

THE EXECUTIVE

Minutes of the virtual meeting held on 1 March, 2021

- 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 Profession (HR) and Transformation
Head of Highways, Waste and Property
Head of Housing Services
Head of Democratic Services
Programme, Business Planning and Performance Manager
Committee Officer (ATH)
- APOLOGIES:** None received
- ALSO PRESENT:** Councillors Glyn Haynes, Kenneth Hughes, Trefor Lloyd Hughes, MBE, Aled Morris Jones, G.O. Jones, R. Llewelyn Jones, Bryan Owen, Dafydd Roberts, Communications Officer (GJ), Public Relations Officer (LJ), Scrutiny Officer (SR), Mr Gareth Wyn Williams (Local Democracy Reporter)
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The Chair extended a warm welcome to all those present at this virtual meeting of the Executive. She referred with sadness to the absence of Mr Fôn Roberts, Interim Director of Social Services because of a family bereavement and she extended her own and the Executive's condolences to Mr Roberts. In doing so she expressed sympathy with all those on the Island who had lost family or friends in recent months.

1. DECLARATION OF INTEREST

Councillor Ieuan Williams declared a personal interest with regard to item 10 on the agenda in his capacity as Chief Executive of Cwmni Cynnal.

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

None to report.

3. REVENUE BUDGET MONITORING QUARTER 3 2020/21

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Council's services at the end of Quarter 3 of the 2020/21 financial year was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance reported that the 2020/21 financial year has been exceptional because of the Coronavirus pandemic which has had a significant impact on the normal delivery of the Council's services. As such the financial performance does not reflect what would happen in a normal year. The net revenue budget for 2020/21 was £142.146m and based on information at the end of Quarter 3, a year-end underspend of £1.472m is projected. In welcoming the forecast underspend on service and corporate budgets the Portfolio Member cautioned that the situation may yet change in Quarter 4.

The Director of Function (Resources)/Section 151 Officer highlighted amendments to the report at Appendix B viz. Total Corporate Finance under the Estimated Outturn 31 March, 2021 at Q3 column should read as an overspend (not underspend) of £160k and the Total for service budgets for 2020/21 under the same column should read as an underspend of £1.906m (not £1.746m). The Director of Function referred to the main budget variances which included those service areas particularly affected by Covid 19 for example Central Education where the closure of schools has led to reduced or no demand which has contributed to the overall underspend. He highlighted current risks and assumptions in relation to individual services specifically with regard to Children and Families' Services and Adults' Services wherein the demand which has likely been suppressed during lockdown, could increase when society reopens and normal service delivery is resumed.

The Council's financial position has been greatly helped by the significant support provided by Welsh Government without which the forecast outturn would be a sizeable overspend. Details of Welsh Government's Covid-19 grant funding to date are provided in section 9 of the report and this covers expenditure incurred by the Council in dealing with the pandemic and compensation for loss of income due to pandemic restrictions.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel reported that the Panel in scrutinising the revenue budget performance, had raised concerns about the erosion of the tax base as a result of self-catering properties switching to business rates and the implications for Council Tax income and also the number of ordinary properties converting to self-catering accommodation and the implications for housing on the Island. The Panel had further highlighted the need for ongoing monitoring of the level of demand in Children's Services in order to be alert to any upturn as pandemic restrictions are eased.

The Executive collectively acknowledged the support by Welsh Government which had spared the Council from having to use its reserves to meet Covid-19 related expenditure and pressures, and was grateful for it. The Executive further recognised the additional work and effort put in by the Finance Service's staff in administering and distributing Covid-19 business support grants in the period.

