost of the scheme (in addition to the sum provided in the Revenue Support Grant).

The budget for 2020/21 stood at £6.016m, although normally this budget will be reviewed further to take account of any further changes in the caseload and the final increase in Council Tax for 2020/21. However, the global pandemic and resulting economic downturn may result in a disproportionate increase in the caseload. This has been recognised by Welsh Government, who will be providing additional grant funding to meet the increased costs incurred during 2021/22.

However, it will still be necessary to increase the budget to take account of the increase in the level of Council Tax in 2021/22, with each 1% increase in Council Tax increasing the cost of the Council Tax Reduction Scheme by £60k. For the purposes of the standstill budget an additional £301k has been included to meet the cost of a 5% increase in Council Tax (as per the MTFP). The final budget will be amended to reflect the final agreed increase in Council Tax.

3.8. North Wales Fire & Rescue Service Levy

The Fire Service raises a levy each year which is allocated across the six North Wales Authorities based on population numbers, which vary each year between the 6 authorities. At its meeting on 9 November 2020, the North Wales Fire and Rescue Authority resolved to increase the levy by 3.15%, which results in an increase in the budget of £97k, which takes the standstill budget to £3.690m.

3.9. Others

A number of other budgets have been adjusted to reflect changes that have taken place during the year which are outside the control of the service, these include income budgets where the Service can no longer charge the income. The total net value of these adjustments amount to a reduction of £54k.

4. CONTINGENCIES

- 4.1.** As part of the budgeting process, a number of contingency budgets are built into the budget to cover fixed term costs, potential risks that may require funding during the year or as a general contingency which is utilised during the year as additional budget pressures arise or as unexpected events occur. The changes made to the contingency budgets are shown in Table 1 below:-

Table 1					
Movement in Contingency Budgets between 2020/21 and 2021/22					
		End Date	2020/21 Budget	Proposed 2021/22 Budget	Change
			£'000	£'000	£'000
Stem Regional Project	Earmarked	2021/22	38	38	-
Regional Growth Bid	Earmarked	Ongoing	50	117	+ 67
Demand Risk	Earmarked	Transferred into Service Budgets	486	0	(486)
Salary and Grading	Earmarked	Ongoing	150	150	-
Lone Working	Earmarked	2020/21	20	0	(20)
NDR Discretionary Rate Relief		Ongoing		70	-
General Contingency		Ongoing	372	362	(10)
TOTAL			1,186	737	(449)

4.2. The Salary & Grading Contingency has been included in the Council's budget for a number of years to meet the cost of early retirements and redundancies, as the Council and schools reduced the workforce in response to the reduction in funding. The improved financial position in 2021/22 allows the Council to keep this budget at the 2020/21 level, as it is not expected that it will be necessary to make significant reductions in staffing numbers in 2021/22.

5. STAFFING COSTS

5.1. Pay costs will change annually to reflect the changes in staff over the year (new staff being appointed to a different point on the pay scale), staff receiving annual increments and the pay award. The effect of each on the budget is detailed below:-

5.2. Staff increments and changes in posts has increased costs by £541k.

5.3. The Chancellor of the Exchequer announced, in November 2020, a pay freeze for all public sector workers (excluding NHS) earning over £24,000 and that the pay award for those earning less than £24,000 would be at least £250. However, the pay award for local government workers (NJC staff) is not set by the UK Government but is set by the body which represents local government employers. In addition, the setting of the annual teachers pay award has been devolved to the Welsh Government. As a result, this announcement has resulted in some uncertainty in respect of the potential pay awards for the 2 main groups of local government workers.

- 5.4. The Teachers pay award for the academic year commencing September 2020 ranged from 2.5% to 3.75%. The Welsh Government recognised that this settlement was higher than Councils would have allowed for in their budgets and, as such, awarded an additional grant to Councils to cover the additional cost. Anglesey received £90k to cover the cost from September 2020 to March 2021 and this grant has now transferred into the 2021/22 settlement. Given that this appears to be the Welsh Government's approach to Teachers' pay, it is reasonable to assume that the Council should provide a sum based on estimated inflation for the pay award from September 2021 onwards. In the current economic climate, estimating inflation in 2021 is difficult given the impact of the pandemic and Brexit. However, the current Bank of England forecast is that inflation will be around 1% by the middle of 2021 and so this figure has been allowed for as inflation for teachers' pay. This increased the overall pay budget by £171k.
- 5.5. Estimating the pay award for non teaching staff is equally as difficult and whether the Employers will follow the UK Government's lead and implement a pay freeze for this group of staff. A £250 increase for staff earning less than £24,000 would equate to an increase of between 1.05% and 1.38% for this group of staff but, as the staff in these pay grades only account for a proportion of the pay bill, an increase for these staff and a pay freeze for the remainder would result in an overall increase of less than 1% in the pay bill. Taking this into account and assuming that staff will receive some form of pay increase and that inflation is likely to remain at around or just below 1% in 2021, 1% has been allowed for in the standstill budget for pay inflation. This increases the overall pay budget for NJC staff by £427k.

