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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mrs Annwen Morgan
Prif Weithredwr – Chief Executive
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR SGRIWTINI CORFFORAETHOL	CORPORATE SCRUTINY COMMITTEE
DYDD LLUN, 13 IONAWR, 2020 am 9:30 y. b.	MONDAY, 13 JANUARY 2020 at 9.30 am
YSTAFELL BWYLLGOR 1, SWYDDFEYDD Y CYGOR, LLANGFNI	COMMITTEE ROOM 1, COUNCIL OFFICES, LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Cynghorydd/Councillor:

PLAID CYMRU / THE PARTY OF WALES

Lewis Davies, John Griffith, Dylan Rees (*Is-Gadeirydd/Vice-Chair*), Alun Roberts, Nicola Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Richard Griffiths, Richard O. Jones

PLAID LAFUR CYMRU/ WALES LABOUR PARTY

J. Arwel Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Aled Morris Jones (Democratiaid Rhyddfrydol Cymru/Welsh Liberal Democrats)(*Cadeirydd/Chair*)
Bryan Owen

AELODAU CYFETHOLEDIG (Gyda hawl pleidleisio ar faterion Addysg) / CO-OPTED MEMBERS (With voting rights when dealing with Educational matters)

Mr Keith Roberts (Yr Eglwys Gatholig / The Catholic Church)

Mrs Anest G. Frazer (Yr Eglwys yng Nghymru / The Church in Wales)

Mr Dyfed Wyn Jones (Rhiant Llywodraethwr – Sector Ysgolion Cynradd/Parent Governor-
Primary Schools Sector)

Llio Johnson (Rhiant Llywodraethwr – Sector Ysgolion Uwchradd ac ADY/Parent
Governor- Secondary Schools Sector and ALN)

A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest by any Member or Officer in respect of any item of business.

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 4)

To present the minutes of the previous meeting of the Corporate Scrutiny Committee held on 21 November, 2019.

**3 2020/21 BUDGET SETTING - REVENUE BUDGET INITIAL PROPOSALS
(Pages 5 - 24)**

To present the report of the Scrutiny Manager and the Director of Function (Resources)/Section 151 Officer.

4 2020/21 BUDGET SETTING - CAPITAL BUDGET INITIAL PROPOSALS (Pages 25 - 42)

To present the report of the Scrutiny Manager and the Director of Function (Resources)/Section 151 Officer.

5 FINANCE SCRUTINY PANEL - PROGRESS REPORT (Pages 43 - 50)

To present the report of the Scrutiny Manager.

6 FORWARD WORK PROGRAMME (Pages 51 - 56)

To present the report of the Scrutiny Manager.

CORPORATE SCRUTINY COMMITTEE

Minutes of the meeting held on 21 November, 2019

- PRESENT:** Councillor Aled Morris Jones (Chair)
Councillor Dylan Rees (Vice-Chair)
- Councillors John Griffith, Richard Griffiths, Alun Roberts, J. Arwel Roberts.
- Portfolio Members**
- Councillor Llinos Medi Huws (Leader and Portfolio Member for Social Services)
Councillor Alun Mummery (Portfolio Member for Housing and Community Support)
Councillor R. Meirion Jones (Portfolio Member for Education, Libraries, Culture and Youth)
Councillor Carwyn Jones (Portfolio Member for Major Projects and Economic Development)
Councillor Dafydd Rhys Thomas (Portfolio Member for Corporate Services)
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Social Services
Director of Function (Resources)/Section 151 Officer
Head of Children and Families' Services
Head of Housing Services
Head of Profession (HR) & Transformation
Head of Democratic Services
Programme, Business Planning and Performance Manager
Committee Officer (ATH)
- APOLOGIES:** Councillors Lewis Davies, Richard O. Jones, Bryan Owen, Mr Keith Roberts, Mrs Anest Frazer (Co-opted Members), Councillors Richard Dew (Portfolio Member for Planning and Public Protection) Councillor Robin Williams (Portfolio Member for Finance)
- ALSO PRESENT:** None

1 DECLARATION OF INTEREST

No declaration of interest was received.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Corporate Scrutiny Committee held on 11 September, 2019 were presented and were confirmed as a correct record.

Arising thereon –

With regard to the second bullet point under item 3 the Deputy Chief Executive confirmed that the Local Planning Authority is required to notify town and community councils of

every planning application in their area; the LPA's new administrative system has been adapted to ensure that this happens and planning officers have been advised of the need to comply with this requirement. Town and community councils are now able to track the progress of applications by ward on the Council's website and there is a standing offer to town and community councils to provide training and/or guidance to the councils' clerks or members should that be their wish.

The Chair thanked the Officer for the update and asked that the information above be publicised.

3 MONITORING PERFORMANCE: CORPORATE SCORECARD QUARTER 2 2019/20

The report of the Head of Profession (HR) and Transformation incorporating the second Scorecard of the 2019/20 financial year portraying the Council's position against its operational objectives at the end of Quarter 2 was presented for the Committee's consideration and scrutiny.

The Portfolio Member for Corporate Business reported that since the Quarter 1 Scorecard report was discussed by the Committee in September, 2019 further Public Accountability Measures (PAMs) have been published by Data Cymru specifically with regard to Waste Management and that he was pleased to be able to confirm that once again the Authority in Anglesey has the highest recycling rates in Wales, putting it amongst the world leaders in the volume of household waste which is recycled. The Portfolio Member said it was also encouraging to be able to report that the majority (71%) of the corporate health indicators monitored are continuing to perform well against targets (Green or Yellow RAG) as was the case at the end of Quarter 1. Some points to note include –

- Attendance at work where performance at the end of Quarter 2 is Green against its target at 3.96 days lost to absence per FTE against a target of 4.48 days per FTE. This is an improvement both on Q2 2018/19 levels and Q2 2017/18 levels which was the best performing year for absence since monitoring was undertaken in this way.
- The digital strategy continues to make progress; the majority of indicators under the digital service shift subheading are on an upward trend compared to Q2 2018/19 with 83% of the indicators showing an increase. The number of registered users has more than doubled from 5,000 at the end of Q2 2018/19 to 11,000 which is a positive development since studies have shown that digital transactions are more cost effective than face to face contact.
- The majority (75%) of indicators are performing well against targets under the customer service charter sub-heading. The only indicator which is Red against target is Indicator 04b – the percentage of written complaints responded to by Social Services within 15 days.
- On the basis of the financial position at the end of the second quarter, the Council will overspend its revenue budget for the year ending 31 March, 2020 by £1.410m due mainly to cost pressures and growing demand especially in Adults' Services. The late announcement of the 2020/21 provisional budget settlement for local authorities is making planning ahead more difficult. More detailed budget reports on Quarter 2 financial management performance are to be presented to the Executive at its 25 November, 2019 meeting.
- The majority (85%) of performance indicators continue to perform above target or within 5% tolerance of their targets with only 5 indicators underperforming across the three strategic objectives (in Housing, Children's and Planning Services).

The Portfolio Member concluded that the data indicates that in terms of overall performance, Quarter 2 2019/20 represents a high point since the Council began

to systematically review and monitor the performance of its services. The performance information at the end of Quarter 2 is encouraging and shows that the Council is on the right track with regard to improving performance and achieving its objectives.

In discussing the report the Committee requested further analysis and explanations from the Officers in relation aspects of performance in Housing, Children's and Planning Services which were off-target. The Committee was advised that -

- With regard to *Indicator 17 – Landlord Services: average number of days to complete repairs* which was RED with a performance of 15.14 days against a target of 12 days, a change in the Repairs and Maintenance Policy in October, 2018 which saw the introduction of new time classifications for the completion of work orders, is a factor in the underperformance. When setting the target of 12 days for 2019/20 the Service did not have a full 12 month period available to compare previous performance against the new classifications and the target set may well be too low in terms of the average number of days. Nevertheless, 93% of work orders have been completed on time. The Housing Services Board will continue to monitor this indicator with a view to improving performance. Additionally the Service does also seek to improve efficiency which means grouping work as close as possible to the target date to ensure a full diary in terms of works to be completed thereby minimising travel from one place to another.
- With regard to *Indicator 36 – Landlord Services: percentage of rent lost due to properties being empty* which was RED on the scorecard with 1.57% lost against a target of 1.15%, the poor performance of Indicator 35 on the scorecard in Q1 (the average number of days to let lettable units of accommodation) directly impacted on Indicator 36 and despite the improvement in letting units in Q2 it has not been possible to claw back as much as hoped. A small number of properties have also been deliberately kept vacant for a longer period of time than normal to be considered for inclusion as part of Children's Services' Small Group Homes scheme and some properties that required adaptations prior to re-letting were kept back pending Occupational Therapist instructions. In addition, major improvement works have been undertaken on some properties that were classed acceptable fails under the WHQS as the former tenants had not wanted improvements carried out at their properties. All these factors have influenced the performance of the indicator. The new streamlined process identified in Q1 will continue to be implemented.
- With regard to *Indicator 27 – the percentage of referrals of children that are re-referrals within 12 months* which was AMBER on the scorecard with a performance of 14.29% against a target of 10%, a review of the re-referral case files has found that they were all appropriately re-referred into the service the objective being to avoid repeated re-referrals. The Social Services Improvement Panel continues to closely scrutinise all aspects of performance.
- With regard to *Indicator 53 – percentage of planning appeals dismissed* which was AMBER with a performance of 33% against a target of 65%, the indicator deals with very small numbers and at the end of the quarter the underperformance is due to 2 out of 3 appeals being upheld after the interpretation of new policies was challenged. The interpretation of the new policies will improve.
- With regard to *Indicator 43 – percentage of planning enforcement cases investigated within 84 days* which was AMBER with a performance of 69% against a target of 80% the Service has benefitted from increased capacity and expertise with the appointment of a Senior Manager; additionally, the post of Enforcement Assistant is also currently being advertised. Whilst the performance over Quarters 1 and Q2 is 69%, for Q2 alone the performance is 87% which is above target and is a significant improvement. Although it is anticipated that the improvement will continue into the

year ahead, it is worth noting that some cases can be complex and can take time to resolve.