It was resolved –

- **To note the position set out in Appendices A and B to the report in respect of the Authority's performance to date and expected outturn for 2020/21.**
- **To note the summary of Contingency budgets for 2020/21 as 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 2020/21 in Appendix D to the report.**
- **To note the monitoring of agency and consultancy cost for 2020/21 in Appendices DD, E and F to the report.**

4. CAPITAL BUDGET MONITORING QUARTER 3 2020/21

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Capital Budget at the end of Quarter 3 of the 2020/21 financial year was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance reported that the Covid-19 pandemic has also had an impact on the progress made against the £55.984m capital budget for 2020/21 with a number of projects experiencing delays because of restrictions especially during the initial lockdown period. Activity has since resumed and the profiled budget spent to the end of the third quarter for the general fund is 93%, however only 30% of the annual budget has been spent to date the main reason being that a number of the capital schemes are weighted towards the latter part of the financial year. The Housing Revenue Account has spent 95% of its profiled budget and 39% of the annual budget. Activity against the HRA has been similarly affected by the pandemic with delays to planned maintenance, new build and property acquisition projects. In referring to the capital grant schemes, the Portfolio Member said that he had been assured that none of the grant funding would be lost as a result of slippage on those schemes which the funding supports.

The Director of Function (Resources)/Section 151 Officer advised that the forecast underspend on the 2020/21 capital programme is £22.186m with this being potential slippage into the 2021/22 capital programme. He confirmed that funding for this slippage will also slip into 2021/22 and will be factored in when producing the Capital Strategy and Programme for 2021/22 and the Treasury Management Strategy. He updated the Executive on the status of some of the delayed/underspent schemes including the Gypsy and Traveller temporary stopping site, and Twenty First Century Schools Llangefni New Build and confirmed a delay in the delivery of new vehicles under the new Waste Collection contract. The Capital Programme includes a number of capital grant schemes within the Capital Programme most of which are underway and are progressing. An update on these is provided in section 3.1 of the report.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel confirmed that the Panel had scrutinised the Q3 capital budget progress update report and that an area of concern had been the reducing level of capital receipts as a result of fewer Council assets becoming available to sell which in turn reduces the scope for capital investment beyond that which is supported by Welsh Government funding. The Panel had further noted that a number of schemes are weighted towards the latter part of the year and had asked that consideration be given to recalibrating the capital programme so that expenditure is spread out more evenly throughout the year thereby giving better value for money.

It was resolved to note the progress of expenditure and receipts against the capital budget 2020/21 at Quarter 3.

5. HOUSING REVENUE ACCOUNT BUDGET MONITORING QUARTER 3 2020/21

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Housing Revenue Account (HRA) Budget for Quarter 3 2020/21 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance reported that in March, 2020, the Council agreed a revenue budget for 2020/21 that showed a planned surplus of £7.8m. The capital budget for 2020/21 was £19.1m including allowance for expenditure that was not completed from the 2019/20 capital budget. The combination of both the revenue budget and adjusted capital budget gave a planned deficit of £7.1m which would be funded from

HRA reserves. The HRA is ring-fenced and its reserves cannot be transferred to the General Fund, nor can General Fund reserves be used to fund the HRA.

The Portfolio Member for Finance said that it was important to note that the Council having retained its housing stock, has in the years since then carried out a planned programme of improvements and renewal and has also sought to increase the current stock by buying back former council houses and by delivering new council homes on the Island with a view to continuing to provide people and families in Anglesey with a sustainable supply of housing into the future.

The Director of Function (Resources)/Section 151 Officer advised that the HRA includes both revenue and capital and that the surplus generated by the revenue budget is used for HRA capital expenditure to bring the housing stock up to WQHS, to develop new housing units and/or buy back former council houses. At the end of Quarter 3 the revenue financial position shows an underspend of £238k (compared to £324k at the end of Quarter 2). The forecast for income is £150k below the original budget. Capital expenditure is £360k below the profiled budget (£1.250k at Quarter 2). The forecast expenditure is £8,022k below the budget. The forecast deficit combining both revenue and capital is £8,053k less than the budget compared to a forecast deficit of £6,256k less than the budget at the end of Quarter 2, largely the result of lower than budgeted capital expenditure. This means that there is a forecast surplus of £965k for the year, leaving an HRA reserve of £9,562k available to fund future HRA capital projects. The long term strategy for the HRA is to bring down the balance of the HRA reserve to £1m to £1.5m which is considered sufficient to meet any risks on the account; it is anticipated that this process will begin to take effect next year as the capital plan and housing development plan progress and gather momentum.

