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Prif Weithredwr – Chief Executive

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	**THE EXECUTIVE (BUDGET)**
DYDD LLUN 16 CHWEFROR 2015 10.00 o'r gloch	**MONDAY 16 FEBRUARY 2015 10.00 am**
SIAMBR Y CYNGOR SWYDDFEYDD Y CYNGOR LLANGEFNI	**COUNCIL CHAMBER COUNCIL OFFICES LLANGEFNI**
Swyddog Pwyllgor **Ann Holmes 01248 752518**	Committee Officer

Annibynnol/Independent

R Dew, K P Hughes, H E Jones and Ieuan Williams (Cadeirydd/Chair)

Plaid Lafur/Labour Party

J A Roberts (Is-Gadeirydd/Vice-Chair) and Alwyn Rowlands

Aelod Democratiaid Rhyddfrydol Cymru /Welsh Liberal Democrat (Heb Ymuno / Unaffiliated)

Aled Morris Jones

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

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

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

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

A G E N D A

1 **DECLARATION OF INTEREST**

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

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

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

3 **2014/15 CAPITAL BUDGET MONITORING REPORT - QUARTER 3** (Pages 1 - 12)

To submit the report of the Interim Head of Function (Resources) and Section 151 Officer.

4 **2014/15 REVENUE BUDGET MONITORING REPORT - QUARTER 3** (Pages 13 - 24)

To submit the report of the Interim Head of Function (Resources) and Section 151 Officer.

5 **SCORECARD MONITORING REPORT - QUARTER 3, 2014/15** (Pages 25 - 38)

To submit the report of the Deputy Chief Executive.

6 **BUDGET 2015/16** (Pages 39 - 48)

(a) To submit the report of the Interim Head of Function (Resources) and Section 151 Officer on the Executive's Final Revenue Budget Proposals for 2015/16 inclusive of consultation outcomes. -**TO FOLLOW**

(b) To submit the report of the Corporate Scrutiny Committee on Scrutiny feedback. - **TO FOLLOW**

(c) To submit the report of the Interim Head of Function (Resources) and Section 151 Officer on the final proposals for the 2015/16 Capital Programme.

7 **TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16** (Pages 49 - 82)

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

8 **CHARGES FOR NON-RESIDENTIAL SERVICES 2015/16** (Pages 83 - 94)

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

9 **STANDARD CHARGE FOR COUNCIL CARE HOMES 2015/16** (Pages 95 - 98)

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

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10 **LEISURE FUNCTION PLAN: RESPONDING EFFECTIVELY TO THE IMMEDIATE EFFICIENCY CHALLENGES** (Pages 99 - 138)

To submit a report by the Head of Economic and Community Regeneration.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**16 FEBRUARY 2015**
SUBJECT:	**BUDGET MONITORING REPORT THIRD QUARTER 2014/15 - CAPITAL**
PORTFOLIO HOLDER(S):	**COUNCILLOR H E JONES**
HEAD OF SERVICE:	**RICHARD MICKLEWRIGHT (EXT. 2601)**
REPORT AUTHOR: TEL: E-MAIL:	**GARETH ROBERTS** **01248 752675** **GarethJRoberts@anglesey.gov.uk**
LOCAL MEMBERS:	**n/a**

A - Recommendation/s and reason/s

- The expenditure on general schemes to the end of December was £6.6m (44% of total general schemes budget). Housing schemes incurred expenditure of £4.7m (52% of the total housing budget) to December. The overall expenditure was 51% of the total budget, as many of the larger schemes are weighted towards the year end.
- It is recommended to note progress of expenditure and receipts against the capital budget.

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?

- In February 2014, the Council set a capital budget of £15.265m, excluding slippage and any other Grant awards after this date.
- This report sets out the financial performance of the Capital budget for the first three quarters of the financial year.
- Budget monitoring is a designatied Executive function.

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

Yes

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

Setting of the annual Capital Budget.

DD - Who did you consult?		**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	n/a – this is the Section151 Officer's report
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	

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

F - Appendices:

Appendix A - Capital Budget Monitoring Report – Quarter 3 2014/15
Appendix B - Capital Budget 2014/15 – Summary: December 2014
Appendix C - Revised Capital Programme for 2014/15 with a detail of the planned Capital Expenditure and any external funding

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

- 2014/15 capital budget, as recommended by this Committe on 10 February 2014; and
- 2014/15 quarter 1 capital monitoring report (as presented to, and accepted by, this Committee on 8 September 2014)
- 2014/15 quarter 2 capital monitoring report (as presented to, and accepted by, this Committee on 3 November 2014)

1. BACKGROUND

1.1 This is the capital budget monitoring report for the third quarter of the financial year. Appendix B is a summary of expenditure against the budget up to the end of December.

2. PROGRESS

2.1 Expenditure to the end of December is £6.6m (£9.6m in 2013/14) on general schemes, which equates to 44% (57% in 2013/14) of the total general schemes budget. The reasons for this are that some of the projects, such as the Vibrant and Viable Places project referred to below, have had a minimal amount of spend up to the third quarter. However it is expected that these projects will have significant expenditure during the final quarter. There are also other grants that will spend most of their budget at a later stage in the year, such as the Safer Routes In Communities Grant. During the third quarter, work has progressed as expected on a number of schemes, including the Education: School Refurbishments where 90% of the budget has been spent. There have also been some new grant funded schemes which have commenced this year, including the Developing Anglesey Language Centres Grant within Education, but the overall effect has been a decreased level of activity and progress on programme compared with the same period last year.

2.2 Expenditure to the end of December on housing schemes is £4.7m (£3.4m 2013/14), which is 52% (44% in 2013/14) of the total housing budget. This is a higher level than last year, mainly due to works on Council Houses progressing well, with expenditure of £3.4m (£2.5m in 2013/14) up to the end of the quarter. Also, expenditure on Private: Grants & Loans is £1.2m (£0.9m in 2013/14) to the end of this quarter.

2.3 These reports focus on grant aided schemes and other projects where there can be considerable risk if projects slip or over-run the budget. As previously reported, the number of grant aided projects has reduced following cuts in Welsh Government budgets, although there are some large European Grant aided projects underway (being the Three Towns scheme, the Llangefni and Mona Sites and Premises project and the Anglesey Coastal Environment). There are also currently 9 (1 continued from 2013/14) Welsh Government aided projects underway, the most significant of which being the Vibrant and Viable Places Grant.

2.3.1 The six most significant projects in terms of risk are detailed below:-

2.3.1.1 The Isle of Anglesey County Council has secured grant funding of £7,490k from the Welsh Government Vibrant and Viable Places Programme over the next three financial years, on a match funding basis. The total budget approved by the Welsh Government for 2014/15 is £2,050k. This budget of £2,050k has been split over seven categories, Enabling New Homes (£485k), Town Homes (£225k), Viable Town Centre (£385k), Market Hall Hub (£10k), Jobs and Business (£190k), Active Community (£635k) and Sustainable Delivery (£120k). The late approval of funding and the associated complex requirements by Welsh Government has resulted in actual capital spend to the end of December being very limited. A total of 22 projects are expected to receive funding from VVP in 2014/15, of which only 7 were underway by the end of Q3. Actual capital expenditure by the end of Q3 has been as follows: Enabling New Homes £24k Town Homes £43k, Sustainable Delivery £75k leaving a total remaining VVP budget of £1,908k to be spent in Q4. The pressure on realising the remaining VVP project expenditure and claims in Q4 will therefore be very considerable. Many of the 22 projects involve VVP funding over two financial years.

2.3.1.2 The smallholdings programme of improvements, financed from the ring-fenced capital receipts from the sale of smallholdings and rental income, is in its fifth year. There are 6 schemes currently on site with a further scheme to commence in March. The programme continues to run ahead of capital receipts, with a deficit of £2,051k brought forward from 2013/14 however income this year is projected to be £2,052k. Capital receipts to the end of the third quarter is £1,357k. There are further sales projected for 2015/16 and 2016/17.

2.3.1.3 Another scheme to note is the Beaumaris Pier project (part of the Coastal Environment Scheme). It has previously been reported that, although the renovation works have been completed, there are on-going discussions over the actual value of the works carried out. This has now been agreed between the Isle of Anglesey County Council, Capita and BAM.

The account has been audited internally and approved for final payment. Capita have produced certificates of completion and payment in order for BAM to send invoice for retention, which are now also received. A figure to settle the account on top of retention and maintenance costs is now due and we await an invoice for this.

Source of funding for this settlement is to be finalised and a payment will be made before the end of the financial year 14/15.

2.3.1.4 A number of projects and schemes aligned to service and corporate transformation are in progress or are expected over the short to medium term; this includes the recent, in principle, approval of the 21st Century Schools Programme, Band A, and projects involving older adult social care. These projects and schemes will place a significant capital financing requirement on this Authority and the corporate strategic asset management plans will need to be closely aligned to deliver the capital receipts necessary to minimise the need to borrow. Any borrowing that is taken up will increase the pressures on the future budgets and increase the general risks associated with debt.

2.3.1.5 During the quarter an application to the Welsh Government to extend the timescale of the Flying Start Capital Programme project to March 2016 was approved. Funding allocation is now £415k for 2014/15 and £442k in 2015/16. VVP funding of £50k in 2014/15 and £250k in 2015/16 has also been approved for the project. Spend on the Flying Start Programme is minimal up to the third quarter, but spend is expected to increase in the fourth quarter.

2.3.1.6 The final schemes to note are the Safer Routes In Communities and Road Safety Grants. The Safer Route in Communities Grant is for £185,071 and it is focused on two schemes. The first scheme is Cwm Cadnant in Llandegfan, with a budget of £125,850 for works on new footways and street lights to ensure safer walking. The second scheme is Valley, with a budget of £59,221 for works on traffic calming on Lôn Gorad. Although spend to the end of the third quarter on both schemes is only £13k, which was completing the Ghost Island project on the A5 in Valley, work is now progressing and it is expected that the grant will be fully spent by 31 March 2015. The Road Safety Grant is for £90k, but there no spend up until the end of quarter 3 as work had not commenced on site. The grant is for visibility improvement on the B5111 road from Amlwch to Llanerchymedd, and work has started in quarter 4. It is expected that the grant will be fully spent by the end of the financial year.

3. RESOURCES

3.1 Capital Grants

3.1.1 The Council's bids have already been approved for the current Convergence Programme and the match funding has already been earmarked for approved schemes.

3.1.2 WEFO have formally approved the additional funding of £600k to build the additional three BREEAM ''Excellent'' business units on the Pen yr Orsedd site, and to demolish the old Môn Training Building. The building works began during Quarter 3, with the demolishing of Môn Training Building due to start in Quarter 4. The project is due to conclude in Quarter 1 2015/16.

3.1.3 During the quarter the council secured £138,723 of grant funding from the Welsh Government for developing Anglesey Language Centres. This is 100% grant funded, and the funding will be spent on upgrading Moelfre Primary Language Centre, upgrading Llanfawr Primary Language Centre and setting up Bodedern Secondary Language Centre. The allocation needs to be spent by 31 March 2015, and work has begun to ensure we achieve this. There are no problems anticipated in spending the allocation by this date.

3.2 Capital Receipts

3.2.1 The capital receipts for this year to date are:-

	Received to 30 December 2014 £'000
Housing HRA	
Right to Buy Sales	65
Land Sales	0
Private Sector Housing	
Sales of plots	0
Repaid charges	79
Repaid grants	12
Council Fund:	
Smallholdings	1,357
General	276
Industrial	71
Schools	126
Total	**1,986**

3.2.2 Receipts for the Smallholdings are showing below anticipated levels. Five lots have been sold during quarter 3, although we have only received payment for three of these. The payments for the remaining two lots are expected in quarter 4. Forecasting the level and timing of receipts as a whole remains an ongoing problem, although the economic climate is easing nationally.

4. CHANGES AND POTENTIAL CHANGES THIS YEAR

4.1 Unallocated contingencies are as follows:-

	B/fwd 2013/14 £'000	Budget 2014/15 £'000	Allocated 2014/15 £'000	Adjustments 2014/15	Total Available 2014/15 £'000
Matchfunding / Regeneration	**200**	Nil	Nil	Nil	200
Leisure Improvements Reserve	**196**	Nil	Nil	(196)	0
Asset Rationalisation	**2,100**	Nil	Nil	Nil	2,100
Unallocated	**340**	Nil	Nil	Nil	340
Feasibility Studies	**460**	Nil	Nil	Nil	460
Spend to Save	**Nil**	850	Nil	Nil	850
Unsupported Borrowing*	**Nil**	1,000	Nil	Nil	1,000

** The unused element of the unsupported borrowing contingency is not carried forward into the following year.*

4.1.1 If it becomes apparent that the budgeted capital receipts are not going to be achieved, or if other budget pressures arise, it may be necessary to scale back the use of the unallocated contingencies. This review will need to be performed when considering any future commitments to be made from these contingencies.

5. LOOKING AHEAD

5.1 The significant items worthy of note at this point are as follows:-

5.1.1 21st Century Schools: There are two elements to 21st Century Schools programme to note. These are the Strategic Outline Case (SOC) for each scheme within Bands A - D and the Strategic Outline Programme (SOP) for the programme as a whole.

5.1.2 The SOC for the new primary school in North West Anglesey (Llannau area) has been approved by Welsh Government and an Outline Business Case for the proposed new school will be presented to the Executive Committee on March 16 2015 prior to its consideration by the Welsh Government in April 2015. The site for the proposed new school could change to a more central location and the Executive Committee will decide on the favored site at its meeting on 9th February 2015. However, there could well be additional costs associated with the new site and funding for these costs needs to be resolved.

5.1.3 The combined SOC/OBC for the new primary school in Holyhead has been approved by the Executive Committee in January and has been presented to Welsh Government for its consideration in February 2015. A Final Business Case (FBC) will be presented to the Executive and Welsh Government in June or July 2015. This project will be procured as a Design & Build Project through the 21st Century Schools Framework. A briefing meeting took place with the contractors last week. The project is now out to tender and these will be evaluated in mid-November.

5.2 It has previously been reported that Local Partnerships have been working with officers to carry out option appraisal work with regards to the Council's asset rationalisation programme. A report on the 'Options Appraisal of Potential Delivery Solutions' was provided in 2013/14. Since then, Local Partnerships have been retained to carry out further work to develop proposals that are aligned with the transformation of key services and the associated asset requirements. Relevant services will be presenting their transformation plans in due course.

APPENDIX B

Capital Budget 2014/15 : December 2014

Projects	Budget 2014/15 £'000	Slippage 2013/14 £'000	Total £'000	Expenditure £'000	Expenditure %	Comments
Housing	**6,634**	**2,365**	**8,999**	**4,707**	**52**	
Housing Revenue Account (HRA)	5,734	1,351	7,085	3,436	48	Expenditure increased during Q3 and there are 5 significant schemes currently on site. On the whole work is progressing well, however, there is concern that not all of the schemes will be completed before the end of Q4 as originally programmed. In addition the Sheltered Housing Review will now be undertaken during 2015/16.
Private : Grants & Loans	900	621	1,521	1,203	79	Unless major delays are experienced on site all grant and loan allocations are expected to be spent by year end.
Affordable Housing	0	393	393	68	17	Priorities continue to be considered jointly with the funding required for the mortgage rescue/home buy scheme, which will benefit from a contribution from Cymdeithas Tai Eryri.
Education	**1,554**	**1,049**	**2,603**	**1,135**	**43**	
21st Century Schools Contingency	0	789	789	0	0	
21st Century Schools	0	61	61	25	26	There has only been minimal spend on 21st century schools for the year to date on site investigations and site appraisal works.
Flying Start Capital Expansion Programme	415	0	415	35	8	There has only been minimal spend on this scheme due to the tenders received being higher than anticipated, and the awaiting of approval to extend the project over another year. Now the approval has been received, expenditure is expected to increase during the last quarter.
Education : Other	1,000	199	1,199	1,075	90	This relates to minor works schemes in various schools. The budgets are fully committed. Work is progressing with a large proportion of the budget spent up to the end of Q3.
Education : Developing Anglesey Language Centres Grant	139	0	139	0	0	Upgrading Moelfre Primary Language Centre, upgrading Llanfawr Primary Language Centre and setting up Bodedern Secondary Language Centre. This Grant was awarded during the third quarter therefore there was no spend during the quarter, however it is expected that the grant will be fully spent in quarter 4.
Regeneration	**4,491**	**2,106**	**6,597**	**3,929**	**60**	
Econ Dev: Strategic Infrastructure - Sites and Premises	1,666	215	1,881	1,032	55	WEFO have formally approved the additional funding of £600k to build the additional three BREEAM ''Excellent'' business units on the Pen yr Orsedd site, and to demolish the old Môn Training Building. The building works began during Quarter 3, with the demolishing of Môn Training Building due to start in Quarter 4. The project is due to conclude in Quarter 1 2015/16
Econ Dev : Other	650	721	1,371	594	43	This relates to the match-funding Cyfenter Scheme, Local Investment Fund Grants, Anglesey Business Centre Extension Plans, Anglesey Coastal Environment Project and Public Conveniences.
Property: Smallholdings Programme of Improvements	250	0	250	187	75	The smallholdings programme of improvements, financed from the ring-fenced capital receipts from the sale of smallholdings and rental income, is in its fifth year. There are 6 schemes currently on site with a further scheme to commence in March. The programme continues to run ahead of capital receipts, with a deficit of £2,051k brought forward from 2013/14 however income this year is projected to be £2,052K. There are further sales projected for 2015/16 and 2016/17.
Waste Management: Container Compound in Mona	125	0	125	0	0	The original plan for the expenditure was for the site at Penhesgyn. But this site is now deemed unsuitable; therefore, the money will be spent on the Waste Container Storage Compound in Mona, which would replace the area currently occupied at Bryn Sunsur. A retention for 2013/14 works was paid during the quarter, which will be funded through reserves
Waste Management: Other	0	0	0	32	0	
Physical Regeneration (3 Towns)	0	1,170	1,170	1,063	91	The budget is to be spent on projects and properties within the Holyhead Townscape Heritage Initiative.
Highways: Local Government Borrowing Initiative 2014/15	1,800	0	1,800	1,053	58	The works are expected to gain momentum during the year, being weighted towards the second half of the year. It is expected that all the programmed works will be completed by the year end.
Other	**4,367**	**1,415**	**5,782**	**1,529**	**26**	
Highways : Other	1,020	386	1,406	817	58	This budget relates to vehicles, structures, carriageways, car parks and street lighting, and the Llangefni Link Road which are progressing as anticipated.
Property: Other	770	453	1,223	252	21	This all relates to disabled access and building risk management work, Holyhead Fishdock and extensions to two cemeteries, one in Llanddona and the other in Llanbedrgoch.
ICT: Strategy	150	456	606	0	0	No expenditure on ICT: Strategy during the year to date.
Social Services: Other	377	120	497	318	64	The expenditure incurred here includes the refurbishment of Brwynog Care Home, the purchase of a number of laptops and the purchase of specialist equipment, such as profiling beds.
Vibrant and Viable Places	2,050	0	2,050	142	7	A total of 22 projects are expected to receive funding from VVP in 2014/15, of which only 7 were underway. The remaining project are
Total	**17,046**	**6,935**	**23,981**	**11,300**	**47**	

APPENDIX C

Slippage 2013/14 £'000	Budget 2014/15 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)
		Housing				
		Public Sector Housing :				
1,351	**5,734**	Housing Revenue Account Capital Programme	Planned Maintenance on Council Houses	5,350	2,600	2,750
			WHQS Planned Works 2014-15 - Unallocated contingency	400		400
			WHQS Change of Tenancy 2014-15 - Unallocated contingency	350		350
			Environmental Works 2014-15 - Unallocated contingency	250		250
			Sheltered Housing Review - Unallocated contingency	735		735
		Private Sector Housing Schemes :				
621	**900**	Private Sector Housing Grants and Loans Schemes	Energy Efficiency Grants 14-15 programme	171		171
			First Time Buyer Grants 14-15 programme	314		314
			Disabled Facilities Grants 14-15 programme	851		851
			Emergency Repair Grant	21		21
			Empty Home Grants / Loans	140		140
			Fire Safety Grant	24		24
393		Affordable Housing Schemes	No further information	393		393
2,365	**6,634**	**Total Housing**		**8,999**	**2,600**	**6,399**
		Education				
	415	Flying Start Capital Expansion Programme	Adjustment to Flying Start Building, Holyhead	415	415	
850		21st Century Schools Contingency	Capital Costs & design fees Ysgol y Llannau. Planning for new School in Holyhead	61		61
			Contingency	789		789
199	**1,000**	Schools - Refurbishment	Ysgol Syr Thomas Jones - Toilet Refurbishment	100		100
			Ysgol Uwchradd Bodedern - Replacement Boiler and Roofing works	525		525
			Ysgol Gyfun Llangefni - Works on school car park, re-wiring, Doors and the Fire Alarm system	110		110
			Ysgol David Hughes - Fire Risk	50		50
			Ysgol Uwchradd Caergybi - Science Block, Roof, Boiler	200		200
			Ysgol Gynradd Y Borth - Toilets	30		30
			Ysgolion – Legionella Risk	50		50
			Ysgolion Gynradd – Rewiring & Lights	50		50
			Ysgolion Gynradd – Fire Alarms	30		30
			Ysgolion Gynradd – Boilers	30		30
			Unallocated budget	24		24
0	**139**	Developing Anglesey Language Centres	Upgrading Moelfre Primary Language Centre, upgrading Llanfawr Primary Language Centre and setting up Bodedern Secondary Language Centre	139	139	
1,049	**1,554**	**Sub-Total**		**2,603**	**554**	**2,049**

Slippage 2013/14 £'000	Budget 2014/15 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)
		Economic Development				
215	**1,666**	Strategic Infrastructure on Anglesey - Sites and Premises	7 new units on Penyrorsedd site and building demolition of Môn Training	1,881	1,500	381
277		Matchfunding Cyfenter Scheme	This is Run by Menter Môn and it's the Councils contribution in giving out grants to third sector community economic enterprises.	277		277
	130	Local Investment Fund Grants	The Council gives out grants to local businesses	130	100	30
	25	Anglesey Business Centre Extension Plans	Plans in 2007 to extend the centre. Updating and reviewing these plans to submit for planning application to extend Business Centre	25		25
	495	Anglesey Coastal Environment Project	Porth Dafarch, Holy Island	125	125	
			Yacht Station Pontoons, Menai Bridge	57	57	
			Beach Road, Rhosneigr	107	107	
			Slipway, Treaddur Bay	57	57	
			Harbour Viewing Area, Cemaes Bay	57	57	
			Access for All Beach, Cemaes Bay	92	22	70
444		Other	This includes budgets for Capital Feasability Studies and Partnership Funding.	444		444
936	**2,316**	**Sub-Total**		**3,252**	**2,025**	**1,227**
		Property				
	250	Smallholdings (Ringfenced programme)	No Programme on Small Holdings	250		250
2	**200**	Disabled Access to Public Buildings	Ysgol Syr Thomas Jones - Disabled Access	5		5
			Ysgol Gyfun, Llangefni - Disabled Access	40		40
			Ysgol Uwchradd Caergybi - Disabled Works	30		30
			Ysgol Gynradd Fali - Disabled Works	10		10
			Ysgol Esceifiog - Disabled Works	30		30
			Ysgol Llanfechell - Disabled Works	15		15
			Secondary schools unallocated DDA	50		50
			Contingency: General	22		22
143	**450**	Buildings Risk Management & Structural Maintenance	Primary Schools - Legionella Risks Unallocated	50		50
			Primary Schools - LPG Unallocated	30		30
			Primary Schools - Kitchens unallocated	50		50
			Various - Compliance with Legionella ACOP	50		50
			Last Trading Post - New Window	3		3
			Post Office Brynsiencyn - Flat Roof	3		3
			Council Depot - Asbestos Removal	10		10
			Unit 2 Bodedern - Convert window to door	2.5		2.5
			Old National School - Roofing	15		15
			Old National School - Retaining Wall	5		5
			Foel Fawr Access - Access Track	4		4
			All properties - Fire Risk	17		17
			All properties - Boilers	100		100
			All properties - LPG Safety Programme	50		50
			Contingency: General	203.5		203.5
(3)	**120**	Extension to Llanddona Cemetery	Extending the Llanddona Cemetery	117		117
110		Llanbedrgoch Cemetery Extension	Extending the Llanbedrgoch Cemetery	110		110
130		Holyhead Fishdock	No further information	130		130
11		Asset Management Option Appraisal	No further information	11		11
40		Wendon Cafe	No further information	40		40
20		Other	No further information	20		20
453	**1,020**	**Sub Total**		**1,473**		**1,473**

Slippage 2013/14 £'000	Budget 2014/15 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)
		Waste				
	125	Waste Containers Storage Compound - Penhesgyn	The monies will be used in connection with Waste Container Storage Compound in Mona, The storage compound would replace the area currently occupied at Bryn Sunsur.	125		125
0	**125**	**Sub-Total**		**125**		**125**
		Planning				
1,170		Physical Regeneration (3 Towns)	Projects & Properties within the Holyhead Townscape Heritage Initiative	1,170	1,120	50
1,170	**0**	**Sub-Total**		**1,170**	**1,120**	**50**
		Highways and Transportation				
	1,800	Local Government Borrowing Initiative	Carriageway Resurfacing	1,490		1,490
			Drainage Improvement	170		170
			Footway reconstruction	140		140
(28)	**200**	Carriageways	Pengorffwysfa to Llaneilian	72		72
			Tregele Village	30		30
			Ravenspoint Road, Trearddur Bay	70		70
59	**50**	Car Parks	No programme on Car Parks	109		109
35	**180**	Structures	Aberffraw	90		90
			Llanfairynghornwy	90		90
			No further information	35		35
(3)	**20**	Street Lighting	Looking at the age of lamps and replacing the less efficient lamps	17		17
(3)	**50**	Estate Roads and Footways	No Programme on Estate Roads & Footways	47		47
237	**150**	Vehicles	To purchase Fleet Vehicles – due to go to tender	387		387
0	**370**	Llangefni Link Road		370	370	0
89		Beaumaris Flood Alleviation	Reduce the risk of floods in Beaumaris	89	72	17
386	**2,820**	**Sub-Total**		**3,206**	**442**	**2,764**
		Corporate				
456	**150**	ICT Strategy	ICT Backup System	150		150
			Update Windows XP to Windows 7	37		37
			Microsoft Exchange	75		75
			3Comm Refresh	50		50
			PSBA fibre to schools	50		50
			Additional Cost for Backup Systems	20		20
			Replacement of 2003 servers	100		100
			Provision for Microsoft and Oracle licensing costs	30		30
			Additional costs for XP replacement	20		20
			New Servers	15		15
			ICT Contingency	59		59
456	**150**	**Sub-Total**		**606**		**606**

Slippage 2013/14 £'000	Budget 2014/15 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)
		Social Services				
120		Brwynog	Refurbish Brwynog Care Home	120		120
	377	Intermediate Care Fund	24/7 Health and Social Care support service	5	5	
			Embedding intermediate care Pharmacy role into primary care	5	5	
			Provision of Equipment and Adaptations	90	90	
			Telecare Equipment	30	30	
			Mobile and Smarter Working	97	97	
			Specialist Equipment	50	50	
			Co-location of MDT Staff	20	20	
			Community Hubs	80	80	
120	**377**	**Sub-Total**		**497**	**377**	**120**
0	**2,050**	Vibrant and Viable Places	Enabling New Homes	485	485	0
			Town Homes	225	225	0
			Viable Town Centre	385	385	0
			Market Hall	10	10	0
			Jobs and Business	190	190	0
			Active Community	635	635	0
			Sustainable Delivery	120	120	0
0	**2,050**	**Sub-Total**		**2,050**	**2,050**	**0**
4,570	**10,412**	**Total - General**		**14,982**	**6,568**	**8,414**
6,935	**17,046**	**TOTAL BUDGET**		**23,981**	**9,168**	**14,813**

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**16 FEBRUARY 2015**
SUBJECT:	**REVENUE BUDGET MONITORING, QUARTER 3 2014/15**
PORTFOLIO HOLDER(S):	**COUNCILLOR H E JONES**
HEAD OF SERVICE:	**RICHARD MICKLEWRIGHT / BETHAN HUGHES OWEN**
REPORT AUTHOR: TEL: E-MAIL:	**BEN DAVIES** 01248 752610 BenDavies@anglesey.gov.uk
LOCAL MEMBERS:	**n/a**

A - Recommendation/s and reason/s

1. In February 2014, the Council set a net budget for 2014/15 with net service expenditure of £126.7m to be funded from council tax income and general grants.
2. The budget for 2014/15 included required savings of £6.3m. These have been incorporated into the individual service budgets and achievement or non-achievement of these is reflected in the net under/overspends shown.
3. This report sets out the financial performance of the Council's services up to the end of December 2014 and the projected position for the year as a whole, identifying the overall position and the sources of the main variances.
4. The overall projected financial position for 2014/15 is an overspend of £154k (0.001%) and explanations for significant variances are included within the report.
5. It is recommended that the following are noted:-

   (i) the position set out in respect of financial performance to date;
   (ii) the projected year end deficit; and
   (iii) actions being taken to address the projected year end deficit.