6. NON PAY INFLATION

- 6.1. The Medium Term Financial Plan allowed for a level of general price inflation of 1.5%. The Consumer Prices Index (CPI), which is now widely recognised as the best measure of inflation, is currently 0.3% (as at November 2020) and is forecast to remain on or around 1% in 2021. However, the impact of Brexit is unknown and may result in an increase in inflation should the UK leave the EU with no deal agreed and any economic recovery following the pandemic may also increase inflation in 2021. It is, therefore, considered that an inflation rate of 1.5% is reasonable and this rate has been applied to all general supplies and services budgets. Where specific contracts have specific methods to determine the inflation to be applied, then that specific rate will have been applied to the appropriate budget.
- 6.2. Over the last 3 years, a general 3% increase has been applied to non-statutory fees and charges budgets and this figure has again been applied in 2021/22, although services have the discretion to increase individual fees and charges by more or less than this figure, provided that their overall income rises by 3%.
- 6.3. The net increase of the adjustments for non pay inflation and non statutory income is £1.009m.

7. STANDSTILL BUDGET 2020/21

- 7.1. Based on all of the adjustments and assumptions detailed above, the standstill budget for 2020/21 totals £147.076m, an increase of £4.930m on the 2020/21 final budget. This compares to the Welsh Government's Standard Spending Assessment of £148.168m for Anglesey. A summary of the changes made is attached as Appendix 2.

8. PROVISIONAL SETTLEMENT

- 8.1. The provisional settlement for Local Government in Wales, announced on 22 December 2020, shows an increase of £177.0m in the overall level of funding for Wales, which is equivalent to a 4.0% increase in cash terms. However, £5.126m relates to grants transferred in and, when the effect of these changes are adjusted for, the true figure shows an increase in funding of £171.9m, which is a 3.8% increase. The details are shown in Table 2 below:-

Table 2 2021/22 Provisional Settlement		
	Anglesey	Wales
	£'m	£'m
2020/21 AEF	101.004	4,474.444
Adjustment for the Change in the Taxbase	0.275	0.000
Previous Years Grants Transferred In / (Out)		
Coastal Risk Management	0.000	1.145
Teachers' Pay	0.090	3.981
2020/21 Adjusted AEF	101.369	4,479.570
Provisional AEF 2021/22	104.825	4,651.494
Increase in comparison to 2020/21 AEF	3.821	177.050
% Increase in comparison to 2019/20 AEF	+ 3.78%	+ 3.96%
Increase in comparison to 2019/20 Adjusted AEF	3.456	171.924
% Increase in comparison to 2019/20 Adjusted AEF	+ 3.41%	+ 3.84%

- 8.2.** The population statistics used in the funding formula have been updated and Anglesey have seen a reduction in the AEF due to this change because the revised population figures for Anglesey were lower than the previous forecast. Some authorities have gained from this change, in particular Newport, Vale of Glamorgan and Bridgend, whilst others have lost due to falls in population, in particular Wrexham and Ceredigion. Other changes also feed into the distribution formula and this explains why the allocations to individual Councils vary from 2% to 5.6%.
- 8.3.** The provisional settlement also includes details of a number of grants, although the individual allocations per Authority are not listed. The grants include the Social Care Workforce and Sustainability Pressures Grant, which has increased from £40m to £50m. Anglesey will receive an additional £230k (approximate) from the increase in this grant.

