

Public Document Pack



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Dr Gwynne Jones.
Prif Weithredwr – Chief Executive

CYNGOR SIR YNYS MÔN
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	THE EXECUTIVE (BUDGET)
DYDD LLUN 12 TACHWEDD 2018 10.00 o'r gloch	MONDAY 12 NOVEMBER 2018 10.00 am
SIAMBR Y CYNGOR SWYDDFEYDD Y CYNGOR LLANGFNI	COUNCIL CHAMBER COUNCIL OFFICES LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Plaid Cymru/Party of Wales

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

Annibynnol/Independent

Richard Dew, Dafydd Rhys Thomas, Ieuan Williams

COPI ER GWYBODAETH / COPY FOR INFORMATION

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

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

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

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 declaration of interest from a 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 MINUTES (Pages 1 - 8)

To submit for confirmation, the draft minutes of the meetings of the Executive held on the following dates:-

- 15 October 2018 (Extraordinary)
- 22 October 2018 (Extraordinary)

4 BUDGET CONSULTATION PLAN 2019/20 (Pages 9 - 16)

To submit a report by the Head of Profession (Human Resources) and Transformation.

5 COUNCIL TAX PREMIUMS - SECOND HOMES AND LONG-TERM EMPTY PROPERTY (REVIEW OF FIRST YEAR) (Pages 17 - 40)

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

6 DRAFT REVENUE BUDGET 2019/20 (Pages 41 - 58)

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

7 CAPITAL BUDGET 2019/20 (Pages 59 - 74)

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

THE EXECUTIVE

Minutes of the extraordinary meeting held on 15 October, 2018

PRESENT:	Councillor Llinos Medi Huws (Chair) Councillor Ieuan Williams (Vice-Chair) Councillors Richard Dew, R. Meirion Jones, Alun Mummery, R.G.Parry, OBE FRAgS, Dafydd Rhys Thomas, Robin Williams
IN ATTENDANCE:	Chief Executive Assistant Chief Executive (Governance and Business Process Transformation) /Statutory Director of Social Services Assistant Chief Executive (Partnerships, Community and Service Improvement) Head of Function (Resources) & Section 151 Officer Head of Function (Council Business)/Monitoring Officer Head of Learning (for item 2) Committee Officer (ATH)
APOLOGIES:	Councillor Carwyn Jones
ALSO PRESENT:	Councillors Lewis Davies, Glyn Haynes, Eric Jones, Dylan Rees, Margaret M. Roberts

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. ISLE OF ANGLESEY EDUCATION STRATEGY – SCHOOL MODERNISATION (2018 UPDATE)

The report of the Head of Learning incorporating an update to the Isle of Anglesey Education Schools' Modernisation Strategy was presented for the Executive's consideration and approval.

The Portfolio Member for Education, Libraries, Culture and Youth reported that since the publication of the original strategy in 2013, the Authority has collaborated with Head Teachers and Elected Members to modernise the school stock on the Island by combining 10 smaller primary schools and building 21st Century schools in three areas within Band A with the latest opening in March, 2019. By the end of the Band A programme in April, 2019 over 10% of Anglesey's primary learners will receive their education in 21st Century buildings and empty places in Anglesey's primary schools will be down to 10% - a reduction of over 17% in six years. In the secondary sector, the decrease in pupil numbers and the increase in empty places together with financial cuts have resulted in significant budgetary challenges across the sector which will probably continue or even worsen over the next few years. Consequently, and in light of Central Government's ongoing austerity programme which means that the Education Service must find savings of £5m over the next three years, the Modernisation Strategy needs to be reviewed which is also timely given that the Band B programme will commence in April, 2019.

The Portfolio Member said that the Welsh Government's 21st Century Schools Programme provides an opportunity to further modernise Anglesey's schools and to seek local solutions to local problems. The report sets out the timetable for implementing and acting on the updated Strategy and also elaborates on the drivers of change for the Band B programme which have been adapted from those used for Band A. It is foreseen that the Ysgol Syr Thomas Jones catchment area will have to be prioritised within Band B and although there is a potential for population increase in the area as a result of the New Wylfa development estimated at around 200 additional pupils, it will not be enough to make up for the current 623 empty places. Consideration will have to be given to making changes in order to establish educational arrangements that are appropriate for the future. Furthermore, the post-16 education provision will have to receive priority attention for the reasons outlined in the report.

The Portfolio Member concluded by saying that the last five years have been an exciting period for school modernisation, and the Authority must grasp the opportunity before it to continue with its programme of improvement to establish a schools system that is suitable for the next 30 to 50 years so that the Island's children have the best chances of flourishing and making the most of the world of work opportunities that are on the horizon – the next generation will not thank the Authority for not acting on this opportunity. The Council's vision for education is consistent with its Corporate Plan in making a commitment to work with the people of Anglesey to ensure services of the highest standard which improve the lives of people and which also create the conditions for the Island's children and young people to achieve their full potential.

The Head of Learning referred to the Council's vision for education as encapsulated by the strategy. To realise this vision, the Council will ensure that each school achieves the highest standards so that Anglesey's young people can benefit from the opportunities available in today's competitive world. The Officer said that it is essential that the education standards of Anglesey are among the best nationally and that its schools' system is both effective and efficient. The reformed Modernisation Programme as presented will be key to achieving the Council's ambitious aims for education by ensuring correctly sized schools in the right locations that are led by inspiring Head teachers and Leadership Teams committed to raising the work standards of the learners in their care. This entails reviewing the current system area by area and basing solutions on the requirements and ethos of each individual area.

The Officer spoke about the current situation and the changes that need attention highlighting that although the Authority has made great strides under the Band A programme, many challenges remain both in the primary sector and in the secondary sector where the reduction in numbers and the increase in empty places alongside budgetary cutbacks have led to substantial financial challenges. Consequently, reducing the number of secondary schools or changing the ethos of the schools will have to be considered if a future for secondary education is to be secured in some parts of the county. The savings which the Education Service will have to make over the next three years means that the system has to be reviewed to ensure that the Council's resources are used efficiently and that the end result is a system that is suitable for the next 30 years, that promotes the highest possible education standards, that secures an appropriate pattern of post-16 provision; that nurtures bilingual proficiency and that creates the conditions in which Head Teachers can succeed.

Implementing the Band B programme will require significant capital investment, meaning the areas that require attention first will have to be prioritised and the cost-effectiveness of each option will be an important consideration when making those decisions.

The Head of Learning elaborated on the drivers of change for the Band B programme which are detailed in the report. The programme approved by Welsh Government is set to run from

April, 2019 to March, 2026. He said that although it will not be possible to obtain a uniform model across Anglesey for reasons of geography, population, transport, parental choice etc. any new development needs to be able to meet the requirements listed in section 4 of the report. The possible models of provision are outlined in section 4.2 of the report. The process for approving and implementing the revised Strategy along with the 21st Century Schools Programme Bands A to C timetable are outlined in sections 5 and 6 respectively.

The Officer said that it is intended that the Modernisation Programme will leave as its legacy an education system that is fit for purpose and which creates the conditions in which teachers can work with learners to ensure an education provision that is among the best nationally.

Councillor Dylan Rees, Vice-Chair of the Corporate Scrutiny Committee reported from the Committee's meeting on the 8 October, 2018 which considered the updated Schools Modernisation Strategy. Councillor Dylan Rees said that the Committee had supported the report and recommendations therein whilst highlighting a number of issues, namely -

- the need to proceed with urgency as regards post-16 education provision;
- the affordability of the strategy in times of austerity;
- the condition of the county's schools;
- the need to keep post 16 learners on the Island;
- the need to harmonise per pupil expenditure across schools;
- the need to implement the best option for each area individually noting also that the strategy makes no reference to closing schools with under 120 pupils;
- the importance of non-contact time for Head Teachers;
- the importance of keeping to schedules in building new schools;
- the need to make considered arrangements to allow the public to properly present their views during consultation periods;
- that consideration be given to arranging for the Committee's members to visit an all age school as well as one of the new primary schools already built as part of Anglesey's modernisation programme.

The Executive noted and thanked the Corporate Scrutiny Committee for its input. In unanimously supporting the updated Schools' Modernisation Strategy the Executive recognised the urgency in now giving attention to the secondary sector and post-16 education provision as well as continuing to implement the modernisation programme in the primary sector in order to bring about the changes that will lead to a fair, effective, and fit for purpose education system on Anglesey that is responsive to the needs of the 21st century.

The Executive further noted however that Central Government's ongoing austerity programme and the resulting reductions in Council budgets will have repercussions for Education creating a potential scenario whereby the Authority is on the one hand endeavouring to contribute 50% towards the capital costs of new 21st Century schools whilst on the other hand it is looking to cut school budgets possibly leading to loss of staff. If Education is as stated, one of the Welsh Government's priorities, then this commitment needs to be backed up by sufficient resources to enable local councils to meet the expectations on them in terms of delivering a successful education system in their area.

It was resolved –

- **To adopt the Isle of Anglesey Schools' Modernisation Education Strategy (Update 2018) to take effect from 15 October, 2018 onwards.**
- **That Officers start the consultation process in Band "B" areas over the next 12 months.**

3. ANNUAL PERFORMANCE REPORT 2017/18

The report of the Head of Profession (Human Resources) and Corporate Transformation incorporating the Annual Performance Report for 2017/18 was presented for the Executive's consideration.

The Portfolio Member for Corporate Transformation reported that the Annual Performance Report which the Council is required to publish by the statutory end of October deadline each year analyses performance over the previous financial year against the improvements and priorities outlined by the Council in its Well-being objectives and the Council Plan. The Portfolio Member said that the Council experienced a number of successes in the 2017/18 financial year as exemplified by the following –

- Ysgol Cybi, Holyhead and Ysgol Rhyd y Llan, Llanfaethlu welcomed pupils at the start of the academic year. Both these modern 21st Century schools represent flagship projects for the Council.
- The Council's recycling rates now stand at 72% with only 0.5% of general waste going into landfill. Based on last year's data this would put Anglesey as the best performing local Authority in Wales.
- The Council has committed to gaining plastic free status for the Island and is now working towards this objective.
- 75 empty homes have been brought back into use through direct action by the Council.
- The Hafan Cefni extra care facility in Llangefni has been developed and is due to open this autumn.

Whilst the performance against local key indicators as reflected by the Corporate Scorecard tells a mixed story overall, with analysis of the comparable PIs showing that 45% have improved, 13% have been maintained and 22% have declined on the previous year, it should be noted that 58% of the indicators performed above their targets for the year, 15% were within tolerances of the target and the remaining 17% were below target. In terms of performance against national indicators known as Performance Accountability Measures (PAM) which compare each local authority against the same indicators, 50% of the Council's indicators improved and 36% declined when compared to the performance in 2016/17. However, it must be noted that these are the current published PAM indicators – 2 of the currently unpublished Waste Management PAM indicators will perform well, and there are a further 6 indicators to be included for Social Services. All PAM indicators will be published by November, 2018.

The Portfolio Member said that looking forward to 2018/19, the Council is aware of the financial challenges facing Children's and Education Services and plans to look at ways of strengthening its preventative and well-being services for children, young people and vulnerable people in society. Developments will be made to further improve leisure facilities through incorporating a 3G pitch and investing in fitness equipment. There are several significant Economic Development and Energy Island related projects in the offing the development of which will continue in 2018/19. Whilst plans for the year ahead are ambitious, it is believed that with the support of staff, residents and partners the Council's objectives can be achieved thereby creating an Anglesey that is modern, healthy, thriving, and prosperous for both current and future generations.

The Chief Executive said that performance is important as is having a robust performance management system. This system within the Council which encompasses the Transformation Programme Boards, Services Reviews and the Corporate Scorecard has evolved significantly over the past few years and is a key component of the continuing drive to improve services.

The Assistant Chief Executive (Governance and Business Process Transformation) highlighted that the performance of Children's Services indicators have and continue to improve with this improvement being evidenced most notably in the second half of 2017/18.

The Executive noted the information and noted also that the Authority's performance is holding up well given the pressures on it and bearing in mind it is one of the smallest authorities in Wales.

It was resolved to agree and recommend –

- **That the final version of the 2017/18 Performance Report be published by the statutory date at the end of October and that Officers complete the report in consultation with the Portfolio Holder to be published as part of the Full Council's papers for its 22 October meeting.**
- **That Section 3.2 of the Council's Constitution be amended to include approving decisions for the Council's Well-being Statement and Objectives in accordance with the 2015 Well-being of Future Generations (Wales) Act as a function that the Full Council must fulfil.**
- **That the Head of Function (Council Business)/Monitoring Officer be authorised to make the necessary changes to the matters that have been assigned as functions that must be approved by the Full Council in the Constitution together with any changes which must be made as a result to reflect this.**

**Councillor Llinos Medi Huws
Chair**

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THE EXECUTIVE

Minutes of the extraordinary meeting held on 22 October, 2018

PRESENT:	Councillor Llinos Medi Huws (Chair) Councillors Richard Dew, Carwyn Jones, R. Meirion Jones, Alun Mummery, R.G.Parry, OBE, FRAgS, Dafydd Rhys Thomas, Robin Williams
IN ATTENDANCE:	Chief Executive Assistant Chief Executive (Partnerships, Community and Service Improvement) Head of Function (Resources) & Section 151 Officer Head of Function (Council Business)/Monitoring Officer Committee Officer (ATH)
APOLOGIES:	Councillor Ieuan Williams
ALSO PRESENT:	Councillors Lewis Davies, Glyn Haynes, R. Llewelyn Jones, Alun Roberts

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. A GROWTH DEAL FOR THE ECONOMY OF NORTH WALES – PROPOSITION DOCUMENT

The report of the Chief Executive incorporating the Growth Vision for North Wales Proposition Document was presented for the Executive's consideration and endorsement.

The Chair and Leader of the Council reported that the Proposition Document sets out the priority programmes of activity for the North Wales region for which national funding is being sought through the Growth Deal and prepares the ground for the submission of a growth bid application. It sets out the programmes and projects to be considered for inclusion in a Growth Deal at Heads of Terms stage by both Governments. The Document has been approved by the North Wales Economic Ambition Board, which is the joint-committee through which the regional partnership between the six local authorities, two universities, two further education colleges and the North Wales Mersey Dee Business Council operates.

The Chair said that the Growth Vision for the Economy of North Wales sets out the collective and strategic ambition for the North Wales region for infrastructure development, skills and employment, and business growth; it involves a commitment by all the partners to work collectively towards a common purpose. The ambition sets up the region as one of the UK's prime locations for energy production, high level manufacturing and as a focus for technological skills innovation as well as being a centre for excellence for high value tourism. This ambition builds on both strengths and opportunities and will create a more sustainable and consistent approach towards developing the economy. The Growth Vision is founded on three key aims – creating a progressive North Wales; creating a resilient North Wales and

creating a connected North Wales. The Chair said that it is important to be clear about what the Growth Vision is about and what it seeks to achieve for the region.

The Executive considered the information presented and was supportive of the Proposition Document as representing the next stage in the Growth Bid development process. The Executive noted that it is sensible that the regional partners work together to maximise the opportunities to strengthen the economy of North Wales in what is a difficult financial and economic climate and that further, it is important that the Isle of Anglesey County Council should be an influencing participant. The Executive noted that adopting the Proposition Document does not commit the Council to any financial investment of its own at this stage of the process.