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)	No issues raised.
2	**Finance / Section 151** (mandatory)	n/a – this is the Section 151 Officer's report
3	**Legal / Monitoring Officer** (mandatory)	No issues raised.
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	
E - Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	

F - Appendices:

Appendix A - Revenue Budget Monitoring Report – Quarter 3, 2014/15

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

- 2014/15 revenue budget (as recommended by this Committee on 10 February 2014 and adopted by the the County Council in February 2014);
- 2014/15 quarter 1 revenue budget monitoring report (as presented to, and accepted by, this Committee on 8 September 2014); and
- 2014/15 quarter 2 revenue budget monitoring report (as presented to, and accepted by, this Committee on 3 November 2014).

REVENUE BUDGET MONITORING – QUARTER 3, 2014/15

1. General Balance – Opening Position and Planned Contribution in 2014/15

1.1 As reported to this Committee on 30th September 2014, the out-turn position for 2013/14 was significantly better than expected; so that the general balance at the start of the current financial year stood at £5.7m.

2. Period to end of Quarter 3 (herein referred to as 'the period') – Financial Performance by Service

2.1 Details of the financial performance by service for the period and the projected out-turn position for each is set out in Annex A (for ease of comparison, the equivalent table as contained in the Quarter 2 report can be found in Annex B). The overall forecast is for a net overspend on the services of £154k. The table below summarises the variances.

Summary of projected variances at 31 March 2015 based upon financial information as at January 2015	
	(Under) / Overspend £000
Central Education	(115)
Social Care (Adult/Children's Serivce)	(703)
Leisure	115
Highways	100
Planning & Public Protection	161
Corporate – other services	187
Finance (excl. Benefits Granted)	717
ICT	(338)
Other	30
Net	154

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Central Education

3.1.1.1 This service underspent by £156k (4%) during the period. The forecast for the year end is an underspend of £115k (2%); this is a £203k (4% of service's annual budget) reduction in the forecast underspend reported for Quarter 2 (£318k, 4%). The reasons for the forecast underspend are as follows:

- Home tuition is projected to be underspent by £85k (19%) due to savings on premises hire and consultancy. This is a demand led budget and so there is a heightened degree of uncertainty when forecasting;
- Primary school meals are projected to be underspent by £80k (17%) due to the new catring contract which is proving to have enhanced cost effectiveness;
- Out of county costs are forecast to be underspent by £270k (24%) by the year end, although this is a demand led budget and there is, therefore, a heightened degree of uncertainty when forecasting;
- There are other minor forecast underspends which total £264k.

- The above underspends are forecast to be countered by the following overspends: £120k relating to integration budgets as a higher than anticipated number of pupils requiring support transferring from primary schools to secondary schools (this is a pseudo delegated budget); £130k relating to consultancy services provided by Cynnal (36%); £120k (5%) on transport (buses and taxis); £135k (15%) on central administration costs (including NNDR and electricity); and £109k of miscellaneous minor overspends.

3.1.1.2 The reasons for the variance in the forecasts from the Quarter 2 report are the forecast integration budget overspend of £120k, together with a £33k adjustment in relation to a grant and £50k net overspend from other minor adjustments.

3.1.2 Culture

3.1.2.1 This service was £6k (1%) underspent during the period, with this forecast to become an overspend of £78k (4%) by the year end. The reasons for this are as follows:-

- Museums and galleries are forecast to be £120k overspend due to non achievement of income targets; this is inpart due to the Oriel Ynys Mon income budget reflecting expectations following on from the Venice Exhibition in 2013/14 which is expected to fall short by £60k;
- The library services are forecast to be £50k underspent, largely due to a vacant post; and
- Other minor variances amounting to a net overspend of £8k.

3.1.2.2 This is outlook is an increase of £23k (1% of the service's annual budget) in the forecast overspend since Quarter 2 (£55k, 2%), which is due to an increase to the forecast overspend on museums and galleries of £20k, a forecast underperformance against income budgets and £3k of other minor adjustments increasing the overspend.

3.2 Communities

3.2.1 Social Care (Adult/Children's Services)

3.2.1.1 This service was £766k (4%) underspent for the period, with this forecast to be £703k (2%) for the year as a whole.

3.2.1.2 The elements within the projected underspend are as follows:-

- Older People and Adults Unit forecast underspend (£587k, 4%):-
  - Services for the Elderly: forecast underspend of £497k (8%);
  - Physical Disabilities: forecast underspend of £111k (7%);
  - Mental Health: forecast underspend of £94k (5%); and
  - Learning Disabilities: forecast overspend of £116k (2%).

- Provider Unit: forecast underspend of £93k (1%);
- Children and Young People's Unit: forecast underspend of £65k (1%)
- Other minor variances: forecast overspend of £41k (6%).

3.2.1.3 As previously reported the Services for the Elderly is a volatile area and a substantial amount of work on improving the projections over all client groups as well as realigning budgets between Residential Care and Home Care to follow demand has been completed.

3.2.1.4 The forecast outturn position is in line with that reported for Quarter 2 (the projected underspend is £59k (<1% of service's annual budget) higher). The main reasons for the projected underspends continue to be savings on employee costs, overachievement of income and a reduction in repairs and maintence and supplies and services expenditure.

3.2.2 Housing (Council Fund)

3.2.2.1 This service was underspent by £64k (4%) during the peiod, with a forecast underspend of £73k (4%) by the year end (an increase of £21k on projeccted underspend, which is 1% of the service's annual budget). The items identified as contributing to the forecast underspend, as detailed in the previous report, still stand; those items include:- vacant posts and underspends on the Homeless section relating to B&B costs, countered by overspends on the Private Sector Leasing Scheme.

3.2.3 Housing (HRA)

3.2.3.1 This service was overspent by £114k during the period and is forcasted to be overspent by £150k by the year end; this is a £49k increase on the overspend forecast at Quarter 2.

3.3 Sustainable Development

3.3.1 Economic Development

3.3.1.1 This service was underspent by £102k (15%) at the end of the period, with the projected outurn for the year as a whole being on budget; the forecast is identical to the that at Quarter 2.

3.3.2 Leisure

3.3.2.1 This service was £6k (1%) underspent during the period, with an overspend of £115k (5%) forecast for the year as a whole. The reasons for this are as follows:-

- The Park and Outdoor Facility budgets formed part of the efficiency savings accepted for 2012/13 but not all sites have been outsourced, the projected overspend is £105k (£nil budget);
- The golf course has a projected overspend of £70k due to not realising its income targets, an issue dating back to the 1990's;
- Sports development is projected to be £20k (17%) overspent.
- The overspends will be mitigated to some extent by projected surplus on leisure centres of £80k (9%), which is due to successful income generation.

3.3.2.2 The total current forecast overspend is £37k (2% of the service's annual budget) higher than that within the Quarter 2 report, due to minor adjustments to forecasts.

3.3.3 Maritime

3.3.3.1 This service was overspent by £91k (79%) at the end of the period, with a projected overspend of £40k (10%) by the year end.

3.3.3.2 The reasons for the projected overspend are as follows:-

- Foreshore income forecast to underachive by £35k (61%), with the peak season having drawn to a close and no significant further income anticipated before the year end;
- Mooring fees to fall short by £25k (27%);
- Other minor overspends of £21k;
- These are mitigated to an extent by projected savings on contractual works of £41k. This is a budget to cover reactive costs and forecasting is more challenging than for other areas.

3.3.3.3 The forecast overspend is £32k (8% of the service's annual budget) lower than reported for Quarter 2; this is due to an £18k reduction in the forecast shortfall in mooring fees and other minor adjustments.

3.3.4 Highways

3.3.4.1 This service was £176k (3%) underspent during the period but is projected to be £100k (1%) overspent by the year end (excluding the effects of the works budgets (traffic, lighting and maintenance) as the forecast year end position is unknown at this time).

3.3.4.2 The main reason for the projected overspend is the underachievement of income (including car parks, development control, traffic, maintenance and lighting) amounting to £100k (65%).

3.3.4.3 The forecast outturn position is an improvement of £52k (1% of the service's annual budget) from the forecast within the Quarter 2 report. This is due to minor adjustments to forecast income.

3.3.4.4 As previously reported, one of the main reasons that the works budgets cannot be accurately forecast at this time is that they are significantly affected by the winter's weather conditions.

3.3.5 Planning and Public Protection

3.3.5.1 This service was £138k (8%) overspent during the period and is projected to be £161k (6%) overspent by the year end. The reasons for the projected overspend are:-

- Planning Delivery Wales grant where employee costs have not reduced in line with the reduced grant (£32k);
- Environmental Health income forecast to underachieve (£40k, 41%);
- Pest Control income forecast to fall short (£25k, 49%), due to underachivement of income on both commerical and domestic work;
- Licencing income to underachieve (£39k, 29%); and
- Other minor overspends of £25k.

3.3.5.2 The above forecast excludes the effects of Energy Island and the Animal Movement Licensing which cannot be projected with sufficient certainty at this time.

3.3.5.3 These forecasts are virtually unchanged from the overspend within the Quarter 2 report of £163k (5%).

3.3.6 Property

3.3.6.1 This service was £38k (4%) underspent during the period and is projected to be £38k (8%) overspent for the year as a whole. The reasons for the forecast overspend are as follows:

- Salary costs are forecast to be underspent by £111k (8%), due to vacant posts and secondments; and
- Other variances, including office rationalisation and utility charges, amounting to a net overspend of £149k.

3.3.6.2 The forecasts overspend is £38k (8% of annual budget) more than that reported for Quarter 2; this is due to forecast overspend on repairs and maintenance, which are being limited to emergencies to limit the deficit.

3.3.7 Waste Management

3.3.7.1 This service was £40k (1%) overspent by the end of the period, with a projected overspend of £35k (<1% of the annual budget) for the year as a whole due to an overspend on storage costs. This is inline with the forecast provided in the Quarter 2 report.

3.4 Deputy Chief Executive

3.4.1 Corporate - Other Services

3.4.1.1 This budget was £167k (15%) overspent during the period, with a projected overspend for the year as a whole of £187k (13%). The reasons for the projected overspend are as follows:

- The 'savings to be found' budget is forecast to be overspent by £176k unless the systems and procurement savings budget adjustments are reallocated to services;
- The North Wales Collaboration budget is forecast to be £36k underspent as this is no longer underway; and
- There are other minor forecast variances amounting to a net overspend of £47k.

3.4.1.1 The forecast overspend for the year.is £19k (1% of total annual budget) higher than that reported for Quarter 2. This is due to minor adjustments to forecasts.

3.4.2 Corporate & Democratic

3.4.2.1 This budget area was £83k (12%) underspent during the period, with an underspend of £83k (4%) projected by the year. This is due to a higher than anticipated uptake in the Members' Superannuation Scheme resulting in a £32k (100%) forecast overspend but countered by forecast savings on Members' expenses (£24k, 3.5%), WLGA subscriptions (£6k, 10%) and £85k as a result of audit adjustments in relation to the 2013/14 Statement of Accounts.

3.4.2.2 The year end projection has improved since Quarter 2 by £109k (5% of the annual budget). The reasons for the variance are the forecast savings on 'other Members' expenses' and the savings resulting from the 2013/14 Statement of Accounts post audit adjustments, as detailed in section 3.4.2.1.

3.4.3 Deputy Chief Executive's Office

3.4.3.1 The budget was overspent by £8k (1%) during the period and is projected to be £34k (3%) overspent by the year end. This is due to:-

- unachievable savings to be found of £51k (100%);
- forecast expenditure on the Sycle support of £33k, for which there is no budget in place; and
- Savings on the S151 Officer salary of £50k if the post remains vacant until year end. This saving could be offset against overspends on interims within Finance.

3.4.3.2 The forecast position has improved since the Quarter 2 report by £110k (10% of the annual budget) due to the application of funding to the new post reported previously and due to savings on the S151 officer salary due to the anticipated expenditure being deferred.

3.4.4 Finance – Excluding Benefits Granted

3.4.4.1 The service was overspent by £688k (34%) at the end of the period, with a forecast overspend of £717k (83%) by the year end.

3.4.4.2 The reasons for the forecast overspend are as follows:-

- During the year there has been the requirement for an interim Section 151 Officer;
- Agency staff were employed to assist with closure of the 2013/14 accounts. The majority of these staff are no longer being contracted; three agency staff continue to be contracted to cover vacancies and to carry out specific project work that is separately funded;
- The total forecast overspend for S151 Officer and other agency staff amounts to £526k.
- The Housing Benefit Administration Grant is no longer seperately allocated (now forms part of the Revenue Support Grant), and as funding was not allocated during last year's budget setting, this will be an additional pressure of £111k;
- The staffing costs for the Revenues and Benefits section are forecast to be £66k (7%) overspent due to pressures arising from changing staff requirements as a result of DWP policy changes.
- There are a handful of other minor forecast under and overspends, which amount to a net overspend of £14k.

3.4.4.3 The forecast overspend is £40k (5% of the annual budget) lower than forecast in Quarter 2 due to minor adjustments to the forecasts.

3.4.5 Human Resources

3.4.5.1 This section overspent by £186k (28%) in the period but is forecast to be on budget at the year end. The in year overspend is mainly due to spend on the Job Evaluation process, for which funding is requested to be applied from the Job Evaluation reserve, and also due to restructuring within the section not delivering the expected. The overspends are expected to be countered by the transfer of the Workforce Development Unit into the section which is projected to bring the section back on budget.

3.4.6 ICT

3.4.6.1 This section was underspent by £225k (17%) during the period and is forecast to be £338k underspent for the year as a whole. The reasons for the forecast underspend is vacant posts (including the ICT Manager post), with a forecast saving of £250k by the year end, and savings on Anglesey Connected of £100k. The Anglesey Connected savings are due to the service being wound down for replacement by a Welsh Government service and are to be earmarked for future use. These are countered by minor forecast overspends totalling £12k.

3.4.6.2 The forecast has improved by £150k since the Quarter 2 report as a result of a £50k increase to the forecast staffing underspend and as a result of the forecast saving on Anglesey Connected.

3.4.7 Legal & Committees

3.4.7.1 This service overspent by £98k (9%) during the period but is forecast to be £32k (22%) underspent by the year end. This is an improvement of £4k (3% of annual budget) on the Quarter 2 forecast, due to minor adjustments to projections. The current forecast underspend is due to the following:

- Savings on supplies and services (£40k, 25%) in relation to the Committee Services section;
- Savings on Scrutiny (£18k, 16%) as a result of staff budget restructuring and supplues and services savings; and
- These are countered by a forecast overspends on emergency planning (£18k, 28%), due to transitional costs, and other minor variances amounting to £8k.

3.4.8 Transformation

3.4.8.1 This section overspent by £10k (1%) during the period but is forecast to be £69k (9%) underspent by the year end. The main reason for the forecast underspend is the vacant Head of Service post. The current forecast is a £6k (<1% of total annual budget) improvement to the Quarter 2 figure, as a result of a minor adjustments to the projections.

3.4.9 Audit

3.4.9.1 This section overspent by £2k (1%) during the period and is forecast to be on budget by the year end. This forecast is unchanged since the Quarter 2 report.

3.4.10 Finance - Benefits Granted

3.4.10.1 The forecast overspend for the year now stands at £62k (1%), this is an imporvement since Quarter 2 of £18k (<1% of annual budget).

ANNEX A

FINANCIAL PERFORMANCE (COUNCIL FUND) – QUARTER 3, 2014/15

Directorate	Profiled Budget Q3 £'000	Actual & Commitments Q3 £'000	Variance Q3 £'000	Annual Budget £'000	Projected Outturn £'000	Projected Outturn Variance £'000
Lifelong Learning						
Delegated Schools Budget	32,015	32,015	0	43,614	43,614	0
Central Education	4,284	4,128	-156	7,402	7,287	-115
Culture	1,175	1,169	-6	1,894	1,972	78
	37,474	**37,312**	**-162**	**52,910**	**52,873**	**-37**
Communities						
Social Care	21,148	20,382	-766	29,419	28,716	-703
Housing	1,477	1413	-64	1,668	1,595	-73
	22,625	**21,795**	**-830**	**31,087**	**30,311**	**-776**
Sustainable Development						
Economic Development	683	581	-102	1,485	1,485	0
Leisure	1,096	1,090	-6	2,370	2,485	115
Maritime	115	206	91	395	435	40
Fleet	-37	19	56	-55	-55	0
Highways	6,227	6,051	-176	9,920	10,020	100
Planning & Public Protection	1,787	1,925	138	2,738	2,899	161
Property	1,033	995	-38	452	490	38
Rechargeable Works	211	100	-111	0	0	0
Directorate Management	43	45	2	57	57	0
Waste	5,587	5,627	40	7,890	7,925	35
	16,745	**16,639**	**-106**	**25,252**	**25,741**	**489**
Deputy Chief Executive						
Corporate - Other Services	1114	1281	167	1,491	1,678	187
Corporate and Democratic Costs	686	603	-83	1,896	1,813	-83
Deputy Chief Executive's Office	734	742	8	1,000	1,034	34
Finance - Excluding Benefits Granted	2,011	2,699	688	863	1,580	717
Finance - Benefits Granted	7,683	5,989	-1,694	5,918	5,980	62
Human Resources	662	848	186	242	242	0
ICT	1321	1096	-225	0	-338	-338
Legal and Committees	1112	1210	98	143	111	-32
Transformation	746	756	10	747	678	-69
Audit	173	175	2	13	13	0
Corporate Finance	5,321	5,321	0	5,108	5,108	0
	21,563	**20,720**	**-843**	**17,421**	**17,899**	**478**
Total	**98,407**	**96,466**	**-1,941**	**126,670**	**126,824**	**154**
FUNDED BY						
NNDR				22,042		
Council Tax				29,512		
Outcome Agreement Grant				726		
Revenue Support Grant				74,390		
				126,670		

ANNEX B

FINANCIAL PERFORMANCE (COUNCIL FUND) - QUARTER 2, 2014/15

Directorate	Profiled Budget Q2 £'000	Actual & Commitments Q2 £'000	Variance Q2 £'000	Annual Budget £'000	Projected Outturn £'000	Projected Outturn Variance £'000
Lifelong Learning						
Delegated Schools Budget	22,102	22,102	0	43,609	43,609	0
Central Education	3,389	3,222	-167	7,407	7,089	-318
Culture	757	771	14	2,320	2,375	55
	26,248	**26,095**	**-153**	**53,336**	**53,073**	**-263**
Communities						
Social Care	14,229	13,648	-581	29,515	28,870	-645
Housing	925	873	-52	1,571	1,519	-52
	15,154	**14,521**	**-633**	**31,086**	**30,389**	**-697**
Sustainable Development						
Economic Development	474	391	-83	1,488	1,488	0
Leisure	794	796	2	1,945	2,023	78
Maritime	50	150	100	395	467	72
Fleet	-23	44	67	-55	-55	0
Highways	4,332	4,236	-96	9,920	10,072	152
Planning & Public Protection	1,297	1,421	124	2,738	2,901	163
Property	576	539	-37	452	452	0
Rechargeable Works	132	93	-39	0	0	0
Directorate Management	29	30	1	57	57	0
Waste	3,819	3,862	43	7,876	7,911	35
	11,480	**11,562**	**82**	**24,816**	**25,316**	**500**
Deputy Chief Executive						
Corporate - Other Services	598	652	54	1,490	1,658	168
Corporate and Democratic Costs	419	430	11	1,896	1,922	26
Deputy Chief Executive’s Office	500	563	63	1,000	1,144	144
Finance - Excluding Benefits Granted	1,456	2,002	546	876	1,633	757
Finance - Benefits Granted	3,851	4,793	942	5,918	5,998	80
Human Resources	399	562	163	242	262	20
ICT	895	808	-87	0	-188	-188
Legal and Committees	753	886	133	149	121	-28
Transformation	291	254	-37	741	678	-63
Audit	112	114	2	0	0	0
Corporate Finance	4,844	4,844	0	5,120	5,120	0
	14,118	**15,908**	**1,790**	**17,432**	**18,348**	**916**
Total	**67,000**	**68,086**	**1,086**	**126,670**	**127,126**	**456**
FUNDED BY						
NNDR				22,042		
Council Tax				29,512		
Outcome Agreement Grant				726		
Revenue Support Grant				74,390		
				126,670		

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**FEBRUARY 16, 2015**
SUBJECT:	**SCORECARD MONITORING REPORT - QUARTER 3 (2014/15)**
PORTFOLIO HOLDER(S):	**COUNCILLOR ALWYN ROWLANDS**
HEAD OF SERVICE:	**BETHAN JONES**
REPORT AUTHOR: TEL: E-MAIL:	**GETHIN MORGAN** 01248 752111 GethinMorgan@anglesey.gov.uk
LOCAL MEMBERS:	**n/a**

A - Recommendation/s and reason/s

1.1. The Committee is requested to scrutinise the scorecard and note the areas which the Senior Leadership Team are managing to secure improvements into the future. These can be summarised as follows –

1.1.1. Sickness Management - further embed good management processes and practices with regards to by learning from each other during 2014/15 so as to improve further on our sickness rates, costs and management as an Authority.

1.1.2. The PDR process for 15/16 will be communicated to staff as an entitlement they can expect. This, together with improved management of the methodology and timeframe as reported in the Q2 report is envisaged to increase PDR results for the forthcoming year.

1.1.3. The Senior Leadership Team will continue the increased financial monitoring of the budget for 14/15 and will continue its regular scrutiny by Senior Officers with a view of identifying worrying trends and real concerns so that mitigating measures can be put in place as soon as practically possible thereafter.

1.1.4. The management of risks associated with underperforming areas of work which if ignored could and would become an issue for the day to day management of Council provision – the need to press ahead and clarify direction with regards to the transformation of our leisure provision remains.

1.2. The Committee is asked to accept the mitigation measures associated with any area of concern with the reported out-turn of progress being communicated to the Executive

Committee at their forthcoming meeting in May, 2015.		
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)	This was considered by the SLT at their meeting on the 9th of February and their comments are reflected in the report
2	**Finance / Section 151** (mandatory)	BHO?
3	**Legal / Monitoring Officer** (mandatory)	LB?
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	
E - Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	
F - Appendices:		
Appendix A - Scorecard Monitoring Report – Quarter 3, 2014/15 & Scorecard		
FF - Background papers (please contact the author of the Report for any further information):		
• 2014/15 Scorecard monitoring report - Quarter 2 (as presented to, and accepted by, the Executive Committee on 1st December 2014).		

APPENDIX A

SCORECARD MONITORING REPORT – QUARTER 3 (2014/15)

1. INTRODUCTION

1.1 One of the Council's aims under the Wales Programme for Improvement is to secure the means by which continuous improvement can be evidenced and presented across the board.

1.2 The scorecard was developed to identify and inform Council leaders of progress against indicators which explicitly demonstrates the successful implementation of the Council's day to day work and assists in providing the evidential base from which the performance report is drafted.

1.3 Quarter 4 and quarter 1 are the quarters where as a Council, we need to further develop the scorecard for the forthcoming year and its associated indicators to clarify our performance priorities for 2015/16. This process will be commenced during March, 2015.

2. CORPORATE SCORECARD

2.1 The scorecard continues to develop and embed, reflecting changes from the previous year. Indicators included within the current scorecard were decided through a process of engagement and consultation with the Pennaethiaid, SLT, the Executive and Shadow Executive.

2.2 The scorecard (Appendix 1) portrays the current end of quarter 3 position and is requested to be considered by the Executive Committee.

3. CONSIDERATIONS

3.1 This is the second year of collating and reporting performance indicators in a co-ordinated manner. The Council is starting to see trends establish themselves with regards to a number of those indicators.

3.2 It is important to note that the formulation of this year's scorecard which requested further trend analysis, a look back at previous year's performance and the acknowledgement of specific indicators in relation to the quartile positioning is assisting the quarterly analysis and enables performance to be considered using a number of different comparator elements.

3.3 PEOPLE MANAGEMENT

3.3.1 With regards to People Management, Q3 sickness rates (*indicator 1 on scorecard under people management*) has seen a deterioration on the result for Q2 with an average of 8.33 days/shifts lost against a cumulative target of 7.5 for end of Q3.

3.3.2 The deterioration for Q3 (3.21 days per FTE) is also marginally worse than Q3 for 13/14 (3.15 days per FTE). This change can be explained with the increase in our Long Term sickness rates for this period (4093.92 days) compared to Q3 in 13/14 (3119.93). This is illustrated in the graph below (Table 1).

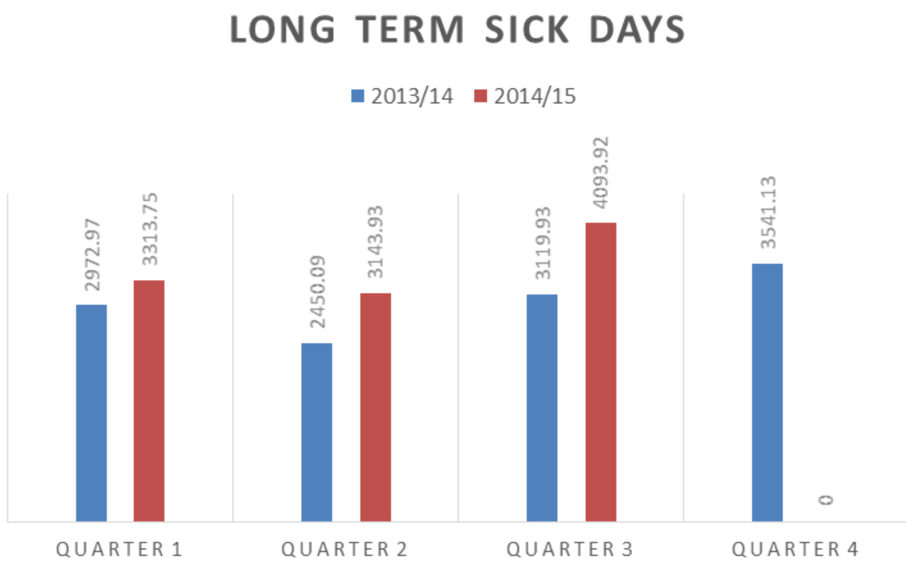


Table 1

3.1.1 Our short term sickness for Q3 (3370.45 days) has improved slightly on Q3 for 13/14 (3419.94 days), however it does not show the same improvement seen in Q1 and Q2 (Table 2).