- With regard to *complaints*, assurance was provided that the 4 responses in Social Services that were late without agreement have now been resolved. In terms of improving the complaints process, the Social Services Complaints Officer has been given greater latitude to follow up responses and to ensure that written responses are sent out in a timely way or where necessary that a time extension is agreed. Responding to complaints can often involve conversations with a number of officers/professionals and this process can take time but is necessary in order to ensure that responses are accurate and address the issues raised.
- With regard to *other matters* assurance was provided that performance in Adults' Services is good particularly within the Carers and Safeguarding services; the Service will continue to focus on supporting and facilitating the timely discharge of individuals from hospital with regard to which performance has improved; the Service is also working to strengthen capacity and review the marketing of re-ablement services.
- With regard to budgetary pressures in Adults' Services, the Committee noted that the Finance Scrutiny Panel had received a presentation by Social Services at one of its recent meetings. The Committee was happy to place reliance on the Finance Scrutiny Panel to continue to scrutinise financial performance in this area.

Having considered all the information presented as well as the clarifications provided by the officers at the meeting on the points raised, it was resolved to recommend that the Executive accepts the mitigation measures as outlined in the report in relation to –

- **aspects of performance in Housing, Children's and Planning Services;**
- **ongoing scrutiny of financial performance with emphasis and support for services under pressure.**

**Councillor Aled Morris Jones
Chair**

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template	
Committee:	Corporate Scrutiny Committee
Date:	13 th January, 2020
Subject:	2020/21 Budget Setting (Revenue)
Purpose of Report:	Scrutiny consideration of initial budget proposals for 2020/21
Scrutiny Chair:	Cllr Aled Morris Jones
Portfolio Holder(s):	Cllr Robin Williams
Head of Service:	Marc Jones, Director of Resources / Section 151 Officer
Report Author:	Anwen Davies, Scrutiny Manager
Tel:	01248 752578
Email:	AnwenDavies@ynysmon.gov.uk
Local Members:	Not applicable

1 - Recommendation/s

At this stage in the budget setting process, the Corporate Scrutiny Committee is requested to agree a formal response to the Executive on the Council’s initial proposals for the 2020/21 revenue budget (using the Key Scrutiny Questions in paragraph 4 below), taking into account views from the Finance Scrutiny Panel.

2 – Link to Council Plan / Other Corporate Priorities

Direct link with the Council Plan and transformation priorities. The Committee’s consideration of the initial budget proposals for next year will include how the proposals enable the Executive to deliver on the Council Plan and transformation programme as well as any specific risks.

3 – Guiding Principles for Scrutiny Members

To assist Members when scrutinising the topic:-

3.1 Impact the matter has on individuals and communities **[focus on customer/citizen]**

3.2 A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality **[focus on value]**

3.3 A look at any risks **[focus on risk]**

3.4 Scrutiny taking a performance monitoring or quality assurance role **[focus on performance & quality]**

3.5 Looking at plans and proposals from a perspective of:

- Long term
- Prevention

- Integration
 - Collaboration
 - Involvement
- [focus on wellbeing]**

4 - Key Scrutiny Questions

The following key questions are proposed to underpin the Committee's consideration of the 2020/21 budget proposals:

- i. The better than expected initial budget settlement from Welsh Government has reduced the need to implement efficiency savings. What risks face the Council if delivering efficiency proposals are postponed until 2021/22?
- ii. How should the Executive manage the underlying budget pressures in demand led services (social services and education)?
- iii. Based on the work of the scrutiny committees during the past year, does the Committee consider that there are any other service pressures or priorities (in addition to social services and education) that should potentially be addressed in the 2020/21 revenue budget?
- iv. What should the level of Council Tax increase be for 2020/21 bearing in mind the matters raised by the Director of Function (Resources) in his report, in particular the funding gap and budget pressures facing the Council over the next 3 years?
- v. How do the 2020/21 budget proposals enable the Executive to deliver on the Council Plan and the transformation programme in the medium term whilst balancing short term priorities?

5 – Background / Context

1. CONTEXT

1.1 Scrutiny of the budget setting process has developed and matured over recent years, laying the foundations for a better, more systematic process based on outcomes and good practice. In fact, the process allows for a more systematic approach to financial scrutiny, as an essential building block of sound financial management and governance. Our approach to financial scrutiny is emerging as a model of good practice.

1.2 Members will be aware that finance is critical to the services the Council delivers and that there are far reaching implications to financial issues facing us as a local authority – both in terms of the services being received by our citizens and also the level of Council Tax or fees and charges being levied¹. As it becomes increasingly difficult to find the necessary levels of savings through efficiencies, the Council will need to give detailed consideration to all possible options. This will inevitably require us to ask challenging questions about which services to offer to the future and the degree to which current methods of service delivery remain appropriate. Another consideration is also how best to manage expectations of local people in making the necessary changes. In the current economic climate, Members therefore need to be

¹ Raising the Stakes: financial scrutiny in challenging times. A guide for Welsh local authorities (Centre for Public Scrutiny June, 2014)

assured that the Council is making the most effective use of diminishing resources, in particular finances.

1.3 In considering their response to the initial budget proposals, members of the Corporate Scrutiny Committee will need to consider the proposals in terms of the longer term financial position of the Council (our Medium Term Financial Plan) and the Council's long term objectives and priorities (as set out in the Council Plan).

2. SETTING THE COUNCIL'S BUDGET FOR 2020/21

2.1 Attached is the report of the Director of Function (Resources) / Section 151 Officer on the initial proposals for the 2020/21 budget (**APPENDIX 1**). The paper provides a position statement on the following issues:

- The Executive's initial budget proposals
- Local Government initial settlement (Welsh Government)
- Initial budget position for 2020/21
- Council Tax
- Savings proposals
- Budget pressures
- Risks
- Impact on the Medium Term Financial Plan

3. FINANCIAL SCRUTINY – SETTING THE 2020/21 BUDGET

3.1 In the current economic climate, Members need to be assured that the Council is making the most effective use of diminishing resources, especially finances:

"... The importance of effective scrutiny is magnified as public services respond to the challenge of the global financial situation whilst continuously seeking to improve the evidence base for decisions on the allocation of resources as well as ensuring that decisions are transparent and in accordance with the needs of the local community....."²

How to add value at each stage of the financial process should be the key question from a financial scrutiny perspective. The **budget setting process** is one of those key stages.

3.2 Financial scrutiny is much more than adding value to decisions taken by the Executive. It is about ensuring that there is proper scrutiny in the effective planning, delivery and follow up of key decisions impacting on taxpayers and local communities. Scrutiny should therefore:

- Provide effective challenge
- Hold decision makers to account; and
- Assist the Executive to develop a robust budget for the coming year.

4. FINANCE SCRUTINY PANEL

4.1 A Finance Scrutiny Panel has been established to ensure the following key outcomes:

² Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government, May 2014

- Develop a model of working on finance matters focusing on a smaller group to enable Members to become more involved, develop a level of subject expertise, encourage good attendance and teamwork
- Forum to develop a group of members with the expertise and ownership to lead financial discussions at the Corporate Scrutiny Committee

4.2 Scrutiny Members from both scrutiny committees sit on the Finance Scrutiny Panel:

- **Corporate Scrutiny Committee** – Cllrs Aled Morris Jones, Dylan Rees & Alun Roberts
- **Partnership & Regeneration Scrutiny Committee** – Cllrs Dafydd Roberts, John Griffith & Glyn Haynes.

4.3 The Panel gave detailed consideration to the initial draft budget proposals at its last meeting (convened on 9th January, 2020). A summary of the Panel's deliberations will be presented verbally at the meeting by Cllr Dafydd Roberts, chair of the Panel.

5. PUBLIC CONSULTATION PROCES

5.1 The consultation exercise will build on the solid foundations set over the past few years under the direction of the Joint Engagement and Consultation Board established with 3rd Sector partners.

5.2 To this end and because this year is an exceptional year as regards timing of the Initial Settlement, the consultation process will consist of the following steps:

- Budget report for the purpose of comments via the Council website
- Town and Community Councils Forum and also extending an invitation to partners
- Children & Young People's Forum
- Schools' Finance Forum

This consultation period will run from 14th January until 7th February, 2020.

