

THE EXECUTIVE

Minutes of the virtual meeting held on 15 June, 2020

- PRESENT:** Councillor Llinos Medi (Chair)
Councillor Ieuan Williams (Vice-Chair)
- Councillors Richard Dew, Carwyn Jones, R. Meirion Jones, Alun Mummery, R.G.Parry, OBE, FRAGS, Dafydd Rhys Thomas, Robin Williams.
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Function (Resources) & Section 151 Officer
Director of Function (Council Business)/Monitoring Officer
Director of Education, Skills and Young People
Head of Children's Services/Deputy Director of Social Services
Head of Housing Services
Head of Democratic Services
Programme Manager (AH) (for item 9)
Communications Officer (GJ)
Trainee Communications Officer (CP)
Committee Officer (ATH)
- APOLOGIES:** None received
- ALSO PRESENT:** Councillors Kenneth Hughes, Bryan Owen, Dafydd Roberts.
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Prior to commencing the business of the meeting, the Chair clarified that due to its being conducted virtually a live webcast of this meeting would not be available. However, a recording of the proceedings would be made available on the Council's website at the earliest opportunity.

The Chair referred to the imminent departure of Mr Alwyn Rhys Jones, Director of Social Services to take up the Director of Social Services post with Wrexham County Borough Council; on behalf of the Executive she thanked him for his valuable service during his time with the Isle of Anglesey County Council and wished him well for the future both personally and professionally.

A minute's silence was then held in remembrance of the late Councillor Shaun J. Redmond who passed away in April and also all those who had lost their lives to the Covid-19 virus.

1. DECLARATION OF INTEREST

No declaration of interest was received.

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

None to report.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Executive held on 23 March, 2020 were presented for confirmation.

It was resolved that the minutes of the previous meeting of the Executive held on 23 March, 2020 be confirmed as correct.

4. THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Head of Democratic Services incorporating the Executive's Forward Work Programme for the period from July, 2020 to February, 2021 was presented for consideration and the following new items were noted -

- Item 2 – Covid-19 Recovery Plan (for the July, 2020 Executive meeting)
- Item 4 – Additional Units on the Marquis site, Rhosybol (for the July, 2020 Executive meeting)
- Item 14 – Submit a full application to the International Dark-Sky Association (IDA) for Anglesey to be accredited with International Dark Sky Community status (for the September, 2020 Executive meeting)

The Executive was further advised that item 3 on the Work Programme – Approval of the Biodiversity Plan – due to be considered by the Executive at the July, 2020 meeting was to be re-scheduled to a date to be agreed.

It was resolved to confirm the Executive's updated Forward Work Programme for the period July, 2020 to February, 2021 with the additional change presented at the meeting.

5. REVENUE BUDGET MONITORING QUARTER 4 2019/20

The report of the Head of Function (Resources)/Section 151 Officer setting out the provisional revenue outturn position for the period 1 April, 2019 to 31 March, 2020 including the main budget variances was presented for the Executive's consideration.

The Portfolio Member for Finance reported that the overall financial position for 2019/20 including Corporate Finance and the Council Tax Fund is an underspend of £0.308m which is significantly better than previously predicted and has come about largely as a result of services reducing expenditure during the final quarter of the year and the receipt of additional grant funding. This provides a welcome boost to the Council's finances increasing the General Reserve to £7.061m which is especially important given the likely impact of the Covid-19 crisis which has already been felt in lost income and additional costs.

The Director of Function (Resources)/Section 151 Officer confirmed that the provisional revenue budget outturn result is a significant improvement on the projection at the end of Quarter 3. The better than expected outturn has been helped by specific items as well as lower than anticipated capital expenditure which resulted in lower borrowing and no significant calls on contingency budgets during the final quarter. A provision to reflect an adjustment to the 2018/19 accounts in relation to bad debts which has been included in the figures since the beginning of the financial year has been re-considered and deemed unnecessary thereby leading to a saving of over £100k. Additionally, the closure of some services as a result of lockdown restrictions being imposed in the final two weeks of March has also contributed to the improved position.