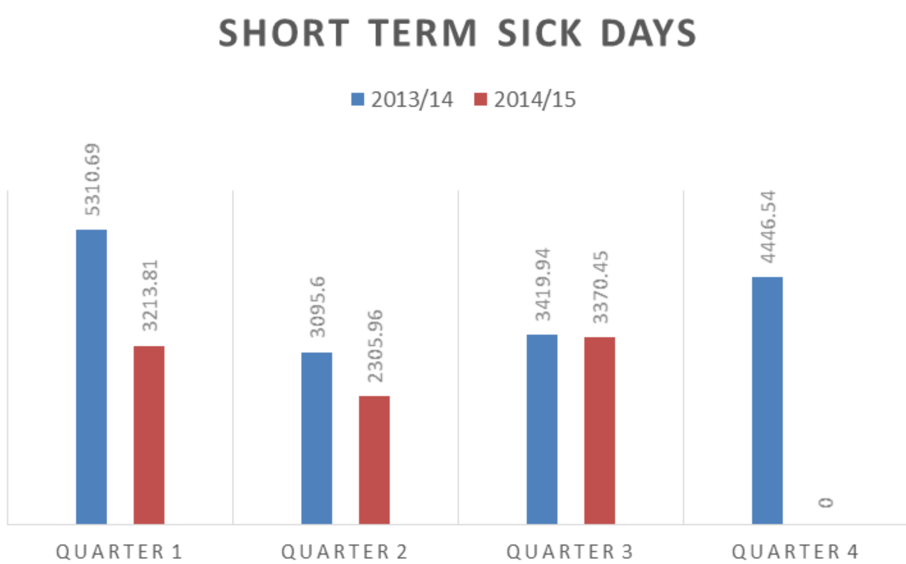


Table 2

3.3.3 If the Council continues to perform in accordance with 13/14 sickness trends it is forecasted that our end of year sickness rate would equate to approximately 11.11 days per FTE which again would demonstrate an improvement on 13/14 figures. (Table 3)

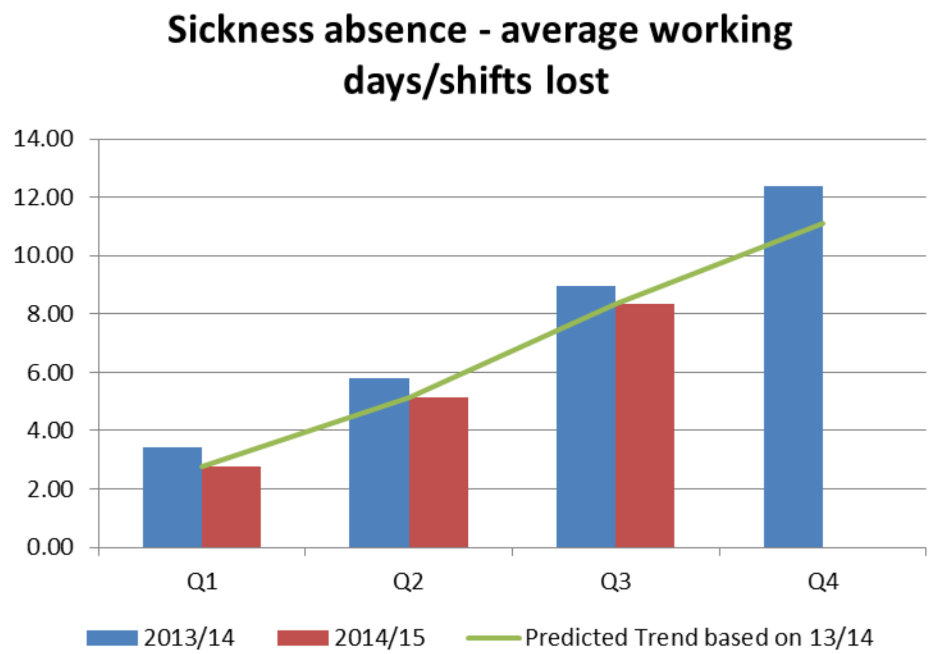


Table 3

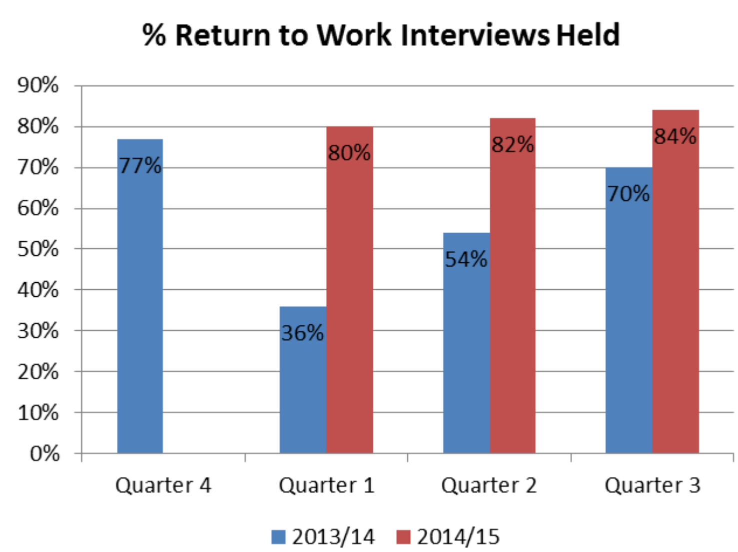
3.3.4 Whilst this is a positive step in the right direction it would however, still demonstrate a very poor performance in comparison with the rest of Local Authorities in Wales where it is envisaged our performance would be placed in the lower median / lower quartile.

3.3.5 Sickness rates this year have been identified as an indicator of national significance and have been categorised as a Public Accountability Measure (PAM) by Welsh Government. This means that its performance will be used as comparator data which will be used to provide a story for sickness across local authorities in Wales.

3.3.6 Associated with sickness rates is the 'management' of sickness. An integral part of the management process within the Council is staff's compliance with corporate sickness policies which include return to work interviews (*indicator 5 on scorecard*).

3.3.7 The Council continues to embed this working practice across its services. This improvement has been further embedded during the third quarter, with Return To Work (RTW) interviews increasing from a year end (13/14) position of 59% to a cumulative figure of 84% achieved (see table 4). This follows a Q3 performance of 88% which is a further improvement.

Table 4



3.3.8 In relation to sickness absence figures – each service has been attributed a different sickness target based on historical sickness data / trends. These targets have been calculated in a way which makes targets more achievable and as a result meaningful to the Services as a whole. If all targets are met, the Council will meet its sickness absence target of 10 days per FTE.

3.3.9 However, to date, there are 5 services who are over their targets and tolerances for Q3 totals and they are

- Childrens Services,
- Council Business,
- Environment & Technical,
- Housing and
- Regulation

Further monitoring of these services during Q4 will be undertaken.

The under-performance against targets for Housing and Regulation services (as noted above) during Q3 are as a result of high instances of long term sickness. Childrens Services, Council Business and Environment & Technical have all improved during Q3 but are below their target due to long term sickness rates in Q1 and Q2, which have now improved.

3.3.10 Whilst the Council performs better as against its sickness target year on year, it is noted that the cumulative notional cost of sickness at Q3 is in excess of £1,500k.

3.3.11 Similarly, RTW interviews where improvements are needed from Q3 data against the corporate target of 80% are –

- Adults (68%)
- Economic and Community Regeneration (75%)
- Transformation (78%)

3.3.12 A worrying trend identified in the Q2 report was the % of staff who received professional development reviews within timeframe (*indicator 9 under People Management*). The sample of 10% of staff, undertaken by HR, resulted in a figure of only 53% of all staff within the Authority who were provided a review.

3.3.13 However, during the Service Reviews undertaken during November and December the Services have been providing their own PDR completed figures, which indicate different results to the sample size used corporately. The data behind these figures are currently being analysed and will be reported during the Q4 report.

3.3.14 As the PDR processes develops it is envisaged that the current round of PDR's (15/16) should be evidenced and logged onto the new / revised Human Resource system which will further evidence and embed the process and also gain a comprehensive picture of the annual state of play regarding achievement of PDR's across the Authority.

3.3.15 The SLT therefore will continue to further embed good management processes and practices with regards to sickness management by learning from each other during 2014/15 so as to improve further on our sickness rates, costs and management as an Authority.

3.3.16 In addition, the PDR process for 15/16 will be communicated to staff as an entitlement they can expect. This, together with improved management is envisaged to increase PDR results for the forthcoming year.

3.4 FINANCIAL MANAGEMENT

3.4.1 This is the third quarter since the inception of the scorecard where financial information has been collated and reported on. It is acknowledged that this report provides only a brief picture of the end of quarter position and that all indicators haven't been reported. Further detail can and should be gained from the quarter three financial monitoring report already tabled at the February Executive Committee meeting.

3.4.2 It is noted however, from the information reported that the service whereby there is a significant variance and overspend against profile in relation to 3rd quarter spend is Resources (Finance). The main reason for the £688k overspend were as follows:

- During the year there has been the requirement for an interim Section 151 Officer;
- Agency staff were employed to assist with closure of the 2013/14 accounts. The majority of these staff are no longer being contracted; three agency staff continue to be contracted to cover vacancies and to carry out specific project work that is separately funded;
- The total forecast overspend for S151 Officer and other agency staff amounts to £526k.
- The Housing Benefit Administration Grant is no longer seperately allocated (now forms part of the Revenue Support Grant), and as funding was not allocated during last year's budget setting, this will be an additional pressure of £111k;
- The staffing costs for the Revenues and Benefits section are forecast to be £66k (7%) overspent due to pressures arising from changing staff requirements as a result of DWP policy changes.
- There are a handful of other minor forecast under and overspends, which amount to a net overspend of £14k.

3.4.3 In addition, it is noted that Planning & Public Protection have overspent by £138k over the period and this is projected to be £161k by years end. The reasons for the projected overspend are:-

- Planning Delivery Wales grant where employee costs have not reduced in line with the reduced grant (£32k);
- Environmental Health income forecast to underachieve (£40k, 41%);
- Pest Control income forecast to fall short (£25k, 49%), due to underachivement of income on both commerical and domestic work;
- Licencing income to underachieve (£39k, 29%); and
- Other minor overspends of £25k.

The above forecast excludes the effects of Energy Island and the Animal Movement Licensing which cannot be projected with sufficient certainty at this time.

3.4.4 Social Care as a service was £766k (4%) underspent for the period, with this forecast to be £703k (2%) for the year as a whole.

3.4.5 The elements within the projected underspend are as follows:-

- Older People and Adults Unit forecast underspend (£587k, 4%):-
- Services for the Elderly: forecast underspend of £497k (8%);
- Physical Disabilities: forecast underspend of £111k (7%);
- Mental Health: forecast underspend of £94k (5%); and
- Learning Disabilities: forecast overspend of £116k (2%).
- Provider Unit: forecast underspend of £93k (1%);
- Children and Young People's Unit: forecast underspend of £65k (1%)

- Other minor variances: forecast overspend of £41k (6%).

3.4.6 As previously reported the Services for the Elderly is a volatile area and a substantial amount of work on improving the projections over all client groups as well as realigning budgets between Residential Care and Home Care to follow demand has been completed.

3.4.7 The forecast outturn position is in line with that reported for Quarter 2 (the projected underspend is £59k (<1% of service's annual budget) higher). The main reasons for the projected underspends continue to be savings on employee costs, overachievement of income and a reduction in repairs and maintence and supplies and services expenditure.

3.4.8 It is also noted within this report that there are significant variances in the income v targets across the Authority. This is mainly due to the need to re-profile income targets within the financial management system so as to negate any quarterly discrepancies which may be recorded. Such work is in hand and will continue during Q4.

3.4.9 It needs to be noted however, whilst significant variances occur against budget within services that the projected end of year position of services is forecasted to be £154,000 overspend.

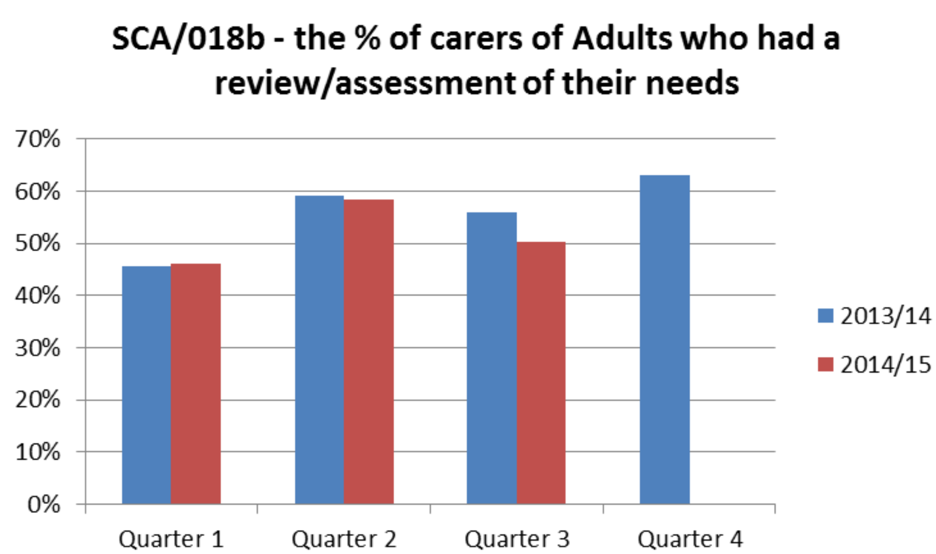
3.4.10 Whilst certain areas are of concern to the Senior Leadership Team, the financial position will continue to be scrutinised regularly by Senior Officers with a view of identifying worrying trends and real concerns so that mitigating measures can be put in place as soon as practically possible thereafter.

3.5 PERFORMANCE MANAGEMENT

3.5.1 With regards to the management of performance, one indicator within Adult Services show an underperformance –

- (i) *03 - SCA/018b - the % of carers of Adults who had a review/assessment of their needs* which shows as RED on the scorecard. The result for Q3 of 50.3% has declined in comparioson with the out-turn of Q2 of 58.3%.

  Of the 355 clients not yet assessed, 230 (69%) have refused an assessment and 105 (31%) are awaiting an assessment or review. The Welsh average for 13/14 was 39.4% and performance close to our target would it is envisaged from previous years performance place Anglesey in the upper quartile nationally. On current performance we would sit in the upper median quartile.



3.5.2 The other indicators which at end of Q3 are demonstrating an underperformance are –

- (i) *14 – HHA/017a:- The average number of days all homeless families with children spent in bed and breakfast.* This shows an underperformance of 85.83 days compared with a target of 42 days but is better placed when compared with its 13/14 out-turn of 90.8 days
- (ii) *17 – LCL/004: The number of library materials issued during the year. The result up to Q3 shows that we are 20k behind target, however we are significantly up on the number of visits to libraries (16 – LCL/001b) at 218k visits compared to a target of 164k. We are already within 1k visits to our result for 13/14 and the service believes that this is down to the success of events held within the libraries (e.g. Rhannu rhigwm, health visitor sessions) and the computer usage is up.*

3.5.3 The performance of our waste service in collecting refuse from households across the island continues to perform well. It is drawn to the attention of the committee that whilst 161 missed bin collections have been recorded during Q3, this is in comparison with an overall figure of approx. 3.3million collections' island wide which equates to a missed bin collection rate of approximately 0.005%.

3.5.4 Other performance management indicators are operating within tolerances even though some are declining in performance. As such, they are being monitored regularly by our corporate performance management arrangements with exceptions being brought to the attention of the Senior Leadership Team during Q4.

3.5.5 It is envisaged that the Transformation of our Leisure provision (project) will be progressed during Q4 with expected reports to be considered by the Service Excellence Programme Board (March) and the Executive.

3.6 CUSTOMER SERVICE

3.6.1 Regarding Customer Complaints Management, By the end of Q3 49 formal complaints were received and of these complaints 5 were upheld in full, 8 were partially upheld whilst the remaining 34 were not upheld. Although a rise since Q2 (32) this still demonstrates a slightly better position than 13/14 where in total 65 complaints were received.

3.6.2 The management of complaints according the Q3 data demonstrates that 47 out of 49 complaints had been responded to within timescale with only 3 late responses. This reflects the council's overall management of arising issues and trying our utmost to become customer, citizen and community focused as noted in the Corporate Plan 2013-17.

3.6.3 With regards to adopting a customer centred approach one area which Officers have demonstrated a difficulty in achieving target is that of responding to FOI requests within timeframe. However, following scrutiny of the report at the last quarter (Q3) it is encouraging to see that performance has improved from 59% to 65% which although still behind the target of 80% is a step in the right direction.

4. RECOMMENDATIONS

4.1 The Committee is requested to scrutinise the scorecard and note the areas which the Senior Leadership Team are managing to secure improvements into the future. These can be summarised as follows –

4.1.1 Sickness Management - further embed good management processes and practices with regards to by learning from each other during 2014/15 so as to improve further on our sickness rates, costs and management as an Authority.

4.1.2 The PDR process for 15/16 will be communicated to staff as an entitlement they can expect. This, together with improved management of the methodology and timeframe as reported in the Q2 report is envisaged to increase PDR results for the forthcoming year.

4.1.3 The Senior Leadership Team will continue the increased financial monitoring of the budget for 14/15 and will continue its regular Scrutiny by Senior Officers with a view of identifying worrying trends and real concerns so that mitigating measures can be put in place as soon as practically possible thereafter.

4.1.4 The management of risks associated with underperforming areas of work which if ignored could and would become an issue for the day to day management of Council provision – the need to press ahead and clarify direction with regards to the transformation of our leisure provision remains.

4.2 The Committee is asked to accept the mitigation measures associated with any area of concern with the reported out-turn being communicated to the Executive Committee at their forthcoming meeting in May, 2015.

Corporate Scorecard C-Q3

Customer Service	Actual	Target	RAG	Trend	13/14 Result
01) No of Complaints received	49	49	Green	↑	65
02) No of Complaints upheld	13	11	Amber	↑	15
03) % of Complaints acknowledged within 5 working days	100%	100%	Green	→	-
04) % of written responses within 20 days	100%	100%	Green	→	-
05) Number of concerns	46	69	Green	-	92
06) Number of compliments	372	-	-	↓	-
07) No. of Ombudsman referrals upheld	0	2	Green	→	-
08) Mystery Shopper Scores 0-4	-	-	-	-	-
09) Mystery Shopper Scores 5-7	-	-	-	-	-
10) Mystery Shopper Scores 8-10	-	-	-	-	-
11) Average time taken to answer telephone (sec)	9	15	Green	→	-
12) % of telephone calls abandoned	14%	15%	Green	→	-
13) % of correspondance acknoweldged to within 5 working days (mystery shopper)	-	-	-	-	-
14) % of correspondance repied to within 15 working days (mystery shopper)	-	-	-	-	-
15) % of FOI Requests Responded to Within Timescale	65%	80%	Red	↑	-
16) Number of FOI Requests Responded to Within Timescale	495	-	-	↑	-

People Management	Actual	Target	RAG	Trend	13/14 Result
01) Sickness absence - average working days/shifts lost	8.33	7.5	Red	↓	12.38
02) No of staff with attendance of 100%	-	-	-	-	-
03) Short Term sickness	8890.2	-	-	↓	-
04) Long Term sickness	10551.6	-	-	↓	-
05) % of RTW interview held	84%	80%	Green	↑	59%
06) % of stress related sickness	5%	9%	Green	↑	10%
07) No. of occupational health referrals	290	-	-	-	362
08) No. or workplace injuries	198	236	Green	↑	315
09) % of PDR's not completed within timeframe	53%	-	-	-	64%
10) Number of staff authority wide, including teachers and school based staff (FTE)	2318	-	-	-	2366
11) Number of staff authority wide, excluding teachers and school based staff(FTE)	1217	-	-	-	1395
12) Local Authority employees leaving (%) (Turnover) (Annual)	-	-	-	-	4%
13) Local Authority employees made redundant (compulsory)	26	-	-	-	-
14) No. of Agency Staff	21	-	-	-	18
15) No of grant funded posts	122.5	-	-	-	128.75
16) % of staff with email facility	54%	-	-	-	-

Financial Management	Spend (£)	Variance (%)	RAG	Trend	13/14 Result
01) Projected end of year position	£126,824,000	£154,000	Green	-	-
02) Spend v Profile (Under spending) Social Care	-£766,000	-4%	Green	-	-
03) Spend v Profile (Over spending) Resources (Finance)	£688,000	34%	Red	-	-
04) Spend v Profile (Over spending) Planning & Public Protection	£139,654	8%	Amber	-	-
05) Achievement against efficiencies (over/under) Service 1	-	-	-	-	-
06) Achievement against efficiencies (over/under) Service 2	-	-	-	-	-
07) Achievement against efficiencies (over/under) Service 3	-	-	-	-	-
08) Income v Targets – (Overachieving) Environment & Tech	-£179,404	-7%	Green	-	-
09) Income v Targets – (Overachieving) Economic & Comm Regen	-£126,357	-5%	Green	-	-
10) Income v Targets – (Overachieving) Deputy Chief Executive	-£51,336	-7%	Green	-	-
11) Aged debt analysis across all categories of debt	-	-	-	-	-
12) Spend v Profiled Salary (£) (overspend)		£3,142,487	Amber	-	-
13) Spend v Salary (% of budget)	-	-	-	-	-
14) Cost of agency staff (£'000)	£835,520	-	Red	-	£1,023,000
15) Cost of sickness absence – direct & indirect (Notional cost)	£1,706,407	-	-	-	-
16) Grants Income – Welsh Government	-	-	-	-	-
17) Grants Income - European	-	-	-	-	-
18) Grants Income – Other	-	-	-	-	-

Performance Management	Actual	Target	RAG	Trend	14/15 Targe	13/14 Result	3/14 Quartil
SCC/004: The percentage of children looked after on 31 March who have had three or more placements during the year	3.7	8	Green	↓	8	7.79	Upper Median
SCC/011a: The percentage of initial assessments that were completed during the year where there is evidence that the child has been seen by the Social Worker	95.39	100	Green	↑	100	91.63	Upper
SCC/014: The percentage of initial child protection conferences due in the year which were held within 15 working days of the strategy discussion	97.67	100	Green	↑	100	92.66	.ower Media
01) SCA/002a: The rate of older people (aged 65 or over) supported in the community per 1,000 population aged 65 or over at 31st March	50.3	55	Green	↑	55	54.41	Lower
02) SCA/002b: The rate of older people (aged 65 or over) whom the authority supports in care homes per 1,000 population aged 65 or over at 31 March	23.64	23	Green	↓	19	18.16	Upper Median
03) SCA/018b: The percentage of carers of adults who had an assessment or review of their needs in their own right during the year	50.3	70	Red	↓	70	63.2	Upper
04) SCA/018c: The % of carers of adults who were assessed or re-assessed in their own right during the year who were provided with a service	96.8	75	Green	↓	75	73.9	Upper Median
05) SCA/019: The % of adult protection referrals completed where the risk has been managed	94.44	90	Green	↑	90	88.9	Lower
06) SCC/004: The percentage of children looked after on 31 March who have had three or more placements during the year	3.7	8	Green	↓	8	7.79	Upper Median
07) SCC/011a: The % of initial assessments that were completed during the year where there is evidence that the child has been seen by the Social Worker	95.39	100	Green	↑	100	91.63	Upper
08) SCC/042a: The % of initial assessments completed within 7 working days	95.85	85	Green	↓	85	90.86	Upper
09) SCC/014: The % of initial child protection conferences due in the year which were held within 15 working days of the strategy	97.67	100	Green	↑	100	92.66	Lower Median
10) SCC/025: The % of statutory visits to looked after children due in the year that took place in accordance with regulations	94.07	100	Green	↓	100	90.54	Upper Median
11) SCC/041a: The percentage of eligible, relevant and former relevant children that have pathway plans as required	88	100	Amber	↑	100	77.78	Lower
12) SCC/43a: The % of required core assessments completed within 35 working days	81.71	85	Green	↑	85	71.68	Lower
13) HHA/002 The average number of days between homeless presentation and discharge of duty for households found to be statutorily homeless	289	600	Green	↑	600	531	Lower
14) HHA/017a The average number of days all homeless families with children spent in bed and breakfast.	85.83	42	Red	↓	42	90.8	Lower
15) HHA/017b the average number of days that all homeless households spent in other forms of temporary accommodation	297.3	650	Green	↓	650	621.6	Lower
16) LCL/001b: The no. of visits to public libraries during the year, per 1,000 per population	218k	164k	Green	-	281k	219k	Lower
17) LCL/004: The no. of library materials issued, during the year per 1,000 population	213k	232k	Red	-	310k	309k	Lower Median
18) No. of attendances (young people) at sports development / outreach activity programmes	104k	71k	Green	↑	102k	97.5k	-
19) LCS/002b: The number of visits to local authority sport and leisure centres during the year where the visitor will be participating in physical activity, per 1,000 population	447k	440k	Green	↓	620k	614k	Upper Median
27) THS/011c: The % of non-principal (C) roads that are in an overall poor condition	-	-	-	-	TBD	17.6	Lower
28) Jobs Created	30	25	Green	↑	25	41	-
30) The number of actual missed bin collections	161	360	Green	-	480	152	-
32) HLS/010c: Average number of days to complete routine void repair	10.4	30	Green	↓	30	19.3	-
31) PLA/004c: The percentage of householder planning applications determined during the year within 8 weeks	86	85	Green	⇨	85	-	-
35) School Modernisation Programme	-	-	Green	-	-	-	-
36) Older Adult Social Care Programme	-	-	Green	-	-	-	-
37) Leisure Project	-	-	Red	-	-	-	-
38) Library Project	-	-	Amber	-		-	-
39) Adoption and compliance with a timetable for close of accounts and production of Statement of Accounts	Yes	Yes	Green	⇨	Yes	Yes	-
22) No. of Permanent Exclusions	-	-	-	-	0	0	-
20) Attendance - Primary (%)	-	-	-	-	94.5	94.6	Lower Median
21) Attendance - Secondary (%)	-	-	-	-	93.3	93.4	Lower Median
23) No. of days lost to temp exclusion - Primary	-	-	-	-	-	37.5	-
24) No. of days lost to temp exclusion - Secondary	-	-	-	-	-	140.5	-
25) KS4 - % 15 year olds achieving L2+	-	-	-	-	56	53.8	Lower Median
26) KS4 - % 15 year olds achieving L1	-	-	-	-	96.2	96	Upper
29) No of new apprenticeships under 'Prentisiaeth Menai'	13	-	-	↑	-	9	-
33) % of repairs (BMU) completed first time	-	-	-	-	-	-	-
34) Outcome Agreements	-	-	Green	-	-	Green	-

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**16 FEBRUARY 2015**
SUBJECT:	**CAPITAL BIDS 2015/16**
PORTFOLIO HOLDER:	**COUNCILLOR H E JONES**
LEAD OFFICER:	**RICHARD MICKLEWRIGHT**
CONTACT OFFICER:	**GARETH ROBERTS (EXT: 2675)**

Nature and reason for reporting:

To enable the Executive to be responsible for scheduling Capital Bids for 2015/16 at a corporate level.

A - Recommendation/s and reason/s

1. BACKGROUND

1.1 This is the schedule of Capital Bids proposed by departments for inclusion in the 2015/16 to 2019/20 Capital Programme.

1.2 This report was presented to the Executive on 15 December 2014, where it was resolved that the items shaded on Appendix A to the report (items to the value of £14,480) be included in the Capital Programme for 2015/16 to 2019/20.

2. PROGRESS

2.1 Following the report to the Executive in July 2014 setting out a Capital Strategy, request was made of departments to put forward bids for capital projects to be included in the 5 year Capital Programme.

2.2 The response was far greater than expected and the full list of requests received is outlined in Appendix A.

2.3 Each bid was reviewed for completeness and then prioritised according to a points based set of criteria, as set out in Appendix B.

2.4 An estimate of available capital resources (Appendix C) was prepared, against which the schedule of bids was compared. As a result of this exercise, the items shaded on Appendix A were deemed to be those which were to be proposed for inclusion in the 2015/16 Capital Programme. Future years' inclusions will depend on the available resources at the appropriate time. However, it should be noted that the inclusion of projects in 2015/16 will have a commitment effect on future years.

3. MATTER FOR DECISION

3.1 This report has recommended:-

a) That the items shaded on Appendix A to the report (items valued up to £14,480m) be included in the Capital Programme 2015/15 to 2019/20.

b) To accept the recommendation in Appendix CH.

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

C - Why is this a decision for the Executive?

This 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)	Consultation with Budget Steering Group
2	**Finance / Section 151** (mandatory)	This is a S151 Officer report.
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	
E - Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	
F - Appendices:		
Appendix A:Summary of Capital Bids 2015/16 Appendix B: Scoring Matrix Appendix C: Capital Resources Appendix Ch: Environmental Clean Costs		
FF - Background papers (please contact the author of the Report for any further information):		
• Capital Bids 2015/16 report for The Executive on 15 December 2014.		