It was resolved –

- **To endorse the Proposition Document and to recommend its adoption by the Full Council as (1) the basis of a longer-term regional strategy for economic growth, and (2) the regional bid for the priority programmes and projects from which the content of a Growth Deal will be drawn at the Heads of Terms Agreement stage with Governments. Adoption does not commit the Council to any financial investment of its own at this stage and is subject to the financial risks and benefits of the final Growth Deal being set out in detail for full consideration when the final Deal is presented for approval at a later date.**
- **To authorise the Leader to commit the Council to entering Heads of Terms with Governments alongside the political and professional leaders from the nine other statutory partners represented on the North Wales Economic Ambition Board, and the North Wales Mersey Dee Business Council, with the Proposition Document setting out the parameters for the Heads of Terms agreement.**

**Councillor Llinos Medi Huws
Chair**

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	12.11.18
Subject:	Budget Consultation Plan 2019/20
Portfolio Holder(s):	Cllr. Dafydd Rh Thomas
Head of Service:	Carys Edwards
Report Author: Tel: E-mail:	Gethin Morgan 752111 GethinMorgan@anglesey.gov.uk
Local Members:	N/A

A –Recommendation/s and reason/s
<p>1.1 The attached provides a high level description of the proposed budget consultation plan to be implemented during the period - week beginning November 12th to December 31st, 2018</p> <p>1.2. It conveys a cross sector approach with the intention of presenting citizen's comments through -</p> <ul style="list-style-type: none"> a. The Press b. Town and Community Councils c. Stakeholder Workshops d. Internet e. Social Media f. Citizens' Panel g. Children and Young People's Workshops <p>1.3. The Committee is asked to scrutinize the proposed plan so that future budgetary consultation plans can be improved and also maximize corporate awareness of the expected work over the period indicated by agreeing to the proposed plan.</p>

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

C – Why is this a decision for the Executive?
This matter is delegated to the Executive

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

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

DD – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	This was considered by the SLT and their comments are reflected in the report
2	Finance / Section 151 (mandatory)	No Comment
3	Legal / Monitoring Officer (mandatory)	No Comment
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	
10	Any external bodies / other/s	

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

F - Appendices:

Appendix A - Anglesey County Council Financial Proposals Consultation / Communication Plan 2019/20

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

Council plan 2017-2022

ENGAGEMENT AND COMMUNICATION PLAN –

BUDGET PROPOSALS CYNGOR SIR YNYS MÔN 2019/20

The purpose of this plan is to acknowledge the areas of work required so as to consult as wide and thorough as possible. This will ensure that the Executive’s final budget proposals for the 2019/20 budget to the Council in February 2019 is done so with the appreciation and understanding of the different viewpoints and the risks it entails.

This plan provides an appreciation to our citizens / partners of the future financial challenges facing us as a public sector body.

The following schedule encompasses the dates Nov 13th – Dec 31st.

Ref.	Date / Period	Event / Campaign & Purpose	Lead	Support	For information
A	17.9.18	Meeting of Exec to accept MTFP and adopt process for consulting on savings proposals this year (i.e. remainder of this document)	Finance	Finance / Business Planning and Performance Team	SLT / Penaethiaid
B	6.11.18	Meeting of the Corporate Scrutiny Committee to scrutinise areas of concern identified as part of the Sept / Oct workshops and also to consider the consultation plan.	Scrutiny Manager	Penaethiaid	Finance / Portfolio Holders

C	12.11.18	An Executive meeting to propose efficiencies for 2019/20 for the purpose of consultation and communication (understanding impact of such proposals)	Finance	Business Planning and Performance Team	SLT & Penaethaid
Ch	End of Nov	A meeting of the Town & Community Council sub-group to discuss the opportunities and consequences of the budget proposals.	Leader	Finance / Business Planning & Performance Team	J Huw Jones Penaethaid
D	To be decided	*****Stakeholder workshop in Chamber / YB1 to discuss opportunities and risks flowing from the 2019/20 budget proposals*****	Business Planning and Performance Manager	Press Team Senior Accountant Leader & Chief Executive	Penaethaid

A campaign to promote the proposals in the public arena through number of different channels.....					
DD	7.11.18	Press briefing re: budget proposals for 2018/19. Increase appreciation of readers and keep to corporate line for communication. <i>Expected output would be articles in traditional press and websites + possibly on TV</i>	Press Officer	Finance / Business Planning and Performance Team	Penaethiaid & Staff
E	13.11.18 – 31.12.18	Promotional campaign focusing on website and e-questionnaire to collate citizens views across the island. The extensive use of FB & Twitter essential here by now as well as supportive promotional work on radio such as Leader interviews on MonFM	Business Planning and Performance Team	Finance / Lleisiau'n Lleol	Staff
F	12.11.18 – 31.12.18	Use of a citizen panel and recognised community forums such as Youth Council / Schools a.s.o. to gain feedback from those impacted directly from budget decisions. <ul style="list-style-type: none"> • Scholl Finance Forum (December) • Older People's Forum (30.11.18) • Young People's Forum (19.11.18) 	Business Planning and Performance Manager	Medrwn Mon Press Team	ACE's

FT [28/10/19]

This plan will enable Officers to collect and collate the necessary information to formulate a report outlining the different perspectives of individuals and organisations to the proposed budget proposals so that it can be reported and discussed at (i) briefing session for all members prior to end of January and (ii) the Corporate Scrutiny Committee meeting scheduled for the beginning of February 2019.

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	THE EXECUTIVE
DATE:	12 NOVEMBER 2018
SUBJECT:	COUNCIL TAX PREMIUMS - SECOND HOMES AND LONG-TERM EMPTY PROPERTY (REVIEW OF FIRST YEAR)
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS (PORTFOLIO HOLDER – FINANCE)
HEAD OF SERVICE:	MARC JONES HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
REPORT AUTHOR:	GERAINT H. JONES (REVENUES AND BENEFITS SERVICE MANAGER)
TEL:	01248 752651
E-MAIL:	ghjfi@ynysmon.gov.uk
LOCAL MEMBERS:	NOT APPLICABLE

A - Recommendation/s and reason/s

RECOMMENDATIONS

1. To note the content of the report reviewing the first year’s operation of the Council Tax premium during the 2017/18 financial year and to date for 2018/19.

VARIOUS OPTIONS

To consider the following options and recommend to the Isle of Anglesey County Council (full Council) proposals to adopt:

2. To continue with the policy unchanged and undertake a further review in 2019/20 after a further full year of the policy operationally **OR**
3. Decide –
 - whether the premium should be reduced, remain the same or increased and to what percentage levels?
 - whether the premium should remain the same for both long term empty properties and second homes or should different percentage rates apply?
 - whether a greater percentage of the income raised from the premiums is hypothicated rather than increasing Council Tax income to meet general service costs?
 - whether to undertake a full public consultation.
4. To consider whether additional funding generated from the premium should be allocated to the schemes designed to assist first time buyers, as requested by the Head of Service (Housing).

(**Appendix A** provides details of the estimated income that would apply for different premium percentages for both long term empty properties and second homes)

REASONS AND BACKGROUND

On 10 March 2016, the full Council agreed to disapply any discounts granted for long-term empty dwellings and for dwellings occupied periodically (usually known as second homes) and apply a higher amount of council tax (called a Council Tax premium) to come into effect from 1 April 2017. The full Council set the Council Tax premium at 25% of the standard rate of council tax for both long-term empty dwellings and for dwellings occupied periodically (usually known as second homes).

(Appendix B provides details of premiums applied by other Welsh Authorities and proposed future plans, where known, and their relevant percentage).

The full Council also stated that a review of the Council Tax premiums should be undertaken by the Head of Function (Resources)/Section 151 Officer during 2018/19 after the first full year of operation of the Council Tax premiums. The reason for such a review was –

- to establish if the premiums determined had met the aims of the Executive and the full Council and
- whether, as a consequence, the premium levels determined needed to be varied or revoked when the full Council set its Council Tax requirement for 2019/20 and
- if it was determined that the premium levels required to be varied or revoked, the revised premiums would come into force from 1 April 2019 onwards.

The Executive is reminded of the Welsh Government's aim when it gave discretion to local authorities to charge a premium on top of the standard rate - it was a tool to help local authorities:-

1. bring long-term empty homes back into use to provide safe, secure and affordable homes; and
2. support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

In considering whether or not to charge a premium, regard was to be given to these aims and also the particular housing need and circumstances in the Authority's area. Factors that helped the full Council to decide whether to charge a premium or not included –

- the numbers and percentages of long-term empty dwellings or second homes in its area;
- the distribution of long-term empty dwellings or second homes and other housing in the authority and an assessment of their impact on property values in particular areas;
- potential impact on local economies and the tourism industry;
- patterns of demand for, and availability of, affordable homes;
- potential impact on the local public services and local community;
- other measures available to the Authority to increase housing supply and to bring back empty properties into use.

As regards the financial implications from disapplying discounts and determining premiums, the Authority was able to retain any additional funds generated by implementing the premiums to spend as it wished. New tax base regulations were passed by Welsh Government negating the need for the Authority's Revenue Support Grant to be adjusted as a consequence of an increase in the tax base. The additional funds generated could be spent by the Authority as it wished, but the Welsh Government encouraged the Authority to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.

The Executive, in February 2017, mindful of the policy intentions of the premiums, approved a policy for the implementation of two new schemes to support local first time buyers, to be funded from the additional premium:-

- a) a grant to help first time buyers purchase and renovate an empty home; and
- b) equity loans to help first time buyers

Initially, the policy was restricted to specified town/community council areas, which had the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices. However, due to high volumes of enquiries from eligible first time buyers who were purchasing outside of these specified areas, the scheme was extended across Anglesey providing equal and fair home purchase opportunities. (Executive decision taken by the Portfolio Holder for Housing and Supporting Communities, February 2018).

When considering introducing Council Tax premiums, the Executive and full Council had due regard for apparent risks which are summarised below –

- The Council Tax data on long-term empty dwellings and second homes had not been updated regularly since the full Council set a policy of no discounts being applied for such dwellings. The full standard Council Tax is payable on such dwellings. A review undertaken in 2015 by a credit reference company checking their records with that of the Council established that 22% to 25% of long-term empty dwellings or second homes on Council Tax records had a medium to high risk that they were occupied as a person's sole or main residence. No Council Tax premium can be charged on such properties and there was, therefore, a risk that the estimation of the additional income generated could be overstated;
- Would there be an increase in owners refusing or unable to pay the Council Tax premium?
- Would there be an increase in Council Tax premium avoidance by owners in, for example, transferring use to business rates, changing from second homes to long-term empty, attempting to market the property for sale or rent to claim an exception, claiming that the dwelling is occupied or changing sole and main residence?
- Would this lead to a reduction in the domestic property Council Tax Register i.e tax base?
- Would there be an impact on the Council's reputation?
- Would this lead to an increase in the number of appeals and legal challenges?
- How would this impact on the local tourism industry?

In establishing whether the premiums determined have met the aims of the Executive and the full Council, full regard is also taken of the apparent risks noted.

HAVE THE PREMIUMS DETERMINED MET THE AIMS OF THE EXECUTIVE AND THE FULL COUNCIL?

- A.** With regard to the two new schemes established to support first time buyers for both years, 2017/18 and 2018/19 - £170,000 was allocated each year to the Empty Homes Schemes from the additional income raised from charging the premium (£340,000 in total to date). Due to the limited funding available and the demand for the Empty Homes Renovation Grant for First Time buyers exceeding expectation, the launch of the Equity Loans scheme has been deferred.

At the time of writing this report, 7 properties have been returned to use, with a further 7 currently under renovation. By the end of December 2018, it is anticipated that 18 empty properties will be brought back into use and, therefore, this scheme will have supported 18 first time buyers across Anglesey to purchase their own home. There is evidence to demonstrate that the scheme has met its objectives in that -

- it has supported local first time buyers to become the owner of a home that is affordable to them in their area of choice;
- best use has been made of existing housing stock by bringing back into use long term empty homes in need of improvements, which are often a blight on the neighbourhood;
- it provides additional value by supporting local small to medium sized enterprises and other community benefits.

(**Appendix C**, prepared by the Head of Service (Housing), provides a more detailed analysis of the impact of these specific schemes).

B. What income did the Council Tax premium raise in comparison with the budget set?

For 2017/18 -

On 1 April 2017, (the date the Council Tax premium was introduced), 2,307 **second homes** were subject to the premium. This gave an income, net of exceptions, of £761,552 at annual billing for the 2017/18 financial year. By 31 March 2018, 2,212 second homes were subject to the premium, giving an income, net of exceptions, of £781,144 for the 2017/18 financial year. This was an increase in income of 2.6% during the first financial year.

On 1 April 2017 (the date the Council Tax premium was introduced), 694 **long-term empty property** were subject to the premium. This gave an income, net of exceptions, of £211,255 at annual billing for the 2017/18 financial year. By 31 March 2018, 610 long-term empty property were subject to the premium, giving an income, net of exceptions, of £167,911 for the 2017/18 financial year. This was a decrease in income of 20.5% during the first financial year.

This gave, at annual billing, total income raised from Council Tax premium as £972,807 but by year end, for the financial year the total income raised from Council Tax premium was £949,055. By the end of quarter 2 2018/19, a further reduction in Council Tax premium charged of £26,302 in respect of 2017/18 has occurred, reducing the projected income for the first year to £922,753. This is an overall reduction during 18 months in respect of the first financial year of 5.2%.

Having regard to the apparent risks identified of overestimating the income from Council Tax premiums, a budget of £564,000 was set for 2017/18. There was, therefore, a surplus of £385,055 as at 31 March 2018 (£383,130 after allowance for bad debt provision). There was a significant reduction in the income from long-term empty properties during the year, reflecting that they were actually occupied and, therefore, the Council Tax premium could not be applied.

It can be concluded, however, that the income raised from Council Tax premium was in line with expectations and significantly more than the income provided for in the budget, the budget set reflecting a more cautious estimation based on the apparent risks identified. It should be noted that just over 5% erosion has occurred up to quarter 2 2018/19, as regards the 2017/18 income yield from the Council Tax premium.

For 2018/19 –

For 2018/19, there was an average increase in the level of Council Tax of 4.8% giving an expected income from Council Tax premium of £993,660 (based on the figures as at 31 March 2018). At annual billing for 2018/19, total income raised from Council Tax premium was £1,097,504 (£881,628 for second homes and £215,876 for long-term empties).

By the end of the second quarter for 2018/19, the income from premiums on **second homes** had increased to £898,098 (increase of 1.9% by end of quarter 2 from that billed at annual billing) but the income from **long-term empty** had decreased to £194,828 (decrease of 9.8% by the end of quarter 2 from that billed at annual billing). This gives a total Council Tax projected income from the premium at the end of quarter 2 2018/19, of £1,092,926 – a reduction of 0.4% by the end of quarter 2 from that billed at annual billing for 2018/19.

However, after allowing for the 4.8% increase in Council Tax for 2018/19, this is still an increase of 10% in the income generated from Council Tax premiums for 2018/19 as compared to 2017/18. At the end of quarter 2 there were 2,627 second homes and 697 long-term empty property subject to the premiums.

The budgetted income from Council Tax premium, allowed for in the budget for 2018/19 is £648,492. At the end of Quarter 2, there is a projected surplus of £418,132, (£416,041 after allowance for bad debt provision) which also takes into account the downward adjustment for 2017/18 which has occurred in 2018/19.

Income from Council Tax premium, therefore, continues to be in line with expectations. The number of, and income from, long-term empty properties subject to the premium is subject to some degree of volatility as properties move in and out of occupancy and possibly achieving the aim of bringing such property back into use.

However, income from the Council Tax premium with regard to second homes is more stable and has increased. This would suggest that the Council Tax premium of 25% on second homes has not reduced their numbers overall (but also see section **CH.** of this report) and having a Council Tax premium set at 25% of the standard Council Tax does not seem to have affected the elasticity of the potential revenue generated.

C. Has there been an increase in owners refusing or being unable to pay the Council Tax premium for 2017/18?

As at 30 September 2018, there is £13,988 outstanding as unpaid Council Tax premium for 2017/18, giving a collection rate of 98.5% with regard to the premium charged for 2017/18. (This compares favourably with the collection rate for 2016/17, the last financial year before the premium was introduced, which had a collection rate of 98.4% as at 30 September 2017). Total recovery costs of £4,415 remain uncollected for accounts where the premium was due for 2017/18.