6. CITIZEN ENGAGEMENT – PROPOSED BUDGET STRATEGY

6.1 We will continue to take steps to further strengthen links between Elected Member Scrutiny and citizens as a means of enabling the public to engage in democratic debate about current and future delivery of public services³. Our desired outcome during the current budget setting process will be for Scrutiny to create the conditions to enable the voice of local people to be heard as part of the decision-making and policy-making process. From a national perspective, this citizen engagement work is considered to be good practice and a theme to be followed up by Wales Audit Office through its audit programme. In moving forward, citizen engagement in our local Scrutiny arrangements will need to be further embedded into practice and feature in other topics on the forward work programme of our scrutiny committees.

7. KEY SCRUTINY ISSUES

7.1 The 2020/21 budget setting process will provide an opportunity for Elected Members to consider and challenge the implications of the draft standstill budget and any efficiency proposals. Notably, the series of budget workshops convened during October, 2019 has enabled Members to give detailed consideration to each individual budget proposal across all Council services. Input has also been

³ Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government, May 2014

received via the Finance Scrutiny Panel who have given detailed consideration to the initial draft budget proposals. At this stage in the process, the Corporate Scrutiny Committee is now requested to agree a formal response to the Executive⁴ on the Council's initial proposals for the 2020/21 revenue budget (using the Key Scrutiny Questions in paragraph 4 above).

7.2 In light of the 2020/21 budget setting process to date, it is therefore proposed that the Committee should:

- i. Consider the initial budget proposals for 2020/21
- ii. Examine in detail the likely impacts on citizens of the initial proposals
- iii. Come to a view about the level of the Council Tax for 2020/21.

6 – Equality Impact Assessment [including impacts on the Welsh Language]

Identify the need for impact assessments later in the process and in preparation for consideration of the final draft budget proposals for 2020/21.

7 – Financial Implications

This report discusses the process for setting the Council's 2020/21 budget, which includes consideration of the initial budget proposals

8 – Appendices:

APPENDIX 1: report of the Director of Function (Resources) on the proposed revenue and capital budgets for 2020/21

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

Anwen Davies, Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7TW

Date: 23/12/19

⁴ Meeting of the Executive to be convened on 13th January, 2020

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	13 JANUARY 2020
SUBJECT:	DRAFT REVENUE BUDGET 2020/21
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

The final budget will not be approved by the full Council until 10 March 2020, however, at this point, the Executive is recommended to approve the following:-

- (i) To approve the Budget adjustments included in the Standstill Budget as set out in Paragraph 3 to 7 of the report in Appendix 1;
- (ii) To approve the standstill budget for 2020/21 of £142.203m and this should form the basis of the 2020/21 revenue budget;
- (iii) That the Executive determine the proposed increase in Council Tax for 2020/21, which will be subject to public consultation;
- (iv) After allowing for the proposed increase in Council Tax and the savings to be implemented, should any surplus funding be available, the Executive should determine how to use this surplus funding (para 10.5);
- (v) That the Executive should seek the opinion of the public on the proposed budget strategy.

The detailed report on the preparation of the 2020/21 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 – 4.

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

N/A

C - Why is this a decision for the Executive?

This matter is delegated to the Executive.

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

Yes

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

Yes

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	TBC
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2020/21 • Appendix 2 – Analysis of the Movement from the 2019/20 Final Revenue Budget to the 2020/21 Standstill Budget • Appendix 3 - 2020/21 Standstill Budget by Service • Appendix 4 – Potential Revenue Budget Savings for 2020/21 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2020/21 – 2022/23 – See Executive Meeting Agenda 16 September 2019 – Item 14 		

DRAFT REVENUE BUDGET 2020/21**1. INTRODUCTION**

- 1.1. The following report sets out the Executive's provisional revenue budget for 2020/21. The budget is prepared on the basis of the assumptions set out in the Medium Term Financial Plan (MTFP) approved by the Executive in September 2019, the provisional local government settlement, which was issued by the Welsh Government on 16 December 2019, and the proposed revenue savings which have been identified by the individual services and have been discussed at the various workshops that have taken place during the summer and autumn.
- 1.2. The provisional budget approved by the Executive will then be subject to a formal public consultation process, which will run from 14 January 2020 to 7 February 2020.
- 1.3. Following receipt of the final settlement figures on 25 February 2020, the final budget proposal will be subject to a review by the Scrutiny Committee on 27 February 2020, will be recommended for approval by the Executive on 2 March 2020, with the final 2020/21 budget being approved by the Council at its meeting on 10 March 2020.

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 2020/21. The standstill budget is a budget which provides resources to operate services at 2019/20 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the costs in 2020/21.
- 2.2. These assumptions have been factored into the standstill budget along with more detailed changes (committed changes) which allow for known increases in costs e.g. contractual commitments and minor budget corrections. The draft budget also allows for additional funding, known changes to grant funding and minor budget corrections deemed necessary to ensure that the Council's budget accurately reflects the costs it faces in 2020/21.

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 £1,667k, details of the major changes are discussed in the paragraphs below.

3.2. Capital Financing

The capital financing budget is made up of 3 elements:-

- minimum revenue provision (MRP), which is a sum which is charged to revenue each year and ensures that the Council has sufficient funds available to repay external loans as they become due;
- external interest, which is the sum due in interest each year on the external loans which the Council has taken out to fund capital expenditure;
- interest received, which is the sum the Council generates in interest by investing surplus cash in accordance with the Council's Treasury Management strategy.

The capital financing budget is dependent on the value of external loans and the pace of the capital programme. During 2019/20, the school modernisation programme was put on hold and this has impacted on the level of new borrowing the Council has undertaken in 2019/20. As a result, both the forecast MRP and interest charges are lower in 2020/21 than in 2019/20 and allows a reduction of £92k in the budget. In addition, the increase in interest rates and the improved investment performance allows the interest received budget to be increased by £21k.

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 2020/21, this has resulted in an increase in the secondary sector of £146k but a decrease in the primary sector of £77k.

Up until 2018/19, the Council's Special School (Canolfan Addysg y Bont) funded 85 pupils. As part of the 2018/19 budget, an additional £78k was allocated in order to fund an additional 5 pupils. Since 2019/20, the budget has been changed to reflect the changes in pupil numbers. The MTFP anticipated an increase of around 15 pupils between September 2018 and September 2019, but the actual change only saw an increase of 1 pupil. The budget has been increased by £13k to reflect the change in pupil numbers.

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 was reassessed, taking into account the current level of expenditure, the trend in the caseload and an increase in the Council Tax for 2019/20 of 9.5%. This resulted in a decrease in the budget of £360k, to bring the overall budget to £5.389m.

During 2019/20, there has been an upturn in the caseload, which may be as a result of increased publicity for the scheme by Welsh Government and the increase in budgetary support which recipients of Universal Credit receive, which makes them more aware that they may have an entitlement to help with paying their Council Tax. The current forecast is that expenditure will exceed the budget by £341k and, as a result, the standstill budget has been increased by this amount in addition to an increase of £286k to reflect the potential increase in Council Tax (based on a 5% increase). This takes the overall standstill budget to £6.016m, although this budget will be reviewed further to take account of any further changes in the caseload and the final increase in Council Tax for 2020/21.

3.5. North Wales Fire & Rescue Service Levy

The Fire Service raises a levy each year which is allocated across the six North Wales Authorities based on population numbers, which vary each year between the 6 authorities. For 2020/21, an increase of 2% has been allowed for in the levy, which results in an increase in the budget of £71k, which takes the standstill budget to £3.596m. This budget will be adjusted once the final levy request is received from the Fire & Rescue Service.

3.6. Teachers Pensions

The Teachers' Pension fund was subject to its five year revaluation in 2019, with the new employer contribution rates being set for the 2019/20 financial year onwards at 23.6%, compared to the previous rate of 16.48%. The change was effective from 1 September 2019 and the 2019/20 budget was increased by £900k to reflect the 7 months of the financial year where the increased contribution rate applied. It will be necessary to include an additional £564k to reflect the full year effect of the change in the contribution rate. The Welsh Government have included an additional £0.87m in the settlement to assist with the funding of this additional cost. This was the value of the grant received in 2019/20, but does not cover the additional cost for a full financial year.

3.7. Parking Income

The Council will lose 2 car parking areas in 2020/21: Beaumaris Coach Park which transfers to Beaumaris Town Council as part of the agreement to transfer the Gaol and Courthouse, and Coed Cynol Car Park in Menai Bridge, where the lease has ended and responsibility for the car park reverts back to Menai Bridge Town Council. The reduction in the number of car parks will have an impact on the income collected by the Council. This will require the car park income budget to be reduced by £58k to £520k.

3.8. Historic Pension Costs

The Council makes annual payments to the Local Government Pension Scheme and Teachers Pension Scheme arising from the early retirement of staff dating back to the 1970s, 1980s and 1990s. The numbers of pensioners to which the payment relates reduces each year as the former staff members pass away. This budget is, therefore, reduced to reflect the falling numbers of pensioners and, for 2020/21, the reduction is £112k.