APPENDIX A

Directorate	Department	Ref	Original Rank	Weighted Rank	Rolling / One off Schemes	Proposed Scheme	Brief Description	2015/16 Year 1 Cost (£'000)	2016/17 Year 2 Cost (£'000)	2017/18 Year 3 Cost (£'000)	2018/19 Year 4 Cost (£'000)	2019/20 Year 5 Cost (£'000)	Grant		Net funding by IOACC 2015/16 (£'000)	Corporate priority the bid meets	Which part of the priority it meets	Projects Contribution to delivering corporate priorities	Level of Corporate risk that the proposal mitigates	Requirement to comply with statutory, health, DDA responsibilities to mitigate challenge	Level of joint / match funding potentially available	Favourable impact on revenue budget or invest to save potential	Robustness of Project Management	Total
																	Weighting	30	20	15	10	20	5	
																		Scoring Criteria (points awarded from 0-10)						
Lifelong Learning	Education	1	7	8	One off	New School Holyhead	Part of the 21st Century schools project, where a new school is to be built in Holyhead to replace 3 existing schools. There will be Some spend on this in 2014/15. This is part of the 'Improving Education, skills and modernising our schools'	5,728	2,276	119			50% Grant available from WG		2,864	C	The provision of two new area primary schools	300	0	30	50	140	50	**570**
Lifelong Learning	Education	2	8	9	One off	New School North West Anglesey	Part of the 21st Century schools project, where a new school is to be built in North West Anglesey. There will be Some spend on this in 2014/15. This is part of the 'Improving Education, skills and modernising our schools'	3,431	1,119	64			50% Grant available from WG		1,716	C	The provision of two new area primary schools	300	0	30	50	140	50	**570**
Sustainable Development	Environment & technical Service	16	4	4	One off	Beaumaris Flood Alleviation	Beaumaris suffers from flooding - becoming more frequent and severe. The project has already gained approval with design commencing in 2013/14, and is already subject to WG Funding.	900	0	0	0	0	85% WG (765k) but not yet secured, if secured IOACC need £135k contribution		135	B		300	140	0	85	100	25	**650**
Community	Adult Services	15	1	1	One off	Extra Care Housing in Amlwch and Llangefni	Support the most vulnerable by transforming Older Adult Socail Care. Plan to develop and establish 2 extra care housing schemes.	TBC	TBC	TBC	TBC	TBC	External Funding		TBC	A	develop and establish in collaberation with partners two extra housing schemes in north and centre of the Island.	300	100	75	0	200	50	**725**
Community	Housing	13	2	2	No Programme - Ad Hoc	Disabled Facility Grant	Provision of assistance for people to arrange adaptations to their home to make it safer and more comfertable to live in. The DSG is a mandotery grant of up to £36k and the council receives 180 enquiries per year, with approx 120 proceeding to a DSG approval.	816	816	816	816	816	0		816	D	Work with partners to modernise and co-ordinate the benefits advice service so as to improve independence	300	0	150	0	200	40	**690**
Community	Housing	41	6	3	One off	Compulsory Purchase - Pilot Scheme	The Empty Homes Officer seeks funding to pilot, the compulsory purchase of carefully selected property(ies) from a number of long term problematic properties where negotiations with the owners have not been successful	180	0	0	0	0	0		180	D		300	0	150	0	200	25	**675**
Deputy Chief Executive	Corporate Transformation	39	5	5	One off	Smarter Working	Smarter Working ties in with a framework of many other business strategies and corporate responsibilities within the organisation. Some of these, for example our Efficiency Strategy forms part of the main drivers for Smarter Working, and some will use Smarter Working to provide a case for change in line with future and existing operational needs.	1,125	0	0	0	0	0		1,125	F		300	100	0	0	200	50	**650**
Sustainable Development	Environment & technical Service	24	3	6	Schedule for 2015/16, no schedlue yet for 2016/17 onwards	Replacement Vehicles	Replace fleet vehicles eg Bus, HGV, cars and vans that have reached the end of their economic life. The fund has not in the past been used to purchase vehicles for services which have ring fenced budgets eg housing and schools. Generally there has been a lack of a planned replacement in the past and this will form part of a replacement programme	150	150	150	150	150	0		150	Service Priority		150	200	150	0	100	40	**640**
Lifelong Learning	Education	6	9	7	Rolling Programme with a schedule attached	Reduction of Fire risk in Council Buildings	Precaution in schools to reduce fire risks. Arson makes likelihood of fire in a school a certainty. Fire precaurtion in schools include fire doors, solid walls, fire alarms, emergency lighting, escape routes and sprinkler systems	150	150	150	125	0	0		150	C	Continue to raise the standards in educational attainment rates and standards	240	200	150	0	0	30	**620**
Sustainable Development	Environment & Technical Service	18	20	20	Rolling Programme - There will be a schedlue, but not available yet	County Prudential Borrowing Initiative	Improve Roads on the island. LGBI is coming to and end in 2014/15, and with further revenue cuts, the Authority would fail to meet the contract minima and would breach two contracts as the Council has two main term maintenance partnership contracts in place	2,000	2,000	0	0	0	0		2,000	B	work with partners to overcome infrastructure constraints to enable development investment and job creation	120	200	100	0	150	50	**620**
Community	Housing	A			One off	Purchase Vehicles for the BMU	BMU to purchase on a safe, effective, cost efficient and fit for purpose fleet of vehicles that also meet driver's expectations and minimise environmental impact.	220 or 370	0	0	0	0	0		220 or 370	Service Priority	This bid will be funded through the HRA.	150	200	150	0	100	40	**640**
Sub- Total								14,480	6,511	1,299	1,091	966	0		9,136									

Reference	Directorate	Department	Ref	Original Rank	Weighted Rank	Rolling / One off Schemes	Proposed Scheme	Brief Description	2015/16 Year 1 Cost (£'000)	2016/17 Year 2 Cost (£'000)	2017/18 Year 3 Cost (£'000)	2018/19 Year 4 Cost (£'000)	2019/20 Year 5 Cost (£'000)	Grant		Net funding by IOACC 2015/16 (£'000)	Corporate priority the bid meets	Which part of the priority it meets	Projects Contribution to delivering corporate priorities	Level of Corporate risk that the proposal mitigates	Requirement to comply with statutory, health, DDA responsibilities to mitigate challenge	Level of joint / match funding potentially available	Favourable impact on revenue budget or invest to save potential	Robustness of Project Management	Total
11	Lifelong Learning	Education				One off	3 New Schools on Anglesey	3 other 21st century schools with commitments in 2015/16. No Capital Bid put forward, but there is a commitment to IOACC	1,442	1,110	8,235	3,634	174	50% Grant available from WG		721	C								
12	Sustainable Development	Property	26	10	10	Rolling Programme - There will be a schedlue, but not available yet	Disabled Access	The Equality Act requires the authority to carry out reasonable adjustment to the Authorities properties. Works are to be carried out to ensure all disabled people have access to services	150	150	150	150	150	0		150	F		240	140	150	0	0	35	**565**
13	Lifelong Learning	Education	7	11	11	Rolling Programme with a schedule attached	Rewiring Education Buildings	Programme to rewire schools that are deemed high risk/ The Electricity at Work Regulations 1989 requires precaution to be taken against the risk of death or personal injury from electricity in work activities. All schools are required to be tested over 5 years, and some will only require minor repairs, while others will require a complete rewiring.	250	250	250	250	250	0		250	C	Continue to raise the standards in educational attainment rates and standards	240	140	150	0	0	30	**560**
14	Lifelong Learning	Education	4	12	12	Rolling Programme - There will be a schedlue, but not available yet	Disabled Access in Education Buildings	Improve disabled access in various schools to comply with the Equality Act 2010, to meet the needs of some disabled pupils	300	300	300	300	300	0		300	C	Continue to raise the standards in educational attainment rates and standards	240	140	150	0	0	30	**560**
15	Lifelong Learning	Education	9	13	13	Rolling Programme - There will be a schedlue, but not available yet	School catering Facilities	Replace existing ovens, upgrade ventilation systems in kitchens to meet the requirements. Should schools canteen close, this leads to children being sent home amd disruption to their education and parents.	200	200	0	0	0	0		200	C	Continue to raise the standards in educational attainment rates and standards	240	100	150	0	40	30	**560**
16	Deputy Chief Executive	ICT	38	14	14	One off	Offsite ICT Backup Facilities	An audit revealed the backup system was not for purpose and posed a risk to the council . Following the audit, the previous Section 151 Officer commissioned Mazars to produce an options paper for a new system which would meet the Council's data backup requirements. The options paper was presented to SLT who decided upon the option of a comprehensive offsite backup system, unfortunately the costings in the report produced by Mazars did not consider the non-ICT requirements of such a facility	42	0	0	0	0	0		42	G		300	200	0	0	0	50	**550**
17	Lifelong Learning	Education	8	15	15	Rolling Programme with a schedule attached	School Repair & Maintenance	Address deficiencies to all the buildings which are unaffected by the school reorganisation plan. The condition of school stock is unsatisfactory such as leaking roofs, rotten windows that don't open, damp problems and other health and safety risks.	1,800	1,800	1,800	1,800	1,800	0		1,800	C	Continue to raise the standards in educational attainment rates and standards	240	120	150	0	0	30	**540**
18	Lifelong Learning	Education	5	16	16	Rolling Programme - There will be a schedlue, but not available yet	Falls from height risk	Schools with flat roofs and old roof-lights made with non-safety glass pose significant risk to contractors carrying out works, to surveyors and trespasers, and the authority could be prosecuted should harm be proved as a result of lack of compliance with standards. Programme needs to be in place to provide safe areas to work and replace roof-lights as necessary.	50	50	50	50	0	0		50	C	Continue to raise the standards in educational attainment rates and standards	240	120	150	0	0	30	**540**
19	Lifelong Learning	Education	10	17	17	Rolling Programme - There will be a schedlue, but not available yet	Refurbish school toilets	An audit in 2013 revaled school toilets are in a poor state and need improving. In some cases children refuse to use the toilets as they are unsanitary. This bid is to provide up to date facilities in school, which are sanitary and designed to reduce the likelihood of bullying, other anti-social behaviour and vandalism.	200	200	200	200	0	0		200	C	Continue to raise the standards in educational attainment rates and standards	240	160	105	0	0	30	**535**
20	Lifelong Learning	Education	3	18	18	Rolling Programme - There will be a schedlue, but not available yet	Boiler replacement in Education Buildings	Replacing Boilers in schools that are at the end of their serviceable life. Repairs are no longer possible due to parts no longer being available. Without boiler or hot water, schools would be forced to close	150	150	150	150	150	0		150	C	Continue to raise the standards in educational attainment rates and standards	240	80	150	0	0	30	**500**
21	Community	Housing	12	22	19	One off	Affordable Housing	Provide good, quality accommodation to residents of Anglesey, and this is recognised as being essential to health, education attainment, family well being, community sustainable and life quality.	935	0	0	0	0				D	increase the affordable housing options, island wide and bring empty homes back into use	300	80	75	0	0	35	**490**
22	Sustainable Development	Economic & Community	29	19	21	To early to provide information - Work in progress	EU Structural Funding	Match funding to regenerate our communities and devlelop the economy. The future of Anglesey looks brighter with projects like Wylfa Newydd and Energy Island. With EU programmes becoming more focused and concentrated aound maximising areas of opportunities within the economy - Anglesey is uniquely placed to take full advantage of these programmes	250	500	750	500	250	Match Funded from Europe		TBC	B		300	0	0	80	0	50	**430**
23	Deputy Chief Executive	Legal Department	43	28	22	One off	Regional Electronic Legal Case Management System	The Council plays a part in the regional legal services' collaboration project.The project is moving ahead to purchase an electronic case management dystem (CM). Whilst this Council's Legal Section already has CM it may not be the same one as the collaboration chooses to buy from the G Cloud. Should that be the case then this Council will need to buy the same system as that which the rest of the region will be buying. A failure to do so will severely curtail this Council's future participation inregional legal collaboration.	80	0	0	0	0	0		80	G		300	100	0	0	0	20	**420**
24	Sustainable Development	Property	27	21	23	Rolling Programme - There will be a schedlue, but not available yet	Property Repairs and Maintenance	Many non-educational buildings eg Leisures Centres, Libraries, Social Services buildings etc have leaking roofs, windows that don't open or are rotten, damp issues and other safety risks, this bid addresses these.	700	700	700	700	700	0		700	D		150	140	75	0	0	35	**400**

Reference	Directorate	Department	Ref	Original Rank	Weighted Rank	Rolling / One off Schemes	Proposed Scheme	Brief Description	2015/16 Year 1 Cost (£'000)	2016/17 Year 2 Cost (£'000)	2017/18 Year 3 Cost (£'000)	2018/19 Year 4 Cost (£'000)	2019/20 Year 5 Cost (£'000)	Grant		Net funding by IOACC 2015/16 (£'000)	Corporate priority the bid meets	Which part of the priority it meets	Projects Contribution to delivering corporate priorities	Level of Corporate risk that the proposal mitigates	Requirement to comply with statutory, health, DDA responsibilities to mitigate challenge	Level of joint / match funding potentially available	Favourable impact on revenue budget or invest to save potential	Robustness of Project Management	Total
25	Sustainable Development	Economic & Community	34	25	24	To early to provide information - Work in progress	Regional Supply chain programme	The Regional Supply Chain Programme (RSCP) aims to co-ordinate, enable and bend existing business support provision by engaging with Tier 1 and 2 suppliers to understand their requirements and using this information to inform and develop potential suppliers in North Wales	871	871	0	0	0	WEFO Funding required		TBC	B		300	0	0	80	0	10	**390**
26	Sustainable Development	Economic & Community	33	24	25	To early to provide information - Work in progress	Cyfenter Social Enterprise Support Scheme	Support the growth and productivity of the Socail Enterprise sector in NW Wales through targeted financial support	1100	1100	1100	1100	1100	3,575 over the five years		TBC	B		300	0	0	70	0	15	**385**
27	Sustainable Development	Property	28	26	26	Programme to be provided	Smallholdings	In accordance with decisions of the Executive committe on 24/4/10, the programme started in 2011/12 and is 2/3 of the way through. It renovates and improve the estates building in order to ensure that they are safe for the tenants to use and provides suitable accommodation that creates oppertunities for young farmers within the agricultural industry.	1,300	1,300	0	0	0	Ringfenced Capital receipts		1,300	B		90	100	60	0	100	10	**360**
28	Deputy Chief Executive	ICT	40	29	37	One off	Corporate Content Management System Upgrade	Upgrade the Council Website, so it can be used by mobile phone and tablets	126	0	0	0	0	0		126	G		150	100	0	0	60	50	**360**
29	Sustainable Development	Environment & technical Service	17	23	27	One off	Public Conveniences	Works to provide sewage treatment plants and install coin collection machines to achieve revenue saving of £75k in 2015/16 by reducing maintenance costs	100	0	0	0	0	0		100	N/A		0	100	75	0	140	35	**350**
30	Sustainable Development	Planning & Public Protection	37	27	28	One off	Motorhome & tourer park at Holyhead	The proposal is part of an ongoing programme of improvements to the offer and facilities available to the public at the council owned Breakwater Country Park at Holyhead (BCP). The improvements once completed will provide the potential for additional revenue funding which will assist in making the BCP self-funding in future with less reliance on council core funding.	250	0	0	0	0	80% of £200k from VVP Grant not yet secured, if secured IOACC contribution £50k		50	B		150	0	0	80	100	5	**335**
31	Sustainable Development	Economic & Community	35	37	29	To early to provide information - Work in progress	Local Investment Fund	The proposed operation will provide financial assistance to new and existing micro and small businesses of up to £10k towards capital investments and in so doing address the current market failure in financial support mechanisms to micro and small enterprises.	TBC	TBC	TBC	TBC	TBC	WEFO Funding required		TBC	B		300	0	0	0	0	15	**315**
32	Sustainable Development	Economic & Community	36	38	30	To early to provide information - Work in progress	Marine Renewables Infrastructure	The opprtunities of EIP have significant potential to instigate transformation economic change on a reional basis if the condition for growth are in place. The proposed operation will install power infrastructure between the sea bed and a land based export connection, allowing SIX tidal technology operators to produce a 120MW of renewable energy. The absence of grid connection is a major and critical issue for private developers. The project will render the designated MORlais zone, the Holyhead deep and other continguous marine areas suitable for marine energy production, the most attractive in the UK	The cost of operation (sub sea and some overland cabling between the sea bed and the grid export connection point) is between £30-£35m. Menter Mon secured alternative route to grid and private match funding of up to £15m	The cost of operation (sub sea and some overland cabling between the sea bed and the grid export connection point) is between £30-£35m. Menter Mon secured alternative route to grid and private match funding of up to £15m	The cost of operation (sub sea and some overland cabling between the sea bed and the grid export connection point) is between £30-£35m. Menter Mon secured alternative route to grid and private match funding of up to £15m	The cost of operation (sub sea and some overland cabling between the sea bed and the grid export connection point) is between £30-£35m. Menter Mon secured alternative route to grid and private match funding of up to £15m	The cost of operation (sub sea and some overland cabling between the sea bed and the grid export connection point) is between £30-£35m. Menter Mon secured alternative route to grid and private match funding of up to £15m	WEFO Funding required		TBC	B		300	0	0	0	0	15	**315**
33	Sustainable Development	Environment & technical Service	20	30	31	Rolling Programme - There will be a schedlue, but not available yet	Estate Roads	A number of the county's estate roads are in a poor condition, including footways. This will enable targeted intervention on a planned basis to reduce risks and improve the condition of residential areas, and will also reduce the risk of claims for injuries	50	50	50	50	50	0		50	N/A		0	140	45	0	60	25	**270**

Reference	Directorate	Department	Ref	Original Rank	Weighted Rank	Rolling / One off Schemes	Proposed Scheme	Brief Description	2015/16 Year 1 Cost (£'000)	2016/17 Year 2 Cost (£'000)	2017/18 Year 3 Cost (£'000)	2018/19 Year 4 Cost (£'000)	2019/20 Year 5 Cost (£'000)	Grant		Net funding by IOACC 2015/16 (£'000)	Corporate priority the bid meets	Which part of the priority it meets	Projects Contribution to delivering corporate priorities	Level of Corporate risk that the proposal mitigates	Requirement to comply with statutory, health, DDA responsibilities to mitigate challenge	Level of joint / match funding potentially available	Favourable impact on revenue budget or invest to save potential	Robustness of Project Management	Total
34	Sustainable Development	Environment & technical Service	19	32	32	Rolling Programme - Install new py and display machines	Car Parks	Maintain Car Parks which bring income for revenue budget. This enables major works if not addressed could become major safety issues. It also serves as match funding when grants become available for enhancements	50	50	50	50	50	0		50	B		90	100	45	0	0	25	**260**
35	Lifelong Learning	Museums and Heritage	42	35	33	One off	Essential works to Beaumaris Gaol and Courthouse (in preparation for possible outsourcing to another agency, dependent on decision of elected members)	Outsourcing' as one way forward for some of the island's prestigious tourist and heritage sites. In order to attract an outside agency to adopt and undertake the running of these sites instead of the Council, the buildings must be in good enough condition to be regarded as viable tourist income generators. A detailed report has been commissioned to provide a breakdown of essential costs of repairs to the Beaumaris Gaol and Courthouse in order to ensure that the buildings reach the minimum standard of repair expected by any agency that would take over the sites.	232	0	0	0	0	0		232	B/E		90	40	0	0	80	25	**235**
36	Community	Housing	11	31	34	One off	Purchase Land for Gypsies and Travellers	Acquire and develop land for Gypsies and travellers on Anglesey. The bid is based upon the need to aquire land for 2 temporary / transit sites of 1 acre, and 1 permenant residental site of 2.5 acres.	3,590	0	0	0	0	Bid for WG Funding could be made at the end of 2015 for 2016/17		TBC	D		120	0	75	0	0	35	**230**
37	Sustainable Development	Environment & technical Service	22	33	35	Rolling Programme - There will be a schedlue, but not available yet	Major Structural Schemes	Maintain several bridges, culverts and retaining walls. This will undertake planned maintenance to these structures above and beyond that can be ubdertaken from revenue budget	200	200	200	200	200	0		200	N/A		0	100	45	0	60	25	**230**
38	Sustainable Development	Environment & technical Service	23	34	36	Rolling Programme - There will be a schedlue, but not available yet	Carriageways	The Council network requires constant maintenance. This fund enables major work to be undertaken which would otherwise not be possible	200	200	200	200	200	0		200	N/A		0	100	45	0	60	25	**230**
39	Sustainable Development	Economic & Community	30	41	38	To early to provide information - Work in progress	Strategic Sites and Premises	Because of oppertunities from Energy Island Programme (EIP) Anglesey is on the cusp of significant inward investment from the low carbon and energy sector. This project will seek to deliver high quality serviced sites and premises at key employment sites to attract inward investment and business Expansion linked to EIP supply chain	5000	0	0	0	0	Subject to WEFO funding		TBC	B		180	0	0	0	0	10	**190**
40	Sustainable Development	Economic & Community	31	42	39	To early to provide information - Work in progress	Utilities Infrastructure Programme	There are significant constraints within the utility of highway infrastructure which could serve to limit the economic impacts of planned investment. Significant investment is required to improve capacity and load of critical utility infrastructure (electric network etc) to maximise opportunities associated with major energy developments	TBC	TBC	TBC	TBC	TBC	Subject to WEFO funding		TBC	B		180	0	0	0	0	10	**190**
41	Sustainable Development	Economic & Community	32	43	40	To early to provide information - Work in progress	Llangefni Strategic Infrastructure Programme	Llangefni identified as a key location. Three sites in close proximity have potential to be key employment and training hub of regional significance given the right investment	circa £10m+ over the 5 years (unknown with any certainty)	circa £10m+ over the 5 years (unknown with any certainty)	circa £10m+ over the 5 years (unknown with any certainty)	circa £10m+ over the 5 years (unknown with any certainty)	circa £10m+ over the 5 years (unknown with any certainty)	Subject to WEFO funding		TBC	B		180	0	0	0	0	10	**190**
42	Sustainable Development	Environment & technical Service	21	39	41	Rolling Programme - There will be a schedlue, but not available yet	Lighting	A programme to replace lamps with more energy efficient and reduced light polluting lamps, resulting in lower electricity consumption thus resulting in revenue savings and reducing carbon footprint.	30	30	30	30	30	0		30	N/A		0	0	0	0	140	25	**165**
43	Community	Housing	14	36	42	No Programme - Ad Hoc	Private Sector Housing Loan Scheme	Improving Homes of Private Landlords on Anglesey eg for quality of homes for contracors. Should Wylfa Newydd go ahead it is estimated 8,000 workers will be employed on site at peak times.	740	500	510	0	0	WG £254k		486	D		90	0	0	40	0	30	**160**
44	Sustainable Development	Property	25	40	43	Rolling Programme - There will be a schedlue, but not available yet	Energy Conservation	Lack of investment could impact on ability to meet Public Sector targets. It is recommended that 10% of the energy and water expenditure should be invested in energy and water efficiency schemes	200	200	200	200	200	0		200	N/A		0	0	0	0	100	35	**135**

Key: Corporate Priority:	
A	Transform Adult Social Care
B	Regenerating our Communities and Developing the Economy
C	Improving Education, Skills and Modernising our Schools
D	Increasing our Housing Options and Reducing Poverty
E	Transforming our Leisure and Library Provision
F	Becoming Customer, Citizen and Community Focused
G	Transforming our Information and Communication Trchnology (ICT)

SCORING MATRIX

1. **Projects Contribution to delivering corporate priorities (Weighting 30%)**

- 300 points is awarded if the scheme fully meets one or more of the bullet points within the corporate plan.
- A score of between 1 and 299 is awarded if part of the bullet points within the corporate plan is met, with the score reflecting the severity of the impact. If a scheme meets most of the corporate priority, it should score over 200 points, but if the scheme only meets a fraction of the corporate priority, it should score less than 100. The scoring is based on the scorer's discretion.
- A score of 0 is awarded if the scheme doesn't meet any of the bullet points within the corporate plan.

2. **Projects Contribution to delivering corporate priorities (Weighting 20%)**

- 200 points is awarded if the scheme fully mitigates a corporate risk.
- A score of between 1 and 199 is awarded if the scheme partly mitigates a corporate risk. The score will reflect the severity of the mitigation. If a scheme mitigates a lot of the corporate risk, it should score over 120 points, but if the scheme only mitigates a small amount of corporate risk, it should score less than 50. The scoring is based on the scorer's discretion.
- A score of 0 is awarded if the scheme doesn't mitigate any of the corporate risk.

3. **Requirement to comply with statutory, health, DDA responsibilities to mitigate challenge (Weighting 15%)**

- 150 points is awarded if the scheme is fully required to comply with either statutory, health, or DDA responsibilities.
- A score of between 1 and 149 is awarded if the scheme partly complies with either statutory, health, or DDA responsibilities. The score will reflect the severity of the compliance. If a scheme complies a lot with either the statutory, health, or DDA responsibilities, it should score over 100 points, but if the scheme only complies slightly with either statutory, health, or DDA responsibilities it should score less than 30. The scoring is based on the scorer's discretion.
- A score of 0 is awarded if the scheme doesn't comply with either statutory, health, or DDA responsibilities.

4. **Level of joint / match funding potentially available (Weighting 10%)**

- If the scheme is 100% grant funded, the scheme will score 100 points. If the scheme is 50% grant funded, the scheme will score 50 points. If the scheme will receive no grant funding, it will score 0 points.

5. **Favourable impact on revenue budget or invest to save potential (Weighting 20%)**

- 200 points is awarded if the scheme has a major impact on revenue budget or invest to save potential.
- A score of between 1 and 199 is awarded if the scheme has some favourable impact on revenue budget or invests to save potential, with the scoring dependant on how much impact there is on the revenue budget. A high favourable impact should score over 120, with a low impact expected to score less than 50 points.
- A score of 0 is awarded if there is no favourable impact on revenue budget or invest to save potential.

6. **Robustness of Project Management (Weighting 5%)**

- A fully robust project management will score 50 points.
- A score of between 1 and 49 will be scored dependant on how robust the project management is, with the scoring based on the scorer's discretion.
- A score of 0 is awarded if the project management is not robust at all.

CAPITAL RESOURCES

The Council is currently extremely short of capital resources. There was approximately £2m of capital receipts in hand as at the 1 April 2014 with a further anticipated £2.5m to be made available by the 31st March 2015. In addition, the Council receives, through the Support Grant, a further £3.522m allocation which can be spent on capital. Thus, the Council has a base £6.5m to which can be added grants if and when capital schemes attract such approvals.

At this stage, it has not been possible to reasonably define resources available beyond 2016/17 as shown in the tables below. Therefore, even though certain projects are shown into future years, there is a degree of uncertainty with any project after 2016/17. It should also be born in mind that 'emergency' schemes or changes in priorities may occur at any time and, therefore, new schemes may be put forward for consideration and inclusion in the Capital Programme.

CAPITAL RESOURCES 2015/16

The following are the Capital Resources available for 2015/16 :-

	£'000	**£'000**
Estimated Capital Receipts		
(Excluding Ring Fenced Smallholdings)	2,500	
Supported Borrowing		
(WG via Support Grant)	2,189	
General Capital Grant (WG)	1,333	
Estimated 2014/15 Capital Receipts released	2,000	
		8,022
Capital Grants available for schemes included in proposed Schedule		
(Beaumaris)		765
		8,787
Special Grants relating to proposed Schools schemes		
Schools	4,578	
		4578
Total Available Resources		**13,365**
(without recourse to Borrowing)		

POTENTIAL RESOURCES 2016/17

	£'000	**£'000**
Estimated Capital Receipts	1,000	
(Excluding ringfenced Smallholdings)		
Supported Borrowing (Assuming at same levels as 2015/16)		
(WG via Support Grant)		
General Capital Grant (WG)	1,333	
		4,522
Special Grants relating to proposed schemes		
Schools	1,700	
		1,700
Total Potential Available resources		**6,222**
(without recourse to Borrowing)		

Environmental Clean Costs

The Cybi Block is located within the site of the proposed new school in Holyhead and is to be refurbished to form part of the new school. A Planning Application for the development is due to be submitted in late February / early March. The Planning Department have stated that a Structural Report on the condition of the Grade II Listed Cybi Block will be required as part of the Planning Application. The building has been in a poor state of repair for a number of years and it is currently unsafe to gain access into the building – floors and ceilings have collapsed and the roof has been leaking in a number of areas following the theft of lead flashings and slating. Pigeons have also occupied parts of the building for some time. In order to gain safe access to carry out the survey work, the building needs to be cleared of all furniture and debris – with a full environmental clean also to take place. A survey can then be carried out and a report can be produced for submission to the Planning Department. Carrying out the survey now will reduce a possible delay in the Planning approval process and will also allow the Contractor's Design Team to proceed with the detailed design of the building.

Recommendation

- To allow the works to start in 2014/15 rather than wait until 1 April 2015.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**16 FEBRUARY 2015**
SUBJECT:	**TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16**
PORTFOLIO HOLDER:	**COUNCILLOR H E JONES**
LEAD OFFICER:	**RICHARD MICKLEWRIGHT**
CONTACT OFFICER:	**GARETH ROBERTS / BEN DAVIES (EXT: 2675/2610)**

Nature and reason for reporting

The Council is required to implement best practice in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management which recommends that, prior to being presented for adoption, Members should scrutinise the Treasury Management Strategy Statement (which includes the Annual Investment Strategy, the annual MRP Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation). This Authority's Treasury Management Scheme of Delegation charges the Audit Committee with this function and Annex A to this report was presented to the Audit Committee on 9 February 2015. This report complies with the 2014/15 Treasury Management Scheme of Delegation, which requires this committee to receive and review this report prior to being passed to the full Council for approval. This report runs alongside the capital and revenue budget reports as part of the 2015/16 budget setting process.

A - Recommendation/s and reason/s

1. This report and Annex (as detailed in the section above, sections 2 to 5 below and including Annex A) was presented to the Audit Committee on 9 February 2015. That Committee resolved to:-

- Note the contents of the covering report; and
- Endorse the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) [Annex A] for 2015/16.

The Audit Committee did not resolve to pass any comments or recommendations on to this Committee.

2. The CIPFA Code of Practice on Treasury Management (Section 7) recommends that the Authority's Treasury Management Practices should be approved, documented and monitored. It goes on to state that the nature and extent of the involvement of an organisation's responsible body in approving and monitoring its TMPs and accompanying schedules is a matter for local decision and recognises that in some organisations this may be delegated to the responsible officer. In all cases it should be subjected to scrutiny by the responsible body following recommendations by the responsible officer. This Authority does not currently have documented TMPs but it is intended that this will be resolved in 2015/16 and presented at the earliest opportunity to the relevant committees, in line with the proposed Treasury Management Scheme of Delegation for 2015/16.

3. In terms of updates to the Treasury Management Strategy Statement there is only one proposed amendment to the core principals and policies of the 2014/15 Statement, which is as follows:-

- The quarter one and quarter three Treasury Management reports will no longer be produced. This is to be reflected within the Authority's standing orders, as detailed in appendix 9 to this report.

It is intended that the potential categories of investments to be used, together with the credit rating criteria and investment limits, will be subject to review during the year with any amendments subject to prior approval in accordance with the Treasury Management Scheme of Delegation.