There is no evidence to suggest, as regards the Council Tax premium, there has been a general refusal to pay or an inability to pay the Council Tax premium apart from individual cases. 3 appeals were made to the Valuation Tribunal for Wales, all of which were found in favour of the Authority (mainly regarding sole or main residence issues and treatment of annexes), with very few cases of difficulty in the payment of the premium. For these cases the full Council introduced a Council Tax discretionary relief policy, designating a specific class of dwelling where ongoing improvements in respect of certain designated long term empty dwellings where the Council Tax premium would not apply.

CH. Has there been an increase in Council Tax premium avoidance by owners i.e. transferring to business rates, claiming that dwelling is occupied, attempting to market the property for sale or rent to claim an exception etc.?

The level of exceptions that have been granted is shown in **Appendix CH.** Details are provided of the number of exceptions that currently apply (at the end of quarter 2 2018/19). This amounts (in number) to 5% of second homes currently identified as liable to a premium and 4% of long term empty currently identified as liable to a premium. Financially, this has meant a loss of premium income of £25,738 for 2017/18 and £32,306 for 2018/19. Evidence shows that owners are genuinely marketing or seeking to rent a property through the usual channels.

With regard to the possible risk of transference to business rates (and thereby claiming the small business rates relief) an analysis of the Valuation Office's Special Category Description – Holiday Lets (self-catering) shows that 141 properties have transferred to the Rating List from Council Tax in the period 1 April 2017 to 1 April 2018 i.e. properties where the Council Tax premium had applied (with regard to the tax base, this is a band D equivalent reduction of 151 properties). It should be noted that many of these also had their designation for business rates backdated up to 6 years.

To qualify as holiday lets, the taxpayer must prove to the Valuation Officer that the dwelling is available for let for 140 days and has actually been let for 70 days in a 12 month period. Financially, this has meant a loss of premium income of £50,329 for 2017/18 and £54,412 for 2018/19. It should also be noted that additional loss of the standard Council Tax income for such properties amounted to £198,611 in 2017/18 and £217,649 in 2018/19. Those making this move will be subject to commercial waste charges on the dwelling as it is no longer classed as domestic.

The more difficult issue is that of taxpayers claiming, or the Council's own records showing, that the dwelling is occupied but, in fact, it is a second home. Since 1 April 2017 up to 30 September 2018 there has been an increase of 14% in the number of dwellings subject to the premium that are deemed to be second homes. The Authority continues to review this category as it believes that not all properties that are second homes are paying the premium. A recent analysis of properties in Trearddur Bay and Rhosneigr, for example, suggested that at least 50 further properties would probably be liable to the premium (where we had away billing addresses) and a further 100 possibly may be liable to the premium.

As a consequence, the Authority is planning to undertake a rolling review of the entire Island over the next 2 – 3 years to determine the home owner's primary residence. It will do so using its own additional resource paid from the premium and also using a private sector partner accessing credit data, other commercially available datasets and an evidence based approach to determine which property is most likely the main residence and thereby identifying which cases differ from the Council's current records.

Appendix D provides an analysis per town/community council of the number of dwellings subject to the premium, split between second homes and long-term empty properties and Council Tax bands as at the end of Quarter 2 2018/19.

D. Has there been a reduction in the Council Tax base?

When the Executive set its tax base for 2018/19 on 27 November 2017, it did so in accordance with the valuation list dated 31 October 2017. Likewise, it will set the Council Tax base for 2019/20 on a valuation list dated 31 October 2018. If there was a transfer of properties from Council Tax to Non Domestic rates, it would not only reduce the income from the premium but it would reduce the general taxbase.

Any significant fall in the taxbase may be evidence to show that Council Taxpayers are switching from council tax to non domestic rates. The taxbase set for tax setting purposes for 2018/19 saw a small fall of 0.07% as compared to the tax base for 2017/18. Even though, when calculating the premium element of the tax base which gave a projected increase of 9.88%, it was not sufficient to overcome other movements in the tax base, such as removal of properties, band reductions, increase in single person discounts or exemptions.

During 2018/19, movements in the tax base is being measured on a quarterly basis and, from month 7 onwards, on a monthly basis. The taxbase calculated by the Executive for the premium element for 2018/19 was 550.75 and, by the end of Quarter 2 (30 September 2018), this is calculated to be 588.89 (an increase of 6.5%).

For the non-premium element of the tax base, the tax base calculated by the Executive for 2018/19 was 30,222.56 and, by the end of Quarter 2 (30 September 2018), this is calculated to be 30,278.49 (an increase of 0.2%).

By the end of Quarter 2 (30 September 2018) the overall tax base set for 2018/19 is estimated to have increased by 0.3% from 30,773.31 to 30,867.38.

A degree of caution has to be introduced as regards these figures as significant assumptions have been made in respect of this calculation to take account of forecasted adjustments in debit to come through in the remaining months of the year and additional bad debt provision that may be required, which may differ when the actual tax base is calculated. Movements in the tax base for 2018/19 (excluding the premium element) is analysed below between the period 1 April 2018 and 30 September 2018, which shows the areas of movement based on actual Band D equivalent properties –

Description	Band D Equivalent
New property – band increases – reopen accounts	+204
Property removed – band decreases	-91
New occupation	+1,987
Old occupation	-2,012
Total Gross Debit Adjustments	+88
Disabled reduction	-6
Exemptions	-102
Property Discounts	-2
Personal Discounts	+55
Locally defined discount	-1
Total Net Debit Adjustments	-56
Total Net Adjustments	+32

The Single Person Discount review, completed in July 2018, reduced the personal discount awarded equivalent to 57 Band D equivalent property. If such a review had not been undertaken, the tax base would have decreased by 23 Band D equivalent properties i.e. 0.07%. Reviews of exemptions and property discounts are ongoing.

DD. Have premiums succeeded in bringing long-term empty and second homes back into use and increased the supply of affordable homes and enhanced the sustainability of local communities?

Council Tax premiums to date have not succeeded in bringing long-term empty and second homes back into use in the areas which have the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices and, as a consequence, not enhanced the sustainability of local communities in such areas. As highlighted in part A of this report, the highest volumes of enquiries from eligible first time buyers who were purchasing related to the purchase of properties from outside of these areas.

It would seem that property owners in such areas are prepared to meet the additional cost of the premium at its current level.

E. Have premiums impacted on the local tourism industry?

There seems to be little or no quantifiable impact.

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

This is a report undertaking a review of a policy decision and, whilst options are listed, no specific option is recommended for Members of the Executive to propose to the full Council.

C - Why is this a decision for the Executive?

Primary legislation states that the future policy as regards Council Tax premiums is a decision for the full Council. The Executive is asked to consider the options listed and advise on an appropriate course of action.

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

The Welsh Government, when giving powers to local authorities in Wales to charge a premium on the Council Tax, had the aim that such powers would assist local authorities in bringing long-term empty homes back into use to provide safe, secure and affordable homes and to support local authorities to increase the supply of affordable housing and enhance sustainability of local communities. This is consistent with the Council's aims and priorities.

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

The additional revenue generated from the charging of a Council Tax premium is retained by local authorities to be spent as they wish, but the Welsh Government encourages use of any additional revenue generated to help local housing needs, in line with the policy intentions of the premiums.

DD - Who did you consult?**What did they say?**

1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments incorporated in the report
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

F - Appendices:

Appendix A
Appendix B
Appendix C
Appendix CH
Appendix D

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

- Report to full Council to consider 10 March 2016
- Local Government Finance Act 1992 as amended by Section 7 of the Housing (Wales) Act 2014
- Council Tax (Exceptions to Higher Amounts) (Wales) Regulations 2015
- Council Tax (Exempt Dwelling) Order 1992
- Statutory Guidance by Welsh Government on the Implementation of Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales December 2015

INCWM YCHWANEGOL PREMIWM - PREMIUM ADDITIONAL INCOME

Eiddo Dwelling	Nifer / Total	Cyfateb Band D Equivalent	Premium Ychwanegol / Additional Premium (%)							
			25%	30%	35%	40%	50%	60%	75%	100%
Tai Gwag / Empty Homes	697	655	£186,709	£224,051	£261,393	£298,735	£373,419	£448,102	£560,128	£746,838
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a 98.5% raddfa gasglu / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£39,582	-£47,499	-£55,415	-£63,332	-£79,165	-£94,998	-£118,747	-£158,330
Cyfanswm / Total			£147,127	£176,552	£205,978	£235,403	£294,254	£353,104	£441,381	£588,508
Ail Dai Second Homes	2,627	2,766	£788,455	£946,146	£1,103,837	£1,261,528	£1,576,910	£1,892,293	£2,365,366	£3,153,821
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a 98.5% raddfa gasglu / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£167,152	-£200,583	-234,013	-£267,444	-£334,305	-£401,166	-£501,4584	-£668,610
Cyfanswm / Total	3,324	3,421	£621,303	£745,563	£869,824	£994,084	£1,242,605	£1,491,127	£1,863,908	£2,485,211

Canrannau Premiynau Cynghorau Cymru / Welsh Councils Premiums Percentages (statswales.gov.wales)

Name / Enw	2017 – 2018		2018 – 2019	
	Tai Gwag Hirdymor / Long Term Empty	Ail Dai / Second Homes	Tai Gwag Hirdymor / Long Term Empty	Ail Dai / Second Homes
Ynys Môn/Isle of Anglesey	25%	25%	25%	25%
Gwynedd	0%	0%	50%	50%
Conwy ^①	0%	0%	0%	0%
Dinbych/ Denbigh ^②	0%	0%	50%	0%
Fflint / Flint	50%	50%	50%	50%
Wrecsam / Wrexham	50%	50%	50%	50%
Ceredigion	25%	25%	25%	25%
Powys	50%	50%	50%	50%
Penfro /Pembroke ^③	0%	50%	0%	50%

**Nid yw gweddill Cynghorau Cymru yn codi premiwm /
All remaining Welsh Councils do not charge premiums.**

- ① O 1 Ebrill 2019 bydd Cyngor Conwy yn codi premiwm o 100% ar dai gwag hirdymor a 25% ar ail dai. /
From 1 April 2019 Conwy Council will be charging a premium of 100% on long term empty homes and 25% on second homes.
- ② O 1 Ebrill 2019 bydd Cyngor Dinbych yn codi premiwm o 50% ar ail dai. /
From 1 April 2019 Denbigh Council will be charging a 50% premium on second homes.
- ③ O 1 Ebrill 2019 bydd Cyngor Penfro yn codi premiwm o 25% ar eiddo gwag hirdymor. /
From 1 April 2019 Pembrokeshire Council will be charging a premium of 25% on long term empty property.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive Committee
Date:	
Subject:	Equity loans for first time buyers and Empty Homes Grants financed through the Empty Homes and Second Homes council tax premium
Portfolio Holder(s):	Councillor A Mummery
Head of Service:	Ned Michael
Report Author: Tel: E-mail:	Gwenda Owen Empty Homes Officer Ext 2283 gwendaowen@ynysmon.gov.uk
Local Members:	All
A –Recommendation/s and reason/s	
<ol style="list-style-type: none"> 1. That the Executive approve the continuation of the Policy. 2. That the Executive approve the continuation of funding to deliver the Policy. 3. That, in view of the current waiting list, the Executive consider increasing the allocation of funding to the scheme. This reports requests an additional £340,000 for the next two years to increase the number of applicants that can be assisted. <p>Reasons</p> <p>There is evidence to demonstrate that the scheme has met its objectives in that :-</p> <ul style="list-style-type: none"> • it has supported local first time buyers to become the owner of a home that is affordable to them in their area of choice. • best use has been made of existing housing stock by bringing back into use long term empty homes in need of improvements, which are often a blight on the neighbourhood. • it provides additional value by supporting local small to medium sized enterprises and other community benefits. <p>Background</p> <p>Following the legislative changes made by the Housing (Wales) Act 2014, Local Authorities were given discretionary powers to charge a premium on second homes and long term empty properties as a tool to help them to bring long-term empty homes back into use to provide safe, secure and affordable homes, and increase the supply of affordable housing and enhancing the sustainability of local communities.</p>	

The Executive approved a Council Tax premium of 25% on both long term empty properties and second homes. In February 2017, they also approved a policy for the implementation of two new schemes to support local first time buyers, to be funded from the additional premium:-

- a) A grant to help first time buyers purchase and renovate an empty home; and
- b) Equity loans to help first time buyers.

Initially, the policy was restricted to specified community council areas, which had the highest numbers of second homes and / or the lowest numbers of homes at lower quartile house prices. However, due to high volumes of enquiries from eligible first time buyers who were purchasing outside of these specified areas, the scheme was extended across Anglesey providing equal and fair home purchase opportunities. (Executive decision taken by the Portfolio Holder for Housing and Supporting Communities, February 2018).

Funding the Scheme

The chart below provides information on the additional income collected from charging the additional premiums and the allocation used to fund the Scheme.

Period	Additional Income due to Council Tax Premium		Funding allocated to Empty Home Schemes	Funding allocated to Assistant Empty Homes Officer
	Long Term Empty Homes	Second Homes		
2017 – 2018	£167,910	£781,144	£170,000	£35,000
2018 - 2019	£215,876	£881,628	£170,000	£35,000
Total	£383,786	£1,662,772	£340,000	£70,000

The total additional revenue collected over the two year period is £2,005,882, of this 16.95% has been invested in the scheme to support Anglesey’s first time buyers.

Due to the limited funding available and the demand for the Empty Homes Renovation Grant for First Time buyers exceeding expectation, the launch of the Equity Loans scheme has been deferred.

The “Empty Homes Renovation Grant for First Time Buyers”

This scheme provided a grant of up to £20,000 for local first time buyers who purchase a long term empty property in need of renovation. Properties in need of upgrading are usually lower in price to reflect the cost of the work and are, therefore, more affordable to first time buyers. The grant will cover items including, but not limited to, installation of efficient heating systems, re-wiring, eradication of damp, replacement kitchen and/or bathroom, replacement windows and doors, insulation, internal re-configuration to suit modern living and general plastering and associated works.

Demand - The scheme has been popular with first time buyers, with demand exceeding available funding as demonstrated in the chart below:-

Analysis of first time buyer grant enquiries and applications	
Number of applications approved	13
Number of applications pending completion of purchase	5
Number on waiting list should additional funding become available prior to completion of purchase	12
Number of ineligible enquiries	12

Grant recipients are appreciative of the scheme and complimentary of the Council's efforts to support local people to get on the housing ladder.

One young couple commented: "Thanks to the grant we have been able to buy our first family home. We had to save hard for a deposit at the same time as paying rent. Ten days after moving in we brought our new baby home to our lovely, warm and modern house. It's a great scheme".

Predicted and Actual Expenditure 1st November 2017 to 20th July 2018

Committed Expenditure (Value of applications approved)	£239,533
Estimated commitment to cover pending applications	£100,000
Total projected expenditure	£339,533
Average value of grant awarded	£18,425
Actual Expenditure as at 20.7.18	£ 99,812
Total first time buyers' own contribution	£35,563
Average first time buyer contribution	£2,735.61

Properties returned to use

As at 23rd July 2018, seven properties have been returned to use, with a further seven currently under renovation.