3.9. I.T. Licensing Costs

In previous years, these costs had been treated as capital costs and funded from the capital budget. However, this treatment does not comply with the updated accounting code and the costs should be treated as a revenue cost. This increases the revenue budget by £250k but does release capital funding.

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 £240k.

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 2019/20 and 2020/21					
		End Date	2019/20 Budget £'000	Proposed 2020/21 Budget £'000	Change £'000
Stem Regional Project	Earmarked	2021/22	38	38	-
Regional Growth Bid	Earmarked	TBC	50	50	-
Demand Risk	Earmarked	Ongoing	235	235	-
Salary and Grading	Earmarked	Ongoing	400	150	(250)
NDR Discretionary Rate Relief		Ongoing	60	70	10
General Contingency		Ongoing	399	400	1
TOTAL			1,182	943	(239)

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

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 £392k.
- 5.3. The Teachers pay award for the academic year commencing September 2019 was 2.75%, with a higher increase for newly qualified teachers, and this figure was higher than the sum allowed for in the 2019/20 budget. In 2019/20, Welsh Government awarded an additional grant to help meet this additional cost pressure. An additional £406k has been included in the standstill budget to adjust for the under provision for the pay award in the 2019/20 budget.
- 5.4. The pay award for non teaching staff from April 2020 and for teaching staff from September 2020 is unknown at this point and, therefore, the general rate of inflation of 2% has been allowed for. This adds an additional £1.257m to the overall pay budget.
- 5.5. The triennial valuation of the Local Government Pension Scheme was completed in November 2019, with the new employer contribution rates payable from 1 April 2020. At present, the contribution rate (primary rate) is 18.6% with an additional annual deficit payment of £1.294m, this is equivalent to an additional 4% contribution (secondary rate), giving a combined employer contribution rate of 22.6%. From April 2020, the primary rate will increase to 19.3% but the secondary rate will fall to 2.1%, giving a combined employer contribution rate of 21.4%. The reduction of 1.2% in the contribution rate will generate £362k in budget savings.

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 1.5% (as at November 2019) and is forecast to remain on or around 2% in 2020. 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 last 3 years, a general 3% increase has been applied to non-statutory fees and charges budgets and this figure has again been applied in 2020/21, although services have the discretion to increase individual fees and charges by more or less than this figure, provided that their overall income rises by 3%
- 6.3.** The net increase of the adjustments for non pay inflation and non statutory income is £1.594m.

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 2019/20, 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. Adult Social Care

Members will be aware of the increased demand for Adult Social Care, with rising numbers of clients across all service types and, for 2019/20, the Service is expected to exceed its budget by £1.21m. In 2019/20, the Welsh Government provided the Council with 2 specific grants to help with the increasing costs, namely:-

Social Care Workforce and Sustainability Pressures Grant - £30m across Wales, £670k for Anglesey. This grant is increased to £40m in the provisional settlement, which will increase Anglesey's allocation by a further £234k.

Winter Pressures Grant - £371k was received by the Council in 2019/20 late in the financial year from the additional £17m allocated to Wales. Although this grant has been received previously, there is no indication that it will be received again in 2020/21.

As these grants are outside the local government settlement, it cannot be guaranteed that they will continue. It is also uncertain how the demand for services will change in the coming year. After allowing for the Social Care Workforce and Sustainability Pressures Grant, the underlying position is for an additional budget requirement. For the purposes of the 2020/21 revenue budget, £980k has been included in the service budget as additional funding but this may not be sufficient to meet the increasing demand for services and given the uncertainty over future grant funding.

7.3. School Transport

The costs of school transport (taxis and minibuses) has exceeded the allocated budget for a number of years, due to an increased demand for services. The Education Service has implemented a number of actions to try and reduce the cost, including rationalizing and retendering of routes, reviewing the policy and applying the policy more strictly, and these changes have reduced costs. However, the costs still exceed the budget by £250k and, without a correction of the budget in 2020/21, this budget will almost certainly overspend in 2020/21.

7.4. Secondary School Integration

This is a budget where the demand continues to grow. This budget is currently held centrally and not delegated to the 5 secondary schools. This can be considered as a weakness in the control and accountability surrounding this budget, as spending decisions are not taken by the budget holder. An additional £200k of funding would correct the budget position and would increase the possibility of reaching an agreement with the Secondary schools to delegate this budget to them.

7.5. Delegated Schools Budget

As part of the 2019/20 budget, a reduction of £800k was planned to the delegated schools budget, but this was deferred for one year and funded from the additional Teachers Pay Grant and 50% of the Teachers Pensions Grant. These grants have now been transferred into the settlement and would allow the Executive to reverse the budget reduction decision, if it chooses to do so.

7.6. NHS Funding Grant

A recent decision required local authorities to contribute to the cost of social care undertaken by nursing staff in Nursing homes. The additional cost was funded in 2019/20 by means of an additional grant from the Welsh Government. This grant has now been incorporated into the settlement and the additional £48k in funding has been incorporated into the Adult Services budget.

8. STANDSTILL BUDGET 2020/21

8.1. Based on all of the adjustments and assumptions detailed above, the standstill budget for 2020/21 totals £142.203m, an increase of £6.993m on the 2019/20 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 16 December 2019, shows an increase of £237m in the overall level of funding for Wales, which is equivalent to a 5.6% increase in cash terms. However, £53.2m relates to grants transferred in and, when the effect of these changes are adjusted for, the true figure shows an increase in funding of £183.8m, which is a 4.3% increase. The details are shown in Table 2 below:-

Table 2 2020/21 Provisional Settlement		
	Anglesey	Wales
	£'m	£'m
2019/20 AEF	95.791	4,237.431
Adjustment for the Change in the Taxbase	0.325	0.000
Previous Years Grants Transferred In / (Out)		
Teachers Pensions	0.887	39.112
Coastal Risk Management	0.000	0.151
NHS Funding - Nursing	0.048	1.900
Teachers Pay	0.273	12.018
2019/20 Adjusted AEF	97.324	4,290.612
Provisional AEF 2020/21	101.005	4,474.444
Increase in comparison to 2019/20 AEF	5.214	237.013
% Increase in comparison to 2019/20 AEF	+ 5.44%	+ 5.59%
Increase in comparison to 2019/20 Adjusted AEF	3.681	183.832
% Increase in comparison to 2019/20 Adjusted AEF	+ 3.78%	+ 4.28%

- 9.2. The population statistics used in the funding formula have been updated and Anglesey have seen a reduction in the AEF due to this change because the revised population figures for Anglesey were lower than the previous forecast. Some authorities have gained from this change, in particular Newport, and this explains why their allocation increased by 5.4%
- 9.3. The provisional settlement also includes details of a number of grants, although the individual allocations per Authority are not listed. The grants include the Social Care Workforce and Sustainability Pressures Grant which has increased from £30m to £40m. Anglesey will receive an additional £234k (approximate) from the increase in this grant (see paragraph 7.2 above).

10. THE FUNDING GAP

- 10.1. Based on a standstill budget of £142.203m and an AEF level of £101.005m, the net expenditure to be funded from Council Tax is shown in Table 3 below:-

Table 3		
Budget Funding Gap 2020/21		
Standstill Budget	£'m	£'m
Funded By:		142.203
Revenue Support Grant (RSG)	76.692	
Share of Non Domestic Rates Pool	24.313	
Total Aggregate External Finance		101.005
Total Net Expenditure to be Funded from Council Tax		41.198
2019/20 Council Tax Budget (adjusted for the change in the taxbase)		(39.370)
Funding Shortfall (before an increase in Council Tax)		1.828

10.2. The impact of various levels of Council Tax increase and on the Band D equivalent charge (currently £1,248.57 in 2019/20) is shown in Table 4 below:-

Table 4				
Impact of Various Council Tax Increases on the Funding Shortfall				
% Increase	Council Tax	Funding Shortfall / (Surplus)	Weekly Effect on Band D	Total Increase in Band D
	£'m	£'m	£	£
1.0	39.765	1.433	0.24	12.51
1.5	39.961	1.1.237	0.36	18.72
2.0	40.157	1.041	0.48	24.93
2.5	40.355	0.843	0.60	31.23
3.0	40.551	0.647	0.72	37.44
3.5	40.750	0.448	0.84	43.74
4.0	40.946	0.252	0.96	49.95
4.5	41.141	0.057	1.08	56.16
4.64	41.198	0.000	1.11	57.93
5.0	41.340	(0.142)	1.20	62.46
5.5	41.536	(0.338)	1.32	68.67
6.0	41.732	(0.534)	1.44	74.88

10.3. The Medium Term Financial Plan estimated that the funding gap prior to increasing the Council Tax was £3.8m and, with a 5% increase in Council Tax, the funding gap would reduce to £1.8m. Services were, therefore, requested to identify potential savings over the next 3 years, if their budget fell by 2%, 5% or 10%. The majority of services were able to identify savings which would meet the 2% budget reduction target, but they had difficulty in reaching the 5% target without significant reduction in the level of services provided. Achieving a 10% cut would require major service reductions or ending some discretionary service provision.

10.4. The savings proposals were discussed by Members at a number of workshops during the early autumn, and this work identified around £343k of savings which could be implemented in 2020/21 without having an unmanageable impact on services. These are set out in Appendix 4.