4. The planned exit of the HRA subsidy system on 2 April 2015 has been taken into account in the prudential indicators (see Appendix 11) on the basis set out in Appendix 12.

5. The Council's external borrowing stood at £89.6m as at 2 February 2015, this is expected to be the position at 31 March 2015. The borrowing is made up of fixed rate and variable rate. The fixed rate borrowing stood at £89.3m with an average life of 25 years, and average interest rate of 5.70%. The variable rate borrowing stood at £0.3m with average life of 10 years and an average interest rate of 9.41%. The anticipated cost of borrowing for 2014/15 is £5.1m and the forecast underlying need to borrow at the year end is £114.8m. This means that the Council will be internally borrowed by £25.2m by the year end.

The Council's investment as at 2 February 2015 stood at £16.1m with an average rate of return of 0.4% and the average balance for the year to date is £21.1m. As internal borrowing has increased the investment balances have decreased.

6. Recommendations:-

6.1 Note the contents of the covering report.

6.2 Endorse the contents of, and assumptions and proposals made within, the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) for 2015/16 (Annexe A to this report).

6.3 To pass on any comments and/or recommendations to the County Council.

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?

To comply with this Authority's budget setting process and Treasury Management Scheme of Delegation.

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

Yes

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

Yes

DD -	**Who did you consult?**	**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	n/a – this is a S151 Officer report
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	
E -	**Risks and any mitigation (if relevant)**	
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	

F -	Annexes:
	Annex A: Draft Treasury Management Strategy Statement and Prudential and Treasury Indicators for 2015/16.
FF -	**Background papers (please contact the author of the Report for any further information):**
	• Treasury Mangement Strategy Statement 2014/15 (as approved by the Council on 27 February 2014); • Capital and revenue 2015/16 budget setting papers (as seperately reported to this Committee).

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2015/16

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, meaning that total revenue due during the financial year must be sufficient to meet expenditure, and also that actual cash inflows must be adequate to cover cash outflows. A key part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk approach, ensuring adequate liquidity before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, debt previously drawn may be restructured to meet Council risk or cost objectives.

A particular point is that a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that:-

- increases in revenue costs resulting from increases in interest charges, incurred to finance additional borrowing to finance capital expenditure; and
- any increases in running costs from new capital projects, must be limited to a level which is affordable within the Council's projected income.

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities. See Appendix 10.

1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit Committee.

Prudential and Treasury Management Indicators and Treasury Strategy - The first and most important report, covers:-

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function); and
- the capital plans (including the associated prudential indicators).

A Mid Year Treasury Management Report - This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting its objectives or whether any policies require revision.

An Annual Treasury Report - This provides details of a selection of actual prudential and treasury management indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2015/16

The strategy for 2015/16 covers two main areas:-

Capital Issues

- the capital plans and the prudential indicators; and
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- the current treasury position;
- treasury management indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Welsh Government MRP Guidance, the CIPFA Treasury Management Code and the Welsh Government Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Audit Committee, the committee's members received training in treasury management, delivered by the appointed treasury management consultants on 14th July 2014. Further training will be arranged as required.

The training needs of treasury management officers are regularly reviewed and addressed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, – Treasury Solutions (herein referred to as Capita)as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.6 Adoption of the Code

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The current, 2011, code of practice has already been adopted by this Council and so no update is required for 2015/16.

2. Capital Considerations

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The Authority's capital expenditure projections for 2015/16 to 2017/18 are reflected in the Prudential Indicators (Appendix 11). The projected expenditure for 2015/16 to 2017/18 is based on the capital bids recommended for approval in accordance with the 2015/16 Capital Strategy, as separately reported. The projections for those years also include the assumption that slippage from 2014/15 with be fully spent in 2015/16. The 2015/16 expenditure forecast includes the projected HRA self-financing settlement as detailed below.

Subject to the voluntary agreement of all 11 of the Welsh housing authorities the Council will be required to make a one off payment to the Welsh Government to remove the HRA from the current housing subsidy system. The payment is expected to be in the region of £21.4m although this could change. This one off payment is compensation, ensuring the HRA will no longer make future annual payments to the Welsh Government. It is expected that the overall impact will be beneficial to the Council. The final settlement amount is to be confirmed but by agreeing to the revised prudential indicators the Council is ensuring the necessary local requirements are in place well before the payment is required.

The overall programmes will be limited to what is affordable, both in terms of actual capital spend and in terms of the revenue implications (see 1.1 above). The prudential indicators are contained in Appendix 11.

3. Borrowing

The capital expenditure plans, set out in a separate report to the Executive Committee, provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current and Projected Borrowing Requirement and Actual Borrowing

The forecast movements in the Council's capital financing requirement (CFR) are:-

ESTIMATED MOVEMENTS IN THE CAPITAL FINANCING REQUIREMENT AND REPLACEMENT BORROWING 2014/15 TO 2017/18				
	2014/15 Projected £'000	**2015/16 Estimate £'000**	**2016/17 Estimate £'000**	**2017/18 Estimate £'000**
Movement in the CFR				
New borrowing to support capital expenditure				
Supported Borrowing	*4,472*	*2,750*	*2,189*	*2,189*
Unsupported Borrowing	*6,000*	*23,400*	*4,620*	*0*
Total	**10.472**	**26,150**	**6,809**	**2,189**
Reduce by: Minimum Revenue Provision and set aside capital receipts	(4,538)	(4,287)	(4,801)	(4,908)
Net movement in the CFR	**5,934**	**21,863**	**2,008**	**(2,719)**
Potential movements in actual borrowing				
Movement in the CFR (above)	-	21,863	2,008	(2,719)
Externalisation of pre 2013/14 internal borrowing	-	25,177	**-**	**-**
Replacement Borrowing	**-**	8	9	5,509
Total potential new borrowing	**-**	**47,048**	**2,017**	**2,790**

3.2 Prospects for Interest Rates

The Council's appointed treasury advisor is Capita Asset Services and part of their service is to assist the Council to formulate a view on interest rates. Appendix 3 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita central view.

Annual Average (%)	**Bank Rate (%)**	**PWLB Borrowing Rates (including certainty rate adjustment)**		
		5 year	**25 year**	**50 year**
March 2015	0.50	2.20	3.40	3.40
June 2015	0.50	2.20	3.50	3.50
September 2015	0.50	2.30	3.70	3.70
December 2015	0.75	2.50	3.80	3.80
March 2016	0.75	2.60	4.00	4.00
June 2016	1.00	2.80	4.20	4.20
September 2016	1.00	2.90	4.30	4.30
December 2016	1.25	3.00	4.40	4.40
March 2017	1.25	3.20	4.50	4.50
June 2017	1.50	3.30	4.60	4.60
September 2017	1.75	3.40	4.70	4.70
December 2017	1.75	3.50	4.70	4.70
March 2018	2.00	3.60	4.80	4.80

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid-2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strenthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;

- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Investment returns are likely to remain relatively low during 2015/16 and beyond;

- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt; and

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.3 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This approach is prudent as investment returns are low and counterparty risk is high, and will continue to be followed where appropriate (see 3.3.1 below for a more detailed consideration of internal and external borrowing).

Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- If it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a faster than currently anticipated unwinding of quantitative easing in the US, or an unexpected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

HRA reform in Wales

The requirement for the HRA reform settlement to be made to the Welsh Government on 2 April 2015 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount available on the 2 April 2015, and this must be funded by way of borrowing from the Public Works Loans Board (PWLB) loans and so separate borrowing solely for this purpose will be incurred. The exact structure of loans to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.3.1 External v. internal borrowing

Current conditions indicate a need for a flexible approach to the choice between internal and external borrowing. Many of the factors which lay behind previous policies to externalise all borrowing remain valid, e.g.:-

- With a continuing historically abnormally low Bank Rate and PWLB rates, there remains a unique opportunity for local authorities to actively manage their strategy of undertaking new external borrowing.

However, it remains the case that there are certain limitations to this approach, as previously noted, e.g.:-

- The policy can cause exposure to credit risk (e.g. risk of the bank defaulting on the debt), so this aspect must be very carefully managed;
- Careful on going consideration needs to be given to the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

In favour of internalisation, over the medium term investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

However, short term savings by avoiding new long term external borrowing in 2014/15 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing.

The HRA subsidy system exit could provide an opportunity to take up long dated PWLB loans at historically low levels to benefit the Council as a whole over the long term. Any such strategy will be subject to review in the weeks leading up to the anticipated exit (see Section 3.4).

Against this background, caution will be adopted with the 2015/16 treasury operations. The S151 Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the earliest opportunity.

3.4 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs, solely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

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

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets, have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the advantages and disadvantages of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.5 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (i.e. premiums incurred).

The reasons for any rescheduling to take place will include:-

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

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

4. Annual Investment Strategy

4.1 Investment Policy

The Council's investment policy has regard to the Welsh Government's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice for Local Authorities and Cross-Sectorial Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

In accordance with the above guidance from the Welsh Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 5 under the ‘specified’ and ‘non-specified’ investments categories.

The Council will also from time to time, make loans, deposits and investments ‘for the purpose of delivery of its Service’s (policy investments). These transactions will require the authority of the County Council for amounts over £100k. All transactions will be subject to adequate credit quality and the approval of the Section 151 Officer in consultation with the Portfolio Holder for Finance.

4.2 Creditworthiness policy

The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:-

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council’s prudential indicators covering the maximum principal sums invested.

The S151 Officer will maintain a counterparty list in compliance with the criteria set out in Appendix 6 and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution (using the Fitch, Moody's and Standard & Poor's credit rating agencies). For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution, on the basis of credit rating, will fall outside the lending criteria. Credit rating information is supplied by Capita Assets Services on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria could be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council at the discretion of the S151 Officer, to assist in determining the duration for investments. The Council will, therefore, normally use counterparties within the following durational bands:-

- Yellow 5 years *
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Reference will also be made to other market data and market information, as available and as appropriate.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 7. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

4.4 Investment Strategy

In-house funds*:* . Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations: Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:-

- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:-

2015/16 0.60%
2016/17 1.25%
2017/18 1.75%
2018/19 2.25%
2019/20 2.75%
2020/21 3.00%
2021/22 3.25%
2022/23 3.25%
Later years 3.50%

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest

4.5 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.6 External fund managers

The Council has not appointed external fund managers. The need for this will be kept under review and a reported as appropriate before such an appointment is made.

4.7 Policy on the use of external service providers

In order to acquire access to specialist skills and resources, the Council uses Capita Assets Services as its external treasury management advisors. The terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Final responsibility for treasury management decisions remains with the Council.

4.8 Delegation

The Treasury Management scheme of delegation and the role of the Section 151 Officer are outlined in Appendix 8.

APPENDICES

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

DADANSODDIAD BENTHYCIADAU YN AEDDFEDU 2014/15 YMLAEN/ LOANS MATURITY ANALYSIS 2014/15 ONWARDS						
	PWLB Aeddefedu/ PWLB Maturity £'000	PWLB EIP/ Annuity/ PWLB EIP/ Annuity £'000	Benthyciadau Marchnad/ Market Loans £'000	PWLB Amrywiol/ PWLB Variable £'000	Cyfanswm yn Aeddfedu/ Total Maturing £'000	%YN Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %
2014/15	0	1	0	0	1	0.0
2015/16	0	8	0	0	8	0.0
2016/17	0	9	0	0	9	0.0
2017/18	5,500	9	0	0	5,509	6.2
2018/19	5,000	10	0	0	5,010	5.6
2019/20	5,000	11	0	0	5,011	5.6
2020/21	4,500	12	0	0	4,512	5.0
2021/22	0	14	0	0	14	0.0
2022/23	2,285	15	0	0	2,300	2.6
2023/24	1,854	16	0	0	1,870	2.1
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	854	22	0	0	876	1.0
2027/28	1,674	24	0	0	1,698	1.9
2028/29	0	26	0	0	26	0.0
2029/30	854	21	0	0	875	1.0
2030/31	0	15	0	0	15	0.0
2031/32	1,281	9	0	0	1,290	1.4
2032/33	0	8	0	0	8	0.0
2033/34	0	0	0	0	0	0.0
2034/35	0	0	0	0	0	0.0
2035/36	0	0	0	0	0	0.0
2037/38	0	0	0	0	0	0.0
2039/40	5,000	0	0	0	5,000	5.6
2040/41	3,500	0	0	0	3,500	3.9
2045/46	0	0	0	0	0	0.0
2047/48	0	0	0	0	0	0.0
2050/51	2,000	0	0	0	2,000	2.2
2052/53	28,238	0	0	0	28,238	31.5
2054/55	3,000	0	0	0	3,000	3.3
2055/56	3,500	0	0	0	3,500	3.9
2056/57	5,000	0	0	0	5,000	5.6
2057/58	8,513	0	0	0	8,513	9.6
2059/60	1,763	0	0	0	1,763	2.0
2060/61	0	0	0	0	0	0
	89,316	**268**	**0**	**0**	**89,585**	**100.0**
Cyfartaledd bywyd (blynyddoedd)/ Average life(years)	25.43	10.41	0.00	0.00	25.38	
Cyfartaledd graddfa (%)/ Average rate (%)	5.70	9.41	0.00	0.00	5.72	

Minimum Revenue Provision Policy Statement 2015/16

The Council is required to pay off an element of the accumulated Council Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision (MRP)), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision (VRP)).

The Welsh Government regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:-

For capital expenditure incurred before 1 April 2008 or for capital expenditure from 1 April 2008 financed supported capital expenditure for Revenue Support Grant purposes, the MRP policy will be to charge 4% of the CFR at the end of the preceding year (in accordance with option 2 of the statutory guidance).

From 1st April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be the Asset Life method, with the MRP based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (in accordance with option 3 of the statutory guidance). The estimated life periods will be set by the S151 Officer based upon advice received from the relevant officers.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Housing Revenue Account share of the CFR is subject to a 2% MRP charge, based upon the closing CFR for the previous year, in line with the approved 30 year business plan.

Any repayments included in annual PFI or finance leases are applied as MRP.

Rhagolygon Graddfeydd Llog 2015/2018/
Interest Rate Forecasts 2015/2018/

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PWLB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PWLB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

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

Economic Background

THE UK ECONOMY

Economic growth, After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

THE GLOBAL ECONOMY

Eurozone (EZ): The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011/2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strenthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA: The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

China: Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan: Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

Capital Asset Services forward view:

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and BBGC rates, especially for longer term BBGC rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

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

Specified and Non-Specified Investments

The Welsh Government 'Guidance on Local Government Investments' (Effective from 1 April 2010) provides the definition of specified and non-specified investments.

Paragraph 5.1 of the 'Guidance' states that an investment is specified if all of the following apply:-

(a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling; and

(b) the investment is not a long-term investment (*); and

(c) the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]; and

(ch) the investment is made with a body or in an investment scheme of high credit quality (**); or with one of the following public-sector bodies:

- **(i)** the United Kingdom Government
- **(ii)** a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland
- **(iii)** a parish or community council.

The 'Guidance' also states that any investment not meeting the definition of paragraph 5.1 is classified as a non-specified investment.

During 2015/16 the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to (i) long-term investments; and (ii) deposits with the Council's own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance balances will be minimised as far as is possible

The table in Appendix 6 set out the investment criteria and limits for the categories of investments intended for use during 2015/16 and therefore form the basis for the approved lending list.

Any proposed revisions or amendments during the year to the categories of specified and non-specified investments to be used and / or to the associated credit rating criteria / investment limits will be subject to prior approval by the County Council.

* *Section 2.4 of the 'Guidance' defines a long term investment as ''any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period.''*

** *For the purposes of high credit quality the 'Guidance' states that ''for the purposes of paragraph 5.1(d), Welsh ministers recommend that the Strategy should define high credit quality (and where this definition refers to credit ratings, paragraph 6.1 (***) is relevant).'*

*** *Paragraph 6.1 of the 'Guidance' recommends that ''the Strategy should set out the authority's approach to assessing the risk of loss of investments, making clear in particular:*

- ***(a)*** *to what extent, if any, risk assessment is based upon credit ratings issued by one or more credit rating agencies;*
- ***(b)*** *where credit ratings are used, how frequently credit ratings are monitored and what action is to be taken when ratings change; and*
- ***(c)*** *what other sources of information on credit risk are used, additional to or instead of credit ratings.''*

The table in Appendix 6 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 4.2 of this strategy sets out the Council's creditworthiness approach.

Counterparty Criteria

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Banks and Building Societies (not nationalised or part nationalised)	**F1+**	**P-1**	**A-1+**	**AAA**	**Aaa**	**AAA**	**£10m**	**5 years**
	F1+	**P-1**	**A-1+**	**AA**	**Aa2**	**AA**	**£10m**	**3 years**
	F1+	**P-1**	**A-1+**	**AA-**	**Aa3**	**AA-**	**£10m**	**364 days**
	F1	**P-1**	**A-1**	**A**	**A2**	**A**	**£7.5m**	**6 months**
Nationalised / Part Nationalised UK Banks	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**£10m**	**364 days**
UK Central Government (irrespective of credit rating)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**No maximum**	**No maximum**
UK Local Authorities**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**£5m**	**364 days**

* *as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003*

****** *as defined in the Local Government Act 2003*

Notes and Clarifications

(1) Cash Limit

(i) The cash limits apply both to the individual counterparty and to the overall group to which it belongs (e.g. for the banks within the Lloyds Banking Group plc (being Bank of Scotland plc and Lloyds Bank plc), the investment limit applies to those banks individually and the banking group as a whole);

(ii) The overall cash limit for deposits over 364 days is £15m.

(2) Time Limit

(i) This up to and including the period indicated.

(3) Foreign Countries

(i) Investments in foreign countries will be limited to those that hold a sovereign credit rating of (Fitch) AA- or equivalent (from the agencies referred to in section 4.3 of this strategy) sovereign credit rating (based upon the lowest common denominator), and to a maximum of £10 million per foreign country.

(ii) Investments in countries whose lowest sovereign rating is not AA- or above will not be permitted. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

(iii) Subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidiary relationships.

(iv) Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

4. Credit Rating Downgrade

Should a credit rating downgrade place a counterparty below the minimum credit rating criteria for investment, the counterparty will cease to be used as soon as practicable.

If the S151 Officer wishes to continue investing with that counterparty approval will be sought from the Chair of the Audit Committee plus one other member of the Chair's choosing, who both must approve the action. This will then be reported as appropriate at the next available opportunity.

Approved countries for investments [correct as at 27 January 2015]

Based upon lowest available sovereign credit rating

AAA

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

AA+

- Finland
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium
- Saudi Arabia

Treasury management scheme of delegation

(i) County Council

- budget approval;
- approval of the annual Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy, annual Treasury Management Policy Statement and amendments thereto;
- approval of amendments to the Council's adopted clauses;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities; and
- acting on recommendations received from the Audit Committee and/or Executive Committee.

(ii) Executive Committee

- budget consideration;
- approval of the annual Treasury Management Practices and amendments thereto;
- approval of the division of responsibilities;
- approval of the selection of external service providers and agreeing terms of appointment;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities and making recommendations to the County Council as appropriate;
- acting on recommendations received from the Audit Committee.

(iii) Audit Committee

- Scrutiny of Treasury Management matters as required by CIPFA's Cod of Practice on Treasury Management and the Council's Treasury Management Policy. This includes:-

    – scrutinising the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and making recommendations to the Executive Committee and County Council as appropriate;
    – scrutinising proposals for amendments to the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and to the adopted clauses and making recommendations to the Executive and County Council as appropriate;
    – receiving and scrutinising any other proposals relating to the treasury management which require a decision by the Executive or County Council; and
    – receiving and scrutinising monitoring reports on treasury management policies, practices and activities and make recommendations to the Executive and County Council as appropriate.

The treasury management role of the section 151 officer

The S151 (responsible) officer's role includes:-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.
- Responsibility for the execution and administration of its Treasury decisions, including decision on borrowing, investment and financing, have been delegated to the Section 151 Officer, who will act in accordance with the Council's policy statements and TMP's.

The CIPFA Treasury Management in the Public Services: Code of Practice

The key principles of CIPFA's ***Treasury Management in the Public Services: Code of Practice (2011 Edition)***, as described in Section 4 of that Code are as follows:-

Key Principle 1:
Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2:
Their policies and practices should make clear that the effective management and control of risks are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.

Key Principle 3:
They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that, within the context of effective risk management, their treasury management policies and practices should reflect this.

The Code then goes on to say that:

"In framing these recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money. This code does not seek to be prescriptive about how this issue should be handled, particularly since it covers such a wide variety of organisations. However, where appropriate, the sector specific guidance notes give suitable advice. CIPFA recognises that no two organisations in the public services are likely to tackle this issue in precisely the same manner but success in this area of treasury management is likely to be viewed, especially in value for money terms, as an indicator of a strongly performing treasury management function."

"Even though it dates back to 1991, CIPFA considers that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure is still pertinent, wherein it was stated that:"

"In balancing risk against return, local authorities should be more concerned to avoid risks than to maximise returns."

"Indeed this view was supported by the Communities and Local Government Select Committee report into local authority investments in 2009."

"It is CIPFA's view that throughout the public services the priority is to protect capital rather than to maximise return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money."

Accordingly the Authority will adopt, as part of the standing orders, the following four clauses;

1. The Authority will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and

- suitable treasury management practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles.

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

3. The County Council/Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The S151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. The Authority nominates Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies.

Treasury Management Policy Statement

1. The Authority defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’’.

2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

APPENDIX 11

No.	Indicator	2013/14 out-turn	2014/15 estimate	2015/16 proposal	2016/17 proposal	2017/18 proposal
	PRUDENTIAL & TREASURY INDICATORS BUDGET SETTING 2015/16					
	Affordability					
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	5.54%	5.90%	6.53%	6.64%	6.34%
	Housing Revenue Account (inclusive of settlement)	16.40%	13.32%	21.09%	23.76%	22.27%
	Total	6.55%	6.62%	8.06%	8.59%	8.30%
3	Estimates of incremental impact of capital investment decisions on the Council Tax			£2.95	£16.31	£22.11
	for the Band D Council Tax					
4	Estimates of incremental impact of capital investment decisions on housing rents			£29.17	£43.63	£25.20
	on average weekly rent levels					
	Prudence					
5	Gross debt and the Capital Financing Requirement (CFR)	✓	✓	✓	✓	✓
	Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?					
	Capital Expenditure	**£000**	**£000**	**£000**	**£000**	**£000**
6,7	Estimates of [or actual] capital expenditure					
	Council Fund	19,571	20,410	15,520	6,500	4,600
	Housing Revenue Account	3,169	6,000	8,590	11,900	7,700
	Total	22,740	26,410	24,110	18,400	12,300
8,9	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	84,923	91,866	92,787	93,000	91,200
	Housing Revenue Account	23,903	22,894	43,836	45,600	45,700
	Total	108,825	114,760	136,623	138,600	136,900
	External Debt	**£000**	**£000**	**£000**	**£000**	**£000**
10	Authorised Limit					
	: General Borrowing	123,000	125,000	126,000	128,000	126,000
	: HRA Settlement	0	0	36,000	36,000	36,000
	: Other long term liabilities	2,000	2,000	3,000	3,000	3,000
	: Total	125,000	127,000	165,000	167,000	165,000

11	HRA Limit on Indebtedness;					
	HRA Limit on Indebtedness	n/a	n/a	58,780	58,780	58,780
	HRA CFR	n/a	n/a	43,836	45,600	45,700
	HRA headroom	n/a	n/a	14,944	13,180	13,080
12	Operational Boundary					
	: General Borrowing	118,000	120,000	121,000	123,000	121,000
	: HRA Settlement	0	0	36,000	36,000	36,000
	: Other long term liabilities	2,000	2,000	3,000	3,000	3,000
	: Total	120,000	122,000	160,000	162,000	160,000
13	Actual External Debt	89,585				
Treasury Management		**2013/14 out-turn**	**2014/15 estimate**	**2015/16 proposal**	**2016/17 proposal**	**2017/18 proposal**
14	The Local Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services	✓	✓	✓	✓	✓
		£000	**£000**	**£000**	**£000**	**£000**
15	Gross and net debt	100%	100%	100%	100%	100%
	The upper limit on the net debt as a proportion of gross debt					
16	The upper limit on fixed rate exposures:	105,000	125,000	162,000	164,000	162,000
	(net principal outstanding)					
17	The upper limit on variable rate exposures:	20,000	20,000	20,000	20,000	20,000
	(net principal outstanding)					
18	The limit for total principal sums invested for periods longer than 364 days	15,000	15,000	15,000	15,000	15,000
	(any long term investments carried forward from previous years will be included in each year's limit)					
			2015/16 upper limit		**2015/16 lower limit**	
19	The upper and lower limits for the maturity structure of fixed rate borrowing					
	• under 12 months		20%		0%	
	• 12 months and within 24 months		20%		0%	
	• 24 months and within 5 years		50%		0%	
	• 5 years and within 10 years		75%		0%	
	• 10 years and above		100%		0%	
			no change		no change	

Glossary of and information on Prudential & Treasury Management indicators (References as per appendix 11)

Prudential Indicators

A) Affordability

1,2 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

The estimates of financing costs include current commitments and the proposals in this budget report.

The HRA indicators (reference 2) reflect the forecast HRA self-financing settlement; this forecast settlement is based upon the figures provided by the Welsh Government during consultations (the figure being £21.4m borrow at 4.2%). As reported, this figure could change.

3. Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

4. Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

It should be noted that this indicator does not reflect the forecast HRA self-financing settlement.

B) Prudence

5. Gross Debt and the CFR

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

C) Capital expenditure

7. Estimates of Capital Expenditure (HRA)

The HRA indicators (reference 7) reflect the forecast HRA self-financing settlement; this forecast settlement is based upon the figures provided by the Welsh Government during consultations (the figure being £21.4m borrow at 4.2%). As reported, this figure could change.

8,9 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £nil of such schemes within the CFR.

The HRA indicators (reference 9) reflect the forecast HRA self-financing settlement; this forecast settlement is based upon the figures provided by the Welsh Government during consultations (the figure being £21.4m borrow at 4.2%). As reported, this figure could change.

CH) External Debt

10. **The authorised limit for external debt**. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

    This indicator reflects the potential upper limit on the HRA self-financing settlement value (£35.8m); the potential upper limit for the HRA settlement is what is considered to be the breakeven point for the HRA self-financing reform to be financially advantageous.

    The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

11. **HRA Limit on Indebtedness.** As part of the HRA self-financing reform each Welsh local authority with responsibility for housing will be allocated a limit on indebtedness in relation to the HRA; this essentially places a limit on the HRA CFR (to be applied at 31st March each year). The gap between the two, if the CFR is within the limit, will be referred to as the borrowing headroom. The forecast account for the HRA settlement on the same basis as for the ratio in reference 2.

12. **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

This indicator reflects the potential HRA self-financing settlement value on the same basis as for the Authorised Limit indicator.

Treasury Management Indicators

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:-

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive Committee**
Date:	**16/02/15**
Subject:	**Community based Non-residential Social Care Services – 2015/16 charges**
Portfolio Holder(s):	**Cllr. Kenneth Hughes**
Head of Service:	**Alwyn Rhys Jones, Head of Adults Services.**
Report Author: Tel: E-mail:	**Gareth Llwyd, Business Support Unit Manager** **Tel: 01248 752708** **e-mail: GarethLlwyd@ynysmon.gov.uk**
Local Members:	

A –Recommendation/s and reason/s
Based on Corporate guidance to increase income by 5% during 2015/16, we ask the Executive Committee to approve the following recommendations for setting an increase of 5% on the charges placed on service users towards the cost of providing non-residential social care services: R1 Home care charges outlined in paragraph 3.5.2 in attached report. R2 Charges for meals in day services outlined in paragraph 3.6.2 in attached report. R3 Charges for Telecare services as outlined in paragraph 3.8.3 in attached report. R4 Freeze the rate for Direct Payments at £10.50 / hour as outlined in paragraph 3.9.4 in attached report. R5 Maintain a charge of £10.00 for the administration in relation to blue Badge requests and replacements (see paragraph 3.10.4 in attached report). We ask the Executive Committee to approve the increase in the rate that is paid when buying day care services in independent residential homes in response to the assessment of individual needs in order to: • Recognise the cost of providing day care services in residential homes;

- Ensure the sustainability and continuation of services from the providers to meet assessed needs;
- Protect the service user’s choice of service provider.

R6 Increase the fee for purchasing day care services in independent residential homes to £28.92 per 6-hour session (+ £4.82 for each additional hour) with the service user contributing £5.25 in addition to the provider towards the cost of refreshments.

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

1. **Home Care** – It is not possible to change the current charges since Welsh Government statutory guidance has set a ceiling of £60.00 each week on the contributions of service users towards the cost of non-residential services to support them to continue to live at home inthe community.