It was resolved to note the following –

- **The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for Quarter 3 2020/21.**
- **The forecast outturn for 2020/21.**

6. TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2021/22 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that the report is presented to ensure that the Council is implementing best practice with regard to its treasury management operations in accordance with the CIPFA Code of Practice for Treasury Management.

The Director of Function (Resources)/Section 151 Officer advised that the CIPFA Treasury Management Code and the TM Strategy set the parameters for the Council's borrowing and investment decisions and activities to ensure that in the case of the former, they are affordable and in the case of the latter, that they are prudent. The Statement was scrutinised by the Audit and Governance Committee at its 9 February, 2021 meeting and was accepted without additional comment. In terms of updates to the Statement, there are no proposed amendments to the core principles and policies of the 2020/21 Statement.

The Statement sets out the Council's borrowing position and strategy and at Table 4 shows the impact of the Council's expenditure plans and the Minimum Revenue Provision charge on the Capital Financial Requirement (CFR) and level of external and internal borrowing. The Council is currently maintaining an under-borrowed position which means that the capital borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure.

Whilst this approach is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered, as part of the strategy the ability to externally borrow to repay the reserves and balances if needed is important. A flexible approach to the choice between internal and external borrowing is needed. The Council will not borrow in advance of its needs in order to profit from the investment of the extra sums borrowed; any decision to borrow in advance will be within the CFR estimates and will be considered carefully having regard to the factors outlined in section 6.4 of the Statement. Opportunities for debt re-scheduling are likely to be few as there remains a large difference between early redemption rates and new borrowing rates.

The Council's investment priorities will be the security of its investments first, liquidity second and return on investment third meaning that the Council will only invest with highly creditworthy counterparties based on credit rating information provided by Link Asset Services, the Council's treasury advisors who use a wide array of information in their creditworthiness services. The Council in its investment policy will have regard to CIPFA and Welsh Government guidance on the management of risk.

The governance arrangements for treasury management is set out in section 8 of the report and include decision making roles and responsibilities and reporting arrangements. The Prudential and Treasury Management indicators against which treasury management activities and performance will be measured are set out in full in Appendix 11 to the report.

It was resolved –

- **To accept and note the Treasury Management Strategy for 2021/22 and to forward the Strategy to the Full Council without further comment.**
- **To note the increase in transaction limits in Appendix 8 (point 4 of the report).**

7. COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES – 2021/2022 FEES AND CHARGES

The report of the Interim Head of Adults' Services which sought the Executive's approval for proposed fees and charges for community based non-residential social care services for 2021/22 was presented for consideration.

The Chair and Portfolio Member for Social Services reported that it is usual practice to review the charges in respect of domiciliary services annually to coincide with Central Government's revision of benefit and pension levels. The report sets out proposed community based non-residential social care fees and charges for 2021/22 in accordance with the Social Services and Well-Being (Wales) Act 2014.

It was resolved to approve the following –

- **Charges for Telecare services as outlined in Table A of the report.**
Tier 1 everyone to pay £49.41
Tiers 2 and 3 everyone to pay £98.42
- **Telecare Annual Charges as outlined in Table B of the report**
Services and Maintenance £117.54
Services only £75.97
One off installation £47.00
- **Rate of Direct Payments at £11.89/hour**

- **To maintain a charge of £10.00 for the administration of Blue Badge requests and replacements as outlined in the report.**
- **To increase the fee for purchasing day care services in independent residential homes by 3% to £35.21**

8. LOCAL AUTHORITY HOMES FOR OLDER PEOPLE – SETTING THE STANDARD CHARGE

The report of the Interim Head of Adults' Service with regard to setting the level of the Authority's Standard Charge for local authority care homes for the year April, 2020 to March, 2021 was presented for the Executive's consideration.