10.5. The better than expected settlement has reduced the need to implement the savings. As is shown in Table 4 above, the budget requirement for 2020/21 could be funded with a 4.64% rise in the Council Tax. However, implementing some or all of the savings identified does provide some flexibility and the following options are available if the savings were implemented. The options available include:-

- Increasing revenue budgets of the services which are under pressure;
- Increasing the level of general balances;
- Using the surplus revenue budget to fund capital expenditure in 2020/21;
- Reduce the increase in Council Tax.

10.6. The financial position for 2021/22 is still unclear, and we may see a return to austerity and the need to make further savings. If the savings were implemented and the funding used to increase the level of general balances or to fund capital expenditure in 2020/21, then this would leave the Council in a better financial position in 2021/22, as implementing either of these options does not increase the revenue budget on a permanent basis nor reduces the funding available.

11. REVISED MEDIUM TERM FINANCIAL PLAN

11.1 The Medium Term Financial Plan estimates that the Council's net revenue budget will need to increase by £5m in 2021/22 and £3.6m in 2022/23, simply to meet the costs of pay and price inflation, increased costs on tendered contracts and the continued increase in demand for services, particularly in Social Care.

11.2 The 2020/21 provisional settlement gives no indication as to what the funding position will be in the following 2 years. Much will depend on the new Conservative government and their plans for public spending which will be set out in the Chancellor's budget in March 2020. It should be noted that any additional funding announced for England will result in additional funding for Wales, but it is for the Welsh Government to decide how this additional funding is spent. It does not automatically follow that any additional funding announced for Schools or Local Government in England translates to additional funding for Schools and Local Government in Wales.

11.3 If the settlement in 2021/22 and 2022/23 showed an increase to match inflation i.e. around 2%, the Council will be faced with making further budget reductions and increasing Council Tax by more than inflation in those years.

12. MATTERS FOR DECISION

12.1 The final budget will not be approved by the full Council until 10 March 2020, however, at this point, the Executive is recommended to approve the following:-

- i. To approve the Budget adjustments included in the Standstill Budget as set out in Paragraphs 4 to 7;
- ii. To approve the standstill budget for 2020/21 of £142.203m and this should form the basis of the 2020/21 revenue budget (para 8.1);
- iii. That the Executive determines the proposed increase in Council Tax for 2020/21 which will be subject to public consultation (para 10.2);
- iv. After allowing for the proposed increase in Council Tax and the savings to be implemented, should any surplus funding be available, the Executive should determine how to use this surplus funding (para 10.5);
- v. That the Executive should seek the opinion of the public on the proposed budget strategy.

**ANALYSIS OF THE MOVEMENT FROM THE 2019/20 FINAL BUDGET
TO THE 2020/21 STANDSTILL BUDGET**

	Standstill Budget		Report Ref
	£'m	£'m	
2019/20 Budget		135.210	
Committed Changes			
Capital Financing	(0.113)		Para 3.2
Pupil Numbers	0.082		Para 3.3
Council Tax Reduction Scheme	0.627		Para 3.4
Fire Service Levy	0.071		Para 3.5
Teachers Pensions Employer Contributions	0.564		Para 3.6
Car Park Income	0.058		Para 3.7
Historic Pension Contributions	(0.112)		Para 3.8
I.T. Licensing	0.250		Para 3.9
Other Committed Changes	0.240		Para 3.10
		1.667	
Contingencies		(0.239)	Para 4
Staffing Costs			
Increments	0.392		Para 5.2
Teachers Pay Award	0.406		Para 5.3
Non Teaching Staff Pay Award	1.257		Para 5.4
LGPS Contributions	(0.362)		Para 5.5
		1.693	
Non Pay Inflation		1.594	Para 6.3
Demand Led Budget Pressures			
Adult Services	0.980		Para 7.2
School Transport	0.250		Para 7.3
Secondary Integration	0.200		Para 7.4
Delegated Schools Budget	0.800		Para 7.5
NHS Nursing Grant Transferred In	0.048		Para 7.6
		2.278	
STANDSTILL BUDGET 2020/21		142.203	

STANDSTILL BUDGET 2020/21 BY SERVICE				
Budget	2019/20 Budget	2020/21 Standstill Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	38.659	41.374	+ 2.715	+ 7.02
Central Education	10.589	11.404	+ 0.815	+ 7.70
Culture	1.213	1.244	+ 0.031	+ 2.56
Total Lifelong Learning	50.461	54.022	+ 3.561	+ 7.06
Highways, Waste & Property				
Highways	6.037	6.339	+ 0.302	+ 5.00
Property	0.848	0.898	+ 0.050	+5.90
Waste	7.718	8.029	+ 0.311	+ 4.03
Total Highways, Waste & Property	14.603	15.266	+ 0.663	+ 4.54
Regulation & Economic Development				
Economic Development & Maritime	1.076	1.254	+ 0.178	+ 16.54
Planning & Public Protection	2.042	2.153	+ 0.111	+ 5.44
Leisure	0.647	0.668	+ 0.021	+ 3.25
Total Reg & Economic Development	3.765	4.075	+ 0.310	+ 8.23
Adult Services	25.131	26.859	+ 1.728	+ 6.88
Children Services	10.273	10.543	+ 0.270	+ 2.62
Corporate Transformation				
Human Resources	1.258	1.297	+ 0.039	+ 3.10
ICT	2.386	2.800	+ 0.414	+ 17.35
Transformation	0.827	0.902	+ 0.075	+ 9.07
Total Corporate Transformation	4.471	4.999	+ 0.528	+ 11.81
Housing	1.211	1.267	+ 0.056	+ 4.62
Resources	3.048	3.141	+ 0.093	+ 3.05
Council Business	1.625	1.669	+ 0.044	+ 2.71
Total Service Budgets	114.588	121.841	+ 7.253	+ 6.33
Corporate Budgets				
Corporate Management	0.686	0.626	- 0.060	- 8.87
Levies	3.527	3.599	+ 0.072	+ 2.04
Corporate & Democratic	3.352	2.807	- 0.545	- 16.26
Capital Financing Costs	7.052	6.939	- 0.113	- 1.60
Benefits Granted	0.112	0.112	0.000	0.00
HRA Recharges	(0.678)	(0.700)	- 0.022	- 3.24
Council Tax Reduction Scheme	5.389	6.016	+ 0.627	+ 11.63
Contingencies	1.122	0.893	- 0.229	- 20.40
Discretionary Rate Relief	0.060	0.070	0.010	+ 16.67
Total Corporate Budgets	20.622	20.362	- 0.260	- 1.26
TOTAL STANDSTILL BUDGET 2020/21	135.210	142.203	+ 6.993	+ 5.17

POTENTIAL BUDGET SAVINGS 2020/21

Proposed Saving	Service	Potential Savings £'000
Reduce the cost of running the Council's vehicle fleet by investing in more fuel efficient vehicles (electricity and LPG) and by improving administrative procedures to reduce vehicle down time.	Highways, Waste & Property	10
Rearrange the out of hours rota of the Property repairs team in order to reduce the cost of the current service provision.	Highways, Waste & Property	11
Increase Car Park Fees - Coastal Sites increase current £3.50 rate to £4.00, the current £4.50 rate to £6.00 and the current £6.00 rate to £8.00. Town Sites - Abolish 50p rate making the minimum payment £1, increase the current £1.50 rate to £1.80, the current £2.00 rate to £2.50 and the current £3.00 rate to £4.00.	Highways, Waste & Property	83
Delete the budgets for low usage telephone lines and mobile phones.	Transformation	5
Reduce the cost of holding specific Civic events.	Council Business	8
Reduce postage budgets as a result of investments in the Payroll and Housing Benefits systems which has allowed the transfer of information electronically rather than posting paper documents.	Resources	10
Reduce Corporate Procurement Budgets – a corporate approach to the purchase of some goods and services has generated savings which can now be released.	Resources	50
Increased income from Breakwater County Park.	Regulation	1
Delete the remainder of the Outdoor Facilities budget following the transfer of the assets from the Council's control.	Regulation	37
Increase maritime fees ending the current moratorium on increases.	Regulation	5
Reduce the Development Control Team's administrative capacity. The recent investment in the planning system allows this reduction to be implemented.	Regulation	22
Delete the post of Strategic Development Officer – the post is currently vacant.	Housing	27
Reduce the cost of administrative support to the Head of Housing.	Housing	4
Capitalise the staffing costs relating to the delivery of Disabled Facilities grants.	Housing	36
Adjust the charges to the Housing Revenue Account to reflect the increase in costs.	Housing	19
Delete un-utilised budgets identified following a service budget review.	Housing	15
Total Potential Savings to be Implemented		343

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ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template	
Committee:	Corporate Scrutiny Committee
Date:	13 th January, 2020
Subject:	2020/21 Budget Setting (Capital)
Purpose of Report:	Scrutiny consideration of initial budget proposals for 2020/21
Scrutiny Chair:	Cllr Aled Morris Jones
Portfolio Holder(s):	Cllr Robin Williams
Head of Service:	Marc Jones, Director of Resources / Section 151 Officer
Report Author:	Anwen Davies, Scrutiny Manager
Tel:	01248 752578
Email:	AnwenDavies@ynysmon.gov.uk
Local Members:	Not applicable

1 - Recommendation/s
At this stage in the budget setting process, the Corporate Scrutiny Committee is requested to agree a formal response to the Executive on the Council’s initial proposals for the 2020/21 capital budget (using the Key Scrutiny Questions in paragraph 4 below), taking into account views from the Finance Scrutiny Panel.