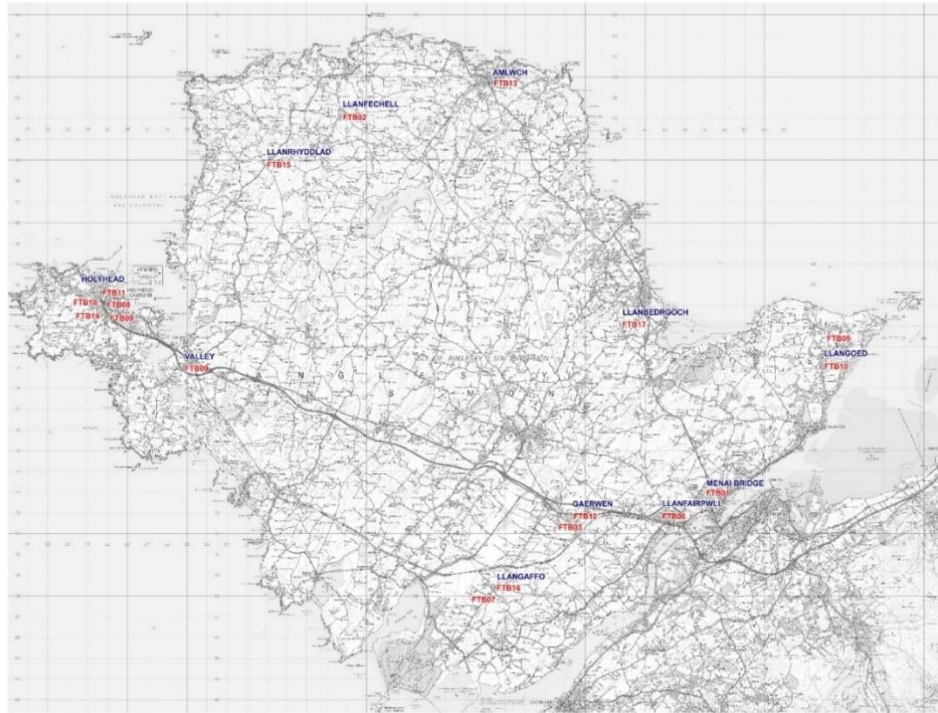
By the end of December 2018, it is anticipated that 18 empty properties will be brought back into use and, therefore, this scheme will have supported 18 first time buyers across Anglesey to purchase their own home. On average, properties will have been empty for a period of 720 days.

The Location of Improved Properties

The map below demonstrates the location of empty properties which either have or will be brought back into use through the scheme.

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Figure 1

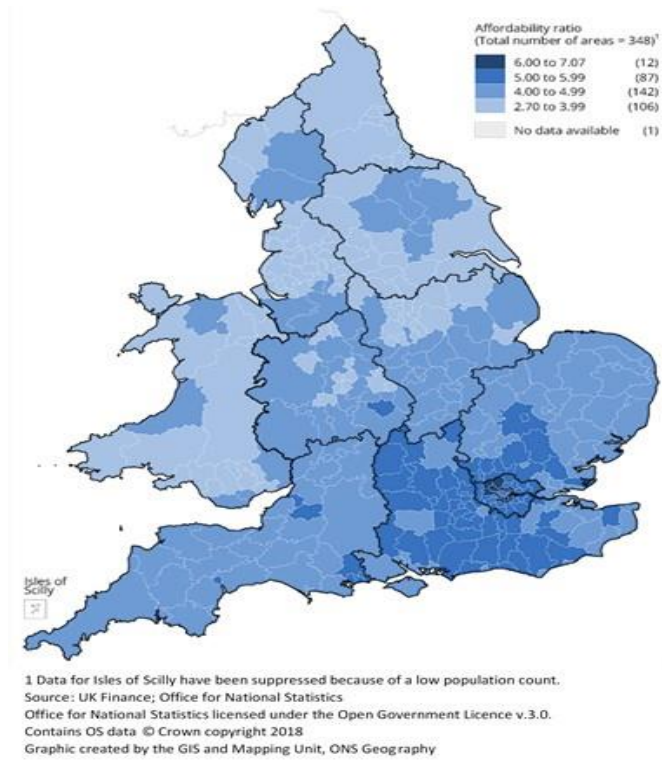


Affordability

Affordability is recognised as a key barrier to home ownership. The Office of National Statistics (ONS) produced an article on first-time buyer housing affordability in England and Wales in 2017, which included an analysis of house prices and earnings for prospective first-time buyers as well as purchase prices and incomes of previous first time buyers.

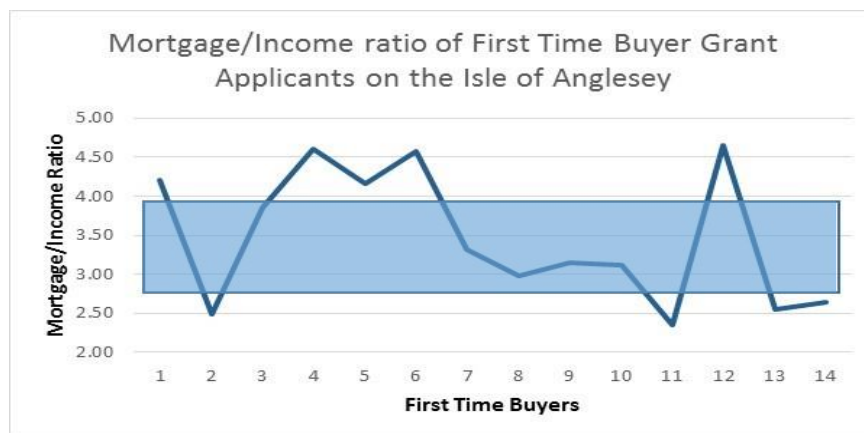
This demonstrated that first time buyers in England and Wales spent on average 4.3 times their gross annual income purchasing a property with a mortgage, up from 4.2 in 2016. The ratios were lower in local authorities in Wales and, in Anglesey, the average was between 2.70 and 3.99 as shown in Figure 2 overleaf.

Figure 2. Purchase affordability ratios 2017



Analysis of the income/mortgage ratio of first time buyer grant applicants demonstrated that, of the fourteen applications received, 5 were marginally above the maximum of 3.99 and four were slightly below the minimum.

Figure 3



The ONS article states that the first time buyer house purchase affordability ratios do not indicate the ongoing costs of owning a house for the first time after its purchase. For example, they do not show whether the percentage of income spent on mortgage payments is lower in Wales and so it is not clear whether there is a geographical divide in overall home ownership as well as house purchase affordability.

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The average household income of grant applicants was £33,326. Of the five applicants whose income/mortgage ratio was above 3.99, the average income fell to £26,916, due mainly, to the fact that four were single rather than joint applications. This demonstrates that single applicants spend a higher proportion of their income on the mortgage and have considerably less income to spend on the ongoing costs of owning a house.

Mortgage Term

Traditionally, homebuyers have taken out 25 year mortgages but rising house prices and tougher affordability tests have pushed lenders and brokers to favour longer terms. According to the Halifax, first time buyers are increasingly turning to 35 year mortgage terms as the longer the mortgage term is, the cheaper the repayments as they are spread over more months. However, the overall cost of the loan is pushed up as the applicant ends up paying interest for longer.

The average mortgage term for grant applicants was 32.07 years as demonstrated in figure 4 below. This highlights that Anglesey's first time buyers who have benefitted from the grant scheme have had to increase the term of their mortgage in order to purchase a property and will, therefore, be paying more for the loan as they end up paying interest for longer.

Figure 4

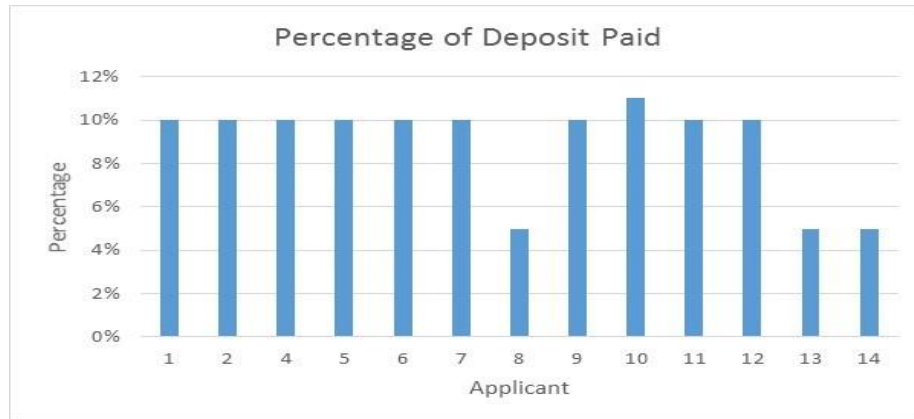


Deposits

Saving for a deposit is one of the biggest hurdles to home ownership. Prospective first time buyers who have smaller deposits saved are less likely to be approved for a mortgage, and, therefore, less likely to buy a home. The lower purchase prices of properties in need of renovation has enabled first time buyers on a low income to save sufficient to put the minimum 5% or 10% deposit required to secure a property.

Five of the grant applicants had been gifted part or all of their deposit from a family member, further demonstrating the difficulties faced by first time buyers trying to save for a deposit.

Figure 5



Additional Scheme Benefits

The scheme provides additional benefits:-

Improved energy efficiency

On completion of the renovation works, it is estimated that over 95% of properties will have been fitted with measures which will improve energy efficiency, e.g. condensing boiler, insulation and windows and doors (EPC rating of D and above), resulting in reduced energy costs for their owners. In addition, all properties will have been improved and modernised, resulting in reduced future repair and maintenance costs for their owners and will have appreciated in value as a consequence. This may help those who will, at a later time, need to move to a more suitable property should their needs change as they will have increased equity. (The grant is repayable in full should the property be sold within five years of the date of completion of the grant supported works.)

Generation of income for local businesses

Thirty-five local small/medium enterprises have benefitted from work generated by the scheme - thirty from Anglesey and five from Gwynedd. This demonstrates added value as the grant funding of £340,000 has not only supported first time buyers, but has been further invested in the local economy, thereby providing continued work opportunities for local people.

Furthermore, a local estate agent commented "Many properties in the locality have benefitted externally from a Group Repair Scheme. Internally, however, they need complete renovation - re-wiring, central heating, bathroom/kitchen upgrades. Attractive in the past only to commercial landlords, first time buyers are now able to compete and buy these properties, turning them into their homes. A small scheme with big benefits!"

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Other

By enabling local first time buyers to purchase their first home in their area of choice, they are able to remain within their communities and close to family networks, which is particularly important for young families who rely on family for support with child-care.

The improvement in both the condition and external appearance of properties enhances the community and improves the private housing stock on the Island.

Property sellers benefit indirectly from the scheme as houses in need of renovation can be more difficult to sell. The availability of the grant can help a property to sell.

Home Ownership Opportunities for Young People

According to the Office of National Statistics (ONS), there has been a decline in home ownership among young adults. Nearly half of 20 to 24 year olds lived with their parents in 2015, compared with a fifth of 25 to 29 year olds.

The percentage of young adult householders owning their home decreased from 55% in 1996 to 30% in 2015 for 25 to 29 year olds; and from 68% to 46% for 30 to 34 year olds.

Analysis of current addresses of grant applicants indicated that 8 lived with their parents, 5 lived in the private rented sector and 1 lived in temporary accommodation. Those in the private rented sector indicated that their mortgage payments were set to be either the same or lower than the rent currently being paid, hence the reason for purchasing their own home. This assisted those on low income by increasing their disposable income.

CONCLUSION AND RECOMMENDATIONS

The scheme has met its key objectives of bringing empty homes back into use whilst supporting first time buyers to get their foot onto the housing ladder.

The popularity of the scheme is evident with demand far exceeding the available funding. It is recommended, therefore, that the Council consider increasing the funding made available to the scheme and explores opportunities to apply for external funding for the scheme. The recommendation is to allocate an additional £340,000 during the next two years.

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?	
To ensure that the policy continues to have the full approval and support of the Executive Committee.	
CH – Is this decision consistent with policy approved by the full Council?	
The full Council agreed, on March 2016, to use its discretionary powers to raise a Council Tax Premium on long term empty dwellings and second homes from 1 st April 2017. The Executive agreed to invest in the Schemes in February 2017.	
D – Is this decision within the budget approved by the Council?	
The schemes will continue to be funded from extra receipts raised from the Council Tax premium on Empty homes and Second Homes.	
DD – Who did you consult? What did they say?	
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)
2	Finance / Section 151 (mandatory)
3	Legal / Monitoring Officer (mandatory)
4	Human Resources (HR)
5	Property
6	Information Communication Technology (ICT)
7	Procurement
8	Scrutiny
9	Local Members
10	Any external bodies / other/s
E – Risks and any mitigation (if relevant)	
1	Economic
2	Anti-poverty
3	Crime and Disorder
4	Environmental
5	Equalities
6	Outcome Agreements
7	Other
F - Appendices:	
Nil	
FF - Background papers (please contact the author of the Report for any further information):	
Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales – Welsh Government, January 2016	
Policy on Help for local first time buyers financed from the Council Tax Premium on empty homes and second homes.	

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SECOND HOMES – EXCEPTIONS

Classes of Dwellings	Definition	Number
Class 1	Dwellings being marketed for sale: time limited for one year	7
Class 2	Dwellings being marketed for let: time limited for one year	2
Class 3	Annexes forming part of, or being treated as part of, the main dwelling	4
Class 4	Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation	3
Class 5	Occupied caravan pitches and boat moorings	3
Class 6	Seasonal homes where year round occupation is prohibited	84
Class 7	Job related dwellings	46
TOTAL		149

LONG TERM EMPTY PROPERTY – EXCEPTIONS

Classes of dwellings	Definition	Number
Class 1	Dwellings being marketed for sale: time limited for one year	21
Class 2	Dwellings being marketed for let: time limited for one year	4
Class 3	Annexes forming part of, or being treated as part of, the main dwelling	1
Class 4	Dwellings which would be someone's sole or main residence if they were not residing in armed forces accommodation	0
TOTAL		26

AIL DAI / SECOND HOMES

Cyngor Tref / Cymuned - Town/Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm / Total
Aberffarw	2	14	8	9	6	3	1	0	0	43
Amlwch	27	22	14	18	19	5	0	0	0	105
Biwmares/Beaumaris	3	7	22	56	26	18	8	0	1	141
Bodedern	3	2	1	3	2	2	0	0	0	13
Bodffordd	4	4	6	4	2	1	0	0	0	21
Bodorgan	0	9	11	8	7	5	1	1	1	43
Bryngwran	3	2	4	4	2	0	0	0	0	15
Caergybi/Holyhead	72	38	23	12	3	2	1	0	0	151
Cwm Cadnant	1	3	4	2	14	12	12	2	6	56
Cylch y Garn	3	8	7	8	11	5	3	1	0	46
Llanbadrig	10	15	28	26	16	4	1	1	0	101
Llanddaniel	0	4	2	7	0	0	0	0	0	13
Llanddona	3	6	6	10	8	9	3	1	1	47
Llanddyfnan	0	2	4	6	0	1	1	0	1	15
Llaneilian	5	2	12	20	9	4	0	1	0	53
Llanerchymedd	3	5	6	0	2	0	0	0	0	16
Llaneugrad	11	2	0	4	6	1	0	0	0	24
Llanfachraeth	2	1	0	1	1	1	0	0	0	6
Llanfaelog	7	19	89	78	75	44	30	6	0	348
Llanfaethlu	1	2	6	8	7	2	5	0	0	31
Llanfair Mathafarn Eithaf	12	7	34	85	64	16	7	0	0	225
Llanfairpwllgwyngyll	1	3	1	4	8	2	1	0	0	20
Llanfair yn Neubwll	0	16	4	5	2	2	2	0	0	31
Llanfihangel Ysceifiog	0	5	7	7	5	2	2	0	0	28
Llangefni	15	9	7	8	4	3	0	0	0	46
Llangoed	1	7	18	21	12	5	2	3	0	69
Llangristiolus a Cherrigceinwen	4	3	1	4	1	4	0	0	0	17
Llanidan	3	4	9	5	1	1	2	0	0	25
Mechell	6	8	7	6	4	2	1	0	0	34
Moelfre	6	7	19	71	25	6	1	0	0	135
Penmynydd	2	1	8	5	1	1	1	0	0	19
Pentraeth	10	15	19	10	5	3	3	1	0	66
Porthaethwy/Menai Bridge	8	8	21	17	17	6	2	0	1	80
Rhoscolyn	4	3	11	15	16	14	7	2	2	74
Rhosybol	3	2	2	11	6	0	0	0	0	24
Rhosyr	2	13	15	25	10	7	1	1	0	74
Trearddur	6	18	75	64	61	44	23	11	3	305
Tref Alaw	0	2	1	3	7	2	0	0	0	15
Trewalchmai	2	1	0	6	1	0	0	0	0	10
Y Fali/Valley	3	5	13	8	6	7	0	0	0	42
CYFANSWM / TOTAL	248	304	525	664	472	246	121	31	16	2,627