The Officer said that Adult Social Care remains a source of concern having ended the financial year £1,138k overspent (4.5% of the budget) despite the Winter Pressures Grant of

£371k without which the financial situation would be considerably worse. Although the Council approved a budget increase of £1m for Adult Social Care in setting the budget for 2020/21 in March, there is no certainty that this will be sufficient to meet the service's needs especially as there may be increased pressure on the service as the Council emerges from the current crisis.

One aspect not covered by the report is the impact on school balances. Three of the Island's five secondary schools are now in financial deficit with the total secondary schools deficit standing at £693k. Whilst nine primary schools are in a position of deficit the primary sector as a whole has a surplus of £975k. Overall, school balances have reduced significantly as schools have used funding in reserve to balance their budgets which would have been the case in 2020/21 as well albeit the effect on school budgets of their extended closure as a result of the current crisis is not yet known.

As part of the update on the revenue budget position the Executive was also asked to approve the release of £85k from general reserves to meet the cost of repainting Beaumaris Pier; the funding would supplement the Regulation and Economic Development Service's existing reserve of £100k for the purpose thereby enabling the work to commence as soon as possible.

As a matter of information, the Director of Function (Resources)/Section 151 Officer advised that the Council's draft accounts for 2019/20 had now been completed and would be published today in line with the statutory timescale. He took this opportunity to thank the Finance Service's staff for accomplishing what is at the best of times an onerous task and which has been made even more challenging by current circumstances with a large proportion of the service's staff working remotely. Being able to close the accounts in a timely way means that the formal audit to verify the Council's financial statements can now take place meaning the Council can be clear about its financial position at the end of 2019/20 and be assured that those figures will not change moving forwards into the new financial year.

The Portfolio Member of Finance added his own thanks to the staff of the Finance Service for their work both on completing the accounts and in responding to the current crisis and these were echoed by the Executive which also recognised the significance of the improved revenue budget position and the importance of maintaining reserves given the challenges the Council was likely to face in the coming year.

It was resolved –

- **To note the position set out in Appendices A and B of the report in respect of the Authority's provisional financial performance at outturn for 2019/20.**
- **To note the summary of contingency budgets for 2019/20 detailed in Appendix C to the report.**
- **To note the position of the invest to save programmes in Appendix CH to the report.**
- **To note the position of the efficiency savings for 2019/20 in Appendix D to the report.**
- **To note the monitoring of agency and consultancy costs for 2019/20 in Appendices DD, E and F to the report.**
- **To release £85k from general balances to ensure sufficient funding is available to undertake the painting work at Beaumaris Pier.**

6. CAPITAL OUTTURN REPORT 2019/20

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the capital budget for the 2019/20 financial year was presented for the Executive's consideration.

The Portfolio Member for Finance reported that a summary of capital spending to 31 March, 2020 is provided in the table at paragraph 2.1 of the report. The budget for the General Fund was £29.790m with expenditure of £18.203m incurred as at 31 March, 2020 equating to 61% of the budget. Reasons for the underspend include less progress than anticipated being made with large grant funded projects as listed in paragraph 2.2 of the report with the Covid-19 crisis being one factor in the delay. These projects will slip into 2020/21 along with the grant funding for them.

The Director of Function (Resources) confirmed that the level of underspending, although significant (32% of the funding available) is not unexpected when dealing with a number of large complex projects whose progress can be affected by a range of factors including unexpected issues that can arise once work has commenced on site. The status and progress of current capital grant schemes is provided in section 3 of the report. In all cases, the funding for the projects have been secured and will be carried forward to 2020/21, with no loss of resources for the Council. An element of slippage was built into the 2020/21 budget – this reports updates those figures.

In considering the report, the Executive sought further assurance about the certainty of grant funding in light of the slippage on the capital programme and also whether the Covid-19 crisis in terms of the introduction of special measures and the increased costs these may entail poses a risk to the Council's capital projects.