The Chair and Portfolio Member for Social Services reported that Local Authorities are required under Section 22 of the National Assistance Act 1948, to set the Standard Charge for their homes. She referred to the basis for calculating the Standard Charge as outlined in the report and highlighted that based on the table therein, the estimated cost per resident week for the year to 31 March, 2022 is £786.50. The Executive has previously made a decision to increase the fees in line with the actual cost of provision gradually over a 3 year period with 2021/22 being the final year. The fee for 2020/21 was set at £722.21 per week. The recommendation of the report is that given 2021/22 is the final year of the 3 year plan, the fees be set to reflect the full cost of the service i.e. £786.50 per week.

The Director of Function (Resources)/Section 151 Officer advised that the standard fee is that which the Authority is obliged to charge those residents who have the financial means to pay the full cost of their residential care. The running costs for 2021/22 have increased by 1.033%, but due to reduced occupancy levels, the standard charge increases by 3% or £26.12 from £760.38 for 2020/21 to £786.50 for 2021/22. The Executive has sought to bring the fees charged to self-funding clients into line with the cost of provision over a three year period with that due to be achieved in 2021/22. However, that would entail a significant rise in the fee level from £722.21 per week to £786.50 per week. The Executive will need to consider whether it wishes to adhere to the 3 year policy and implement the increase in full to achieve parity between fees and costs in 2021/22 or to extend the timeline by which that is to be achieved and if so, by how much.

The Director of Function (Resources)/Section 151 Office confirmed in response to the Chair and Portfolio Member for Social Services that Welsh Government has raised the savings threshold for paying care home fees meaning fewer people are affected; the decision would therefore apply to in the region of 25 or 30 individuals. The Officer further clarified that extending the 3 year plan by an additional year which the Chair and Portfolio Member for Social Services was minded to propose as reasonable in the circumstances, would because of the numbers involved, have minimal impact on the Budget and the service's income and does not represent a financial risk.

The Chair and Portfolio Member for Social Services therefore proposed that the 3 year plan be extended by one year and that the full cost of provision should not be reflected in the fees for 2021/22. The Executive was in agreement with the proposal. The Director of Function (Resources)/Section 151 Officer confirmed that the one year extension means that the fee level for 2021/22 will be £754.36.

It was resolved –

- **That the standard charge for the Authority's care homes for the financial year 1 April 2021 to 31 March 2022 be set at £786.50 per week.**
- **To defer increasing fees to the full cost of the service for a further year and,**

- **That the full fee per resident per week for the Authority's homes is set at £754.36 per week.**

9. FEES AND CHARGES 2021/22

The report of the Director of Function (Resources)/Section 151 Officer seeking the Executive's approval of the proposed schedule of fees and charges for 2021/22 as appended was presented for consideration.

Councillor Robin Williams, Portfolio Member for Finance reported that a review of fees and charges forms part of the annual budget setting process. The Executive has set an objective that all non-statutory fees and charges are increased by an average of 3% across each individual service. This has allowed Service Heads to increase individual fees by more or less than 3%, but overall, the increase across the service equates to a 3% increase. All statutory fees have been increased by the sum set by the approving body, where the increase has been published. Where the revised charge is not known, the fee is shown as to be confirmed (TBC) and will be updated once the notification of the new fee is received. Fee increases in respect of Social Care are the subject of separate reports.

It was resolved to approve the schedule of fees and charges for 2021/22 as outlined in the booklet presented.

10. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2021/22

The report of the Director of Function (Resources)/Section 151 Officer setting out the detailed revenue budget proposals for the Executive's review and agreement was presented. The Executive was asked to make final recommendations to Full Council which would then approve a budget for 2021/22 and set the level of Council Tax and its meeting on 9 March, 2021.

Councillor Ieuan Williams declared a personal interest in the item and did not take part in the voting thereon.