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TAI GWAG HIRDYMOR / LONG-TERM EMPTY PROPERTY

Cyngor Tref/Cymuned - Town/Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm Total
Aberffarw	4	2	1	2	1	0	0	0	0	10
Amlwch	4	15	8	3	3	1	0	0	0	34
Biwmares/Beaumaris	2	2	5	7	2	3	2	0	0	23
Bodedern	3	3	1	3	1	0	0	0	0	11
Bodffordd	1	2	0	2	1	0	0	0	0	6
Bodorgan	0	2	1	3	2	1	0	0	0	9
Bryngwran	2	1	2	1	0	1	1	0	0	8
Caergybi/Holyhead	48	25	14	5	3	0	0	0	0	95
Cwm Cadnant	2	2	2	0	3	4	0	2	0	15
Cylch y Garn	1	1	3	5	1	2	0	1	0	14
Llanbadrig	6	6	6	7	3	0	3	0	0	31
Llanddaniel	1	3	2	0	1	0	0	0	0	7
Llanddona	0	1	3	5	2	1	1	0	0	13
Llanddyfnan	1	3	1	2	3	0	0	0	0	10
Llaneilian	3	1	3	4	5	1	1	1	0	19
Llanerchymedd	4	3	1	3	3	2	0	0	0	16
Llaneugrad	3	0	0	0	4	0	0	0	0	7
Llanfachraeth	0	2	1	0	2	0	0	0	0	5
Llanfaelog	0	11	6	1	6	1	2	0	0	27
Llanfaethlu	1	2	1	3	5	0	0	0	0	12
Llanfair Mathafarn Eithaf	2	3	4	9	3	2	1	0	0	24
Llanfairpwllgwyngyll	0	0	4	5	4	2	0	0	0	15
Llanfair yn Neubwll	1	7	0	3	0	0	0	0	0	11
Llanfihangel Ysceifiog	1	2	6	2	1	0	0	0	0	12
Llangefni	32	5	9	5	3	2	0	0	0	56
Llangoed	1	5	5	3	1	0	1	0	0	16
Llangristiolus a Cherrigceinwen	2	1	3	3	2	0	1	0	0	12
Llanidan	2	2	3	1	0	0	0	0	0	8
Mechell	1	13	4	1	0	3	2	0	0	24
Moelfre	0	3	1	3	4	0	1	0	0	12
Penmynydd	0	0	0	0	1	0	0	0	0	1
Pentraeth	5	6	2	3	0	1	0	0	0	17
Porthaethwy/ Menai Bridge	6	3	5	5	1	1	1	0	0	22
Rhoscolyn	1	0	0	2	0	0	1	0	0	4
Rhosybol	1	1	1	3	2	4	0	0	0	12
Rhosyr	2	6	9	8	3	1	0	0	0	29
Trearddur	5	0	6	3	3	7	2	0	0	26
Tref Alaw	0	2	0	2	0	3	2	0	0	9
Trewalchmai	0	2	4	0	0	0	0	0	0	6
Y Fali/Valley	2	1	3	2	1	0	0	0	0	9
Cyfanswm / Total	150	149	130	119	80	43	22	4	0	697

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	12 NOVEMBER 2018
SUBJECT:	DRAFT REVENUE BUDGET 2019/20
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS
HEAD OF SERVICE:	MARC JONES
REPORT AUTHOR:	MARC JONES
TEL:	01248 752601
E-MAIL:	rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
<p>The final budget will not be approved by the full Council until 27 February 2019, however, at this point the Executive is recommended to approve the following:-</p> <ul style="list-style-type: none"> (i) Not to allocate the two grants incorporated into the AEF to the budget of the relevant services as the additional costs have been allowed for in the standstill budget (para 7.5); (ii) To approve the standstill budget for 2019/20 of £137.402m and this should form the basis of the 2019/20 revenue budget (para 8.1); (iii) That the Executive determine the proposed increase in Council Tax for 2019/20 which will be subject to public consultation (para 10.2); (iv) After allowing for the proposed increase in Council Tax, that the Executive should seek to make sufficient savings in 2019/20 to balance the revenue budget without resorting to the use of general reserves and to ensure that the required savings in 2019/20 are achievable (para 10.3); (v) That the Executive should seek the opinion of the public on the proposed savings. <p>The detailed report on the preparation of the 2019/20 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 – 4.</p>	
B - What other options did you consider and why did you reject them and/or opt for this option?	
N/A	
C - Why is this a decision for the Executive?	
This matter is delegated to the Executive.	
CH - Is this decision consistent with policy approved by the full Council?	
Yes	
D - Is this decision within the budget approved by the Council?	
Yes	

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	The Corporate Scrutiny Committee considered the budget report at its meeting on 6 November 2018. Members were clear on the financial challenge faced by the Council in 2019/20 and agreed as a Committee that they should formally respond to the Welsh Government expressing their disappointment with the provisional settlement and to press for additional funding in the final settlement. In terms of how the Council should close the financial gap, the Committee resolved to recommend to the Executive to accept the standstill budget and not to request services to find further savings nor to use the Council's reserves as a means of closing the financial gap. The Scrutiny Committee did not recommend a specific level of increase in Council Tax that the Executive Committee should consult upon but resolved that the Executive Committee should resort to increasing the Council Tax and the 2 nd Home / Empty Home premium as the method by which the funding gap is closed and the budget balanced.
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2019/20 • Appendix 2 – Analysis of the Movement from the 2018/19 Final Revenue Budget to the 2019/20 Standstill Budget • Appendix 3 - 2019/20 Standstill Budget by Service • Appendix 4 – Potential Revenue Budget Savings for 2019/20 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2019/20 – 2021/22 – See Executive Meeting Agenda 17 September 2018 – Item 6 		

DRAFT REVENUE BUDGET 2019/20**1. INTRODUCTION**

- 1.1. The following report sets out the Executive's provisional revenue budget for 2019/20. The budget is prepared based on assumptions set out in the Medium Term Financial Plan approved by the Executive in September 2018, the provisional local government settlement which was issued by the Welsh Government on 9 October 2018 and the proposed revenue savings which have been identified by the individual services and have been discussed at the various workshops that have taken place during the summer.
- 1.2. The provisional budget approved by the Executive will then be subject to a formal public consultation process which will run from 13 November 2018 to 29 December 2018.
- 1.3. Following receipt of the final settlement figures in late December 2018, the final budget proposal will be subject to a review by the Scrutiny Committee in February 2019, will be recommended for approval by the Executive on 18 February 2019, with the final 2019/20 budget being approved by the Council at its meeting on 27 February 2019.

2. MAIN ASSUMPTIONS ARISING FROM THE MEDIUM TERM FINANCIAL PLAN

- 2.1. The Medium Term Financial Plan sets out a number of assumptions and these assumptions have been taken into account in calculating the standstill budget for 2019/20. The standstill budget is a budget which provides resources to operate services at 2018/19 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the costs in 2019/20.
- 2.2. These assumptions have been factored into the standstill budget along with more detailed changes (committed changes) which allow for known increases in costs e.g. contractual commitments and minor budget corrections. The standstill budget also allows for additional funding for Children's Services and Special Education, known changes to grant funding and minor budget corrections deemed necessary to ensure that the Council's budget accurately reflects the costs it faces in 2019/20.

3. COMMITTED CHANGES

- 3.1. Committed changes are amendments which are taken into account in drawing up the standstill budget and they reflect an increase or decrease in costs which are outside the control of the Council or the individual service. The changes can include items of one off funding required or falling out of the budget, costs arising from legislative changes, changes in costs arising as a result of a tendering exercise, capital financing costs etc. The total adjustments made to the budget total £926k, details of the major changes are discussed in the paragraphs below.

3.2. Capital Financing

In 2018/19, the Council approved the change in the Council's Minimum Revenue Provision (MRP) policy with the MRP on historic loans being calculated as 2% of the Capital Financing Requirement (CFR) on a straight line method rather than 4% of CFR on a reducing balance method. The MRP on new borrowing would be based on the asset life rather than a percentage of the CFR. This policy was considered to be a more prudent approach which would ensure that sufficient provision would have been made to repay historic loans over a 50 year period rather than requiring an ongoing provision.

The consequence of the change is that the MRP for historic loans is constant each year and is lower in the earlier years than it would have been under the previous policy. In 2018/19, the MRP budget was reduced by £1m to reflect the change and this change, along with lower than planned borrowing will allow the capital financing budget to be further reduced by £506k. The amendment to the budget also takes into account the increase MRP and interest costs relating to the 21st Century schools and any increase in interest rates on any new borrowing, to be undertaken. The budget for interest received has also been increased by £15k to reflect the increase in the bank base interest rate over the past year. In total, this reduces the capital financing budget by £521k.

3.3. Pupil Numbers

Each year, the effect of the change in pupil numbers in the primary and secondary sectors is taken into account as part of the budget setting process. For 2018/19, this has resulted in an increase in the secondary sector of £58k but a decrease in the primary sector of £136k.

Up until 2018/19, the Council's Special School (Canolfan Addysg y Bont) funded 85 pupils. As part of the 2018/19 budget, an additional £78k was allocated in order to fund an additional 5 pupils. As at September 2018, the number of pupils has increased to 104 pupils, which increases the costs faced by the school (additional teaching and support staff). This budget pressure was noted in the Medium Term Financial Plan agreed by the Executive in September 2018. An additional £196k has been allocated to the relevant budget to meet this additional cost pressure.

3.4. Council Tax Reduction Scheme

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

For 2019/20, the budget requirement has been reassessed, taking into account the current level of expenditure and an increase in the Council Tax for 2019/20 (based on the MTFP assumption of a 5% increase). This has resulted in a decrease in the budget of £360k, to bring the overall budget to £5.164m.

The main driver for this budget is the caseload and this has seen a downward trend over the past 2 to 3 years. However, with the uncertainty over Brexit and the impact on the economy, it is difficult to predict the impact on the caseload and it is possible that it could increase in the short term, resulting in additional costs which are not budgeted for in the Standstill budget.

3.5. North Wales Fire & Rescue Service Levy

The Fire Service raise a levy each year which is allocated across the six North Wales Authorities based on population numbers, which vary each year between the 6 authorities. In 2017/18, the Fire Service set out a 3 year strategy which increased the levy by 4% in 2017/18 with reserves to be used in 2018/19 and then a reduction of the service in the Wrexham area in 2019/20. However, the strategy was not adopted by the Fire Service and as a result, the levy increased by 4% in 2017/18 and by 1.3% in 2018/19. The Fire Service are now consulting on a further increase in the levy of 5.7% in 2019/20, which equates to an additional £190k in the levy for Anglesey. The final decision on the levy will not take place until later in the year but the proposed increase has been allowed for in the standstill budget.

3.6. Ysgol Santes Dwynwen

The construction of Ysgol Santes Dwynwen will result in additional capital financing costs for the Council, which have been allowed for (see paragraph 3.2). However, the closure of the 4 schools (Ysgol Niwbwrch, Ysgol Dwyran, Ysgol Llangaffo and Ysgol Bodorgan) has resulted in a revenue saving of £206k which has been deducted from the Primary Schools budget, however, £81k of this saving has been transferred to the Central Education budget to meet the additional transport costs. The net revenue saving of £125k contributes towards the additional capital financing cost of the new school, which has been allowed for in the capital financing budget (noted in paragraph 3.2).

3.7. Teachers Pensions

The Teachers' Pension fund is subject to its five year revaluation in 2019, with the new employer contribution rates being set for the 2019/20 financial year onwards. The employers' contribution rate is due to increase from 16.48% to 23.6% but the implementation has been delayed until September 2019. This will increase the cost of teachers' pensions by £802k.

3.8. Adult Services

To a large extent, the costs faced by external providers of supported living, residential and nursing care and domiciliary care services are staffing costs, with the majority of the staff employed by the providers being paid the national living wage. In 2019/20, the national living wage will rise from £7.83 per hour to £8.20 per hour (a rise of 4.7%). In addition, the employers' pension contribution will rise from 2% to 3%. The Council will be under considerable pressure to fund these additional costs. It is estimated that the total additional cost, above inflation, will total £114k and this has been allowed for in the standstill budget.

3.9. Supported Accommodation

Where a Housing Benefit claimant is in supported accommodation, where the landlord is a registered social landlord (RSL), the Council can recover the full benefit through the subsidy claim provided that the rent is deemed reasonable. However, if the claimant is a tenant of an organisation which is not an RSL (usually a third sector / voluntary organisation), the Housing Benefit subsidy which can be claimed is limited to the rent level determined by the Rent Officer, which is invariably lower than the full rent, which results in the Council funding the balance. A recent review of the completion of the Housing Benefit subsidy claim identified that some landlords had been recorded on the system as being RSLs when they were not, which results in the Council making an incorrect claim for Housing Benefit subsidy. This error has now been corrected but it has resulted in an ongoing cost of £140k for the Council for which no budget provision exists.

3.10. Others

A number of other budgets have been adjusted to reflect changes that have taken place during the year which are outside the control of the service, these include income budgets where the Service can no longer charge the income. The total net value of these adjustments amount to £568k.

4. CONTINGENCIES

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

Table 1					
Movement in Contingency Budgets between 2018/19 and 2019/20					
		End Date	2018/19 Budget	Proposed 2019/20 Budget	Change
			£'000	£'000	£'000
Haulfre	Earmarked	TBC	95	95	-
Stem	Earmarked	2021/22	38	38	-
Regional Growth Bid	Earmarked	TBC	50	50	-
Edge of Care Team	Earmarked	2018/19	240	240	-
Pay Inflation	Earmarked	2018/19	150	-	(150)
Salary and Grading	Earmarked	Ongoing	300	400	100
NDR Discretionary Rate Relief		Ongoing	60	60	0
General Contingency		Ongoing	359	360	1
TOTAL			1,292	1,243	(49)

4.2. The Edge of Care Team was initially funded for 2 years with the funding coming to an end in 2018/19. Given the continued pressure on Children's Services and the need to reduce the numbers of children having to be looked after, it is not considered reasonable to withdraw the funding for this team at this time. The budget will, therefore, continue for as long as the need dictates.

5. STAFFING COSTS

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

5.2. Staff increments and changes in posts has increased costs by £707k, the majority of the increase relates to increments paid to teaching staff, which accounts for £423k of the increase.

5.3. The Teachers pay award for the academic year commencing September 2018, ranges from 1.5% to 3.5%. The overall impact for Anglesey schools shows that this will increase pay costs by 2%. No decision has been made on the level of the pay award for the academic year commencing September 2019 and so a further assumption of 2% has been made. An additional £301k has been included in the standstill budget to meet this additional cost.

5.4. The non teaching staff pay award for the financial year 2019/20 has been agreed at 2%. However, due to the need to ensure that the Council pays its staff above the National Living Wage, the lower pay grades have been restructured and staff at these lower grades will receive pay awards up to 7.3%. Having modelled the new pay structure, it results in an increase in pay costs for 2019/20 of 3.1%. An additional £1,241k has been included in the standstill budget to meet this additional cost.

6. NON PAY INFLATION

6.1. The Medium Term Financial Plan allowed for a level of general price inflation of 2.1%. The Consumer Prices Index (CPI), which is now widely recognised as the best measure of inflation, is currently 2.7% (as at August 2018) but is expected to fall gradually over the coming months. However, the impact of Brexit is unknown and may result in an increase in inflation should the UK leave the EU with no deal agreed. It is, therefore, considered that an inflation rate of 2.1% is reasonable and this rate has been applied to all general supplies and services budgets. Where specific contracts have specific methods to determine the inflation to be applied, then that specific rate will have been applied to the appropriate budget.