9. THE FUNDING GAP

9.1. Based on a standstill budget of £147.076m and an AEF level of £104.825m, the net expenditure to be funded from Council Tax is shown in Table 3 below:-

Table 3		
Budget Funding Gap 2021/22		
Standstill Budget	£'m	£'m
Funded By:		147.076
Revenue Support Grant (RSG)	81.345	
Share of Non Domestic Rates Pool	23.480	
Total Aggregate External Finance		104.825
Total Net Expenditure to be Funded from Council Tax		42.251
2020/21 Council Tax Budget (adjusted for the change in the taxbase)		(41.161)
Funding Shortfall (before an increase in Council Tax)		1.090

9.2. The impact of various levels of Council Tax increase and on the Band D equivalent charge (currently £1,304.73 in 2020/21) is shown in Table 4 below:-

Table 4				
Impact of Various Council Tax Increases on the Funding Shortfall				
% Increase	Council Tax	Funding Shortfall / (Surplus)	Weekly Effect on Band D	Total Increase in Band D
	£'m	£'m	£	£
0.5	41.366	0.846	0.12	6.48
1.0	41.574	0.638	0.25	13.05
1.5	41.778	0.434	0.38	19.53
2.0	41.985	0.227	0.50	26.10
2.5	42.190	0.022	0.63	32.58
2.65	42.252	(0.001)	0.66	34.56
3.0	42.397	(0.185)	0.75	39.15
3.5	42.601	(0.389)	0.88	45.63
4.0	42.809	(0.597)	1.00	52.20
4.5	43.013	(0.801)	1.13	58.68
5.0	43.220	(1.008)	1.25	65.25

10. FUNDING OTHER BUDGET PRESSURES AND SERVICE DEMANDS

10.1. The standstill budget of £147.076m would allow the Council to maintain its existing services, however, the Council faces new budget pressures and new demands for services which have not been allowed for in the standstill budget. These pressures and demands have become more apparent as the Council has responded to the Covid pandemic.

- 10.2.** Funding these additional pressures and demands can be done in 3 ways, either independently or as a combination. The 3 additional sources of funding are:-
- To use the Council's General Balances as a source of funding;
 - To implement savings in other budget areas and reallocate the savings to meet the costs of the additional pressures and new demands;
 - To increase the Council Tax higher than the sum required to fund the standstill budget.
- 10.3.** General balances are required to meet any unexpected expenditure or emergency situations and the current pandemic has highlighted why they are necessary. The level of general balances has improved during 2019/20 and the balance at the beginning of the 2020/21 financial year stood at £7.06m. It is forecast that the Council's revenue budget will underspend by approximately £1m in 2020/21 and this would increase the Council's general balances to £8m. This is equivalent to 5.44% of the 2021/22 standstill budget. This is just above the minimum level of 5% which is the Council's objective on reserves. However, it should be noted that the outturn position for 2020/21 may change from the current forecast. Although there is some scope for the use of general balances, they only provide short term funding e.g. one year only and their use does not provide a permanent source of funding. The use of reserves are best utilized to fund one off spending e.g. funding one off capital projects.
- 10.4.** During the summer of 2020, Heads of Services were asked to identify any potential future budget savings that could be implemented in the short to medium term. The majority of the savings identified would result in the reduction of services to the residents of Anglesey and were not generally supported by Members, and the general opinion of the Members was that they should only be implemented if the budget position required the implementation of budget savings in order to balance the Council's revenue budget.
- 10.5.** Having considered the standstill budget and given the fact that an increase of 2.55% is mainly required to fund the increase in the cost of the new Waste Collection and Street Cleansing contract, an additional rise of 1.2% in Council Tax was considered as a means of funding the additional budget pressures and demands. An additional increase of 1.2% above the level required to fund the standstill budget would generate an additional £494k in funding.
- 10.6.** The priority areas identified as requiring additional funding are as follows:-
- **Professional Staff**
For a number of years, the Council ran a successful trainee programme which provided opportunities for those seeking to start a career in Local Government to obtain the necessary skills and experience to enable them to achieve their goal and for the Council to obtain a supply of suitably qualified and experienced labour. As the austerity measures were implemented and the Council needed to make budget savings, the trainee programme was cut. However, the Council are finding it increasingly difficult to appoint suitably qualified professional staff in a number of areas across the Council's services. A budget of £250k would allow the appointment of between 8 and 10 trainees which would provide opportunities for local people to start a career in local government and would go some way to address future skills shortages which the Council will face.
 - **Public Protection Capacity**
The current pandemic has highlighted the critical role of Public Protection in maintaining public health on Anglesey. The expectations on the Function will continue once the current pandemic comes to an end as a result of the additional operational challenges and responsibilities arising from Brexit. Again as a result of austerity, this Service has seen a high level of budget savings implemented which has significantly reduced its capacity. A budget increase of £50k would allow the Function to increase its capacity to meet the increased demands.