Councillor Robin Williams, Portfolio Member for Finance reported that the final budget proposals represent the last stage in the long process of setting the revenue budget before they are presented to the Full Council. The process has been particularly challenging this year because of the tight timescales with the provisional settlement not received until 21 December, 2020 and the final settlement announcement to be made on 2 March, 2021. The provisional settlement was better than expected and provided the Council with £104.825m up 3.5% in cash terms but adjusted down to 3.4% when grants transferring into the settlement and the effect of the change in the Council's tax base are taken into account. The Executive in its initial proposals in January identified areas in which it was keen to invest and which had come under pressure during the pandemic including Public Protection and Information Technology. It also saw a need to provide for the Council's future skills supply and proposed to reinstate the Professional Trainee Programme. The initial 2021/22 Budget proposal as at 18 January was for a net revenue budget of £147.531m which assumed a 3.75% increase in Council Tax. The foreshortened public consultation on the proposals showed that the majority of respondents were against the proposed Council Tax increase and although the Corporate Scrutiny Committee in its meeting on 16 February supported the budget proposals, there were voices within the Committee that wanted to see a reduced Council Tax increase if possible.

The Portfolio Member said that he was therefore pleased to report that as a result of additional funding by Welsh Government (details provided at section 9.1 of the report) the

final budget proposal for 2021/22 is a net revenue budget of £147.420m, and a reduced Council Tax increase of 2.75% which is the lowest in North Wales and among the lowest in Wales.

The Director of Function (Resources)/Section 151 Officer confirmed in his capacity as Section 151 Officer that the budget proposal is lawful; the budget incorporates a number of assumptions and estimates in terms of likely levels of future income and expenditure meaning there are therefore a number of financial risks inherent in the proposed budget. These are highlighted in section 6 of the report and include the risk that inflation may be significantly higher than provided for in the budget; that the Teachers' pay award from September 2021 onwards may be higher than that allowed for in the budget; that demand in Adults' Services and Children and Families' Services will continue to grow beyond the current levels on which the budget is based and that the continuation of the pandemic may impact income and expenditure to a level not covered by Welsh Government funding support. The Director of Function (Resources)/Section 151 Officer confirmed that he was satisfied that the proposed budget reflects services' current needs and that any additional demand pressures will be met from the general reserves.

As at 31 March, 2020, the Council's general reserves stood at £7.060m which is equivalent to 4.97% of the Council's net revenue budget for 2020/21 (as a general rule of thumb, 5% of the net revenue budget being considered an acceptable level). A projected £1.47m underspend on the 2020/21 revenue budget would increase the balances to £8.53m (5.8% of the 2021/22 proposed net revenue budget) but, having regard to the Executive's initial proposal that £921k of general reserves be used to fund the 2021/22 capital budget, this would reduce the level of general balances back down to £7.609m or 5.16% of the 2021/22 proposed net revenue budget. It is the professional opinion of the Section 151 Officer that the level of general reserves is currently at an adequate level to meet the future financial risks faced by the Council. However, the projected level of reserves is dependent on the realisation of the forecast underspend on the revenue budget; additionally, the pandemic creates a greater level of uncertainty and increased financial risks going forward than would normally be the case. These can be mitigated if Welsh Government continues to support the Council for additional expenditure incurred and for loss of income. The £300k from reserves which was to have funded chrome books for schools (which are now being funded by additional Welsh Government funding) will now be used as a contribution to the revenue budget in 2021/22 to part fund the reduced Council Tax increase meaning that the £300k will have to be made up by savings in 2021/22 – the Director of Function (Resources)/Section 151 Officer confirmed that he was satisfied that the Council has the means to fund the £300k in the next financial year.

Councillor Dafydd Rhys Thomas, Portfolio Member for Corporate Business referred to the public consultation on the budget proposals highlighting that nearly 600 responses were received via electronic means as well as correspondence via e-mail which was encouraging given the circumstances and the curtailed timescale. The Programme, Business Planning and Performance Manager provided a summary of the substance of the responses received which were detailed in Appendix 2 to the report.