6.2. Over the past few years, the policy has been to increase the non-statutory income budgets by an average of 5% in each service. It has been for the service to decide the setting of individual fees and charges within their service. In 2017/18 and 2018/19, the policy changed and an increase of 3% was applied as there was concern that the fees charged for some services were nearing, or exceeding, fees charged by private sector providers. For 2019/20, the same assumption has been applied as the difference between the 3% rise and inflation is now very small.

6.3. The net increase of the adjustments for non pay inflation and non statutory income is £1,649k.

7. BUDGET PRESSURES AND DEMAND LED SERVICES

7.1. The standstill budget is the budget required to provide the same level of service as in 2018/19, after adjusting for any known changes (as set out in paragraphs 3 and 4 above) and after adjusting for staffing changes and pay and price inflation (as set out in paragraph 5 and 6). However, in order to ensure that the budget provides a realistic level of funding, additional changes are required to reflect the current demand and any additional known budget pressures. The proposed changes are set out in the paragraphs below.

7.2. Children's Services

Members will be aware of the increase in the numbers of children currently in care, whether the care is support for parents and families to enable children to remain at home, children placed with foster parents or children placed in specialist residential placements. It is true to say that the budget allocated to Children's Services has not reflected fully the increase in this demand. As a result, the Council overspent its Children's Services budget by around £1.7m in 2017/18 and is anticipated to overspend a similar amount in 2018/19. These overspends are funded from the Council's general balances which has resulted in the projected balance falling below the minimum recommended level. Therefore, the budget shortfall has to be addressed in 2019/20.

The Service is currently working on proposals to reduce the average placement costs by increasing the number of local authority foster parents and by increasing the supply of placements on the Island. However, the savings generated by these initiatives will not bridge the gap between the current costs and the current budget. In order to ensure that the budget reflects the current demand, it is estimated that an additional £1.39m will be required.

7.3. Education Out of County Fees

As the number of children placed in specialist residential care or with foster parents not resident on Anglesey increases, it has a knock on effect on the Education Out of County Fees budget. During 2018/19, the pressure on this budget has reduced but the costs are still anticipated to be higher than the budget. An additional £202k has been allocated to address this increased pressure.

7.4. Homelessness

Additional responsibilities arising from the Housing (Wales) Act 2014 has resulted in increased demand for bed and breakfast accommodation and, as a consequence of this, a general increase in B&B rates that has affected all Welsh Authorities. The amount eligible for benefit grant is limited to the LHA rate, which was last set at £70 per week in 2011. Currently, the Council is being charged around £50 per night. The excess cost is estimated to be £90k.

7.5. Grants Transferred into the Settlement

The Welsh Government have transferred two grants that they intend to award to Councils in 2018/19 into the settlement in 2019/20, as shown in Table 2 below. In determining the standstill budget, we have allowed for the increase in teachers' pay. With regards to free school meals, as the roll out of Universal Credit does not take place on Anglesey until December 2018, we do not anticipate a significant number of families will benefit from the protection scheme which will operate from January 2019 and, as a result, the cost of free school meals will not increase. As a result, Members are asked to confirm that these two grants are not transferred through to the service budgets but are treated as additional general funding.

Table 2		
Comparison of Grants Transferred into Settlement to the Equivalent Grant Received in 2019/20		
Grant	2019/20 Allocation in Settlement £	2018/19 Equivalent Grant Allocation £
Teachers Pay Grant	183,712	Figures not received
Free School Meals Grant	124,502	Figures not received
TOTAL GRANTS TRANSFERRED IN	308,214	

7.6. Specific Revenue Grants

The majority of the specific revenue grants remain at the 2018/19 level, although there remains two notable grants (Waste Management and Post 16 Education) where the grant funding for 2019/20 has yet to be published and the individual allocation to each authority has not been provided. The fact that the grants remain at the 2018/19 level will require some reduction in output in order that the inflationary pressures are funded but it will not require additional core revenue funding to make up any shortfall.

8. STANDSTILL BUDGET 2019/20

8.1. Based on all of the adjustments and assumptions detailed above, the standstill budget for 2019/20 totals £137.402m, an increase of £6.457m on the 2018/19 final budget. A summary of the changes made is attached as Appendix 2. A breakdown of the standstill budget by Service is attached as Appendix 3.

9. PROVISIONAL SETTLEMENT

- 9.1. The provisional settlement for Local Government in Wales, announced on 9 October 2018, shows a decrease of £0.227m in the overall level of funding for Wales, which is equivalent to a 0.01% decrease. However, £12.07m relates to grants transferred in and when the effect of these changes are adjusted for, the true figure shows a fall in funding of £12.296m or 0.3%. The details are shown in Table 3 below:-

Table 3		
2019/20 Provisional Settlement		
	Anglesey	Wales
	£'m	£'m
2018/19 AEF	95.812	4,214.067
Previous Years Grants Transferred In / (Out)		
Teachers Pay Grant	0.184	8.069
Free School Meals Grant	0.124	4.000
2018/19 Adjusted AEF	96.120	4,226.136
Provisional AEF 2019/20	95.159	4,213.840

- 9.2. The provisional settlement includes additional funding which ensures that no authority receives a reduction in the AEF of more than 1%. As a result, Anglesey receives an additional £83k which it would not have received had the funding floor not been in place.
- 9.3. Although the overall funding has fallen 0.3%, Anglesey has received a provisional reduction of 1%. The funding formula appears to have favoured urban areas in the South of Wales who have received a smaller reduction or had their AEF increased. This is likely to be due to population increases in those urban areas which results in the formula allocating more funds to those areas. An analysis of the Standard Spending Assessment allocation does not identify one clear reason why Anglesey has fared so badly in this year's settlement compared to previous years, but it did show that Anglesey did receive a smaller percentage increase than the Welsh average in the SSA elements where the allocation had risen and a larger percentage decrease than the Welsh average for those elements where the allocation had fallen.
- 9.4. The outline Welsh Government budget refers to 2 specific grants, £30m for Social Care and £15m for school standards. It is unclear at this point if there is any expectation on the part of the Welsh Government for those grants to fund specific expenditure or provide any additionality. If not, then it may be possible to utilize this additional funding to fund budget pressures in Social Care and schools which have been provided for in the standstill budget, thus reducing the funding gap.
- 9.5. Uncertainty also surrounds the funding of the increase in the employers contribution for teachers pensions. If the UK government fund this cost in England and additional funding is transferred to Wales as a result and the Welsh Government decide to pass that on to local government, this additional funding will also reduce the funding gap as the additional cost is accounted for in the standstill budget.

10. THE FUNDING GAP

10.1. Based on a standstill budget of £137.162m and an AEF level of £95.159m, the net expenditure to be funded from Council Tax is shown in Table 4 below:-

Table 4		
Budget Funding Gap 2019/20		
Standstill Budget	£'m	£'m 137.402
Funded By:		
Revenue Support Grant (RSG)	72.322	
Share of Non Domestic Rates Pool	22.754	
Additional Top up Funding	0.083	
Total Aggregate External Finance		95.159
Total Net Expenditure to be Funded from Council Tax		42.243
2018/19 Council Tax Budget		(35.087)
Funding Shortfall (before an increase in Council Tax)		7.156

10.2. The impact of various levels of Council Tax increase and on the Band D equivalent charge (currently £1,140.21 in 2018/19) is shown in Table 5 below:-

Table 5				
Impact of Various Council Tax Increases on the Funding Shortfall				
% Increase	Council Tax £'m	Funding Shortfall £'m	Weekly Effect on Band D £	Total Increase in Band D £
3.0	36.140	6.102	0.66	34.19
3.5	36.315	5.927	0.77	39.89
4.0	36.491	5.752	0.88	45.59
4.5	36.666	5.577	0.99	51.29
5.0	36.841	5.401	1.10	56.99
5.5	37.017	5.226	1.21	62.69
6.0	37.192	5.050	1.32	68.39
6.5	37.368	4.875	1.42	74.09
7.0	37.544	4.699	1.53	79.79
7.5	37.719	4.523	1.64	85.50
8.0	37.894	4.349	1.75	91.20
8.5	38.070	4.173	1.86	96.90
9.0	38.245	3.998	1.97	102.60
9.5	38.421	3.822	2.08	108.30
10.0	38.596	3.647	2.19	114.00

10.3. The initial budget work estimated that the funding gap (after allowing for a 5% increase in Council Tax) would be £5m in 2019/20 and services were, therefore, asked to identify budget savings which would generate the £5m of savings required. A number of budget workshops were held over the summer and Heads of Service identified potential savings of £3.747m, the details of which are attached as Appendix 4. A number of the savings can be implemented without having an impact on the services received by the public. The savings proposals which do impact the public will be subject to a public consultation process between 13 November 2018 and 29 December 2018.

- 10.4.** The Council's balance of general reserves as at 31 March 2018 stood at £6.9m, which is just above the balance assessed by the Council's Section 151 Officer as the minimum required. However, the current budget position for 2018/19 is projecting an overspend of over £2m and this will have to be funded from the general reserves and, as a result, the level of general balances will be below the minimum recommended balance. As a result, there is no scope to use general balances in 2019/20 as a contribution towards the funding and enable the Council to defer some revenue savings until 2020/21.
- 10.5.** The total of savings identified to date, £3.747m, and the additional Council Tax which a 5% increase would generate, £1.755m, would reduce the funding gap by £5.502m, leaving a funding shortfall of £1.654m. In order to close this gap, the following options are available, either as one option or a combination of options:-
- (i)** Increase the Council Tax by more than 5%. To completely close the funding gap with no other options implemented, the Council Tax would have to rise by 9.72%;
 - (ii)** Increase the Council Tax premium – the details are attached as a separate item on this Committee's agenda;
 - (iii)** Reduce the standstill budget – although this may result in budget difficulties in 2019/20 as the agreed budget may not be sufficient to meet the ongoing costs;
 - (iv)** Request that Services identify more savings e.g. by bringing forward savings planned for 2020/21 or by stopping non statutory services which may require compulsory redundancies;
 - (v)** Use reserves to fund the funding gap but, given the falling level of reserves, this would increase the financial risk faced by the Council and would require further cuts in 2020/21.

11. COUNCIL TAX PREMIUM

- 11.1** Any change to the Council Tax premium will impact on the Council's funding and change the funding gap. A full report on the Council Tax premium is a separate item on this Committee's agenda, however, the financial implications of the changes are shown below.
- 11.2** The 2018/19 budget for the Council Tax premium was set using the taxbase set by the Executive in November 2017. Since that date, the number of properties has changed and this has led to an increase in the taxbase. With no other changes in the level of the premium, the increase in the taxbase will increase the income generated by £129k, taking the budget to £777k.
- 11.3** It is permissible for the Council to set two different levels of premium for the empty properties and the second homes. The impact of changing one or both of the premium levels is shown in Table 6 below. The figures are based on the previous assumption that 80% of the current taxbase is used as the budget taxbase. This allows for any reduction in the taxbase as taxpayers take action with regards to their property in order not to be charged the premium e.g. actively market or let their property or actually sell or let the property.

Table 6								
Revised Level of Empty Homes Premium								
		25%	30%	35%	40%	50%	75%	100%
Revised Level of 2 nd Homes Premium	25%	+£0	+£29k	+£59k	+£88k	+£147k	+£294k	+£441k
	30%	+£124k	+£154k	+£183k	+£213k	+£271k	+£418k	+£565k
	35%	+£249k	+£278k	+£307k	+£337k	+£395k	+£543k	+£690k
	40%	+£373k	+£402k	+£432k	+£461k	+£520k	+£667k	+£814k
	50%	+£621k	+£651k	+£680k	+£710k	+£768k	+£916k	+£1,063k
	75%	+£1,243k	+£1,272k	+£1,301k	+£1,331k	+£1,390k	+£1,537k	+£1,684k
	100%	+£1,864k	+£1,893k	+£1,923k	+£1,952k	+£2,011k	+£2,158k	+£2,305k

11.4 Any increase in the level of Council Tax will also result in an increased income through the premium. Based on the current taxbase and if the premium is maintained at its current level of 25%, each 1% increase in Council Tax generates an additional £7,700 in premium.

12. REVISED MEDIUM TERM FINANCIAL PLAN

12.1 The provisional settlement gave no indication as to what the level of funding through the AEF would be in 2020/21 and 2021/22 and much will depend on the UK Government's Comprehensive Spending Review which is planned for the summer of 2019.

12.2 At present, it is reasonable to assume that there will be no significant increases in the AEF in 2020/21 nor 2021/22. As a result, the Council will have to continue to find a further £4.3m of savings over those 2 years whilst continuing to have to increase Council Tax levels by a further 5% in each of the 2 years.

13. MATTERS FOR DECISION

13.1 The final budget will not be approved by the full Council until 27 February 2019, however, at this point, the Executive is recommended to approve the following:-

- (i) Not to allocate the two grants incorporated into the AEF to the budget of the relevant services as the additional costs have been allowed for in the standstill budget (para 7.5);
- (ii) To approve the standstill budget for 2019/20 of £137.402m and this should form the basis of the 2019/20 revenue budget (para 8.1);
- (iii) That the Executive determine the proposed increase in Council Tax for 2019/20 which will be subject to public consultation (para 10.2 & 10.5)
- (iv) After allowing for the proposed increase in Council Tax, that the Executive should seek to make sufficient savings in 2019/20 to balance the revenue budget without resorting to the use of general reserves and to ensure that the required savings in 2019/20 are achievable (para 10.3 & 10.5);
- (v) That the Executive should seek the opinion of the public on the proposed savings (Appendix 4).