- **Education Inclusion**

The Education Service has commissioned a report to assess the current educational provision for the most vulnerable learners at KS4 and to identify how the service could be improved. The conclusion of the report was reached following; Internal evaluations of the service (including feedback from students and parents); discussions and an assessment undertaken jointly with Estyn, a review of good practice with other Referral Units, input from Headteachers and an externally commissioned review. The externally commissioned review was clear of the need to work closely with Headteachers and other stakeholders to develop a model that better meets the needs of pupils. The proposed scheme is based on the development of provision in all of the Island's Secondary Schools. The proposed model is based on the "Clean Slate" model which is based on the Nurture + model (Nurture UK) and all secondary schools have already received training on the National Nurturing Schools Programme (NNSP) through the Additional Learning Needs and Inclusion Service. This means that these models would be compatible with the Authority's vision and training to establish innovative schools. £80k of additional grant funding to support the new model but schools are also expected to invest and a further £130k is required to deliver the proposed schemes.

- **IT support for Schools**

The use of IT in schools as a method of teaching has increased over the recent years but this change has been significantly accelerated in response to the pandemic and the need for schools to teach remotely. As the use of IT in schools increases, the need to maintain the IT equipment increases. This work is currently undertaken by Cynnal and the current budget is £183k and it is estimated that an additional £100k will be required to fund the cost of the additional support, whether that is provided through Cynnal or by other means.

- **Management of Tourism**

The Council's role in respect of tourism has been to promote the Island as a tourism destination but the summer of 2020 highlighted the need for the Council to undertake a more proactive role in managing tourists when they visit the Island. An additional £50k would allow the Council to improve the management of the beaches and the foreshore and also allow for improvements in data collection and data analysis in order that resources could be better directed.

- **Climate Change**

In response to the Welsh Government's declaration of a climate emergency in Wales, the Council, at its meeting on 8 September 2020, resolved to commit to achieve a Carbon Neutral Public Sector by 2030. Achieving this commitment will require substantial capital investment over the next 10 years and the Council needs to develop its strategy in order to be in a position to take advantage of any external capital funding that becomes available. An initial budget of £50k will allow that work to begin, although it is accepted that this budget may need to increase over the coming years.

10.7. The Council has reviewed its parking charges of its seasonal car parks at seaside locations and has concluded that the current charges are low in comparison to other authorities and there is scope to increase these charges. The Council's investment in new methods of payment now allows the Council to increase charges without having to deal with the difficulties that collecting increased amounts of cash would bring. The proposal is to increase the charges as follows:-

Up to 1 Hour – Current Charge £1.00, Proposed New Charge £1.00

Up to 2 Hours – Current Charge £2.00, Proposed New Charge £3.00

Up to 4 Hours – Current Charge £3.50, Proposed New Charge £6.00

Up to 12 Hours – Current Charge £4.50, Proposed New Charge £10.00

Up to 12 Hours (car & trailer) – Current Charge £6.00, Proposed New Charge £20.00

The increases are estimated to generate additional income in excess of £100k.

- 10.8.** The Executive have informally resolved not to increase school meal prices in September 2021 when the new school meals catering contract commences. This will give the successful contractor more certainty around the level of meals that will be purchased at the commencement of the contract. The standstill budget included a 3% increase in the income budget and reversing that change will increase the net budget by £23k.
- 10.9.** The standstill budget allows for a rise in the Council Tax Reduction Scheme budget of £300k as this was based on the initial estimated increase in Council Tax of 5% (as per the Council's Medium Term Financial Plan). Reducing the increase in Council Tax to 3.75% will reduce the required increase in this budget by £75k.
- 10.10.** Based on the proposals set out in paragraphs 10.5 to 10.9 above, the final budget proposal is set out in Table 5 below:-

Table 5		
Final Budget Proposal 2021/22		
	£'m	£'m
Standstill Budget		147.076
Additional Funding for Budget Pressures		
Professional Trainee Programme	0.250	
Additional Capacity – Public Protection	0.050	
Education Inclusion	0.130	
IT Support for Schools	0.100	
Management of Tourism	0.050	
Climate Change	0.050	
		0.630
Additional Income from Increased Car Park Charges		(0.100)
Freezing of School Meal Prices		0.023
Adjustment to CTRS Budget		(0.075)
Balance to the General Contingency		(0.023)
TOTAL PROPOSED COUNCIL BUDGET 2021/22		147.531
Funded By		
Revenue Support Grant	81.345	
Redistribution of NDR	23.480	
Total Aggregate External Finance		104.825
Council Tax with increase of 3.75%		42.706
TOTAL FUNDING		147.531