Councillor Aled Morris Jones, Chair of the Corporate Scrutiny Committee gave feedback on the Committee's views on the budget proposals (which were not necessarily his own views) and confirmed that following a full discussion at the 16 February meeting and having regard to the outcome of the public consultation, the Committee had by a majority supported the proposals including a proposed 3.75% increase in the Council Tax. During the course of the discussion an alternative proposal for a 2.5% increase in Council Tax had been put forward but did not gain majority support.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel reported that the Panel was of the view that any scope for reducing the Council Tax increase should be looked at and that discounted parking for local residents at seaside car parks could be considered.

In response to a question about the number of residents who have signed up to pay the new £35 charge for green garden waste collection and the projected income from the scheme, Councillor R.G. Parry, OBE FRAGS confirmed that over 2,000 had signed up to the middle of February; information about the charge has been provided and publicity has been undertaken on Facebook; reminders will also be included alongside Council Tax bill notifications later in March. The Director of Function (Resources)/Section 151 Officer advised that the projected income of £350k provided for in the budget is based on other North Wales councils' experiences of providing a chargeable green garden waste collection – Anglesey being the last council in North Wales to introduce the charge; it is estimated that in the region of 30% of households in Anglesey will sign up to the charge i.e. 10,000 households.

The Portfolio Member for Finance clarified that green garden waste collection is not a statutory service and that it is deemed fair to introduce a charge for the service to bring the Council into line with the other local authorities in North Wales.

It was resolved –

- **To note the formal consultation meetings on the budget and the resulting feedback as outlined in Section 3 of Appendix 1 and Appendix 2 to the report.**
- **To agree the final details of the Council's proposed budget as shown in Section 9 of Appendix 1 and Appendix 3 to the report.**
- **To note the Section 151 Officer's recommendation that the Council should be working towards achieving a minimum of £7.3m general balances.**
- **To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in section 7 of Appendix 1 to the report.**
- **To recommend a net budget for the County Council of £147.420m and resulting increase in the level of Council Tax of 2.75% (£35.91 – Band D) to the Full Council, noting that a formal resolution, including the North Wales Police and Community Council precepts, will be presented to the Council on 9 March, 2021.**
- **That any differences between the provisional settlement and the final settlement will be adjusted for by using the general contingency which is included in the 2021/22 budget, or by making a contribution to/from the Council's general reserves in order to set a balanced budget.**
- **To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council.**
- **To agree that any unforeseen pressures on demand led budgets during the financial year will be able to draw upon funding from the general contingencies budget.**
- **To request the Council to authorise the Executive to release up to £250k from general balances if the general contingencies budget is fully committed during the year.**
- **To delegate to the Section 151 Officer the power to release funding from the general contingency up to £50k for any single item. Any item in excess of £50k not to be approved without the prior consent of the Executive.**
- **To confirm that the level of Council Tax Premium for second homes remains at 35% and for empty homes remains at 100%.**

11. CAPITAL STRATEGY AND CAPITAL PROGRAMME 2021/22 TO 2023/24

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Capital Strategy and Capital Programme for 2021/22 to 2023/24 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance reported that the revised CIPFA Prudential Code, September 2017 introduces the requirement that all authorities must produce a capital strategy which sets out the long-term context in which capital expenditure and investment decisions are made. This requirement is aimed at ensuring that authorities take capital and investment decisions in line with service objectives and properly take into account stewardship, value for money, sustainability and affordability. The draft capital programme for 2021/22 and funding sources are shown in section 7.1 of the strategy and this will be presented alongside the strategy to the Full Council for approval on 9 March, 2021.

The Director of Function (Resources)/Section 151 Officer advised that the Capital Strategy remains unchanged from last year and sets out the key priorities on how capital expenditure should be spent to help deliver the Council Plan 2017-22. It impacts on and is impacted by the Medium Term Financial Plan, the Treasury Management Strategy, the Annual Revenue Budget and the Annual Capital Programme.