The Director of Function (Resources)/Section 151 Officer advised that the largest grant involves the 21st Century Schools programme and whilst schemes in Band A and Band B of the programme and the grant funding for them have been confirmed and is secure at this point in time, should progress not be made those schemes may have to be amended which may in turn impact on the level of grant funding from Welsh Government. Otherwise, funding for projects that have slipped into 2020/21 will be carried forward with them. As regards the impact of the Covid-19 crisis on capital projects, for those schemes where the contract has been agreed and work has commenced, any additional costs which contractors might claim because of the need to implement special measures as a result of Covid-19 will have to be looked at in the context of the contract terms. With new contracts not yet awarded, then tenders for the work will reflect the costs of the new ways of working due to the Covid-19 crisis; the Council will at that point evaluate the effect on the capital budget and seek to establish how much if any additional costs can be claimed through grant. It remains to be seen whether grant funding bodies acknowledge the impact of Covid-19 on costs and on the projects already submitted for which grant funding has been confirmed.

It was resolved –

- **To note the draft outturn position of the Capital Programme 2019/20 that is subject to audit; and**
- **To approve the carry-forward of £12.109m to 2020/21 for the underspend on the programme due to slippage. The funding for this will also carry forward to 2020/21. The revised capital budget for 2020/21 is £41.368m.**

7. HRA BUDGET MONITORING OUTTURN 2019/20

The report of the Head of Function (Resources)/Section 151 Officer setting out the financial performance of the Housing Revenue Account for the financial year 2019/20 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that details of income and expenditure under the Housing Revenue Account for 2019/20 are provided in Appendix A to the report and show that the account was underspent by £1k on the revenue side with income £264k better than the original budget and expenditure £263k above the original budget. Capital expenditure was £2,305k below budget as detailed in Appendix B to the report. The deficit combining both revenue and capital is £2,316k less than the budget producing a surplus of £209k.

The Head of Function (Resources)/Section 151 Officer advised that whilst the revenue side of the Account was more or less on budget, the capital side was affected by the lockdown towards the end of March; whereas normally a great deal of work would be undertaken on housing projects in March, the final two weeks of the month this year saw sites being closed as lockdown restrictions were introduced. The final balance of the HRA at the end of the 2019/20 financial year was £8,597k; this is ring-fenced and is available to fund future HRA expenditure only.

It was resolved to note the position set out in respect of the financial performance of the Housing Revenue Account (HRA) for the financial year 2019/20.

8. HOUSING REVENUE ACCOUNT BUSINESS PLAN 2020-2050

The report of the Head of Housing Services incorporating the Housing Revenue Account Business Plan for 2020 to 2050 was presented for the Executive's consideration.

The Portfolio Member for Housing and Supporting Communities in presenting the report and recommending the Business Plan to the Executive stated that the Plan put forwards a clear and positive vision of the Council's objectives for all housing tenures on the Island to best meet identified housing need and to ensure high housing standards for all its citizens. As per the Welsh Government's requirement, the Council must prepare a Business Plan by the end of March in order to secure its annual major repairs allowance of £2.65m. The Business Plan was submitted by the due date with the proviso that it was subject to the Executive's approval.

The Head of Housing Services advised that the Business Plan had been prepared in conjunction with Finance Service Officers and provides a wealth of information about Housing Service activity and its vision for the future. It also forms the primary tool for financial planning of the delivery and management of the Council's housing stock. In particular the Plan demonstrates how the Council brings all its stock to Welsh Housing Quality Standards; how the Council intends to maintain and exceed those Standards as well as the investment needed to increase the housing stock. The Council through its Housing Revenue Account, owns and manages 3,857 properties and just over 700 garages across the Island. Over the life of the Business Plan, the stock will increase to over 5,000 units. The Capital Programme, included in the Business Plan has been estimated at £10.84m and includes provision for internal and external works, remedial works, adaptations and energy efficiency works and allows for achieving full WHQS compliance by targeting acceptable fails. A provision of £4.7m has been included within the revenue budget for repairs and maintenance and £9.6m has been budgeted in 2020/21 for the development programme of new Council housing and the acquisition of former council housing on the Island.