2. **Direct payments** - Considerationw as given to the possibility of increasing the current rate of £10.50 yr per hour, but it was decided to retain the same rate for 2015/16 following benchmarking with the rate paid by other local authorities.

3. **Blue Badges** – It was decided to keep to the statutory guidance to charge a fee of £10.

4. **Day Care Services** - We cannot justify not reviewing the rate of fee paid for buying day care services in independent residential homes since this rate has not been revised for a considerable number of years. It was decided to recommend a new fee rate in order to protect the services provided by residential homes to meet the needs of service users.

C – Why is this a decision for the Executive?
• *To raise additional income for the county Council by setting charges for service user contributions towards the cost of non-residential services. c* • *To set fee rates for purchasing services to meet the assessed needs of service users and to conform with statutory responsibilities.*

CH – Is this decision consistent with policy approved by the full Council?
The recommendations to raise charges for non-residential services by 5% is in accordance with corporate guidelines to increase income for 2015/16.

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)	✓ - no comments received
2	**Finance / Section 151** (mandatory)	✓ - Prepared in full consultation with Finance.
3	**Legal / Monitoring Officer** (mandatory)	✓ - No comments received.
4	**Human Resources (HR)**	N/A
5	**Property**	N/A
6	**Information Communication Technology (ICT)**	N/A
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	

E – Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	Retain payments/contributions by service users within the maximum of £60 per week in acordance with Welsh Government guidance to set a ceiling on the contributions made by service users towards the cost of non-residential services. fel .
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	Equality of treatment for all protected groups.
6	**Outcome Agreements**	
7	**Other**	

F - Appendices:
Report: **Community based Non-residential Social Care Services – 2015/16 charges**

FF - Background papers (please contact the author of the Report for any further information):
• Welsh Government (April 2011) Introducing More Consistency in Local Authorities' Charging for Non-Residential Social Services - Guidance for Local Authorities • Welsh Government: Consultation Document - Revision of Weekly Maximum Charge for Non-Residential Social Services

ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	**Executive Committee**
DATE:	**16/02/15**
TITLE OF REPORT:	**Community based Non-residential Social Care Services – 2015/16 charges**
PURPOSE OF THE REPORT:	**Confirm the charging policy in respect of non-residential community based services during 2015/16**
Contact Officers:	**Gareth Llwyd, Business Support Unit Manager** **Ian Price, Financial Systems Manager**
REPORT BY:	**HEAD OF ADULTS SERVICES**
CORPORATE DIRECTOR:	**CORPORATE DIRECTOR – COMMUNITY DEPARTMENT**
Portfolio Holder:	**Cllr. Kenneth Hughes**

1.0 Background

1.1 It is usual practice to review the charges in respect of domiciliary services annually to coincide with Central Government revision of benefit and pension levels which will apply this year from **Monday 6 April, 2015.**

1.2 the Social Care Charges (Wales) Measure and associated Statutory Regulations and Guidance – that came into force in April 2011 - enabled Authorities to continue to retain the discretion to charge for non-residential social care services.

1.3 The above revised legislative framework has established the parameters within which Local Authorities can apply charging policies in respect of all domiciliary based care services from now on. It is fair to conclude that the aforementioned measure places clear national parameters around charges with little scope for local discretion.

2. Discussion

2.1 <u>First Steps Improvement Package</u> – with a view to introducing more consistency in Local Authority charging, a First Steps Improvement Package has been implemented which include Regulations:

- To make the statutory elements of the Fairer Charging Guidance mandatory, e.g. the "buffer" and disability related expenditure disregard. This is in order to protect the level of disposable income a service user retains after charging has taken place;
- <u>Setting out a maximum weekly charge of £50 for all those services that fall within the scope of the Measure and for which a Local Authority makes a charge;</u>
- Prohibiting Local Authorities from charging for transport to day services. This puts those service users on a par with older people and people with disabilities who receive free travel under the Welsh Assembly Government concessionary fares policy;
- Requiring Authorities to introduce a process for reviewing charging decisions so as to put in place a consistent way for these to be reviewed should a service user request a review.

3.0 Review Of Local Charging Policies And Practices – 2015/16

3.1 The Local Authority now needs to review charging policies and practices for 2015/16 to ensure compliance with the requirements of the Social Care Charges (Wales) Measure 2010 and associated Regulations and Statutory Guidance – with effect from Monday 6 April 2015.

3.1.1 The Authority has historically confirmed minimum residual income levels year on year in respect of both persons of pensionable age and individuals below pension age which has ensured a protected 45% buffer over and above the income support or pension credit levels. Indeed, this has been the case since April, 2007.

3.3 The Authority's charging framework in relation to domiciliary services commissioned was amended from April 2012 to include applying an uplift to service users with the financial means to contribute. Historically our charging policy was underpinned by eligibility to state benefits and maintaining a low level charge in respect of self-funding service users.

3.4 We have been advised by Finance that a 5% guideline increase should be applied in respect of discretionary charges for community non-residential social care services during 2015/16. This will however not be possible to apply in relation to the majority of domiciliary care services due to the statutory parameters dictated by the Social Care Charges (Wales) Measure 2010.

3.5 Home Care Services

3.5.1 The Social Care Charges (Wales) Measure 2010 necessitates that Local Authorities set the **minimum residual income levels in respect of the coming year**. As in previous years, the Authority will need to confirm the following residual income levels having allowed for a 45% buffer together with the uplift in benefit and pension levels effective as of 06 April, 2015. Below are the residual income levels to be applied during 2015/16:-

- **Persons of Pension Age: £219.24**
- **Persons below Pension Age: £152.76**

3.5.2 AVAILABLE OPTION

The only scope within the constraints of the Social Care Charges (Wales) Measure would be to consider the propriety of applying an uplift to service users with the financial means to contribute. The table below summarises the effect of applying this principle:-

HOME CARE 2015/16 PROPOSED CHARGES

CATEGORY	2014/15 CHARGE	2015/16 CHARGE (PROPOSED)	% Increase
1. On means tested benefits – **NOT** receiving Higher Attendance Allowance (£82.30)	**NO CHARGE**	**NO CHARGE**	**N/A**
2. On means tested benefits – **IN RECEIPT OF** Higher Attendance Allowance (£82.30)	**£14.54/week**	**£14.26/week***	**-1.92%**
3. Not in receipt of means tested benefits and subject to the residual income level detailed in paragraph 4.4.1 Above	**£55.00/week**	**£60.00/week (Welsh Government has increased the maximum weekly charge to £60 from April 2015)**	**1. National weekly charge capped by Welsh Government. 2. Subject to means test.**

3.53 The **national statutory requirement** of ensuring a 45% buffer is applied over and above income support or pension credit levels. Applying the above charging framework would yield an additional estimated £35000 in income (full year and based on current volume levels and financial profile of service users).

3.5.4 In complying with the Welsh Government's Social Care Charges (Wales) Measure 2010, there appears to be no scope to charge people below pension age (<65 years age) with exception to those in receipt of the higher level of DLA (Disability Living Allowance). The proposed charge of £14.26/week to be applied in respect of service users over Pension Age is however allowable.

3.6 Meals in Day Services

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

3.6.2 The following principles are proposed:-

- Apply a 5% increase in respect of the provision of all meals/refreshments.

The following table summarises the proposed charges.

PROVISION OF MEALS: 2015/16 PROPOSED CHARGES

	2014/15 Charges	**2015/16 (Proposed Charges)**
Meals in Day Services for adults (excluding people with Learning Disabilities)	**£5.00**	**£5.25**
Mid-day snack in day services for people with Learning Disabilities	**£2.05**	**£2.15**
Other Refreshments (tea / coffee/ cake) in day services	**£1.15**	**£1.20**

3.7 Transport to Day Services

3.7.1 In order to comply with the Social Care Charges (Wales) Measure 2010 and associated Statutory Regulations and Guidance charges in respect of transport to day services ceased on 10 April, 2011.

3.8 Telecare Charges

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

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

3.8.2 The aim is to develop a charging structure that balances the identified benefits of people being able to remain independent at home, the demand for the service and the levels of subsidy that the Council is able to provide. Charging and policy interfaces with regulations associated with the Social Care Charges (Wales) Measure requirements, Supporting People Programme Charging Policy requirements, CHC grant funding, historical Community Alarm/Telecare charging and Telecare grant arrangements and the practicalities of assessment and collection all need to be considered.

3.8.3 This is an area of development within preventative services for older people and forms part of the Local Authority's Commissioning Strategy. It is proposed that the charges levied in respect of 2015/16 are increased by 5%.

TELECARE: 2015/16 PROPOSED CHARGES

Equipment	2014/15 Charges) £	(Proposed 2015/16 Charges) £
Ynys Môn Service Users pre 2007	£1.89	£1.98
Basic Telecare (Tier 1) packages	£3.15	£3.31
Environmental Telecare (Tier 2) packages	£6.30	£6.61
Personal Care Telecare (Tier 3) packages	£6.30	£6.61

Installation Charge	One off charge of £36.75 for installation of equipment	One off charge of £38.59 for installation of equipment
Elements included in the above charges		
Annual Monitoring Charge	£1.14	£1.20
Annual Maintenance Charge	£0.63	£0.66

3.9 Direct Payments

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

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

3.9.2 Since April, 2011 the scope of direct payments has also been extended to include people who lack the capacity to give their consent. Also included are people whom were formerly excluded because they were subject to mental health or criminal justice legislation. People without capacity can access direct payments via the use of a “suitable person” who will receive the payments on their behalf.

3.9.3 The Community Care Services for Carers and Children’s Services (Direct Payments) (Wales) Regulations 2011 stipulate the boundaries within which direct payments scheme may be set up and managed. This was endorsed at a meeting of the Board of Commissioners on 20/02/12. In this respect, particular reference was made to the need to realign activity and spend within Adults’ Services to enable more investment in service models to maintain people in their own homes and Local Communities. To that end, it was noted that particular credence needed to be given to Direct Payments as a vehicle to facilitate individuals’ entitlement to funding and resource acquisition so that they may fund their own support needs.

3.9.4 The Direct Payment level of £10.50 / hour was set in 2010. It is proposed that this level is maintained in respect of 2015/16 in support of the policy drivers referred to above. This figure has been benchmarked with other local authorities in Wales and places this Authority in the mid-range of fee rates.

3.10 Modernisation of Blue Badge Scheme in Wales

3.10.1 In December 2011, the Minister for Local Government and Communities announced a number of significant changes to the Blue Badge Scheme in Wales. These changes are summarised below:

3.10.2 Extending eligibility to children under the age of 3 who must be accompanied by bulky medical equipment or may need access to vehicles for emergency medical treatment. Eligibility has also been extended to include severely injured war veterans whom fall within tariffs 1-8 of the Armed Forces Compensation Scheme.

3.10.3 A key change is that from 1 April, 2012 individual badge holders will no longer be charged for their Blue Badge. However there is local discretion for individual Local Authorities to charge up to £10 / badge in respect of organisational and replacement badges.

3.10.4 It is recommended that the charge of £10 / badge levied in respect of organisational and replacement badges (lost / stolen) effective as of 1 April, 2012, be levied in respect of 2015/16.

3.11.0 Purchasing Day Care Services in Independent Residential Care Homes

3.11.1 The County Council purchases day care services in residential / nursing care homes for older adults in accordance with assessed needs and the service user's choice of provider. We have been paying a daily fee of £12 for a 6-hour day care session with the service user contributing a payment for refreshments as noted in paragraph 3.6 above. However, this £12 fee has not been revised for a number of years and this is no longer sustainable in the future since providers have made representations stating that this fee is inadequate.

3.11.2 We have conducted a review of the costs of providing day care services by using the formula recommended by Welsh Government on the setting of service and contract prices under the Supporting People Guidance.

3.11.3 Following the review, , we recommend increasing the fee paid for the provision of day care services in independent residential / nursing homes to £34.17 for a 6 hour session with the service user contributing £5.25 towards the cost of refreshments. This means that the Departmental contribution for a 6-hour day care service would be £28.92. in addition, we recommend paying the rate of £4.82 for each hour in addition to the 6-hour session on the basis of the following formula:

➢ National Minimum Wage per hour	=	£6.50
➢ £6.50 + 35% staffing on-costs (including N.I., pension, holiday and sick Pay, travel)	=	£8.77
➢ £8.77 + 10% management on-costs	=	£9.64
➢ Minus 50% (considering the usual staffing levels		
➢ For residents at the Residential Home)	=	£4.82
➢ £4.82 x 6 hours	=	£28.92

3.11.4 This increase will help to ensure the sustainability and continuation of day care services purchased from independent residential care homes in order to meet the individual needs of the service user and their choice of provider.

4.0 Recommendations

The Executive Committee is requested to approve the:-

R1 Home care charges outlined in paragraph 3.5.2 of this report.
R2 Charges for meals in day services outlined in paragraph 3.6.2.
R3 Charges for Telecare services as outlined in paragraph 3.8.3.
R4 Freeze the rate for Direct Payments at £10.50 / hour as outlined in paragraph 3.9.4 above.
R5 Maintain a charge of £10.00 for the administration in relation to blue Badge requests and replacements (see paragraph 3.10.4).
R6 Increase the fee for purchasing day care services in independent residential homes to £28.92 per 6-hour session (+ £4.82 for each additional hour) with the service user contributing £5.25 in addition to the provider towards the cost of refreshments.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive Committee**
Date:	**16th February, 2015**
Subject:	**Local Authority Homes for Older People – Setting the Standard Charge**
Portfolio Holder(s):	**Councillor Kenneth P Hughes**
Head of Service:	**Alwyn Rhys Jones, head of Adult Services**
Report Author: Tel: E-mail:	**Gareth Llwyd, Business Support Unit Manager** **2708** **GarethLlwyd@anglesey.gov.uk**
Local Members:	**Various**

A –Recommendation/s and reason/s

The Local Authority needs to set the level of its Standard Charge for local authority care homes for the year April, 2015 – March 2016.

Members have determined a general guideline of a **5%** increase for fees and charges. Charges in relation to local authority owned residential accommodation can be treated as an exception as it is governed by a statutory provision which sets out how it should be calculated.

As in previous years, the cost of all the homes has been pooled to calculate an average standard charge for the homes in accordance with National Guidance.

Caution should be taken if the standard charge is compared with that of other authorities, since despite guidance, other authorities may not have calculated the charge on exactly the same basis. However, in terms of background information, we note below the 2014/15 standard charge levels in respect of Local Authority accommodation in both Gwynedd and Conwy:-

- Gwynedd - £581.28
- Conwy - £517.00

During 2014/15, the Standard Charge was calculated at £611.55 per week due to an occupancy rate of 84.0% across all 6 in-house residential homes. The Council decided to impose a 5% rise in the weekly standard charge and to accept the differential as a management cost in transforming in-house residential care provision. The weekly charge for residents was therefore set at £514.53 Per week during 2014/15.

In calculating the Standard Charge for 2015/16, we have omitted the number of beds kept unoccupied at Garreglwyd Residential Home during 2014/15 as discussions have progressed with the sale of the property. The occupancy rate for the remaining 5 Council run homes during the first 9 months of 2014/15 was 85.8% based on a total of 133 beds.

The following table calculates the estimated cost per resident week for the year to 31 March 2015.

Number of Beds Available	133
Estimated Occupancy Rate	85.8%
Estimated Number of Resident Weeks	5,952

	2015/16 **£**	**2015/16** **£**	**2014/15** **£**
Estimated Running Cost for 2015/16	3,388,340	569.28	482.50
Add – Depreciation charge	290,053	48.73	34.25
- Support Services	222,317	37.35	29.35
Less Income From Non Residential Activities	-40,000	-6.72	-31.56
	3,860,711	**648.64**	**514.53**
Increase from 2014/15 standard charge	**26.06%**	**£134.11**	

Based on the above table the estimated cost per resident week for the year to 31 March 2015 is £648.64. Acknowledging the council's decision for 2014/15 and the significant rise that a move from £514.53 to £648.64 would entail it is recommended:

- That whilst the Council acknowledges the costs incurred within residential care that the actual cost of delivery is not reflected in the charge to residents..
- That the increase for those contributing towards the cost of care is consistent with the guidance for council services and set at 5% and that a fee of £540.26 is set.

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

The standard fee is that which the Authority is obliged to charge those residents who have the **financial means to pay the full cost** of their residential care. Our planning assumption around our local self-funding population has been reviewed over recent weeks to ensure that it still remains current.

As noted in A we have considered increasing this charge to the full cost of provision, but have rejected it on the basis that this would require a significant and disproportionate increase for residents.

C – Why is this a decision for the Executive?
Local Authorities are required under Section 22 of the National Assistance Act 1948 to set the Standard Charge for their homes.

D – Is this decision consistent with policy approved by the full Council?
This decision is consistent with National Policy as outlined in section C above.

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

E – Who did you consult?		What did they say?
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	✓
2	**Finance / Section 151** (mandatory)	✓
3	**Legal / Monitoring Officer** (mandatory)	✓
5	**Human Resources (HR)**	✓
6	**Property**	
7	**Information Communication Technology (ICT)**	
8	**Scrutiny**	
9	**Local Members**	
10	**Any external bodies / other/s**	

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

FF - Appendices:

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

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive Committee**
Date:	**16th February 2015**
Subject:	**Leisure Function Plan: Responding Effectively to the Immediate Efficiency Challenges**
Portfolio Holder(s):	**Councillor Aled Morris Jones**
Head of Service:	**Dylan J. Williams – Economic & Community Regeneration**
Report Author: Tel: E-mail:	**Christian Branch** **01248 752491** **ChristianBranch@anglesey.gov.uk**
Local Members:	**Relevant to all Members as the Leisure Function provides facilities and activities for all the Island's residents**

A –Recommendation/s and reason/s
To support and endorse the 'Leisure Function Plan: Responding effectively to the immediate efficiency challenges'. The Economic & Community Regeneration Service (E&CR) is undergoing a period of transition which has identified the need to change the culture of its functions to become more customer focussed. This need has arisen from Corporate requirements to identify savings/ efficiencies, improve effectiveness and performance and increase income generation to support and maintain service provision. The Leisure Function Plan presents and considers high level, short-term conceptual options for modernising, improving, and safeguarding the County Council's future leisure provision on Anglesey. The Plan outlines the Leisure Function's commitment to undertaking a number of significant improvements to underpin (both now and in the longer term) the provision of a quality, customer focused service that maximises income.

B – What other options did you consider and why did you reject them and/or opt for this option?
Since early 2014, the Service has been reviewing and evaluating the Leisure Function's performance in order to ensure that it is able to capitalise on all opportunities, as well as respond to future challenges and pressures, it expects to experience during 2014-2017 (in particular in relation to the need to deliver significant efficiency savings). The review has been integral to the development of more consistent and robust approaches to service delivery, performance and income generation, in addition to maintaining the E&CR's commitment to providing opportunities for people on Anglesey to live their lives in a healthy way to improve their quality of life.

Officers from the Service have undertaken significant sector research; sought advice from key stakeholders and engaged with neighbouring local authorities and operators to establish and learn from their experiences in delivering an effective and efficient leisure provision. The principles, objectives, and lessons learnt of each approach have provided valuable evidence to inform the preparation of the Plan.

The core principle of the Leisure Function Plan is the need to adopt a more commercial approach and culture to underpin a modernisation and improvement in leisure provision. Five improvement objectives have been identified to drive the required critical changes:

1) Improving customer focus and satisfaction;
2) Enhancing commercial awareness and mentality to reduce the reliance on core County Council funding;
3) Modernising processes to improve efficiency, effectiveness and performance;
4) Improving core facilities to better meet customer expectations and demands;
5) Improving the health and well-being of service users.

The benefits of adopting and fully embracing a more commercial approach can be summarised as:

- Improved public health and a more confident and vibrant society;
- More flexible facilities to respond to future leisure trends to ensure sustained use;
- Increased participation in leisure activities leading to improved income generation and a reduction in Council subsidy;
- Enhanced customer care and greater alignment to the changing needs of users and stakeholders;
- A healthier workforce with less absenteeism and improved productivity;
- Improved reputation for the County Council with users and stakeholders.

C – Why is this a decision for the Executive?

Despite being a discretionary (non-statutory) service area, the Leisure Function is highly valued and popular. 729,000 customers participated in physical and/ or leisure activities in 2013-2014.

The Executive Committee is requested to support and formally endorse the Leisure Function Plan so that Officers can proceed with greater certainty and clarity to implement the required radical changes to the way the Function is managed between now and 2017.

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

The purpose and objectives of the Leisure Function Plan (as well as the identified priority projects), are consistent with the aims of the County Council's Corporate Plan and the Economic & Community Regeneration Service's current 2014-2015 and draft 2015-2016 Service Delivery Plans.

DD – Is this decision within the budget approved by the Council?
Resources to implement the Plan's priority projects have been secured from existing Service revenue budgets, Corporate capital funds and external funding opportunities (based upon robust business cases).

E – Who did you consult?		What did they say?
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	The draft Leisure Function Plan was presented to the SLT on the 24th November, 2014. Their comments and feedback have been incorporated to ensure that the Plan is realistic and achievable.
2	**Finance / Section 151** (mandatory)	Informal engagement has been undertaken with the Interim Head of Resources / Section 151 Officer in relation to the funding of the Plan's priority projects.
3	**Legal / Monitoring Officer** (mandatory)	
5	**Human Resources (HR)**	
6	**Property**	
7	**Information Communication Technology (ICT)**	
8	**Scrutiny**	
9	**Local Members**	The Service Performance Review process during the Summer of 2014 enabled wider Elected Member dialogue and engagement in relation to the challenges, threats and opportunities facing the Leisure Function, as well as the identification of potential options to improve service provision and financial performance.
10	**Any external bodies / other/s**	Engagement has been undertaken with Sports Wales to secure their support for the Service's approach to modernising leisure provision on Anglesey; as well as identify opportunities to achieve shared outcomes in relation to improving participation in sport and physical activity.

F – Risks and any mitigation (if relevant)		
1	**Economic**	A modern and commercial Leisure Function will contribute towards the provision of direct and in-direct employment opportunities, as well as the provision of high quality facilities for visitors.

2	**Anti-poverty**	Participation in leisure activities can support improved social interaction, mobility and attainment, as well as enhanced well-being and a quality of life.
3	**Crime and Disorder**	The Leisure Function Plan aims to provide valuable activities and high quality facilities that contribute a reduction in crime and anti-social behavior through improved social inclusion and community cohesion.
4	**Environmental**	The Leisure Function provides safe and accessible facilities for people to participate in leisure activities and experience the high quality of the island's natural environment. Any implications for the County Council statutory duties under the Countryside and Rights of Way (CRoW) Act 2000 and the Natural Resources and Rural Communities (NERC) Act 2006 will be considered as projects are developed.
5	**Equalities**	The Function is committed to providing opportunities and quality, flexible facilities for all residents to participate in leisure activities and to live their lives in a healthy way.
6	**Outcome Agreements**	The Leisure Function is responsible for a number of targets included in the County Council's 2013-2016 Outcome Agreement with the Welsh Government
7	**Other**	Participation in recreation and leisure activities improves quality of life, enhances well-being and prevents ill health through reducing the risks of heart disease, diabetes and obesity.

FF - Appendices:
Draft Leisure Function Plan: Responding effectively to the immediate efficiency challenges (2014-2017)

G - Background papers (please contact the author of the Report for any further information):
None.

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL

Economic & Community Regeneration

Leisure Function Plan: Responding effectively to the immediate efficiency challenges (2014-2017)

January 2015

Authors: Dylan J. Williams
Head of Economic & Community Regeneration

Christian Branch
Principal Development Officer - Strategy

1. Purpose

1.1 The purpose of this Plan is to outline the Economic and Community Regeneration Service's approach to (and recent progress in) reconfiguring the Isle of Anglesey County Council's (IACC) Leisure function during 2014-2017.

1.2 The Plan presents and considers high level, short-term conceptual options for modernising, improving, and safeguarding future leisure provision on Anglesey by the IACC. The Plan outlines the Service's preferred approach to responding effectively to the various challenges and opportunities it expects to experience during 2014-2017 - in particular in relation to the need to deliver significant efficiency savings.

1.3 To ensure that the County Council can continue to provide local leisure facilities, the Service fully recognises that all current running costs must be kept to a minimum through efficient and effective service delivery whilst income levels must grow – reducing the net cost further still.

1.4 As a result, the Leisure function is committed to implementing a number of crucial improvements that will underpin (now and in the longer term) the **provision of a quality, customer focused service that maximises income.** This core objective puts the customers at the centre of the function's efforts, and links directly to the aims of the County Council's Corporate Plan.

1.5 The Paper aims to secure support and endorsement from senior stakeholders for the preferred option to improve service delivery (as already outlined in the Services 2014-2015 Delivery Plan). It must be recognised that a number of improvements are already being progressed – this Plan aims to provide additional clarity on how the required radical changes are being delivered and will be achieved between now and 2017.

1.6 Officers from the Service have undertaken significant sector research; sought advice from key stakeholders and engaged with neighbouring local authorities and operators to establish and learn from their experiences in delivering an effective and efficient leisure provision. The principles, objectives, and lessons learnt of each approach have provided valuable evidence to inform the preparation of the Plan.

2. Context

2.1 The Economic & Community Regeneration Service was established on the 1st November 2013. The new Service (part of the Sustainable Development Directorate) integrated the Economic Development, Leisure and Maritime functions. The Service aspires to create a better Island to live, work and visit.

2.2 The Service is committed to providing opportunities for people on Anglesey to live their lives in a healthy way to improve their quality of life. The type, nature and impacts of the activities undertaken by the Leisure function since the inception of the Service demonstrates how the need to change and improve service delivery is already being embraced by Officers.

2.3 Leisure is a discretionary service area and as such the County Council is not legally obliged to provide the service to residents (although all local authorities have the power under the Local Government Act 2000 to secure the economic, social and environmental well-being of the residents). Leisure is a highly valued service area with 728,816 customers participating in physical activities provided by the Function during 2013-2014. (**Annex A** provides a breakdown of these customer numbers by Facility).

2.4 Since early 2014, the Service has been reviewing and evaluating the Leisure function's performance in order to ensure that it is able to address future challenges and pressures, as well as respond to opportunities. This review has been integral to the establishment of the new Service and its attempts to develop and maintain a consistent and robust approach to service delivery, performance and income generation.

2.5 The review has enabled the Service to:

- Develop a better understating of existing leisure facilities, activities and resources;
- Understand the continued liabilities of past efficiency decisions (e.g. the outsourcing of parks and facilities);
- Understand the consequences of recent budget savings;
- Analyse past and current financial performance, overheads and income generation;
- Identify potential opportunities to maximise income generation;
- Consider how to improve delivery, effectiveness and performance;
- Understand how other County Councils have responded successfully to similar challenges; and
- Understand competing and differing internal and external expectations.

2.6 As part of the review, officers have engaged (formally and informally) with senior officers and members of the Executive to better understand their ambitions for the Leisure function, including:

- The Leader;
- Economic & Community Regeneration Portfolio Holder;
- Chief Executive;
- Corporate Director – Sustainable Development;
- Corporate Director – Education;
- Acting Head of Corporate Finance/ Section 151 Officer.

2.7 In addition, the Service Performance Review process over the summer (2014) enabled broader Elected Member dialogue and input, with initial views and scrutiny on the potential options, challenges and threats.

2.8 This Plan has been informed by these discussions with senior stakeholders.

2.9 In addition to the preparation of this Plan, the Service is also undertaking a thorough assessment of potential future delivery options for Llangefni Golf Course. The viability of the Golf Course is uncertain given severe financial pressures as a result of annual losses of £28,000 over the last seven years, together with a continual reduction in participation numbers. The Service cannot continue to subsidise the Golf Course's financial losses from its (decreasing) budget.

3. Overview of Leisure Function

3.1 An effective and modern Leisure function is integral to the provision of opportunities for people on Anglesey to live their lives in a healthy way. Participation in recreation and leisure activities improves quality of life, enhances wellbeing and prevents ill-health (leading to increased pressures on public health services). Leisure activities can also provide life skills and increase confidence; improve social inclusion and community cohesion; underpin educational achievement; reduce anti-social behaviour; support the independence of older people as well as being integral to local economic development and tourism.

3.2 The benefits of providing a leisure function can be summarised as:

Benefit Provided	What the Leisure Function Contributes
Health & wellbeing – improves health and well-being and reduces risks such as heart disease, diabetes and obesity	• Specific Leisure Centre and Sports Development programmes • Exercise Referral Scheme
Attainment and Self Confidence – provides life skills and encourages an ability to perform under pressure, solve problems, and achieve goals	• Arranging tournaments/ competitions • Supporting community events • Improved social inclusion
Opportunities for children and young people – provides valuable activities for young people which result in the reduction of crime and anti-social behaviour	• Facilities and activities to improve life chances • Improved social inclusion
Economic Development & Tourism – contributes towards the provision of direct and in-direct employment opportunities, as well as the provision of facilities for visitors	• Employment of over 100 leisure staff • Voluntary/ Coaching opportunities • Wet weather facilities • Supporting the Anglesey Destination Management Plan • Sustaining the island's quality of life which is key to inward investors
Social & Community cohesion - facilities make an important contribution to the physical infrastructure of communities	• Leisure Centres are community hubs • Partnerships with Community Bodies • Clubs provides sense of community, • Improved social inclusion
Environmental – providing safe, open spaces for recreation use as well as encouraging outdoor activities	• Swimming/ sub aqua/ kayaking lessons to encourage outdoor activities • Anglesey Outdoor Adventure Club • N.W. Outdoor Partnership link

3.3 The Leisure function's current provision consists of 4 Leisure Centres; a Sports Development Team, Golf Course, Outdoor Facilities and an Exercise Referral Scheme (**Annex A** provides a baseline of current facilities and activities).