11. REVISED MEDIUM TERM FINANCIAL PLAN

- 11.1** The Medium Term Financial Plan estimates that the Council's net revenue budget will need to increase by £3.8m in 2022/23 and £3.6m in 2023/24, simply to meet the costs of pay and price inflation, increased costs on tendered contracts and the continued increase in demand for services.
- 11.2** The 2021/22 provisional settlement gives no indication as to what the funding position will be in the following 2 years. Much will depend on the UK government and their plans for public spending which will be set out in the Chancellor's budget in March 2021. It should be noted that any additional funding announced for England will result in additional funding for Wales, but it is for the Welsh Government to decide how this additional funding is spent. It does not automatically follow that any additional funding announced for Schools or Local Government in England translates to additional funding for Schools and Local Government in Wales.
- 11.3** If the settlement in 2021/22 and 2022/23 showed an increase to match inflation i.e. around 2%, the Council will be faced with making further budget reductions or increasing Council Tax by more than inflation in those years (between 3.5% and 4%).

12. MATTERS FOR DECISION

- 12.1** The final budget will not be approved by the full Council until 9 March 2021, however, at this point, the Executive is recommended to approve the following:-
- i.** The Budget adjustments included in the Standstill Budget as set out in Paragraphs 4 to 7;
 - ii.** The standstill budget for 2021/22 of £147.076m, and this should form the basis of the 2021/22 revenue budget (para 7.1);
 - iii.** A proposed increase in Council Tax for 2021/22 at 3.75%, which will be subject to public consultation (para 10.2);
 - iv.** Additional proposed budget amendments as set out in Table 5;
 - v.** An initial proposed budget for 2021/22 of £147.531m;
 - vi.** That the Executive should seek the opinion of the public on the proposed budget proposal and council tax rise for 2021/22.

**ANALYSIS OF THE MOVEMENT FROM THE 2020/21 FINAL BUDGET
TO THE 2021/22 STANDSTILL BUDGET AND 2021/22 PROPOSED BUDGET**

	Standstill Budget		Report Ref
	£'m	£'m	
2019/20 Budget		142.146	
Committed Changes			
Refuse Collection Contract	1.275		Para 3.2
I.T. Staffing, Equipment and Software	0.417		Para 3.3
Pupil Numbers	0.389		Para 3.4
North Wales Growth Bid	0.067		Para 3.5
Historic Pension Costs	0.150		Para 3.6
Council Tax Reduction Scheme	0.301		Para 3.7
Fire Service Levy	0.097		Para 3.8
Other Minor Changes	(0.054)		Para 3.9
		2.642	
Staffing Costs			
Increments	0.541		Para 5.2
Teachers Pay Award	0.171		Para 5.3
Non Teaching Staff Pay Award	0.567		Para 5.5
		1.279	
Non Pay Inflation		1.009	Para 6.3
STANDSTILL BUDGET 2021/22		147.076	
Additional Funding for Budget Pressures			
Professional Trainee Programme	0.250		Para 10.6
Additional Capacity – Public Protection	0.050		Para 10.6
Education Inclusion	0.130		Para 10.6
IT Support for Schools	0.100		Para 10.6
Management of Tourism	0.050		Para 10.6
Climate Change	0.050		Para 10.6
		0.630	
Final Budget Adjustments			
Additional Income from Increased Car Park Charges	(0.100)		Para 10.7
Freezing of School Meal Prices	0.023		Para 10.8
Adjustment of CTRS Budget to reflect increase of 3.75% in Council Tax	(0.075)		Para 10.9
Adjustment to General Contingency	(0.023)		
		(0.175)	
PROPOSED BUDGET 2021/22		147.531	