The Executive welcomed the Plan seeing it also as an important contributor towards the local economy through the development of new social housing and ongoing repair and maintenance activity.

It was resolved –

- **To approve the Housing Revenue Account (HRA) Business Plan 2020-2050, in particular the HRA Budget for 2020-21 which has been submitted to Welsh Government.**
- **To approve the proposed Housing Capital Programme for 2020/21 as stated within the Capital Budget.**

9. MUTUAL INVESTMENT MODEL – STRATEGIC PARTNERING AGREEMENT

The report of the Director of Function (Resources)/Section 151 Officer seeking the Executive's approval to enter into a Strategic Partnering Agreement with Welsh Education Partnership Co to facilitate the delivery of education and community facilities was presented.

The Portfolio Member for Finance reported that Welsh Government has designed a Mutual Investment Model (MIM) to deliver major capital infrastructure projects in Wales. The Welsh Government will part fund some of the projects through the MIM scheme using revenue funding, partly due to scarcity of capital funding. Welsh Government will appoint a private sector partner who will then form a Welsh Education Partnership Company (WEPCo) with a subsidiary of the Development Bank of Wales. Once WEPCo has been formed they and all participants will be required to sign a Strategic Partnering Agreement (SPA) which will provide for how the parties act together over the long-term in collaboration to support the effective planning, procurement and delivery of infrastructure services, education and community facilities in Wales. MIM projects can only be delivered exclusively by the WEPCo. However, signing the SPA does not commit the Council to participate in any MIM scheme but does provide the opportunity for it to participate in a MIM scheme should a suitable project be identified in future and also gives greater scope in attracting Welsh Government grant funding.

The Director of Function (Resources)/Section 151 Officer explained that the Mutual Investment Model is a new way of financing schemes in Wales and has been in the making since 2017. For projects in Band A and much of Band B of the Schools' Modernisation Programme Welsh Government has been funding its contribution by grant or local authority supported borrowing; Welsh Government itself has to borrow to fund this way of working up to a point at which its borrowing is then capped. The proposal offers a way for Welsh Government and local authorities to transfer what are capital and borrowing costs to revenue costs. Welsh Government will appoint a private sector partner and subsidiary of the Development Bank of Wales to form the WEPCo; authorities will then make an annual payment over 25 years to WEPCo for using buildings (be they schools or otherwise) which have been built under the MIM scheme. Rather than contributing 50% towards new school buildings through grant and borrowing arrangements Welsh Government will instead contribute 81% of a council's annual revenue costs to cover the annual payment to WEPCo. Unlike under PFI arrangements, where as well as making an annual payment for the buildings so commissioned, councils also had to pay for the costs of a range of ancillary services – cleaning etc. - which could be high, and were restricted as regards any alterations they themselves could make having instead to pay added charges to the contractor to make minor changes, such restrictions do not apply under the MIM. WEPCo will be responsible for the main fabric of the building with councils being free to make other changes e.g. painting as they wish at their own cost. To begin with the MIM will cover projects of £15m and over so it is possible that it will not apply to the majority of Anglesey's projects including its new primary schools which are unlikely to reach this cost threshold. However, signing the Strategic Partnership Agreement will give the Council the option to participate in a MIM project in future; not doing so means that if the Council wanted to enter the Partnering Agreement at a later date then it would require the consent of all the participants to do so.

The Project Manager emphasised that in signing up to the SPA the Council is not committing itself to any MIM project at this point in time with the only commitments being that should it wish to participate in a MIM project in future then that would be undertaken exclusively through the WEPCo and that the Director of Function (Resources)/Section 151 be appointed to sit on the SPB which will oversee the WEPCo's performance.

Having sought and received assurances about the MIM in terms of the extent of the Council's commitment at this stage as well as the nature of the obligations that would fall to the Council were it to participate in a MIM project in future, the Executive was happy to authorise entering into the Strategic Partnering Agreement.