The Executive was advised that the level of capital funding provided by Welsh Government through the General Capital Grant and supported borrowing has remained consistent over a number of years and it is predicted that Welsh Government will keep this level of funding the same or less in future. The strategy is therefore to focus this funding on increasing the life of the Council's ageing assets and keeping up to date with technological upgrades. The Council is however facing a growing challenge to continue maintaining its existing assets with the capital funding it receives and it is becoming increasingly difficult to make the necessary investment in its assets to ensure they remain serviceable. For example, maintaining the Council's school buildings even at their current standard is becoming a challenge and this in turn raises issues about future deterioration and cumulative maintenance backlog costs. The Council is awarded capital grants for specific projects but these usually come with restrictions and in being tied to specific projects, they then limit the choice the Council has with regard to its Capital Strategy.

The Executive in endorsing the Capital Strategy acknowledged the funding constraints on the Council in terms of capital expenditure.

It was resolved to recommend the Capital Strategy for 2020/21 to 2022/23 for the Full Council's approval.

12. FINAL PROPOSED CAPITAL BUDGET 2021/22

The report of the Director of Function (Resources)/Section 151 Officer incorporating the final proposed capital budget for 2021/22 was presented for the Executive's consideration and endorsement.

Councillor Robin Williams, Portfolio Member for Finance reported that in developing the capital budget for 2021/22 a funding shortfall was identified which it is proposed is bridged from the General Balances on the back of the forecast underspend on the 2020/21 Revenue Budget. As with the draft proposals for the 2021/22 Revenue Budget, the draft Capital Programme for 2021/22 was the subject of public consultation and the substance of the responses received is summarised in section 2 of the report. In proposing the capital programme for 2021/22, the Portfolio Member said that he was mindful of the challenges ahead with regard to capital expenditure and resourcing.

The Director of Function (Resources)/Section151 Officer advised the Executive with regard to the changes since the draft Capital Programme was presented in January 2021 as reflected in section 3 of the report the main one being the funding of Chromebooks for schools by external grant rather than by general reserves which has been incorporated within the proposed updated 2021/22 Capital Programme at Table 2. Additionally, the predicted £22m underspend on the current 2020/21 Capital Programme is based on the projected outturn position at the end of Quarter 3. The actual outturn position at the end of Quarter 4 will be reported to the Executive in a separate capital outturn report and any slippage amounts requested to be carried forward to 2021/22 will be subject to the Executive's approval at that stage. Capital grants may also be received after the budget setting process meaning that schemes may be added to the programme and the budget total may therefore change.

Councillor Aled Morris Jones, Chair of the Corporate Scrutiny Committee reported from the Committee's 16 February meeting and he confirmed that following discussion and having regard to the public consultation process the Committee had supported the 2021/22 capital budget proposals.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel reported that the Panel had noted that the public responses to the consultation indicated that there was less support for investment if that leads to increased Council Tax. With regard to the longer term outlook, the Panel was concerned about the condition of the Council's buildings especially its schools and the prospects with regard to investing in them.

It was resolved to recommend the following capital programme for 2021/22 to the Full Council –

	£
2020/21 Schemes Brought Forward	4.000m
Refurbishment/Replacement of Assets	4.137m
New One Off Capital Projects (Priority Projects)	0.780m
New One Off Capital Projects (subject to Funding being available)	0.325m
21st Century Schools	6.600m
Housing Revenue Account	20.313m
Total Recommended Capital Programme	36.155m

Funded By:

General Capital Grant	2.163m
Supported Borrowing General	2.158m
General Balances	0.291m
General Balances (if sufficient funding available)	0.325m
21st Century Schools Supported Borrowing	2.897m
21st Century Schools Unsupported Borrowing	0.498m
HRA Reserve & In Year Surplus	15.639m

HRA Unsupported Borrowing	2.0m
External Grants	6.184m
2020/21 Funding Brought Forward	4.000m
2021/22 Total Capital Funding	£36.155m

**Councillor Llinos Medi
Chair**

DRAFT