2 – Link to Council Plan / Other Corporate Priorities
Direct link with the Council Plan and transformation priorities. The Committee’s consideration of the initial capital proposals for next year will include how the proposals enable the Executive to deliver on the Council Plan and transformation priorities as well as any specific risks.

3 – Guiding Principles for Scrutiny Members
To assist Members when scrutinising the topic:-
3.1 Impact the matter has on individuals and communities [focus on customer/citizen]
3.2 A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality [focus on value]
3.3 A look at any risks [focus on risk]
3.4 Scrutiny taking a performance monitoring or quality assurance role [focus on performance & quality]
3.5 Looking at plans and proposals from a perspective of: <ul style="list-style-type: none"> • Long term • Prevention • Integration

- Collaboration
 - Involvement
- [focus on wellbeing]**

4 - Key Scrutiny Questions

The following key questions are proposed to underpin the Committee's consideration of the 2020/21 capital budget proposals:

- i. Given the limited capital resources available, does the Committee consider that the proposed capital programme makes the most effective use of funding sources?
- ii. How do the 2020/21 capital proposals enable the Executive to deliver on the Council Plan and the transformation programme in the medium term whilst balancing short term priorities?
- iii. How has the Council prepared over recent years for diminishing capital funding? What are the risks in moving forward?
- iv. Does the draft budget enable the Council to take advantage of possible grant opportunities in support of our strategic objectives?

5 – Background / Context

1. CONTEXT

1.1 Scrutiny of the budget setting process has developed and matured over recent years, laying the foundations for a better, more systematic process based on outcomes and good practice. In fact, the process allows for a more systematic approach to financial scrutiny, as an essential building block of sound financial management and governance. Our approach to financial scrutiny is emerging as a model of good practice.

1.2 Capital Strategy 2019/20 – 2021/22

The revised CIPFA Prudential Code¹ requires local authorities to produce a capital strategy in order to:

- Set out the long term context within which capital expenditure and investment decisions should be made
- As a means of ensuring that Councils take capital and investment decisions in line with service objectives and priorities
- Ensure that local authorities properly take into account stewardship, value for money, prudence, sustainability and affordability when setting its capital programme.

The Authority's capital strategy and capital programme 2019/20 – 2021/22 was adopted by Full Council in May, 2019². It sets out the objectives, principles and governance framework to ensure that the Authority takes capital expenditure and investment decisions in line with the Council Plan and local transformation priorities. A fundamental principle of the Strategy is to focus capital expenditure on projects which assist the Council meet the following key objectives of the Council Plan and help the Council meet its statutory responsibilities:

¹ Revised Prudential Code (CIPFA) dated September, 2017

² Meeting of Full Council convened on 14th May, 2019

- i. Ensure that the people of Anglesey can thrive and realise their long term potential
- ii. Support vulnerable adults and families to keep them safe, healthy and as independent as possible
- iii. Work in partnership with our communities to ensure that they can cope effectively with change and developments whilst protecting our natural environment

The Strategy also identifies the potential future capital expenditure, assesses the impact on the capital financing element of the revenue account and determines the funding available to finance new capital schemes for the period 2019/20 – 2021/22. Also, the strategy sets out the long term principles underpinning capital planning to the future.

1.3 Principles of the Capital Strategy

The Capital Strategy discusses a number of long term principles which should underpin the Council's capital programme:

- The annual capital programme should focus capital expenditure on projects which contribute most to the key priorities of the Council Plan 2017/2022
- Capital funding should be allocated each year to ensure investment in existing assets
- The Council will maximise external capital funding wherever possible and affordable
- Capital funding will also be prioritised on assets required to help the Council deliver its statutory responsibilities
- Continued commitment to the 21st Century Schools Programme and to fully utilise external funding available

1.4 Capital Budget Funding Sources

The Council's annual capital programme is funded through a number of funding sources:

- Capital Receipts
- Contribution from Revenue
- Supported Borrowing
- Unsupported Borrowing
- General Capital Grant
- External Grants
- Major Repair Allowance

1.5 In considering their response to the initial capital budget proposals, members of the Corporate Scrutiny Committee will need to consider the proposals in terms of the longer term financial position of the Council (our Medium Term Financial Plan and Capital Strategy & Capital Programme 2019/20 – 2021/22) and the Council's long term objectives and priorities (as set out in the Council Plan).

2. SETTING THE COUNCIL'S CAPITAL BUDGET FOR 2020/21

2.1 Attached is the report of the Director of Function (Resources) / Section 151 Officer on the initial capital proposals for the 2020/21 budget (**APPENDIX 1**). The paper provides a position statement on the following issues:

- The Executive's initial capital budget position for 2020/21
- Level of capital expenditure
- Borrowing impacts on the revenue budget due to capital financing costs
- Ongoing revenue costs (such as maintenance)

- Budget pressures
- Risks
- Impact on the Medium Term Financial Plan and Council Plan

3. FINANCIAL SCRUTINY – SETTING THE 2020/21 BUDGET

3.1 In the current economic climate, Members need to be assured that the Council is making the most effective use of diminishing resources, especially finances:

“... The importance of effective scrutiny is magnified as public services respond to the challenge of the global financial situation whilst continuously seeking to improve the evidence base for decisions on the allocation of resources as well as ensuring that decisions are transparent and in accordance with the needs of the local community.....”³

How to add value at each stage of the financial process should be the key question from a financial scrutiny perspective. The **capital budget setting process** is one of those key stages.

3.2 Financial scrutiny is much more than adding value to decisions taken by the Executive. It is about ensuring that there is proper scrutiny in the effective planning, delivery and follow up of key decisions impacting on taxpayers and local communities. Scrutiny should therefore:

- Provide effective challenge
- Hold decision makers to account; and
- Assist the Executive to develop a robust capital budget for the coming year.

4. FINANCE SCRUTINY PANEL

4.1 The Finance Scrutiny Panel gave detailed consideration to the initial draft capital budget proposals at its last meeting (convened on 9th January, 2020). A summary of the Panel’s deliberations will be presented verbally at the meeting by Cllr Dafydd Roberts, chair of the Panel.

5. PUBLIC CONSULTATION PROCES

5.1 The consultation exercise will build on the solid foundations set over the past few years under the direction of the Joint Engagement and Consultation Board established with 3rd Sector partners.

5.2 To this end and because this year is an exceptional year as regards timing of the Initial Settlement, the consultation process will consist of the following steps:

- Budget report for the purpose of comments via the Council website
- Town and Community Councils Forum and also extending an invitation to partners
- Children & Young People’s Forum
- Schools’ Finance Forum

The consultation period will run from 14th January until 7th February, 2020.

6. KEY SCRUTINY ISSUES

6.1 The 2020/21 budget setting process will provide an opportunity for Elected Members to consider and challenge the implications of the draft capital budget

³ Good Scrutiny? Good Question! Auditor General for Wales improvement study: Scrutiny in Local Government, May 2014

and any risks. Input has also been received via the Finance Scrutiny Panel who have given detailed consideration to the initial draft budget proposals. At this stage in the process, the Corporate Scrutiny Committee is now requested to agree a formal response to the Executive⁴ on the Council's initial proposals for the 2020/21 capital budget (using the Key Scrutiny Questions in paragraph 4 above).

6 – Equality Impact Assessment [including impacts on the Welsh Language]

Identify the need for impact assessments later in the process and in preparation for consideration of the final draft budget proposals for 2020/21.

7 – Financial Implications

This report discusses the process for setting the Council's 2020/21 budget, which includes consideration of the initial capital budget proposals

8 – Appendices:

APPENDIX 1: report of the Director of Function (Resources) on the proposed capital budgets for 2020/21

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

Anwen Davies, Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7TW

Date: 02/01/20

⁴ Meeting of the Executive to be convened on 13th January, 2020

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	13 JANUARY 2020
SUBJECT:	INITIAL CAPITAL BUDGET 2020/21
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR: TEL: E-MAIL:	MARC JONES EXT. 2601 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 2020/21, which will be presented to full Council for approval at its meeting on 10 March 2020.