It was resolved –

- **To note the progress of the Preferred Bidder Stage of the Competitive Dialogue Procedure under the Public Contracts Regulations 2015 as outlined in the report.**
- **To approve the execution, delivery and performance of the Strategic Partnering Agreement with the Welsh Education Partnership Co in the Autumn 2020 to facilitate the delivery of a range of infrastructure services and the delivery of education and community facilities.**
- **To approve the Strategic Partnering Agreement summarised in Appendix 2 of the report so as to give effect to recommendation 2 above, but subject to recommendation 4 below.**
- **To delegate authority to the Director of Function (Resources)/Section 151 Officer and the Director of Function (Council Business)/Monitoring Officer –**
 - **To approve the final terms of the Strategic Partnering Agreement including any amendments to the Strategic Partnering Agreement approved here as may be necessary for reasons including but not limited to finalising any outstanding matters, and**
 - **To approve any further deeds and documents which are ancillary to the Strategic Partnering Agreement here.**
- **To note that the Strategic Partnering Agreement shall be executed as a deed and attested in accordance with article 14.5 of the Constitution.**
- **To approve the appointment of the Director of Function (Resources)/ Section 151 Officer as "Participant Representative" to sit on the Strategic Partnering Board (SPB).**
- **To note that in agreeing to the Strategic Partnering Agreement, it is not being asked to decide to proceed with any specific project, and that nothing within the SPA obliges the Council to make any such commitment. Any decision to proceed with a specific project will be a matter for future Executive decisions.**

10. UPDATE ON THE COUNCIL'S RESPONSE TO DATE TO THE COVID-19 CRISIS

The report of the Chief Executive outlining the Council's response to date to the Covid-19 crisis was presented for the Executive's consideration.

The Chair and Leader of the Council introduced the item by thanking the Council's staff for their work thus far many of whom had gone over and above their normal duties to support the Council's response to the challenges created by the Covid-19 outbreak and to protect the Council's essential services and keep the residents of the Island safe.

Each Portfolio Member then provided an overview of the actions taken within their service portfolio both to respond to the crisis specifically and also to ensure the continued delivery of key services (outlined in Appendix 1 to the report). All expressed their appreciation of the efforts of their service's staff in dealing with the very challenging circumstances posed by the crisis whilst at the same time ensuring that the Council's day to day work continues and normal business is conducted as far as possible.

Themes from individual service areas both current and moving forward included the following –

- **Resources** – Grant payments made to 1,518 businesses on the Island to a total value of £17.7m; processing of Free School Meals Direct Payments with a weekly average of 1,489 children to a value of £29,035 ; provision of food packages for a small number of children; continuation of routine work in the form of council tax payments etc.; ongoing monitoring of the Council's financial position and balances.
- **Education** – establishment of care centres for children of key workers and vulnerable children; provision and delivery of a packed lunch for children eligible for free school meals; provision of education by remote means using a variety of digital platforms; collaboration with ALN and Inclusion Teams and Children's Services to maintain regular contact with vulnerable children; planning for schools' reopening; ensure continued emphasis on the welfare of children and young people and general well-being of the workforce.
- **Housing and Community** – supporting vulnerable individuals in the community via food banks, providing shopping and prescription service for shielding individuals; supporting the homeless, maintaining community safety, resuming emergency housing maintenance work in line with national guidelines.
- **Highways, Waste and Property** – prioritisation of the most critical waste services in consultation with Biffa; planning for and executing the reopening of the Penhesgyn Recycling Centre; resumption of essential highways maintenance work, closure of coastal car parks, coastal paths, parks and beaches.
- **Council Business and Legal** – creation of Covid-19 Guidance and Regulations Library; creation of a Committee meetings strategy; provision of guidance on remote meetings, minuting and tracking actions from daily EMRT and other emergency meetings.
- **Human Resources, Transformation, Communication and IT** – proactive work in producing regular press releases, maximising use of the Council's social media to relay key messages and sharing information on Môn FM; collecting staff data on a daily basis to enable workforce planning and redeployment of staff to ensure the continuation of frontline services; collection of data on aspects of Covid-19 and development of a dashboard for the purpose; facilitating and supporting Council staff to work remotely; developing an online booking system for access to the Penhesgyn Recycling Centre; updating the Council's obsolete laptops to help children who do not have access to IT equipment with schoolwork.
- **Regulation, Economic Development and Public Protection** – engaging with local businesses to offer support and guidance in relation to the issues and challenges faced; supporting businesses that are closed; working to ensure recognition for Holyhead Port and to seek an appropriate support package from the Government; collaboration with the Health Board and Field Hospital; involvement in local and regional efforts to establish a contact tracing team; increasing the capacity of the Registrar Service; ensuring compliance with new guidance and regulations in the wake of the Coronavirus Act; monitoring cases in residential homes and providing training on infection control; contributing to the development of a regional plan for arrangements for excess deaths.