3.3 The Leisure function's budget for 2014/2015 is **£2,853,000** (comprising of £1,027,000 core revenue and £1,826,000 income & grant funding).

3.4 The County Council's Corporate Plan (2013-2017) identifies the need to review, redefine and transform leisure provision on Anglesey so that it is both fit for purpose and delivers the best value for money. The overall aim is to reduce the costs to the IACC of the existing Leisure provision by a further 60% by 2017.

3.5 Since 2007, the Leisure function's budget has already reduced by £796,400 (39.6%) which has been achieved through efficiency savings (e.g. the outsourcing of parks and facilities) and increased income generation. As a result, this Strategic Plan does not represent the beginning of a new process.

3.6 **The Leisure function has identified further efficiency savings of £229,650 for 2015-2016. This equates to 10% of the Function's gross adjusted budget - as well as 22.36% of the 60% target to reduce the Function's costs by 2017.**

3.7 Whilst operational costs have been reduced, the Function continues to maintain and increase its levels of income generation. The Function's income target for 2014-2015 is £94,000.

3.8 The Leisure function is now at a point where the annual cycle of budget reductions (efficiency savings) will impact significantly on the type and number of its facilities and activities, unless there is a more decisive response which reduces the scope of its provision.

3.9 The anticipated impacts include:
- An inability to maintain current standards;
- Reduced participation opportunities;
- Public dissatisfaction (leading to criticism of the County Council)
- Failure to meet customer expectations;
- A deterioration in levels of poverty and quality of life;
- Increased future demand on health services;
- A reduction in staff morale, commitment and confidence.

3.10 **Annex B** summarises the financial performance of the County Council's Leisure Centre's since 2012-2013. Key messages from this information includes:

- All Leisure Centres are performing within budget expectations;
- The Leisure Centres have maintained, and are increasing, levels of income generation;
- In 2013-2014, the IACC's subsidy to the Leisure Centres was £157,614 less than expected;
- In 2014-2015, the IACC's subsidy will have reduced by £255,380;
- Amlwch is the best performing Leisure Centre (in relation to its allocated budget).

3.11 **A clear outcome from the review has been a recognition that the intelligence, awareness and understanding of facilities, service users, their needs, and commercial opportunities is not in place to enable the Leisure Function to make informed decisions. This is essential to ensure decisions are made to meet the needs of customers and respond effectively to efficiency requirements. The function's IT systems are currently being modernised which will provide more reliable raw data, and it is hoped that commercial capacity, capability and awareness can be increased to enable effective analysis (to inform future decision making).**

4. Strategic Context

4.1 The Leisure function contributes towards the strategic objectives of a number of national and local strategies and Plans, including:

- The Welsh Governments' 'Creating an Active Wales' Action Plan which aims to encourage increased physical activity to deliver benefits in terms of health and well-being. The Action Plan seeks to develop the physical environment to make it easier for people to be more active; support young children and young people to live active lives; encourage more adults to be more active, more often, throughout life; and to increase participation in sport by all groups of the population.
- Sport Wales' 'Vision for Sport in Wales' which aims to "unite a proud sporting nation, where every child is hooked on sport for life". The vision is underpinned by priorities that promote sporting innovation to deliver opportunities to increase participation; encourage skills and confidence for a life in sport to ensure every child and young person can be physically active as a result of high quality, engaging sporting experiences; support sporting communities that provide integrated opportunities for every child and young person and sustain their engagement throughout their adult life; nurture sporting talent; and develop a skilled and passionate workforce to share their experience and skills to the people of Wales.
- IACC's Corporate Plan (2013-17) which recognises that sport and leisure facilities, and the programmes of activity they support, contribute significantly to the health of communities and in increasing resident's self-confidence.

5. Challenges to the Leisure Function

5.1 Given the discretionary nature of the Function/ Service, the immediate (high level) challenges and threats to it can be summarised as:

- Meeting the annual corporate efficiency saving targets;
- The agreed corporate aim of a 60% core budget reduction target over 3 years;
- The need to maintain the provision of facilities and activities;
- Negative perceptions and a poor image;
- Poor quality of facilities (due to age and lack of investment);
- The costs and overheads associated with ageing buildings and wet side facilities;
- Increasing user expectations;
- Failure to maintain and increase income generation;
- The need to establish a new customer focussed and commercial driven outlook and culture;
- Lack of capacity and capability to drive change; and
- Differing political expectations and ambitions.

6. Lessons from Denbighshire County Council

6.1 Denbighshire County Council's approach to modernising and transforming its Leisure Service over the last five years is widely recognised as a highly successful and credible model of public sector service delivery.

6.2 Their approach has consisted of modernising their working practices, enhancing key facilities and revising management structures to be more commercially and customer focussed. Changing the culture of the Service has underpinned the whole modernisation programme.

6.3 Important lessons from Denbighshire's experiences include:

- The need to invest in flexible facilities and infrastructure to meet modern requirements and leisure patterns;
- Success has been dependent upon active engagement with Elected Members and communities to ensure common understanding and buy-in;
- Fully embracing a more commercial approach has meant that visits to the Authority's Leisure Centres have grown by 17% leading to an increase in income of over £600,000. Direct Debit memberships have also increased by 54%.
- The costs of Denbighshire's leisure service have reduced by £200,000 (leading to a reduction in the County Council's subsidy). The Service is close to achieving a level of zero leisure subsidy within 5 years;
- The level of sickness amongst Leisure Centre staff has reduced considerably;
- Effective and visible leadership has driven the new commercial approach. A Commercial Manager was appointed to drive the required changes leading to better, fit for purpose/ future service delivery;
- The role of leisure in supporting other key services areas such as education and social services;
- Integrating the needs of schools into local leisure facilities should be integral to any future approach;
- Improving performance and risk management have been critical, as has transforming the services management culture and behaviours;
- Outsourcing should only be considered when the service is in a healthy position. Outsourcing an inefficient service or inappropriate infrastructure does no deliver any benefits to the community.

6.3 Strong collaborative relationships and trust have been developed with Denbighshire County Council to ensure the IACC can capitalise fully upon their experiences, capabilities and learning.

6.4 More detailed information regarding Denbighshire County Council's approach is included in **Annex C.**

7. Sports Wales' Expectations

7.1 During the preparation of the Plan, informal engagement has been undertaken (and is on-going) with Sports Wales to ensure support for the review process and the Service's approach to modernising leisure provision – in particular in relation to achieving both organisations' shared outcomes, and any potential impacts on the availability of future funding.

7.2 Their feedback on the review can be summarised as:

- Sports Wales welcomes and supports the review as it is clear that change is required to the way leisure services are provided on Anglesey;
- The clear risk of an uncoordinated decommissioning of facilities and activities based purely on an annual cycle of budget cuts;
- The need to clarify what the leisure function's future core facilities and activities are likely to be;
- The risk to future Sports Wales funding support for new leisure opportunities if appropriate community facilities do not exist;
- There must be greater recognition of the health benefits arising from leisure activities;
- The need to better integrate leisure, education and health prioritisation, interventions and decision making;
- The need to consider all potential equality and health impacts of any future rationalisation proposals;
- The leisure function must improve its understanding of service user's needs and requirements;
- The leisure function's staff will be integral to the success of any future changes. Their skills and capabilities must be developed to contribute to and underpin all modernisation activities.

8. Improvement Objectives

8.1 The Economic and Community Regeneration Service is undergoing a period of transition which has identified the need to change the culture of its functions to become more customer focussed. This need has arisen from corporate requirements to identify savings/ efficiencies, improve effectiveness and performance and increase income generation to support and maintain service provision.

8.2 The review of the Leisure Function, together with a consideration of future challenges, constraints and opportunities, has identified clear objectives and themes which are driving the required decisive changes:

8.3 These improvement objectives can be defined as:

a) Improving customer focus and satisfaction

The function must be more efficient, integrated and cohesive, and improve its understanding of its customers' needs and requirements. The culture of the function must focus on improved customer care – with staff demonstrating high standards at all times; with a clear aim to reduce the number of complaints.

Current management arrangements must be modernised, coupled with broadened roles and responsibilities, to embrace a more private sector mentality and approach to service delivery.

A positive culture will be based on effective communication, collaboration and customer engagement, underpinning more capable, integrated and high performing Leisure Centres.

The staff must contribute positively to the profile of the function (and the County Council), with improved morale leading to reduced costs, improved service delivery and outcomes and a decrease in sickness absence. Greater empowerment, accountability and commitment to personal development will also enable staff to fully realise their potential.

b) Enhancing commercial awareness and mentality to reduce the reliance on core County Council funding

The County Council must significantly reduce its expenditure over the next three years by approximately £15 million, and the Leisure function must deliver and fully embrace changes to meet future financial challenges (i.e. the 60% reduction in its costs by 2017) and continue to provide a high quality service. A reduction of 22.36% in costs for 2015-2016 has already been identified which should give confidence to Senior Officers and Elected Members of the Function's commitment to delivering change.

Our efforts must focus on increasing participation in leisure activities, and a subsequent increase in income generation, to ensure the function has a financially sustainable future (given its discretionary nature).

c) Modernising processes to improve efficiency, effectiveness and performance

To achieve more modern and lean service delivery, existing business practices, methods and standards must be challenged and improved to encourage greater efficiency and performance and to support an increase in leisure demand and are more customer focussed.

Existing financial planning systems and resource management processes must be reviewed and improved; whilst the function must also embrace and make effective use of its IT systems and software to inform future decision making (in line with customer's needs and expectations); engage with users; receive feedback on service provision and raise awareness of activities.

All standards and processes must be also revised where necessary to maintain and improve the customers' experience of the Leisure function.

d) Improving core facilities to better meet customer expectations and demands

A decrease in funding means that the Function must reduce its scope of provision by focussing on the four current Leisure Centres, supplemented by repositioning and investment. In order to deliver benefits for the island's residents – whilst responding to changing customer needs and patterns of use – existing facilities must be transformed to be more modern, attractive, flexible, inspiring and fit for the future.

Customers' expectations of the facilities that the Function provides are changing. People are more discerning in relation to quality and standards, as well as the type and variety activities which are offered.

The Function must invest in improvements to the quality, availability, and accessibility of its facilities and services in order to maintain and increase participation levels. Failure to change and modernise poses a risk to the reputation of the Service and the County Council.

e) Improving the health and well-being of service users

Facilities must be improved in order to significantly increase the number of residents taking part in physical activities to maximise local health benefits (as part of the Function's commitment to a "preventative approach".

Health inequalities, including conditions such as heart disease, vascular disease, obesity, diabetes, cancer, strokes and osteoporosis are linked to little or no physical activity. Increased levels of physical activity, exercise and social interaction are integral to health and well-being, personal happiness and a feeling of worth.

In 2012-2013, 57% of adults on Anglesey were reported as being overweight or obese; whilst only 32% of adults met the recommended weekly physical activity guidelines.

The type and nature of activity programmes to be delivered must be aligned to the changing needs of customers, with greater emphasis being placed on a "family" approach to getting more people active.

9. Options Appraisal

9.1 A strategic appraisal of conceptual options has been undertaken by the Service to identify its preferred approach to safeguarding and improving leisure provision on Anglesey, whilst responding decisively to the County Council's on-going efficiency challenges.

9.2 The appraisal is based on the professional judgement of relevant Service officers, together with consideration of comments and feedback received from key internal and external stakeholders.

9.3 The conceptual options have been selected on the basis that they represent potential (realistic and achievable) solutions to the challenges and opportunities facing the Leisure function – as well as delivering the radical change required.

9.4 The options which have been identified can be summarised as:

Option 1 – Do Nothing
The existing capacity, capability and facilities of the function are retained and no changes are made to the way services are delivered.

Option 2 – Rationalise to fit budget
Facilities are closed, and/ or activities and support programmes are no longer provided in order to conform to the limitations of a reduced budget i.e. the Function's scope of provision is reduced.

Option 3 – Commercial Culture Change
Establish a modern and commercially driven Leisure function, which focusses upon improved customer satisfaction and targeted investment in core facilities, to support an increase in participation in leisure activities and income generation.

Option 4 – Outsource
Consider and pursue alternative management arrangements for core leisure facilities to respond to the challenges of the reduction in budgets.

Option 5 – Stop delivering a Leisure Function
Given the discretionary nature of the function, its services are discontinued; the teams are disbanded and all facilities are closed.

9.5 For clarity and consistency, each of the five options has been appraised against the need for the function to address the five recognised improvement objectives (see Section 8).

9.6 Each option is given a score from 0-2 as to whether it will address each improvement objective (as the recognised drivers for change).

9.7 The outcome of this process is summarised in **Table 1**.

Table 1: High Level Appraisal of Potential Options to Modernise, Improve, and Safeguard Leisure Provision

Appraisal Criteria – Investment Objectives		Options Overview									
		Option 1 – Do Nothing		Option 2 – Rationalise to fit budget		Option 3 – Commercial Culture Change		Option 4 – Outsource		Option 5 – Stop delivering a Leisure Function	
	Agreed Weighting	Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted	Raw	Weighted
Improving customer focus and satisfaction	20	0	0	0	0	2	40	1	20	0	0
Enhancing commercial awareness and mentality to reduce the reliance on core County Council funding	20	1	20	1	20	2	40	1	20	0	0
Modernising processes to improve efficiency, effectiveness and performance	20	1	20	0	0	2	40	0	0	0	0
Improving core facilities to better meet customer expectations and demands	20	0	0	1	20	2	40	1	20	0	0
Improving the health and well-being of service users	20	1	20	1	20	1	20	1	20	0	0
	Sub Totals	**3**	**60**	**3**	**60**	**9**	**180**	**4**	**80**	**0**	**0**
Financial Information											
Impact on Function's core budget		0	0	2	40	2	40	2	40	2	40
	Totals	3	**60**	5	**100**	11	**220**	6	**120**	2	**40**

Investment Objectives		**Financial Information**	
2	Fully addresses the objective	2	Positive Impact
1	Partially addresses the objective	1	No impact
0	Does not address the objective	0	Negative impact

9.8 The Options Appraisal has identified that **Option 3 - Commercial Culture Change** as the Service's preferred way forward as it will support and lead to the creation of a more financially sustainable Leisure function with robust, modern systems and processes to facilitate improved performance; improve income generation to reduce the reliance on the County Council's subsidy; contribute towards efficiency savings and ensure greater alignment to the changing needs of customers and stakeholders.

9.9 The other options have been discounted because:

- **Option 1 Do Nothing** - Whilst income generation and the health of service users have both improved recently, this option will not provide the required radical change to support the modernisation of leisure provision and an improvement in service delivery.

- **Option 2 Rationalise to Fit Budget** – An excessive rationalisation of facilities will lead to inequalities in terms of health and accessibility to services. There will be no standardised leisure offer across Anglesey as the level of service deteriorates, which could impact on participation figures and resident's health and well-being. This option would restrict the Function's ability to fully capitalise upon opportunities to maximise income generation.

- **Option 4 Outsource** – Outsourcing leisure facilities in not considered to be a viable option at present given the prohibitive costs associated with maintaining ageing buildings and wet-side facilities. Outsourcing will require ongoing financial support from the County Council, whilst the long term future of facilities will be dependent on retaining community support. The (financial) sustainability of this option is also heavily dependent on the expertise and resources of the alternative management organisation. In addition, limited opportunities to fund capital investments currently exist, whilst potential legal and employment implications can also be restrictive. Little or no interest has been shown in the Function's existing facilities (although it is accepted that this is usually the case until closure is imminent).

  The viability and benefits of outsourcing should be reconsidered in the future (i.e. post 2017) if the proposed Commercial Change Programme is successful and the Function is able to create more modern, flexible facilities that are both financially sustainable and of interest to alternative management organisations.

- **Option 5 Stop delivering a Leisure Function** – This is not a viable or realistic option given the importance of leisure activities to improving health and well-being on Anglesey. Given the clear interdependencies between leisure, health and education, discontinuing the Function will directly impact upon the ability of the County Council's statutory services to comply with their legal obligations. This option also poses a threat to the County Council's reputation and credibility with both residents and stakeholders. Following discussions with Elected Members, there is no political support for this option.

10. Leisure Commercial Change Programme

10.1 To progress the required cultural change throughout the Leisure function, a number of priority projects are currently being developed and implemented as part of a co-ordinated Change Programme. The Programme (**summarised in Table 2**) has been identified as being of critical importance to improving the efficiency, effectiveness and performance of the Function; as well as introducing the scale of change required to meet the increasing challenges, pressures and expectations facing the island's Leisure Centres.

10.2 The Function recognises that improved intelligence and a better understanding of the customer's needs are required in order to make informed decisions. Reliable data, together with effective analysis, will underpin and inform more effective and efficient service provision.

10.3 In order to ensure effective delivery, the Programme is being delivered through in a controlled Programme environment. Resources to implement the Projects have been secured from existing Service revenue budgets; corporate capital funds and external funding opportunities (based upon robust business cases). The estimated impacts on the Service's Core Budget are based on the professional judgement of Service officers. These estimates are to be reviewed following the appointment of the Function's Commercial Leisure Manager.

10.4 As noted previously, many of these Projects have been identified in the Service's 2014/15 Delivery Plan and are already being progressed.

Table 2: Leisure Function Priority Projects

Ref.	Project	Desired Outcome	Responsible Officer	Capital Investment Required		Revenue Investment Required		Estimated Impact on Service's Core Budget		Targeted Completion Date
				Amount	Source	Amount	Source	2015/16	2016/17	
1	Create commercial capacity/ capability to drive future change Summary of Commercial Leisure Manager's Job Description outlined in **Annex D**	Improved commercial culture and customer focus to maintain and increase income generation	Dylan J. Williams	N/A	N/A	£55,000 per annum	Funding secured from 2013/14 Service carry-over commitments	Additional £56,600 of income generated	Additional £68,030 of income generated (TBC)	February 2015
2	Modernise payment and booking systems and processes in Leisure Centres	Efficient and integrated systems that improve service deliver to meet customer expectations and requirements	Dave Barker	N/A	N/A	£53,750	Funding secured from Function's Budget and 2013/14 Service carry-over commitments	Additional £15,000 of income generated	Additional £20,000 of income generated	March 2015
3	Capital investment at Holyhead Leisure Centre to refurbish key facilities to improve participation, customer experience, and increase income	Refurbished, modern facilities (sports hall, pool changing rooms and fitness room) to address negative perceptions and meet customer expectations and demands	Dave Barker	£350,000	Funding secured through Vibrant & Viable Places Programme IACC match funding based on cost of refurbishing roof following storm damage	N/A	N/A	Additional income of £20,000 at Holyhead Leisure Centre	Additional income of £21,000 at Holyhead Leisure Centre	March 2015

4	Capital investments at Amlwch Leisure Centre to provide enhanced facilities to improve participation, customer experience, and increase income	Enhanced, modern facilities (fitness room and dry changing room) to address negative perceptions and meet customer expectations and demands	Dave Barker	£85,000	Funding secured from 2014/15 Capital Budget – Leisure Improvements Reserve	N/A	N/A	Additional income of £21,400 at Amlwch Leisure Centres	Additional income of £22,470 at Amlwch Leisure Centres	March 2015
5	Capital investments at Llangefni Leisure Centre to provide enhanced facilities to improve participation, customer experience, and increase income	Enhanced, modern facility (fitness room) to address negative perceptions and meet customer expectations and demands	Dave Barker	£85,000	Funding secured from 2014/15 Capital Budget – Leisure Improvements Reserve	N/A	N/A	Additional income of £30,000 at Llangefni Leisure Centres	Additional income of £31,500 at Llangefni Leisure Centres	March 2015
6	Fully utilise electronic systems to inform commercial decisions	Robust service user intelligence to inform decision making and underpin improved efficiency and performance	Mark Hughes	N/A	N/A	N/A	N/A	Contribution to Function's income target of £143,000	Contribution to Function's income target of £163,000 (TBC)	March 2015
7	Customer Care Improvement Programme	Improved customer care standards (as applied by private sector) which align with customer expectations	Mark Hughes	N/A	N/A	£20,000	2015/16 Leisure Function Budget	Impacts to be quantified once scope of Programme defined and agreed	Impacts to be quantified once scope of Programme defined and agreed	June 2015
8	Review of Sports Development Team's capacity, capability and resources	Rationalisation of posts to contribute towards Service efficiencies	Sian Mai Jones	N/A	N/A	N/A	N/A	Saving of £16,690 due to deletion of 1 post and part reduction in hours of 3 three posts	Further savings depending on further rationalisation	November 2014

9	Capital investment at Holyhead Stadium to facilitate outsourcing	Improved facilities (stadium roof replaced and changing rooms refurbished) to enable outsourcing of stadium	Sian Mai Jones	£110,000	Funding secured through Vibrant & Viable Places Programme and 2014/15 Capital Budget	N/A	N/A	No budget for Outdoor Facilities	No budget for Outdoor Facilities	Works to be completed by March 2015 Stadium to be outsourced by September 2015
10	Capital investment at Holyhead Park to facilitate outsourcing	Improved facilities to enable transfer of asset to alternate management organisation	Sian Mai Jones	TBC	Funding to be sought from Vibrant & Viable Places Programme	N/A	N/A	No budget for Outdoor Facilities	No budget for Outdoor Facilities	Works scheduled to be completed by June 2015 Park to outsourced by September 2015
11	Complete outsourcing of Outdoor Facilities (Holyhead area)	Alternate management arrangements achieved to fully comply with previous efficiency decision	Sian Mai Jones	N/A	N/A	N/A	N/A	No budget for Outdoor Facilities	No budget for Outdoor Facilities	June 2015
12	Resolve future of Llangefni Golf Course	Golf Course to be closed in April 2015 and land leased for agricultural use	Sian Mai Jones	N/A	N/A	Costs to be confirmed following discussions with HR	2015/16 Leisure Function Budget	Value of savings dependent upon redundancy costs and tenancy agreement	Value of savings dependent upon tenancy agreement	Golf Course to be closed in April 2015 Land to be leased during 2015/16
		Driving range and artificial practice areas to be closed in April 2017 and site sold	TBC	N/A	N/A	Costs to be confirmed following discussions with HR and Environment and Technical Service (Estates)	2017/18 Leisure Function and Environment and Technical Service (Estates) Budgets	Capital income derived from sale to be reinvested into IACC statutory services.	N/A	Driving range to be closed in April 2017 Site to be sold during 2017/18

11. Conclusions

11.1 This Strategic Plan has enabled the Economic and Community Regeneration Service to demonstrate the importance of the Leisure function to the island's residents so that they can live their lives in a healthy way; provide a summary of the Function's past and current financial performance; identify the immediate challenges and threats to the Function; highlight experiences from other local authorities; and outline why radical change is a necessity, and how it is being progressed, to facilitate an improvement in service delivery, effectiveness and performance.

11.2 The benefits of adopting and fully embracing a more commercial approach and culture to modernising future leisure provision on Anglesey can be summarised as:

- Improved public health and a more confident and vibrant society;
- More flexible facilities to respond to future leisure trends to ensure sustained use;
- Increased participation in leisure activities leading to improved income generation and a reduction in Council subsidy;
- Enhanced customer care and greater alignment to the changing needs of users and stakeholders;
- A healthier workforce with less absenteeism and improved productivity;
- Improved reputation for the County Council with users and stakeholders.

12. Next Steps

12.1 As a result of the review and evaluation of the Leisure function's performance, the Service is committed to:

- Establishing a more commercial management approach and culture to raise income levels and reduce the net cost of service provision;
- Investing to improve the availability of flexible, fit for the future facilities to offer more varied activities;
- Ensuring that all facilities and activities are more attractive to target user groups;
- Introducing modern leisure payment and booking systems to improve performance and assess the return on investments (based on accurate customer information, usage levels and changing leisure patterns);
- Rebranding and marketing to improve the Function's appeal to customers;
- Positioning the needs of customers at the centre of decisions and activities;
- Closer integration between the Sports Development Team and Leisure Centres to increase participation and to support local sports clubs;
- Reducing the scope of current service provision (i.e. resolving the future management of outdoor facilities and the golf course);
- Developing a long term Leisure Strategy for Anglesey (which will consider opportunities associated with the proposed major developments on the island).

12.2 The costs of the Leisure function should decrease by 22.36% during 2015-2016 which is a significant contribution towards achieving the target of a reduction of 60% by 2017. This progress is a clear demonstration of the Function's commitment to implementing changes to modernise service delivery.

12.3 The Service is fully aware that any change in service delivery is accompanied by uncertainties and risks. However, we believe that the required changes can be successfully achieved and deliver the anticipated benefits through improved collaboration, effort and commitment across the County Council.