PROPOSED BUDGET 2021/22 BY SERVICE				
Budget	2020/21 Budget	2021/22 Proposed Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	41.372	42.684	1.312	3.17
Central Education	10.891	11.057	0.166	1.52
Culture	1.244	1.211	(0.033)	(2.65)
Total Lifelong Learning	53.507	54.952	1.445	2.70
Highways, Waste & Property				
Highways	6.286	6.319	0.033	0.52
Property	0.931	0.996	0.065	6.98
Waste	8.030	8.820	0.790	9.84
Total Highways, Waste & Property	15.247	16.135	0.888	5.82
Regulation & Economic Development				
Economic Development & Maritime	1.882	1.955	0.073	3.88
Planning & Public Protection	2.131	2.243	0.112	5.26
Total Reg & Economic Development	4.013	4.198	0.185	4.61
Adult Services	26.872	27.679	0.807	3.00
Children Services	11.012	11.180	0.168	1.53
Corporate Transformation				
Human Resources	1.346	1.618	0.272	20.21
ICT	2.793	3.200	0.407	14.57
Transformation	0.853	0.868	0.015	1.76
Total Corporate Transformation	4.992	5.686	0.694	13.90
Housing	1.168	1.247	0.079	6.76
Resources	3.108	3.196	0.088	2.83
Council Business	1.669	1.708	0.039	2.34
Total Service Budgets	121.588	125.981	4.393	3.61
Corporate Budgets				
Corporate Management	0.626	0.636	0.010	1.60
Levies	3.599	3.695	0.096	2.67
Corporate & Democratic	2.785	3.010	0.225	8.08
Capital Financing Costs	6.939	7.499	0.560	8.07
Benefits Granted	0.112	0.112	0.000	0.00
HRA Recharges	(0.700)	(0.700)	0.000	0.00
Council Tax Reduction Scheme	6.016	6.242	0.226	3.75
Contingencies	1.035	0.985	(0.050)	(4.83)
Discretionary Rate Relief	0.070	0.071	0.001	1.43
Total Corporate Budgets	20.482	21.550	1.068	5.21
TOTAL STANDSTILL BUDGET 2021/22	142.070	147.531	5.461	3.84

**DDIM I'W GYHOEDDI
NOT FOR PUBLICATION**

**Moderneiddio Ysgolion – Adeilad ysgol newydd yn lle Ysgol Corn Hir
School Modernisation – A new school building to replace Ysgol Corn Hir**

**PRAWF BUDD Y CYHOEDD
PUBLIC INTEREST TEST**

<p>Paragraff 14 Atodlen 12A Deddf Llywodraeth Leol 1972</p> <p>Paragraph 14 Schedule 12A Local Government Act 1972</p>	
<p>Y PRAWF – THE TEST</p>	
<p>Mae yna fudd i'r cyhoedd wrth ddatgan oherwydd :</p> <p>Mae adeiladu ysgol newydd ar gyfer Ysgol Corn Hir yn bwysig i randdeiliaid Ysgol Corn Hir er mwyn creu mwy o gapasiti a chael ysgol yr 21ain Ganrif sy'n addas at y pwrpas.</p> <p><i>There is a public interest in disclosure as:-</i></p> <p><i>Building a new school for Ysgol Corn Hir is important to Ysgol Corn Hir stakeholders in order to create more capacity and have a 21st Century school that is fit for purpose.</i></p>	<p>Y budd y cyhoedd wrth beidio datgelu yw :</p> <p>Mae'r Achos Busnes Llawn sy'n atodol yn cynnwys gwybodaeth fasnachol sensitif am y prosiect. Gwybodaeth yn ymwneud â materion ariannol a thendro a all roi'r Cyngor dan anfantais pan mae'n dod i osod contractau ac ati ar gyfer gwaith i'r dyfodol.</p> <p><i>The public interest in not disclosing is:</i></p> <p><i>The accompanying Full Business Case contains commercially sensitive information about the project. Information relating to financial and tendering issues which could disadvantage the Council when it comes to awarding contracts etc for future work.</i></p>
<p>Argymhelliad -Yn rhinwedd Paragraff 14 Atodlen 12A Deddf Llywodraeth Leol 1972 -Gwybodaeth yn ymwneud â materion ariannol neu fasnachol unigolyn penodol. (Gan gynnwys yr awdurdod sy'n dal y wybodaeth honno).</p> <p>Mae budd y cyhoedd wrth gadw'r eithriad o bwys mwy na budd y cyhoedd wrth ddatgelu'r wybodaeth.</p> <p>Recommendation - <i>By Virtue of Paragraph 14 Schedule 12A Local Government Act 1972</i> <i>-Information relating to the financial or business affairs of any particular person (including the authority holding that information).</i></p> <p><i>The public interest in maintaining the exemption outweighs the public interest in disclosing the information.</i></p>	

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