2. RECOMMENDATIONS

- To recommend to the full Council the following capital programme for 2020/21:-

	Ref	£'000
2019/20 Schemes Brought Forward	Para 4.1 & Table 2	3,294
Refurbishment / Replacement of Assets	Para 4.2.2 & Table 3	5,158
New One Off Capital Projects	Para 5.2 & Table 4	2,174
Smallholdings funded from capital receipts	Para 5.7	100
21 st Century Schools	Para 6	9,039
Housing Revenue Account	Para 7	17,138
Total Recommended Capital Programme 2020/21		36,903
Funded By:		
General Capital Grant		2,165
Supported Borrowing General		2,364
Capital Receipts		245
Capital Reserve		500
21 st Century Schools Supported Borrowing		2,680
21 st Century Schools Unsupported Borrowing		3,679
HRA Reserve & In Year Surplus		14,228
HRA Unsupported Borrowing		250
External Grants		7,572
2019/20 Funding Brought Forward		3,219
2020/21 Total Capital Funding		36,903

<ul style="list-style-type: none"> • That the use of the VAT Leisure reserve and any potential capital receipts from the proposed sale of the golf course are considered by the Executive when the draft Developing Leisure Provision for Future Generations Plan is presented to the Executive. The remaining £32k is carried forward as funding to be used in 2021/22. • To note the potential future funding requirements for 2021/22 onwards (Appendix 1 Table 3 and paragraph 5.5). 	
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 from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory) n/a – this is the Section151 Officer’s report
3	Legal / Monitoring Officer (mandatory)
4	Human Resources (HR)
5	Property
6	Information Communication Technology (ICT)
7	Scrutiny
8	Local Members
9	Any external bodies / other/s
E - Risks and any mitigation (if relevant)	
1	Economic
2	Anti-poverty
3	Crime and Disorder
4	Environmental
5	Equalities
6	Outcome Agreements
7	Other
F - Appendices:	
Appendix 1 – Report on the Capital Budget 2020/21 Appendix 2 – Proposed Capital Budget 2020/21	
FF - Background papers (please contact the author of the Report for any further information):	
Capital Strategy Report – Executive Committee 30 October 2017 Capital Budget 2019/20 – Full Council 27 February 2019	

DRAFT CAPITAL BUDGET 2020/21**1. INTRODUCTION**

- 1.1. The draft Capital Budget for 2020/21, set out below, takes into account the principles set out in the Capital Strategy which was approved by the Executive in February 2019 and the full Council in May 2019.

2. PRINCIPLES OF THE CAPITAL STRATEGY

- 2.1. The Capital Strategy for 2019/20 was approved by the Executive and full Council and will be updated for 2020/21 to reflect the new funding levels, any changes in the Council's priorities and any changes set out in the Council's Treasury Management Strategy for 2020/21, which will be approved by the Executive and full Council in March 2020.

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

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

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

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

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

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

3. FUNDING THE CAPITAL PROGRAMME 2020/21

3.1. The funds available to finance the capital programme for 2020/21 are shown in Table 1 below. It should be noted that the figure for the General Capital Grant and Supported Borrowing are based on the provisional Local Government settlement figures. The final figure will not be known until the final settlement figures are announced on 25 February 2020. The level of funding under both headings have remained fairly constant over a number of years and are not anticipated to change significantly between the provisional and final settlement.

Table 1
Anticipated Capital Funding Available for 2020/21

Source of Funding	£'m	£'m
General Fund Capital Programme		
Funding brought forward from 2019/20	3.219	
General Capital Grant	2.165	
Supported Borrowing (including unutilised in 2019/20)	2.364	
Capital Receipts	0.828	
Capital Reserve	0.500	
Leisure VAT Reserve	0.750	
External Grants and Contributions	2.232	
Funding for the General Capital Programme (Council Fund)		12.058
21st Century Schools		
Supported Borrowing	2.680	
Unsupported Borrowing	3.679	
Welsh Government Grant	2.680	
Funding for 21st Century Schools		9.039
Housing Revenue Account (HRA)		
HRA Reserve	5.240	
HRA - In-year Surplus	8.988	
Welsh Government Major Repairs Allowance	2.660	
Unsupported Borrowing	0.250	
Funding for HRA		17.138
Total Capital Funding 2020/21		38.235

- 3.2. The value of the capital receipts identified includes an estimate sum of £550k generated from the potential sale of the Golf Course and an indication has been given by the Executive to use any capital receipts from the sale of the Golf Course to fund improvements to other leisure facilities. It also includes £100k from the sale of smallholdings, which has been previously earmarked to improve the existing smallholding properties.
- 3.3. £500k has been allocated from the Capital Reserve, which would leave a forecast balance of £640k, which is available to fund any emergency capital works which may arise during the year or to provide match funding if the offer of significant grant funding was received during the year which required a small amount of match funding.
- 3.4. The HRA funding is earmarked for HRA projects only and cannot be used for any other projects. The plan allows for the use of £5.24m in 2020/21, leaving £1m as the ongoing reserve balance. This is in accordance with the HRA Business Plan which has been previously approved by the Council.

4. DRAFT CAPITAL PROGRAMME (Committed Schemes)

4.1. 2019/20 Schemes Carried Forward

The following schemes will not be completed in 2019/20 and will carry forward to 2020/21.

Table 2

2019/20 Schemes Brought Forward

2019/20 Schemes Brought Forward	2020/21 £'000	2021/22 £'000	2022/23 £'000
Gypsy and Traveller Site – Star	670	-	-
Tourism Gateway	1,345	-	-
Holyhead Strategic Infrastructure	379	-	-
Holyhead Regeneration (THI Phase II)	900	1,500	460
Total Schemes Brought Forward	3,294	1,500	460

4.1.1 Temporary Gypsy & Traveller Site at Star – Following the purchase of the site and the initial design costs, £670k of the allocated budget remains unutilised and will not be spent before the end of the financial year. The final specification for the scheme is currently being drawn up and the tendering process will commence in early 2020.

4.1.2 Tourism Gateway – This is an EU grant funded scheme and no additional Council funding will be required in 2020/21.

4.1.3 Holyhead Strategic Infrastructure – This is a scheme funded under a Joint Venture agreement between the Council and Welsh Government to build new business premises with additional external grant funding. No additional Council funding will be required in 2020/21 to complete the scheme.

4.1.4 Holyhead Regeneration (THI Phase II) - £825k of the £900k required will be grant funded through the Heritage Lottery Fund, but an additional £75k match funding will be required. Given the level of grant compared to the Council's contribution, it is recommended that this scheme is included in the 2020/21 capital programme.

4.2. Refurbishing/Replacing Existing Assets

4.2.1 Each year, sums are allocated in the capital programme in order to maintain, upgrade or replace existing assets. The sums allocated have been reviewed by the Finance Team in consultation with the relevant service and the following sums are recommended for 2020/21:-

- **Disabled Facilities Grant (DFGs)** – In previous years, £750k has been allocated and this was supplemented in 2018/19 and 2019/20 by the use of Intermediate Care Fund grants. The Housing Service, who is responsible for the awarding of DFG grants, have indicated that £600k will be sufficient funding for 2020/21. However, as part of the Revenue Budget proposals, the cost of delivering DFG work will also be capitalised, with £36k being transferred from the revenue budget to the capital budget. This takes the total allocation to £636k. It will be necessary to increase the funding back to £750k in 2021/22 onwards.
- **Disabled Access in Education Buildings** - £300k has been allocated to meet the cost of these adaptations in previous years. Property Services have identified £978k required in 5 secondary schools and has programmed this work to take place over the next 3 years. As a result, the allocation of £300k is recommended again for 2020/21.
- **Refurbishment of Schools** – The backlog maintenance in schools is significant and cannot be funded in the short to medium term. The Property Services Team have identified the most urgent work to utilise the usual allocation of £1m.
- **Refurbishment of Non School Buildings** – Again, a backlog of work has been identified in the Council's offices, residential homes, day care facilities, libraries and leisure centres and there is insufficient funding to undertake this work in any one year. £600k has been allocated in previous years and this level of funding will be sufficient to meet the cost of the majority of the priority work required to be undertaken. This could be a potential area the Council could capitalise on new environmental and carbon reduction grants during the year.
- **Highways Resurfacing** – Highways have assessed that, as a minimum, £2.2m needs to be spent on the Council's highways in order to maintain the current standard. To bring all the Council's roads up to standard again would take an investment in the region of £15m to £30m. Welsh Government has allocated £20m to assist Councils with a Highways refurbishment programme. Anglesey's allocation of this grant funding for 2020/21 is £599k, which leaves £1.25m to be funded from the Council's core capital funding.
- **Vehicles** – A sum of £150k has been allocated in previous years to allow for the replacement of obsolete vehicles and to purchase more fuel efficient/ carbon neutral vehicles e.g. electric cars. However, in addition to the routine replacement of vehicles, 2 sets of vehicles are reaching the end of their useful life and need to be replaced, namely gritting lorries and Môn Community Transport minibuses. In both cases, the repair costs are increasing and there is an increasing risk that vehicles may not be available when they are needed. It is recommended that the vehicles are replaced over the next 3 years, with £300k being allocated for the purchase of new gritters each year for the next 3 years. The Fleet Manager intends to purchase 2 new MCT minibuses in 2020/21, funding one from the £150k allocated for the purchase of new vehicles, with an additional £30k being allocated in 2020/21.

- **I.T. Assets** – Continued investment is required to maintain the Council's core infrastructure and the replacement of devices used by staff to access systems. £171k has been identified as a sum required to maintain the core infrastructure with £121k required for desktop devices. In previous years, licensing costs were funded from capital funding but, as the pressure on the revenue budget has eased slightly, these costs have been transferred to the revenue budget, which releases some capital funding.