Annex A - Baseline of Existing Facilities, Activities and Resources (based on 2013/14 figures)

	Facilities	Examples of Activities Offered	Resources	Participation Numbers	Budget	Actual Costs
Amlwch Leisure Centre	• Swimming Pool • Sports Hall • Fitness Suite • Café • Multi-purpose room • External synthetic 5 a side court • Two Tennis Courts • Multi Use Games Area • Crèche	• Badminton • Basketball • Fitness classes • Football • Gymnastics • Judo • Karate • Netball • Rollerskating • Swimming • Sea Scooters, Aqua Paddlerz & Water Walkerz • Trampolining • Yoga	• 17 members of staff (full or part time) • Casual staff • External coaches	158,821	£388,350	£318,737
David Hughes Leisure Centre Management of Centre shared between Learning and Leisure Function	• Sports Hall • Fitness Suite • Spinning Room • Dance Studio • Lecture Room • Multi Use Games Area (5 a side court or 3 tennis courts) • Kitchenette	• Badminton • Basketball • Fitness classes • Netball • North West Wales Centre for Cricket • Zumba • Spinning	• 3 members of staff (part time) • External coaches	33,173	£19,370	-£7283

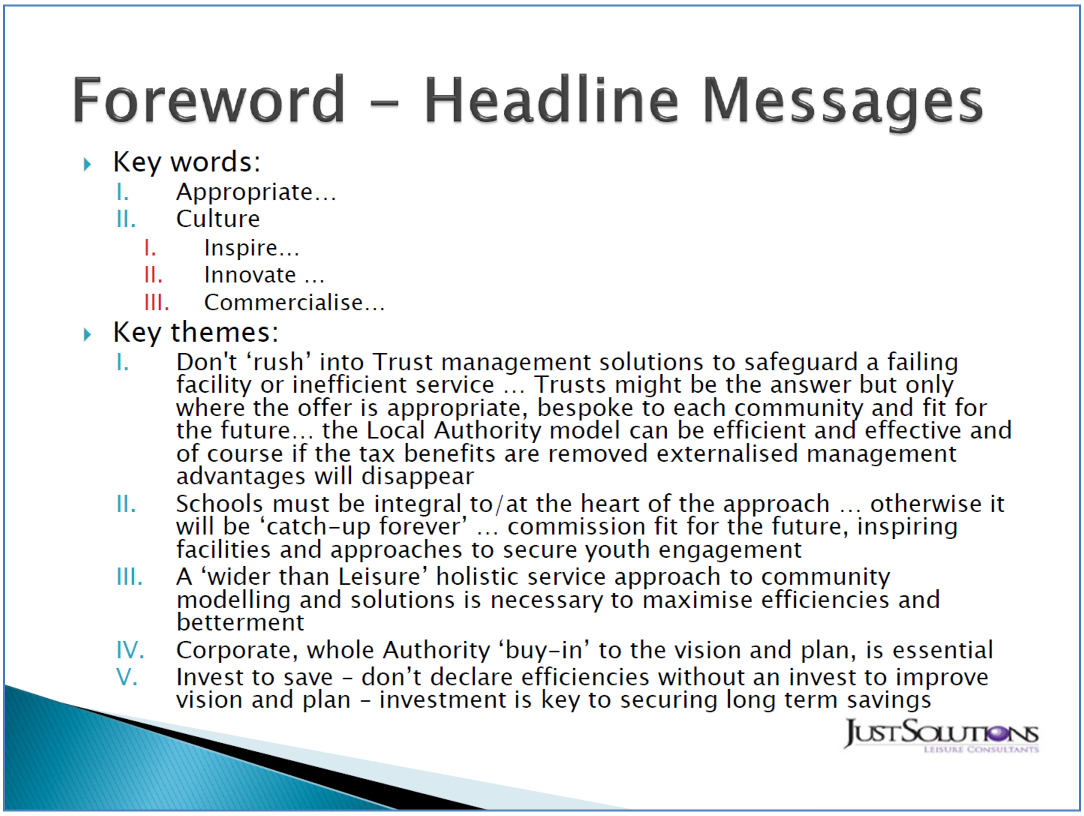
Holyhead Leisure Centre	• Swimming Pool • Teaching Pool • Sports Hall • Fitness Suite • Café • Two Squash Courts • Multi-purpose room • Committee Room • Crèche	• Aerobics • Badminton • Basketball • Bowling • Fitness classes • Football • Gymnastics • In-Line Hockey • Karate • Netball • Short tennis • Swimming • Table tennis • Trampolining	• 18 members of staff (full or part time) • Casual Staff • External coaches	150,991	£378,280	£375,354
Plas Arthur Leisure Centre	• Swimming Pool • Teaching Pool • Sports Hall • Fitness Suite • Café • Two Squash Courts • External Synthetic Pitch (full size) • Skate Park • Committee Room • Youth Wing	• Aerobics • Badminton • Basketball • Bowling • Fitness classes • Football • Gymnastics • Hockey • Karate • Netball • Swimming • Trampolining	• 18 members of staff (full or part time) • Casual Staff • External coaches	210,754	£297,240	£238,818

Sports Development Team	Not Applicable	Targeted activity programmes for schools, sports clubs and communities to encourage people to be more active, more often	• 13 members of staff ▪ 2 100% core funded ▪ 3 part grant funded ▪ 8 100% grant funded	129,508 Under 18s 27,944 Over 18s	£141,950	£118,677
Llangefni Golf Course	• 9 Hole Course • 16 bay floodlight driving range	Golf	• 4 members of staff	17,625	-£14,480	£30,080
Outdoor Facilities	• Millbank Playing Fields • Holyhead Park • Peibio Recreation Area • Trearddur Bay Recreation Area • Holyhead Football Stadium	Various outdoor recreation activities	• 8 members of staff	Unknown	£30,300	£102,914

Annex B - Leisure Centres’ Financial Performance since 2012/13

Leisure Centres		Budget 2012/13	Actual 2012/13	Performance 2012/13	Budget 2013/14	Actual 2013/14	Performance 2013/14	Budget 2014/15
Amlwch Leisure Centre	Expenditure Budget	625,560	769,322		828,170	837,584		806,630
	Less:							
	Capital Charges	-81,740	-242,575		-242,580	-258,254		-258,260
	Adjusted Gross budget	**543,820**	**526,747**	**-17,073**	585,590	**579,330**	**-6,260**	**548,370**
	Income	-210,430	-259,848		-213,980	-275,737		-258,240
	Adjusted for Central Recharges & Contributions	16,280	13,245		16,740	15,144		22,110
	Adjusted income	**-194,150**	**-246,603**	**-52,453**	**-197,240**	**-260,593**	**-63,353**	**-236,130**
	Net adjusted figures	**349,670**	**280,144**	**-69,526**	**388,350**	**318,737**	**-69,613**	**312,240**
	Subsidised by authority	**349,670**			**388,350**	**318,737**		**312,240**
	Performance			**-69,526**			**-69,613**	
Holyhead Leisure Centre	Expenditure Budget	792,750	1,067,117		1,123,870	1,164,044		1,085,930
	Less:							
	Capital Charges	-97,800	-401,248		-401,250	-415,023		-415,020
	Adjusted Gross budget	**694,950**	**665,869**	**-29,081**	**722,620**	**749,021**	**26,401**	**670,910**
	Income	-354,040	-319,684		-365,790	-390,854		-409,000
	Adjusted for Central Recharges & Contributions	20,870	20,748		21,450	17,187		26,920
	Adjusted income	**-333,170**	**-298,936**	**34,234**	**-344,340**	**-373,667**	**-29,327**	**-382,080**
	Net adjusted figures	**361,780**	**366,933**	**5,153**	**378,280**	**375,354**	**-2,926**	**288,830**
	Subsidised by authority	**361,780**			**378,280**	**375,354**		**288,830**
	Performance			**5,153**			**-2,926**	
Plas Arthur Leisure Centre	Expenditure Budget	779,240	909,222		933,320	925,453		931,770
	Less:							
	Capital Charges	-92,370	-253,744		-253,740	-281,668		-281,670
	Adjusted Gross budget	**686,870**	**655,478**	**-31,392**	**679,580**	**643,785**	**-35,795**	**650,100**
	Income	-412,190	-420,736		-425,720	-435,168		-479,770
	Adjusted for Central Recharges & Contributions	42,190	42,101		43,380	30,201		49,320
	Adjusted income	**-370,000**	**-378,635**	**-8,635**	**-382,340**	**-404,967**	**-22,627**	**-430,450**
	Net adjusted figures	**316,870**	**276,843**	**-40,027**	**297,240**	**238,818**	**-58,422**	**219,650**
	Subsidised by authority	**316,870**			**297,240**	**238,818**		**219,650**
	Performance			**-40,027**			**-58,422**	
David Hughes Sports Centre	Expenditure Budget	56,460	52,695		65,220	54,434		59,340
	Less:							
	Capital Charges	0	0		0	0		0
	Adjusted Gross budget	**56,460**	**52,695**	**-3,765**	**65,220**	**54,434**	**-10,786**	**59,340**
	Income	-43,760	-67,408		-45,850	-61,717		-52,150
	Adjusted for Central Recharges	0	-478		0	0		0
	Adjusted income	**-43,760**	**-67,886**	**-24,126**	**-45,850**	**-61,717**	**-15,867**	**-52,150**
	Net adjusted figures	**12,700**	**-15,191**	**-27,891**	**19,370**	**-7,283**	**-26,653**	**7,190**
	Subsidised by authority	**12,700**	**-15,191**		**19,370**	**-7,283**		**7,190**
	Performance			**-27,891**			**-26,653**	
	Total subsidy for all centres	**1,041,020**			**1,083,240**	**925,626**		**827,910**
	Total Performance for all centres			**-132,291**			**-157,614**	

Annex C – The Denbighshire Way



What did the Service Look Like

- 'In **special measures**' – without sufficient arrangements in place to fully support a coherent and effective Leisure provision" *WAO 2008*
- 'Small' isolated service **in difficulty – poor profile – no Member ownership/confidence**
- Significant budget cuts
- Poor facilities
- Lack of leadership and direction
- No business plan
- Leisure Trust operating flagship coastal leisure offer – proposed to embrace the whole
- **A risk** to the Authority
- The Challenge – Cuts & closures … or improve and save
- **Under threat**

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The Journey – The Whole Approach

- **Modernising delivery models**
  - Getting the **business** fit for the future
  - Getting the **'buildings'** fit for the future
  - **Transforming the management approach** – leadership and political support
- **More Efficient and Effective Doors Open**
  - **Reduced subsidy**
  - **Increased Income**
  - Key approaches include:
    - **Investment**
    - More **commercial** and **customer** focus
    - Effective **leadership**
    - High corporate **profile/presence**
    - Very active **engagement** with members, localities/communities
    - **Pro-active** and effective model of **risk management**

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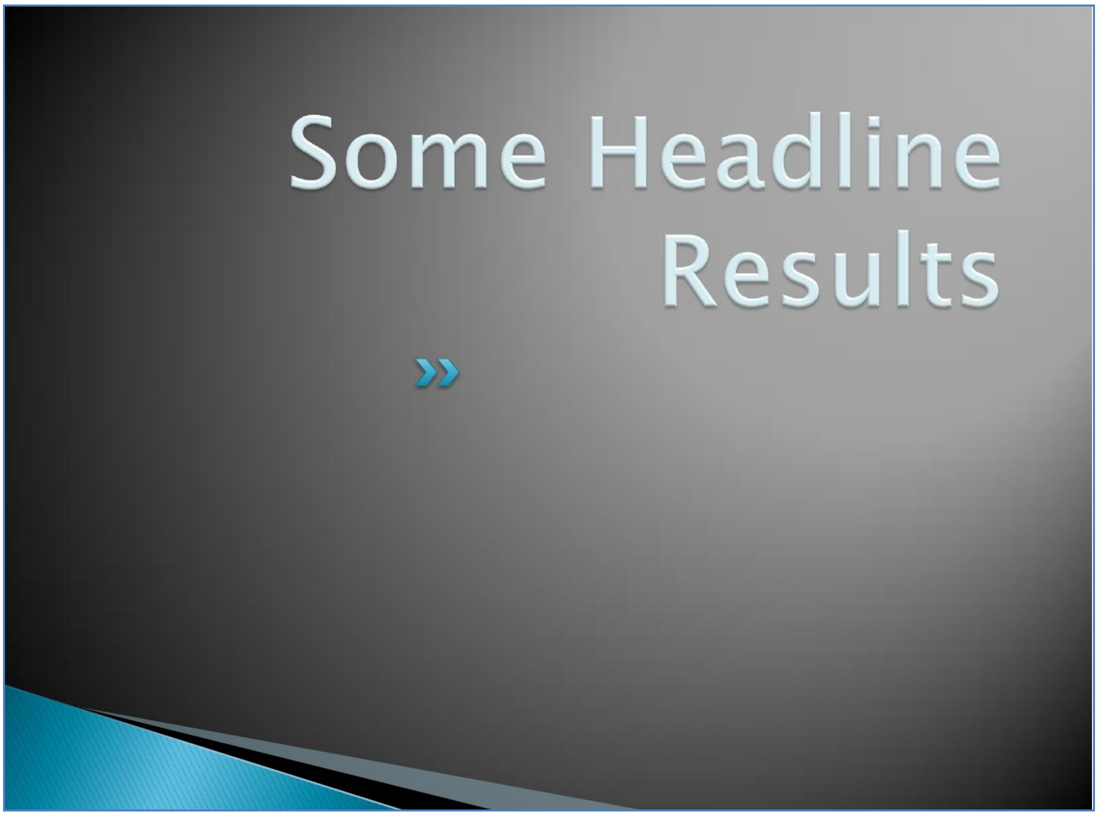
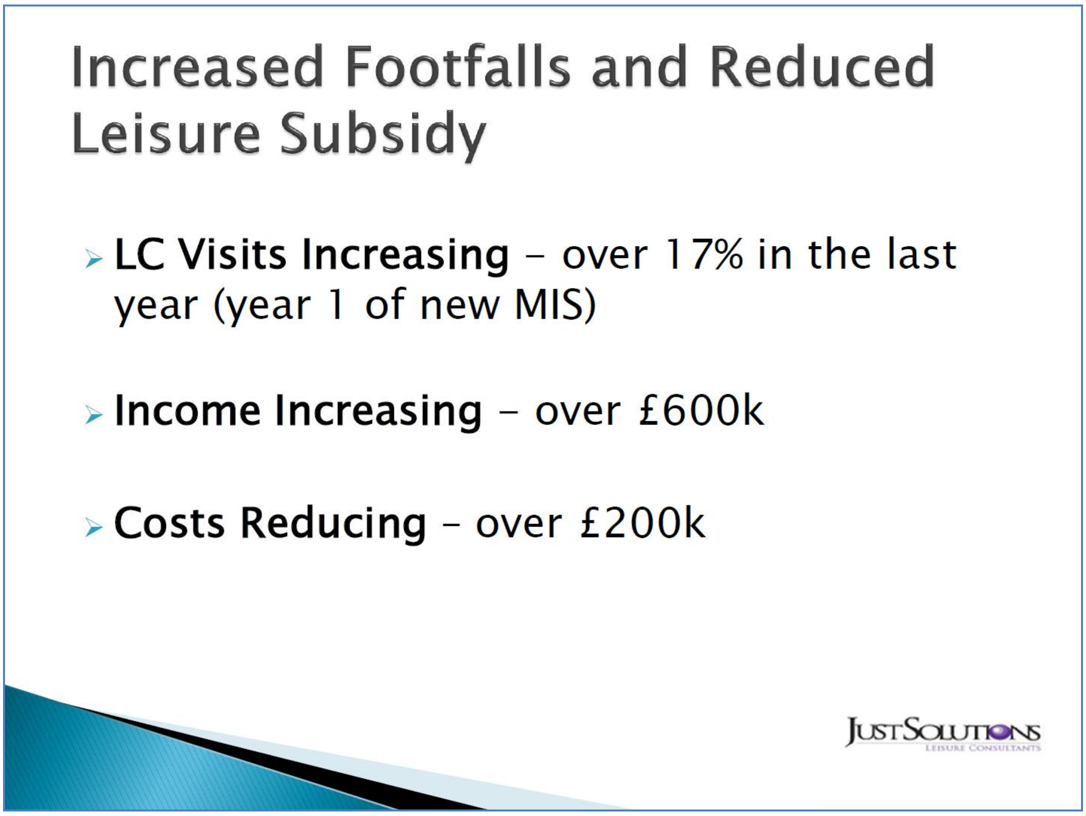
The Journey – Not Any One Thing!

- **Understanding and Buy-In to the Importance of Leisure i.e.:**
  - Member understanding – Lead members engaged with progress and direction
  - Leisure Strategy
  - Corporate understanding
- **New Business Plan including:**
  - Efficiency Savings
  - Income generation models
  - Tight financial controls
- **Appropriate Community Models and Options achieved by:**
  - Outside perspective – sufficiency reviews
  - Locality reviews
  - Engagement
- **Widening Portfolio but Streamlined Management Team i.e.:**
  - Commercial Leisure – Strategic Leisure – Youth/Arts/Libraries – Marketing/Tourism/Communications – Performance and Finance – Projects

Decommissioning a Failing Leisure Trust

- **A Trust model would not have delivered the 'Denbighshire Way' …**
- **But …**
  - **Trusts can provide an efficient and effective operating model** – *following transformation of provision, ensuring an appropriate, fit for future offer*
  - **Properly procured – Trusts can ensure best VFM** – *i.e. LT contracts allowing advantageous borrowing/capital investment – a longer term service agreement = EU procurement*
  - ***Trusts can deliver efficient management and staffing models, appropriate opening hours and pricing policies*** – *a*longside flexible delivery expectations from the Council
- **However…**
  - **A long-term vision for Leisure alongside other community services** is needed in place of a focus on short-term budget savings
    - **Out-sourcing should only be considered when the 'business' is in a good shape – where the infrastructure is appropriate to serve the defined needs of the community and where the service delivery outcomes are known and can be measured**


Some Headline
Results


Increased Footfalls and Reduced Leisure Subsidy
LC Visits Increasing – over 17% in the last year (year 1 of new MIS)
Income Increasing – over £600k
Costs Reducing – over £200k
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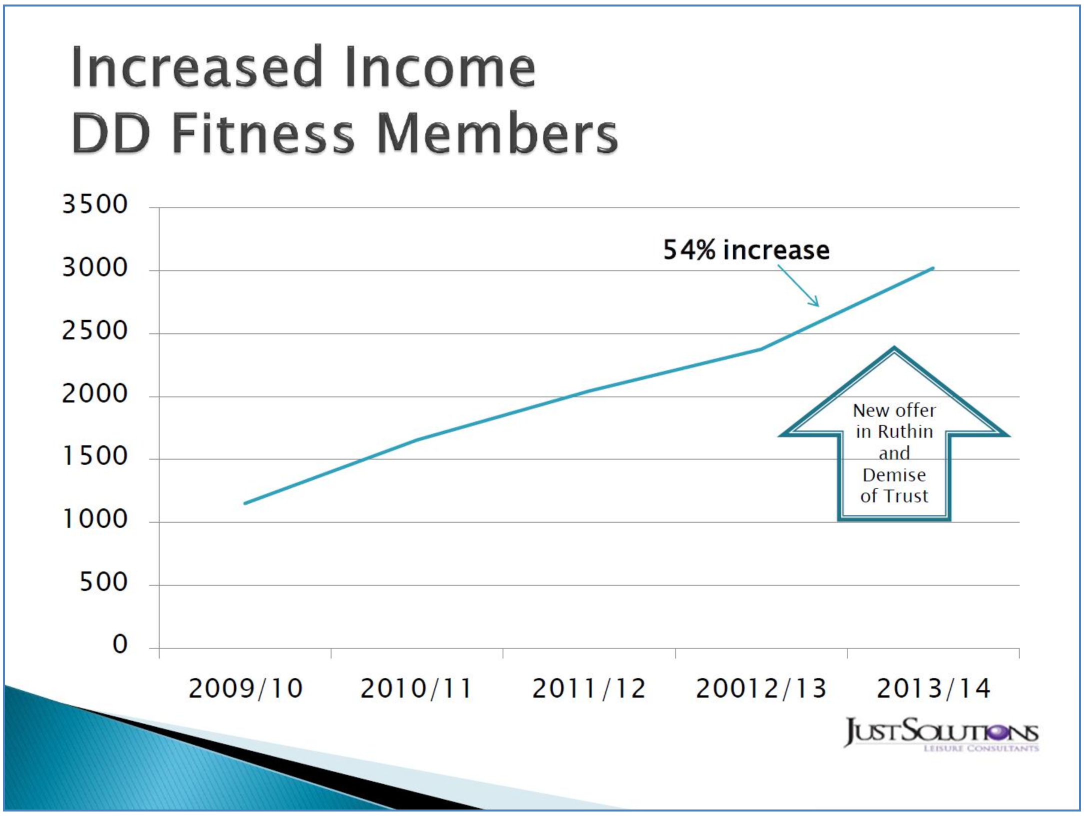
Increased Income
DD Fitness Members
3500
3000
2500
2000
1500
1000
500
0
54% increase
New offer in Ruthin and Demise of Trust
2009/10
2010/11
2011/12
20012/13
2013/14
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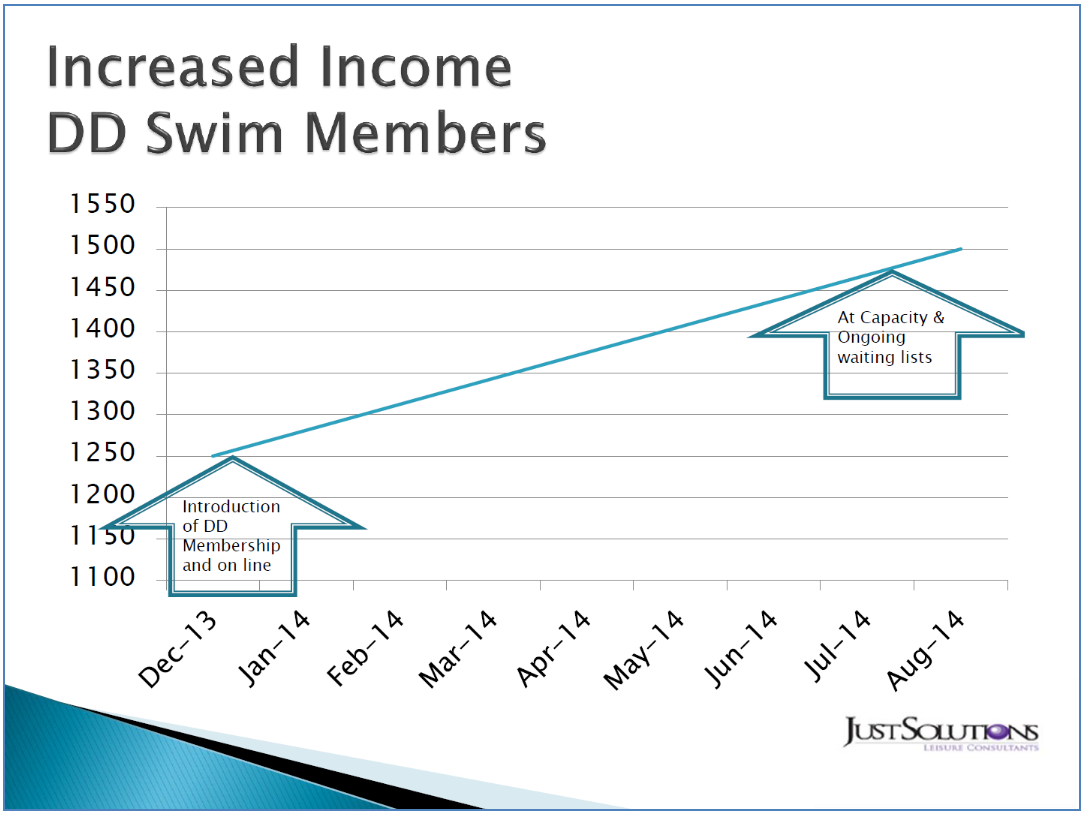
Increased Income
DD Swim Members
1550
1500
1450
1400
1350
1300
1250
1200
1150
1100
At Capacity & Ongoing waiting lists
Introduction of DD Membership and on line
Dec-13
Jan-14
Feb-14
Mar-14
Apr-14
May-14
Jun-14
Jul-14
Aug-14
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Increased Investment
A Better – Fit for the Future Offer

- Investment of over £5m
  - Direct investment levering £9m from others
  - Including new ATPs; Fitness Suites; Dance Studios
- Better School facilities – facilities were at risk to curriculum – under regulatory plan

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Efficiencies – Leisure Facilities – 7 centres (6 dual use)

- **Management reduced by over 50%** – with more facilities i.e. harbour & coast
- **New Commercial Manager appointed**
- **Leisure Subsidy down** to **£460,000** (including £210k capital repayments) – Less than **75p** subsidy per visit
- **On-going financial improvements**
  - Savings invested to save (i.e. 1 Centre's £47k budget improvements in 2014)
  - **Target zero** Leisure subsidy in 3-5 years
- **Saved Schools £125k – costs reduced – better quality – more effective use**
- **Whole Service**
  - Over £1.4m efficiencies over last 5 years (Reduced by 21% in 4 years)
  - £1.5m offered over next 3 years

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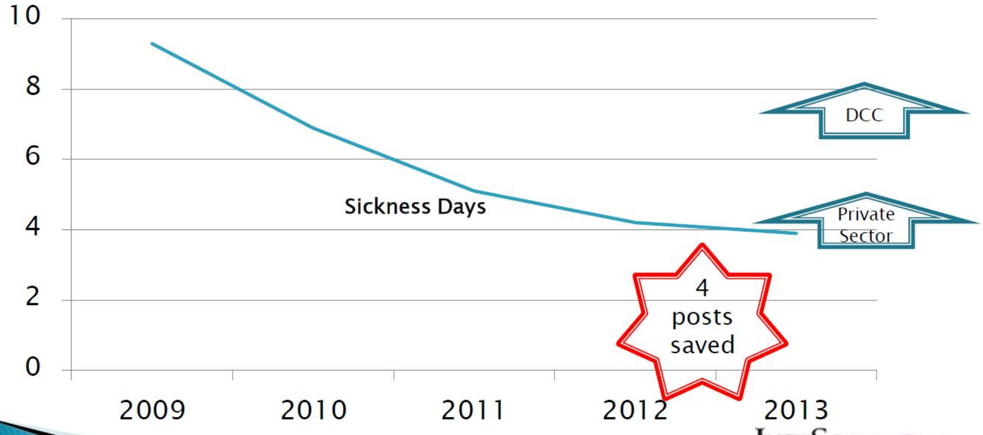
More Efficient – Sickness Absence

- Low sickness absence = improved customer service = less back filling
- Staff engaged and understand impact on budget and customer service



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Good Reputation – Valued

- Involvement in other service areas – cross-over contributions – examples:
  - **Children's Services** Board – issue – children with disability referrals 365 cases – £250k to reduce referrals – through Leisure/youth/libraries i.e. staff training – support worker – appraisal of buildings – programmes etc.
  - **Supporting Education** in delivering ESTYN recommendations i.e. work with 80 NEETS (@£160k) – 76 retained in education
  - Communications – putting forward multi-skilled services for **key role in flood recovery**
  - **Influencing upwards** – Strategy Boards – Essential role in 'Big Plan 2' Independence; Resilience; Well Being

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Clear Rationale

- Service Plan Outcomes
  - **Health social care and community safety** – improving health and well being of our communities through increased particpation –
  - **Improved partnership and collaborative** working
    - Supporting other providers e.g. the voluntary and private sectors
  - **Young People**
    - Motivating children and young people to adopt and maintain healthy, active lifestyles
    - Supporting YP to reduce risk of disengaging in education and community to achieve and have skills for life
  - **Supporting older people** to lead independent and fulfilled lives – helping to keep older people involved and active in their local communities
  - **Providing specialist interventions** – to overcome inequalities – target those most in need etc.. only where there is both evidence of need and no other alternative provider – a clear priority
  - **Encouraging greater use of the natural environment** and helping people in rural areas have access to appropriate activities that meet their needs
  - **Modernising the Council** to deliver efficiencies and improve services for our customers

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Management Culture

- **Member Engagement**
  - The beginning – met with all members individually to impress importance of leisure – built on that ever since
- A Council closer to the community includes locality reviews and community engagement
- Importance of external reviews to establish independent view in contrast to perceived views

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Management Culture

- **Performance Management**
  - Customer Care (mentality)
    - Front line approach i.e. staff know the cost of losing 4 DD members
  - Reducing Sickness absence
  - Staff driven/owned customer service group e.gs:
    - Mystery calling – prompt sheets – customer service standards – front line training– feedback cards
    - Measured – increased customer satisfaction rates; membership levels; compliments; low complaint levels

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Management Culture

- **Leadership and communication**
  - Walk the floor – positive role models
  - Team communications – all levels/staff: Monthly 1-1; 360 Self Assessments; Staff conference once a year (350 -200 FTEs); SMT every 6 weeks; Lead Officers every 2 weeks
  - **Culture of creating solutions – ideas** turned into tasks
  - **Coaching** – emphasis on the right way to do things
  - **Branding – 'proud to serve'**

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What Other Services Say…

- “Leisure is not a stand-alone service but an essential part of healthy living, education, children’s services, adult services, regeneration, parks and countryside provision.”
- “The look and feel of the Leisure Services are more attractive to the customer than those with a ‘social services’ label”
- “Leisure are now delivering more opportunities like an activities service for disabled children – without the need for a social services assessment”

We need to ‘live in the future not the past …..’

- Be mindful of current pressures to pursue ‘quick fix’ solutions and instant but not long term financial gain

- Design modern, attractive, inspiring, fit for the future, flexible/evolving, efficient and effective facilities and business models, avoid:
  - Single one-size-fits-all models
  - ‘Locking into the future’ services designed in the past … out-sourcing unfit for the future offers

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Annex D – Commenerical Leisure Manager Job Description

Isle of Anglesey County Council
Job Description

Job Title:	Commercial Leisure Officer (Temporary post until XXth XXXX 2016 - may be subject to extension)
Post Number:	
Directorate:	Sustainable Development
Service Unit:	Economic and Community Regeneration
Grade:	

Overall Job Purpose:
To improve the commercial performance, culture and working practices of the County Council's Leisure Centres.

The role of Commercial Leisure Officer has been identified to drive the change required to meet the increasing challenges, pressures and expectations facing the island's Leisure Centres. The post will be integral to changing the culture of the Leisure Centres to become more commercially sustainable and customer focussed by maintaining/ increasing income generation and delivering more modern and appealing facilities and activities. The post will be accountable for delivering the radical change required to safeguard and improve leisure provision on Anglesey.

Principal Accountabilities / Key Tasks:

1. Lead and manage the staff, budget and performance of the island's Leisure Centres.

2. Provide leadership on all aspects of commercial leisure development.

3. Lead on–the development of more modern, integrated, robust, capable and commercially aware Leisure Centres.

4. Champion and deliver a programme of change in the Leisure Centres, ensuring an improvement in efficiency, effectiveness and performance.

5. Review and improve existing financial planning systems and resource management processes to ensure the commercial viability of the Leisure Centres.

6. Identify and exploit all potential opportunities to increase participation levels; improve membership numbers and maintain and increase in income generation at all Leisure Centres.

7. Identify and develop new income opportunities to reduce the Leisure Centres' reliance on the County Council's core funding.

8. Continually review and challenge standards and processes where necessary, to maintain and improve the customer experience.

9. Review and monitor performance standards to ensure the Leisure Centre's targets are achieved.

10. Maximise and encourage the effective use of the Leisure Centres' new IT systems, software and digital practices to drive an improvement in the Leisure Centres' culture and performance.

11. Actively engage with Staff and Stakeholders to ensure commercial sustainability remains a key priority across the Leisure Centres.

12. Challenge and improve existing business practices, methods and standards to encourage greater efficiency, effectiveness and performance; and lead on the development of innovative new solutions to reduce future cost pressures, support an increase in leisure demand and are more customer focussed.

13. Ensure that the Leisure Centres' budget and resource management reflects Corporate and Service aspirations and is used effectively to deliver a commercially sustainable leisure provision.

14. Develop and maintain strong working relationships with Elected Members and relevant Senior Officers to help foster high levels of trust and confidence.

15. Ensure all new facilities, activities and practices underpin an improvement in the experiences of the Leisure Centres' customers.

16. The post-holder maybe required to carry out any other responsibilities as appropriate with the nature of the post and its grade.