- **Social Services** – dealing with the challenges of obtaining and maintaining sufficient PPE levels; testing; mitigating the risk of not being able to staff care homes adequately; tracking and responding to shielding letters; supporting vulnerable families; continuing to fulfil all statutory duties and performance indicators and data.

The Portfolio Member for Finance reported further that whilst it was difficult to assess the pandemic's long-term effects on the Council's finances, in the short-term the Council has suffered the additional costs of dealing with the crisis (£52k in March and £279K in April) including IT costs; PPE; accommodating homeless people, providing community support, setting up school care centres paying families for free school meals and higher cleaning costs. Whilst these costs will be met by Welsh Government, it is expected that costs will continue to rise in May and June. Although the closure of services reduced the Council's expenditure by about £100k in April it has also reduced the Council's income levels with a loss of £360k in April, which is expected to rise to £400k per month during the summer months. If services do not return to normal in 2020/21, then the lost income will run into millions of pounds. Looking ahead, the pandemic has clearly had an impact on the economy and will result in more unemployment which is likely to lead to increased applications through the Council Tax Reduction Scheme particularly when the furlough scheme comes to an end. The Council is fortunate that in having purposefully planned for and maintained a level of general balances over the years it can now draw upon this funding to help it weather the storm in the short-term.

The Chief Executive reported on the governance arrangements established at national, regional and local level to respond to the pandemic and outlined the structures which the Council had put in place to facilitate its own response to the local challenges created by the crisis. Information sharing has been a key element in keeping the public up to date on developments and avenues of support available and the Council has deployed a range of measures to ensure the flow of information. In the short-term the Council will continue to focus on managing the impact of the Covid-19 pandemic; on conducting business as usual as best it can and on managing the lockdown period and preparing and implementing recovery plans. The Council's response has been made with the support of many others and thanks are due to Elected Members; town and community councils, all the Council's partners, the volunteers and the Island's residents for the way they have responded to the crisis.

It was resolved –

- **To accept the report and the Council's response to the crisis to date.**
- **To confirm that the SLT should report progress on relaxing lockdown issues and Recovery work to the two standing Programme Boards. In addition, to extend membership of the Boards to include the four Group Leaders.**
- **To authorise Officers to prepare an update on the preparations and the Recovery work for submission to the next meeting of the Executive.**

11. EXCLUSION OF THE PRESS AND PUBLIC

It was resolved –

“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 involved the disclosure of exempt information as defined in Schedule 12A of the said Act and in the Public Interest Test as presented.”

12. EXTENDING AN EXISTING CONTRACT FOR A FURTHER TWELVE MONTHS

The report of the Director of Education, Skills and Young People seeking the Executive's approval to extend an existing contract within the Learning Service for a further 12 months was presented.

The Director of Education, Skills and Young People outlined the circumstances which had necessitated the request for an extension and explained that the department would use the 12 month extension period to go out to tender for a new 4 year contract for the service specified within the report.

It was resolved to approve the extension of a current agreement with the same provider within the Learning Service for a further 12 months in accordance with the recommendation and substance of the report.

**Councillor Llinos Medi
Chair**

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