**ANALYSIS OF THE MOVEMENT FROM THE 2018/19 FINAL BUDGET
TO THE 2019/20 STANDSTILL BUDGET**

	Standstill Budget		Report Ref
	£'m	£'m	
2018/19 Budget		130.945	
Committed Changes			
Capital Financing	(0.521)		Para 3.2
Pupil Numbers	0.118		Para 3.3
Council Tax Reduction Scheme	(0.360)		Para 3.4
Fire Service Levy	0.190		Para 3.5
Ysgol Santes Dwynwen	(0.125)		Para 3.6
Teachers Pensions Employer Contributions	0.802		Para 3.7
Adult Services	0.114		Para 3.8
Supported Accommodation	0.140		Para 3.9
Other Committed Changes	0.568		Para 3.10
		0.926	
Contingencies		(0.049)	Para 4
Staffing Costs			
Increments	0.707		Para 5.2
Teachers Pay Award	0.301		Para 5.3
Non Teaching Staff Pay Award	1.241		Para 5.4
		2.249	
Non Pay Inflation		1.649	Para 6.3
Demand Led Budget Pressures			
Children's Services	1.390		Para 7.2
Out of County Fees	0.202		Para 7.3
Homelessness	0.090		Para 7.4
		1.682	
STANDSTILL BUDGET 2019/20		137.402	

STANDSTILL BUDGET 2019/20 BY SERVICE				
Budget	2018/19 Budget	2019/20 Standstill Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	37.334	39.583	+ 2.249	+ 6.02
Central Education	9.877	10.502	+ 0.625	+ 6.33
Culture	1.303	1.353	+ 0.050	+ 3.84
Total Lifelong Learning	48.514	51.438	+ 2.924	+ 6.03
Highways, Waste & Property				
Highways	6.295	6.459	+ 0.164	+ 2.61
Waste ¹	7.491	7.729	+ 0.238	+ 3.18
Property	0.878	1.004	+ 0.126	+ 14.35
Total Highways, Waste & Property	14.664	15.192	+ 0.528	+ 3.60
Regulation & Economic Development				
Economic Development & Maritime	1.015	1.164	+ 0.149	+ 14.68
Planning & Public Protection	1.966	2.053	+ 0.087	+ 4.43
Leisure	0.713	0.755	+ 0.042	+ 5.75
Total Reg & Economic Development	3.694	3.972	+ 0.278	+ 7.53
Adult Services	24.568	25.450	+ 0.882	+ 3.60
Children Services	8.160	9.758	+ 1.598	+ 19.58
Corporate Transformation				
Human Resources	1.232	1.274	+ 0.042	+ 3.41
ICT	2.407	2.409	+ 0.002	+ 0.08
Transformation	0.823	0.828	+ 0.005	+ 0.61
Total Corporate Transformation	4.462	4.511	+ 0.049	+ 1.10
Housing	0.912	1.096	+ 0.184	+ 20.18
Resources (incl Benefits Granted)	2.785	3.312	+ 0.527	+ 18.92
Council Business	1.485	1.571	+ 0.086	+ 5.79
Total Service Budgets	109.244	116.300	+ 7.056	+ 6.46
Corporate Budgets				
Corporate Management	0.657	0.685	+ 0.028	+ 4.26
Levies	3.360	3.552	+ 0.192	+ 5.71
Corporate & Democratic	3.145	3.480	+ 0.335	+ 10.65
Capital Financing Costs	7.511	6.990	- 0.521	- 6.94
HRA Recharges	(0.678)	(0.678)	0.000	0.00
Council Tax Reduction Scheme	5.524	5.164	- 0.359	- 6.50
Contingencies	2.122	1.849	- 0.273	- 12.86
Discretionary Rate Relief	0.060	0.060	0.000	0.00
Total Corporate Budgets	21.701	20.862	- 0.839	- 3.87
TOTAL BUDGET	130.945	137.402	+ 6.457	+ 4.93

PROPOSED BUDGET SAVINGS 2019/20

Proposed Saving	Service	Probable Savings £'000
Reduce book purchasing fund	Libraries	20
Delete unused budget - Talnet	Libraries	20
Provide schools with a cash settlement which is lower than the full cost of all the budget pressures faced by schools in 2019/20	Schools	1,739
Increase the cost of school meals by 20p	Education	43
Only purchase the statutory minimum of nursery provision from nursery organisations	Education	89
Move to a secondary catchment area model for school assistants in order to make a more efficient use of staff	Education	106
Delete marketing budgets for Melin Llynnon, Beaumaris Gaol and South Stack – no longer required	Culture	15
Reduce demand for residential and nursing placements by 2.5% per annum	Adult Services	111
Reduce demand for homecare services by 53 hours per week	Adult Services	46
Reduce demand for supported living support by 50 hours per week	Adult Services	38
Increase the number of clients using direct payments by 10 clients per annum	Adult Services	30
Increase the standard charge cost of care at Council run homes to closer reflect the cost of providing the service	Adult Services	30
Realising savings within the bus service by stopping the following journeys which are low in use – 50b - 07.13 from Amlwch to Llangefni (service 32) on Saturday mornings 63a – 63 Service which travels from Amlwch to Llanerchymedd to Bangor (via Brynteg) on Saturday afternoons 43a – Daily (43a) Service which services estates and residential areas in Menai Bridge and Llanfairpwll together with providing a service between Caernarfon and Llangefni	Highways	133
Increase the annual parking voucher fee by £20 to realise more income	Highways	8
Review the future of all school crossing patrols	Highways	58
Reduce the budgets for maintenance of Coastal Path, Structures and Traffic	Highways	15

Proposed Saving	Service	Probable Savings £'000
Stop the additional nappy collection service	Waste	30
Reduce Maritime budgets	Maritime	16
Reduce capacity within the Regeneration Function	Regulation & Economic Development	66
Reduce Tourism and Countryside budgets	Regulation & Economic Development	5
Reduce the Outdoor Facilities budget following the transfer of assets from the Leisure Function	Regulation & Economic Development	42
Reduce central procurement budgets	Resources	5
Reduce training budget for summer placements	Transformation	20
TOTAL PROPOSED SAVINGS TO BE INCLUDED IN BUDGET CONSULTATION		2,685
Savings Proposals to be Implemented without Consultation		
Close 1 club and reduce the number of weeks other clubs are open along with no longer paying children to work in the Coffee Bar at Clwb Jesse Hughes	Education	10
Staff Re-structure	Culture	36
Reduce Arts Grants budget to reflect the actual sum required	Culture	15
Increase the income budget for Oriel Ynys Môn to reflect the current performance	Culture	30
Commence charging the statutory allowed for all adult clients consistently across all ages and disabilities	Adult Services	250
Full year saving following the closure of Plas Penlan	Adult Services	70
Outsource more homecare packages to the private providers	Adult Services	11
Reduce Street Lighting R & M budgets as a result of the installation of more LED street lights	Highways	42
Stop using safecote additive for gritting	Highways	25
Increase the private street works income budget to reflect the current level of income received	Highways	100
Transfer the responsibility for certain public conveniences to communities	Waste	10
More use of LPG and electric cars	Highways	40
Additional income from new industrial units	Property	14

Proposed Saving	Service	Probable Savings £'000
Restructure of the Property Management Team	Property	85
Savings on energy budgets following capital investment	Property	30
Rationalise the management of cleaning staff	Property	20
Reduce building/ running costs budget following the disposal of Shirehall Llangefni	Property	20
Reduce capacity within the Public Protection Function	Regulation & Economic Development	42
Staffing restructure	Housing	54
Staffing restructure	Resources	25
Reduce telephone budgets following the termination of unused or low use telephone lines	Transformation	20
Delete video conferencing budget – system no longer used	Transformation	3
Reduce historic pension budgets to reflect the reduced costs	Corporate	100
Reduce external audit fees to reflect the revised service and cost	Corporate	10
TOTAL PROPOSED SAVINGS TO BE IMPLEMENTED WITHOUT CONSULTATION		1,062
TOTAL PROPOSED SAVINGS 2019/20		3,747

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	EXECUTIVE COMMITTEE
DATE:	12 NOVEMBER 2018
SUBJECT:	CAPITAL BUDGET 2019/20
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR:	MARC JONES
TEL:	EXT. 2601
E-MAIL:	rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. PURPOSE OF THE REPORT

1.1 The Executive is required to propose a capital budget for 2019/20, which will be presented to the full Council for approval at its meeting on 27 February 2019.

2. RECOMMENDATIONS

- To recommend to the full Council the following capital programme for 2019/20:-

	£'m
Committed Schemes Brought Forward from 2018/19	13.429
Investing in Existing Assets	2.539
Highway Resurfacing	1.359
21 st Century Schools	<u>7.563</u>
Total General Fund Capital Schemes	24.890
HRA Capital Schemes	<u>13.110</u>
Total Proposed Capital Programme 2019/20	<u>38.000</u>
Funded by:-	
Funding B/F from 2018/19	1.099
General Capital Grant	1.327
Supported Borrowing	2.026
Unsupported Borrowing – 21 st Century Schools	1.847
Supported Borrowing – 21 st Century Schools	1.943
External Grants	18.728
Highways Refurbishment Grant	0.580
HRA Unsupported Borrowing	1.000
HRA Funding	<u>9.450</u>
Total Funding	<u>38.000</u>

<ul style="list-style-type: none"> To determine which of the new projects to support (see Appendix 3); To determine whether to release a total of £1.510m of unused funding for Seiriol Extra Care (£1.0m) (Appendix 1 – paragraph 2.8) and Residential Sites for Gypsies & Travellers (£0.510m) (Appendix 1 – paragraph 2.9) back into the General Capital Fund to finance the new schemes; To determine which Invest to Save bids to support; To determine the level of funding allocated to road maintenance (Appendix 1 – paragraph 2.7). 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes are to be considered in the capital programme with the main driving factor in funding being affordability and the maximisation of external grant funding. The proposed capital programme and the additional Capital schemes, if supported, do not commit the Council to a level of borrowing which increases minimum revenue provision or interest payments to an unaffordable level.		
C - Why is this decision for the Executive?		
The matter is delegated to the Executive to propose the capital budget.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
N/A		
DD - Who did you consult? What did they say?		
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments incorporated in the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section151 Officer's report
3	Legal / Monitoring Officer (mandatory)	Comments incorporated in the report
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 1 – Report on the Capital Budget 2019/20 Appendix 2 – Proposed Capital Budget 2019/20 Appendix 3 – New Capital Schemes 2019/20		
FF - Background papers (please contact the author of the Report for any further information):		
Capital Strategy Report – Executive Committee 30 October 2017 Capital Budget 2018/19 – Full Council 28 February 2018		

1. INTRODUCTION

1.1. The proposed capital budget for 2019/20 is based on the capital strategy. The strategy outlines that the proposed capital programme would be based on the 7 main sources of funding:-

- General Capital Grant;
- Supported Borrowing;
- Capital Receipts;
- Unsupported Borrowing for 21st Century Schools Programme;
- Specific Capital Grants (inc. 21st Century Schools Grant);
- Capital Reserves;
- Housing Revenue Account Reserves and Balances.

2. PROJECTED FUNDING FOR 2019/20

2.1. The draft Local Government funding settlement for 2019/20 was published by the Welsh Government on 9 October 2018. The funding settlement sets out two elements of capital funding namely the General Capital Grant and the level of Unhypothecated Supported Borrowing which the Welsh Government funds through the capital financing element of the Standard Spending Assessment. The settlement set the General Capital Grant as £1.327m and the Unhypothecated Supported Borrowing as £2.182m. In addition, the Council will also receive £2.660m in the form of the Major Repairs Allowance from the Welsh Government which will part fund the major capital works to the Council's housing stock.

2.2. Over the past few years, a large amount of the Council's surplus land and buildings have been sold off with the proceeds used to fund the refurbishment of the Council's smallholdings or to fund capital expenditure. The Council have a number of surplus school sites following the opening of Ysgol Cybi and Ysgol Rhyd y Llan and further sites will become available when Ysgol Santes Dwynwen opens in 2019. However, any proceeds from the sale of these sites has already been allocated as a contribution towards the cost of building the new schools and are, therefore, not available to fund the general capital programme. Therefore, the sum available from capital receipts to fund new capital expenditure is much reduced from previous years.

2.3. The funding of the Band A 21st Century Schools is allocated 50% funded by Welsh Government and 50% by the Council through unsupported borrowing. Welsh Government then provide two thirds of their funding in the form of a specific grant with the remainder being supported borrowing. The funding available through the 3 elements is dependent on the expenditure incurred and is subject to change depending on the progress of each scheme. The Council ensures that sufficient expenditure is incurred to ensure that all the grant can be drawn down. Based on the latest expenditure profile, it is anticipated that the funding available for 2019/20 will be as follows:- Welsh Government Grant funding - £3.773m, Supported Borrowing - £1.943m and Unsupported Borrowing - £1.847m.

2.4. Some projects are either partly funded or fully funded from external grants. These can be grants from the Welsh Government, European grant funding or from contributions from external bodies. The expenditure incurred on each project will determine the level of grant funding received. Based on the plans for the current projects, it is estimated that the Council draw down £18.728m in external funding.

2.5. The Executive in previous years has approved the release of £0.250m from the capital reserve to fund small Invest to Save projects. A decision needs to be made whether or not to continue this funding and, if so, the amount of funding to be released and the source of that funding.

- 2.6** In addition to the Major Repair Allowance, the remainder of the HRA capital programme is funded from the annual revenue surplus generated by the HRA and the use of the HRA general reserves. The HRA also has its own borrowing facility which is capped by Welsh Government. For 2019/20, it is proposed to use £9.450m from the in year surplus and the HRA general reserves to fund the majority of the capital expenditure with the remaining £1.0m to be funded through additional borrowing.
- 2.7** The Welsh Government has announced additional grant funding of £20m for 2019/20 for Highways resurfacing. Anglesey's allocation of this additional funding will be around £0.580m. The current minimum amount of capital investment required to meet the contract in 2019/20 is £0.779m but the Highways Asset Management plan states that over £2m per annum needs to be spent on road surfacing to maintain the roads to their current standard. It is for the Executive to determine whether this grant forms part of the funding of the minimum capital investment required or if the grant is in addition to the minimum capital investment required, which would take the total capital budget for road maintenance to £1.359m. The proposed capital budget (Appendix 2) assumes the latter.
- 2.8** In previous capital budgets, £1.0m of capital funding had been allocated towards the Seiriol Extra Care Home project. However, as this project will now be funded in its entirety through the HRA, the £1m allocated can now be released to fund other capital projects and the Executive is requested to consider whether they wish to release this funding.
- 2.9** In the Capital Programme 2018/19, £1.858m of funding was allocated towards the Gypsies and Traveller permanent and temporary sites. This was to be funded by £0.450m external grant (for the permanent site) and £1.408m from the Council's own resources. There is planned expenditure of £0.120m in 2018/19 on the scheme, leaving £1.288m of unused council funding to be carried forward into 2019/20. As planning permission has now been received for the temporary site, £0.778m has been included in the 2019/20 draft capital programme for the completion of this project. The plans for the permanent site have not moved ahead as quickly and planning permission has yet to be granted and further work is required on the financial viability of the project. The Executive, is therefore, requested to consider whether to release the remaining £0.51m of funding which can be used to fund other capital projects in 2019/20. Once the scheme has been finalised and the costs agreed, capital funding will be allocated to the project at some future date.

3. PLANNED CAPITAL PROGRAMME FOR 2019/20

- 3.1.** The capital strategy for 2019/20 will reaffirm previous capital strategies that laid down the principles on which the 2019/20 capital programme is based. The principles are as follows:-
- That a sum is allocated in the capital programme each year to fund the major repairs to, or the replacement of, existing I.T. equipment, vehicles and Council buildings;
 - That a sum is allocated in the capital programme to meet the Council's statutory requirement to offer disabled facilities grants;
 - That a level of road surfacing work is funded from the capital programme each year. The sum allocated will be dependent on the funding required to achieve any minimum contract value guarantees, the level of funding available and an assessment of the state of repair of the Authority's roads;
 - Projects that require a level of match funding to enable grant funding to be drawn down are assessed on a case by case basis by the Executive. The decision whether to commit funding will be dependent on the project, how it fits into the Council's corporate priorities and the ratio of Council funding to grant funding;
 - That the 21st Century schools programme is considered separately from the remainder of the general Council capital programme.

3.2. Based on the above principles and the funding available, the core capital programme for 2019/20 is shown in Table 1 below. Full details are attached as Appendix 2.

Table 1
Proposed Capital Programme

Scheme	2019/20 Budget £'m	External Grants £'m	Council Funding £'m
Holy Island Visitor Gateway	1.000	0.950	0.050
Lôn Newydd Wylfa	7.000	7.000	0.000
Holyhead and Llangefni Strategic Infrastructure	3.400	3.330	0.070
Flood Alleviation Schemes	0.900	0.765	0.135
Gypsy and Traveller Sites	0.779	0.000	0.779
Holyhead Market Hall	0.350	0.250	0.100
Ysgol Santes Dwynwen	0.085	0.000	0.085
Ysgol Rhyd y Llan	0.037	0.000	0.037
Ysgol Y Graig Extension	3.120	1.185	1.935
Ysgol Bro Llangefni	3.521	2.324	1.197
Ysgol Beaumaris, Llandegfan and Llangoed	0.400	0.132	0.268
Ysgol Syr Thomas Jones and nearby primary schools	0.400	0.132	0.268
Disabled Facilities Grant	0.750	0.000	0.750
Disabled Access – Education Buildings	0.300	0.000	0.300
Replacement Vehicles	0.150	0.000	0.150
IT Infrastructure	0.439	0.000	0.439
School Refurbishment	0.500	0.000	0.500
Non School Refurbishment	0.400	0.000	0.400
Highway Resurfacing	1.359	0.580	0.779
HRA Capital Expenditure / New Developments	13.110	2.660	10.450
TOTAL CAPITAL PROGRAMME	38.000	19.308	18.692
Funded By:			
External Grants	18.728	18.728	
Funding Brought Forward from 2018/19	1.099		1.099
General Capital Grant	1.327		1.327
Supported Borrowing	2.026		2.026
Highways Refurbishment Grant	0.580	0.580	
Capital Receipts	-		-
Unsupported Borrowing 21 st Century Schools	1.847		1.847
Supported Borrowing 21 st Century Schools	1.943		1.943
HRA Unsupported Borrowing	1.000		1.000
HRA Revenue / Reserves	9.450		9.450
TOTAL FUNDING	38.000	19.308	18.692

3.3 There have been 10 new Capital bids submitted for inclusion in the 2019/20 Capital Programme. These amount to £1.746m, of which £0.949m would be externally funded, with the remaining £0.797m being funded from the Council's resources. All 10 bids could be funded from the £1.510m requested to be reallocated back into the general fund as per section 2.8 and 2.9 of this report. However, if it is felt that one or more of the bids cannot be supported, this funding can be set aside for future capital schemes. A list of the new capital schemes are shown in Table 2 below. These new bids have been scored by officers against a pre-determined scoring criteria, and this, along with full details of the schemes, are set out in Appendix 3.

Table 2
New schemes for the Capital Programme

Scheme	2019/20 Budget £'m	External Grants £'m	Council Funding £'m
Upgrade Pay & Display Machines in Car Parks	0.030	0.000	0.030
Plas Mona Refurbishment	0.035	0.000	0.035
Plas Crigyll Refurbishment	0.085	0.000	0.085
Upgrade Meeting Rooms Equipment	0.025	0.000	0.025
School Safety	0.200	0.000	0.200
Funding in the event of late offer from WG regarding Drainage Works	0.200	0.170	0.030
Anglesey Connected (AC) to PSBA transition	0.060	0.000	0.060
Drainage Studies and Design Work	0.166	0.141	0.025
Flood defence Traeth Coch	0.850	0.638	0.212
Economic Development – To seek Match Funding	0.095	0.000	0.095
TOTAL CAPITAL PROGRAMME	1.746	0.949	0.797
Funded By:			
External Grants	0.949		
Reallocated Funding	0.797		
TOTAL FUNDING	1.746		

3.4 The scoring criteria assesses :-

- 'how does the scheme contribute towards the Council Plan 2017-22';
- 'does the scheme receive any external funding';
- 'does the scheme have any revenue savings / increase in revenue income';
- 'does the scheme mitigate any corporate risk'.

It is felt that the scoring needs to be weighted to take into consideration the importance of the Council Plan, therefore, this criteria is scored out of 20, with the other three being scored out of 10, to give a total scoring out of 50.

4. INVEST TO SAVE PROJECTS

4.1. In previous years, the Executive has decided to release £0.250m from the Capital Earmarked Reserve to fund small Invest to Save projects. The Executive is asked to consider whether or not to continue this funding into 2019/20, and, if so, what the budget will be. Services were invited to bid for the funding, with two bids received totalling £0.400m. Along with the 10 new capital bids mentioned in section 3.3 of this report, both these bids could be funded from the £1.510m that has been requested to be reallocated back into the general fund as per section 2.8 and 2.9 of this report. The following two bids were received:-

4.2. Energy Efficiency in Corporate Buildings

The Energy efficiency strategy 2017-2022 was adopted by the Executive in June 2017. The aim of the strategy is to reduce energy consumption by 15% by 2022. The Council's annual expenditure on energy and water was over £2.1m in 2015/16 and the cost of fuel continues to rise above the rate of inflation.

Loan funding is available and the Council has made use of this funding but, as with any loan, the funding has to be repaid and, as a result, the savings are not realised for a number of years. Using our own funding would release revenue savings immediately. The service has, therefore, bid for £0.250m, which would release an estimated £0.030m in savings per annum. If a lesser amount was awarded, the number of projects that could be undertaken would be less or would be funded through loan funding.

A similar bid was approved in 2018/19 Capital budget with works expected to be completed by January 2019.

4.3. Purchase new vehicles – 4 LPG vehicles and 4 electric vehicles

Currently the Council has 8 vehicles on Long term hire, and this bid is to terminate the hire and purchase 4 new electric vehicles and 4 new LPG vehicles. The current annual hire fee for the 8 vehicles is £31,962 with the annual fuel cost being £11,331 giving a total annual cost of £43,294. To allow for a fair comparison a 3% inflation on these costs has been used. Table a) below summarises these costs.

Table a)

		£	£
External Hire			
Annual Charge (fee)		31,962.24	
Current Cost per Mile (fuel)	0.10		
Estimated Number of Miles (annual)	111,484.80		
Estimated Annual Fuel Cost		11,331.77	
Total Hire Charge over 10 years including 3% inflation			366,411.26
Total Fuel Charge over 10 years including 3% inflation			129,906.02
Total Cost		43,294.01	496,317.28

The estimated cost of an LPG vehicle is £12,500 with the cost of an electric car being £25,000. To purchase 4 of each would cost £150,000. The total annual cost of running these 8 vehicles would be £13,342, which is £29,952 cheaper per annum than the external hire vehicle. To allow for a fair comparison, a 3% inflation on these costs has been used. Table b) below summarises these costs.

Table b)

Purchase 8 New Vehicles	LPG(4)	Electric (4)	Total
	£	£	£
Current Cost per mile (fuel)	0.09	0.035	
Current Cost per mile R & M	0.10	-	
Total current cost per mile	0.19	0.035	
Estimated number of miles (annual)	55,742.00	55,742.000	111,484.00
Replacement Tyres (per annum)	-	800.000	800.00
Cost	10,590.98	2,750.97	13,341.95
Purchase Cost	50,000.00	100,000.00	150,000.00
Replacement tyres over 10 years including 3% inflation	-	9,171.10	9,171.10
Total Charge over 10 years including 3% inflation	121,414.59	22,365.85	143,780.43
Total Cost	171,414.59	131,536.95	302,951.54

To make a fair comparison, a life expectancy of the new vehicles needs to be made. For this purpose, the assumption used is that these new vehicles' expected life is 10 years. It is difficult to estimate the exact expected life of an electric car, as they are relatively new, but some manufacturers are offering an 8 year warranty, indicating that 10 years is prudent. Also, the Council currently have LPG vehicles that are 12 years old, indicating again that a 10 year estimate is prudent. Based on this expected life, see Table c) below that shows that, over a 10 year period, there will be a £193k saving in adopting this invest to save scheme.

Table c)

	£
Summary (over 10 years)	
External Hire	496,317.28
Purchase 4 LPG & 4 Electric Vehicles	302,951.54
Saving	193,365.75

2019/20 PROPOSED CAPITAL PROGRAMME

Scheme	Category	2019/20 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2018/19 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Unsuppo rted Borrowin g HRA £	HRA Revenue / Reserves £
Holy Island Visitor Gateway	Committed Schemes B/F	1,000	950	50	-	-	-	-	-	-	-	-
Lôn Newydd Wylfa	Committed Schemes B/F	7,000	7,000	-	-	-	-	-	-	-	-	-
Holyhead and Llangefni Strategic Infrastructure	Committed Schemes B/F	3,400	3,330	70	-	-	-	-	-	-	-	-
Flood Alleviation Schemes	Committed Schemes B/F	900	765	100	-	35	-	-	-	-	-	-
Gypsy and Traveller Sites	Committed Schemes B/F	779	-	779	-	-	-	-	-	-	-	-
Holyhead Market Hall	Committed Schemes B/F	350	250	100	-	-	-	-	-	-	-	-
TOTAL COMMITTED SCHEMES B/F		13,429	12,295	1,099	-	35	-	-	-	-	-	-

Scheme	Category	2019/20 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2018/19 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Unsuppo rted Borrowin g HRA £	HRA Revenue / Reserves £
Replacement Vehicles	Investing in Existing Assets	150	-	-	150	-	-	-	-	-	-	-
IT Infrastructure	Investing in Existing Assets	439	-	-	427	12	-	-	-	-	-	-
School Refurbishment	Investing in Existing Assets	500	-	-	-	500	-	-	-	-	-	-
Non School Refurbishment	Investing in Existing Assets	400	-	-	-	400	-	-	-	-	-	-
Disabled Access – Education Buildings	Investing in Existing Assets	300	-	-	-	300	-	-	-	-	-	-
Disabled Facilities Grants	Investing in Existing Assets	750	-	-	750	-	-	-	-	-	-	-
TOTAL INVESTING IN EXISTING ASSETS		2,539	-	-	1,327	1,212	-	-	-	-	-	-

Scheme	Category	2019/20 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2018/19 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Unsupported Borrowing HRA £	HRA Revenue / Reserves £
Highway Refurbishment	Highway Refurbishment	1,359	-	-	-	779	580	-	-	-	-	-
TOTAL HIGHWAY RESURFACING		1,359	-	-	-	779	580	-	-	-	-	-
Ysgol Santes Dwynwen	21 st Century Schools	85	-	-	-	-	-	-	85	-	-	-
Ysgol Rhyd Y Llan	21 st Century Schools	37	-	-	-	-	-	-	37	-	-	-
Ysgol Y Graig Extension	21 st Century Schools	3,120	1,185	-	-	-	-	-	1,325	610	-	-
Ysgol Bro Llangejni	21 st Century Schools	3,521	2,324	-	-	-	-	-	-	1,197	-	-
Ysgol Beaumaris, Llandegfan and Llangoed	21 st Century Schools	400	132	-	-	-	-	-	200	68	-	-
Ysgol Syr Thomas Jones and nearby primary schools	21 st Century Schools	400	132	-	-	-	-	-	200	68	-	-
TOTAL 21st CENTURY SCHOOLS		7,563	3,773	-	-	-	-	-	1,847	1,943	-	-
Build New Council Houses	HRA	6,891	-	-	-	-	-	-	-	-	-	6,891

Scheme	Category	2019/20 Budget £'000	Funded By									
			External Grants £'000	Funding B/F from 2018/19 £	General Capital Grant £	Supported Borrowing £	Highways Refurbishment Grant £	Capital Receipts £	Unsupported Borrowing 21 st C Schools £	Supported Borrowing 21 st C Schools £	Unsupported Borrowing HRA £	HRA Revenue / Reserves £
Planned Refurbishment & WHQS Improvements	HRA	4,496	2,660	-	-	-	-	-	-	-	1,000	836
New Developments / Repurchase of former Right to Buy properties	HRA	1,723	-	-	-	-	-	-	-	-	-	1,723
TOTAL HRA		13,110	2,660	-	-	-	-	-	-	-	1,000	9,450
TOTAL CAPITAL PROGRAMME 2019/20		38,000	18,728	1,099	1,327	2,026	580	-	1,847	1,943	1,000	9,450

NEW SCHEMES FOR 2019/20 CAPITAL PROGRAMME

Scheme	Description	2018/19 Budget £'000	Funding		Scoring against the criteria								Total Scoring (out of 50)
			External Grants £'000	Reallocated Funding £'000	Council Plan	Scoring (20)	External Grant	Scoring (10)	Revenue Saving	Scoring (10)	Corporate Risk Mitigated	Scoring (10)	
Car Parks	Upgrade Pay & Display machines	30	0	30	Does not meet any of the objectives	0	No External Funding	0	Contactless payments will ensure that there is no collection costs or time used counting the money. It will be possible to view the status of the machines from the Council office to ensure they are working. This will negate the need for officers to go out and inspect the machines to ensure that they are working.	5	Does not mitigate a corporate risk	0	5
Plas Mona Refurbishment	<ul style="list-style-type: none"> • New access to outside area from dining room • Create a user friendly secure outdoor area to the rear of the property (currently there is no seating area outside for residents to enjoy) 	35	0	35	Objective 2	10	No External Funding	0	Reduce Repair & Maintenance.	3	Potential issues regarding tenant wellbeing. Also, complying with the Equality Act 2010.	5	18

Scheme	Description	2018/19 Budget £'000	Funding		Scoring against the criteria								Total Scoring (out of 50)
			External Grants £'000	Reallocated Funding £'000	Council Plan	Scoring (20)	External Grant	Scoring (10)	Revenue Saving	Scoring (10)	Corporate Risk Mitigated	Scoring (10)	
Plas Crigyll Refurbishment	<ul style="list-style-type: none"> • Double glazing to all existing windows • Replace 25 internal doors • New kitchen facilities to two units 	85	0	85	Objective 2	10	No External Funding	0	Reduce Repair & Maintenance.	3	Potential issues regarding tenant wellbeing.	3	16
Upgrade Meeting Rooms equipment	Upgrade meeting rooms with large screen to replace projectors and skype conference telephones and wireless projecting from laptops	25	0	25	Doesn't directly link to an objective, but IT is an essential part of the development of the Council	5	No External Funding	0	Will be able to hold skype conference calls. reducing the need to attend external meetings.	3	Does not mitigate a corporate risk.	0	8
School Safety	A plan to fund necessary changes to ensure the safety of children on the school yard and in the dropout areas in the villages	200	0	200	Objective 1	7.5	No External Funding	0	No Revenue Saving.	0	Risk that a health and safety incident results in serious injury, illness or death.	10	17.5

Scheme	Description	2018/19 Budget £'000	Funding		Scoring against the criteria								Total Scoring (out of 50)
			External Grants £'000	Reallocated Funding £'000	Council Plan	Scoring (20)	External Grant	Scoring (10)	Revenue Saving	Scoring (10)	Corporate Risk Mitigated	Scoring (10)	
Funding in the event of late offer from WG regarding Drainage Works	The government have set up a 'small scale drainage flood alleviation schemes' on a 85% grant funding level. This funding will be used as match funding to secure external grants.	200	170	30	Objective 3	7.5	85% match funding available	8.5	Will lead to less flooding, therefore, reduce revenue costs in the event of flooding.	3	Risk with regards to Council Assets and Health & Safety.	5	24
Anglesey Connected (AC) to PSBA transition	To replace the legacy network connectivity provided by Anglesey Connected with PSBA connections	60	0	60	Doesn't directly link to an objective, but it does underpin all 3 of the objectives	10	No External Funding	0	Forecast Revenue saving of around £20k per annum.	7.5	T2: That we fail to sufficiently strengthen our ICT infrastructure	7.5	25
Drainage Studies and Design Work	Following flooding on 22/11/17, there are drainage modelling works at Llanfairpwll, Menai Bridge, Holyhead and Valley that has been approved by WG at 85% match funding	166	141	25	Objective 3	7.5	85% match funding available	8.5	Will lead to less flooding, therefore, reduce revenue costs in the event of flooding.	3	Risk with regards to Council Assets and Health & Safety.	5	24
Flood defence Traeth Coch	Flood prevention plan in Traeth Coch	850	638	212	Objective 3	7.5	75% match funding available	7.5	Will lead to less flooding, therefore, reduce revenue costs in the event of flooding.	3	Risk with regards to Council Assets and Health & Safety.	5	23

Scheme	Description	2018/19 Budget £'000	Funding		Scoring against the criteria								Total Scoring (out of 50)
			External Grants £'000	Reallocated Funding £'000	Council Plan	Scoring (20)	External Grant	Scoring (10)	Revenue Saving	Scoring (10)	Corporate Risk Mitigated	Scoring (10)	
Economic Development – To seek Match Funding	Fund will enable IoACC to identify and develop capital projects to address the Island's social, economic, environmental & cultural needs and challenges (well-being), as well as responding to future opportunities which may arise from anticipated private sector inward investment. If the external funding is not secured, any costs incurred to date will have to be transferred to revenue	95		95	Objective 1 & 3	15	Service has previously utilised similar capital funding (£100k) to attract circa £16m of investment. The exact amount of external funding that may be received is not known, but it could be significant.	9	New Capital Infrastructure could lead to additional rental income. Improving local conditions for business to prosper could also lead to an increase in non-domestic rates	3	YM 16 - Risk that the Council is unable to successfully impact on major schemes (e.g. Energy Island) to ensure that the citizens of Anglesey benefit. YM17 - Risk that the Island's infrastructure is not developed to meet the needs of the public, businesses etc.	5	32