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

Table 3
Recommended Allocation of Funding for Refurbishment / Replacement of Existing Assets 2020/21 – 2022/23

Refurbishing / Replacing Existing Assets	2020/21 £'000	2021/22 £'000	2022/23 £'000
Disabled Facilities Grants	636	750	750
Disabled Access in Education Buildings	300	300	300
Refurbishment of Schools	1,000	1,000	1,000
Refurbishment of Non School Buildings	600	600	600
Highways Resurfacing (£599k funded from WG Grant)	1,850	1,850	1,850
Vehicles	480	480	480
I.T. Assets	292	292	292
Total	5,158	5,272	5,272

4.2.3 The General Capital Funding received from Welsh Government for 2020/21 totals £4.324m. There has been little increase in the general capital allocation received from Welsh Government for a number of years as additional capital funding has been directed to specific projects e.g. 21st Century Schools. If this level of funding continues in 2021/22 and beyond, the Council's capital programme will either be limited to the refurbishment and replacement of existing assets or the allocations shown above will have to be reduced in order to free up funding to meet other commitments.

5. OTHER BIDS FOR ADDITIONAL FUNDING

- 5.1. Services were requested to put forward bids for capital funding. These bids were assessed by the Finance Team, using the scoring mechanism set out in the Capital Strategy, and then prioritised by the Senior Leadership Team. Excluding the 21st Century Schools programme, the Housing Revenue Account, the Leisure VAT reserve, any capital receipts which may be generated from the sale of the golf course (if the Executive decides to move ahead with the sale) and smallholdings, the total general core funding available for 2020/21 totalled £5.207m, of which £4.634m is allocated above (Table 2 & 3), leaving £0.573m surplus funding to fund new projects in 2020/21.
- 5.2. Having scored the projects (as per the methodology set out in paragraph 2.4) and following the review by the Senior Leadership Team, the following projects are recommended to be included in the 2020/21 capital programme (see Table 4 below):-

Table 4

Recommended One Off Capital Projects to be Funded in 2020/21

Project Title	Description	Sum Recommended £'000	Core Funding £'000	External Grant £'000
Economic Development and Environmental well being projects	Project development and match funding to be used as and when grant funding becomes available.	95	95	0
Porth y Wrach Slipway	Installation of vehicle recognition/ CCTV cameras at the slipway to monitor health and safety and to assist in the collection of launching fees.	30	30	0
Plas Mona	To upgrade facilities at the Residential Home.	80	80	0
Leisure Facilities Improvement Fund	To provide initial funding to begin the implementation of the "Developing Leisure Provision for Future Generations Plan." The plan will be presented to the Executive in due course which will detail the exact projects to be progressed using this funding and any potential external grants which the Council can secure.	250	250	0
Flood Relief Schemes	To fund the design of major schemes and to provide match funding (15%) to draw down Welsh Government grant funding for smaller schemes. WG grant would total £487k.	573	86	487
Holyhead Landscape Partnership	This will be fully funded from external grants.	1,146	0	1,146
TOTAL RECOMMENDED FUNDING TO BE ALLOCATED IN 2020/21		2,174	541	1,633

5.3 The Council has identified the need for flood relief works in a number of areas including Menai Bridge, Llanfair, Red Wharf Bay, Valley, Amlwch and Holyhead. The total cost of all of these schemes is estimated at between £10m and £12m. Even with 85% grant funding from Welsh Government, it would require the Council to allocate significant core capital funding to complete these schemes. At present, that funding is not available, however, the sum allocated above will allow the projects to be designed and be ready to implement as and when funding becomes available.

5.4 The bidding process also identified a number of projects which do not require funding in 2020/21 but may need to be funded in 2021/22 or beyond. These include the following:-

- ICT in Schools – The Council will receive grant funding to upgrade IT facilities within schools but the grant is conditional on the Council making a commitment to renew and upgrade these facilities in the future. This will require the release of an estimated £2m of funding in 5 years' time. By setting aside an annual sum e.g. £500k per annum, it is possible to build up a reserve that will be available to fund the future replacement costs.
- Flood mitigation on the B5109 at Fryars Bay. As no properties are at risk from the flooding in this area, the scheme does not attract grant funding from the Welsh Government under its current scheme. Should grant funding become available, the Council may need to consider releasing match funding in order to complete the mitigation works.
- The provision of learning disability day services is currently under review. The outcome of that review may recommend a capital investment in one or more centre in order to modernise the service. It is not clear at this point how much capital funding would be required but it is likely to be a significant sum.
- The Council is currently producing a “Developing Leisure Facilities for Future Generations” plan, designed to identify what will be required to maintain and improve the leisure facilities at the Council’s 3 main leisure centres and other key locations. Around £750k is held in a leisure specific reserve and the funding available could be increased through the potential sale of the golf course, if the Council reaches that conclusion. However, the funding requirement is considerably higher and will require additional external funding to implement. Any additional investment to prepare for the Island Games would also require external grant funding support.
- The current Anglesey Connected equipment is nearing the end of its useful life and, in order to maintain the connections to the establishments currently served by Anglesey Connected, the equipment will need to be replaced or the connections need to be transferred to PSBA. It is estimated that, over a 3 year period, £180k will be required to complete the transition. However, moving away from Anglesey Connected would allow the masts to be sold, which would generate a capital receipt.
- The Council has invested sums over recent years in modernising its business processes by investing in back office systems and implementing the Customer Relationship Management (CRM) system. The next step is to begin to develop automated response systems to deal with customer queries (ChatBots). Although the Council is not in a position to implement the technology at the present time, the need to invest in such technology was identified as a future capital bid.
- In order to extend the areas where it is possible to generate fees from car parking or modernise the way motorists pay parking fees, it will be necessary to replace and/or increase the number of pay and display machines. This will require future capital investment.
- The Council is developing a corporate strategy to improve environmental performance and reduce carbon emissions. Whilst a number of existing or planned activities are funded, it is expected that the Council will need to allocate additional capital and revenue funding in the future to ensure it plays its part fully.

5.5 Smallholdings

Two bids were received for the upgrade of 2 smallholdings at a combined cost of £160k. Given the limited funding, it is recommended that the upgrade of smallholdings is funded from any capital receipts generated from the sale of land or buildings or from the sum allocated for repairs and maintenance in the revenue budget. It is expected that capital receipts of £100k will be received in 2020/21.

6 21ST CENTURY SCHOOLS

6.1 Due to the significant amount of Welsh Government funding the schemes will attract and the need to modernise the existing school estate, the Council is committed to funding these schemes through the use of unsupported borrowing and the capital receipts from the sale of old school sites. The 2020/21 Capital Programme allows for the completion of Band A projects and the commencement of Band B projects. It is for the Executive to decide what those projects will be and when they will be commenced.

6.2 The estimated cost of the programme in 2020/21 is £9.039m (net of any capital receipts), which will be funded from £2.68m Welsh Government grant, £2.68m supported borrowing and £3.679m unsupported borrowing.

7 HOUSING REVENUE ACCOUNT

7.1 The Housing Revenue Account is a ring fenced account in terms of both revenue and capital expenditure. The proposed programme for 2020/21 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £6.645m being invested. A further £10.493m will be spent on developing new properties and in re-purchasing former right to buy properties.

7.2. The programme will be funded from: the HRA Reserve (£5.24m), the revenue surplus generated in 2020/21 (£8.988m), Welsh Government grants (£2.66m) and new unsupported borrowing (£0.25m).

8. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2020/21

8.1. The recommended capital programme for 2020/21 is summarised in Table 5 below and analysed in further detail in Appendix 2.

Table 5

Summary Recommended Capital Programme 2020/21

	Ref	£'000
2019/20 Schemes Brought Forward	Para 4.1 & Table 2	3,294
Refurbishment / Replacement of Assets	Para 4.2.2 & Table 3	5,158
New One Off Capital Projects	Para 5.2 & Table 4	2,174
Smallholdings funded from capital receipts	Para 5.7	100
21 st Century Schools	Para 6	9,039
Housing Revenue Account	Para 7	17,138
Total Recommended Capital Programme 2020/21		36,903
Funded By:		
General Capital Grant		2,165
Supported Borrowing General		2,364
Capital Receipts		245
Capital Reserve		500
21 st Century Schools Supported Borrowing		2,680
21 st Century Schools Unsupported Borrowing		3,679
HRA Reserve & In Year Surplus		14,228
HRA Unsupported Borrowing		250
External Grants		7,572
2019/20 Funding Brought Forward		3,219
2020/21 Total Capital Funding		36,903

8.2 The total funding available for 2020/21, as set out in Table 1, is £38.235m. It is recommended that £36.903m is utilised, leaving an unused balance of £1.332m. This is made up of £750k VAT Leisure reserve, £550k estimated capital receipts from the potential sale of the Llangefni Golf Course and £32k of unallocated capital receipts.

It is recommended that the use of the VAT Leisure reserve and any potential capital receipts from the sale of the golf course are considered by the Executive when the draft Developing Leisure Provision for Future Generations Plan is presented to the Executive. The remaining £32k is carried forward as funding to be used in 2021/22.

Proposed Capital Programme 2020/21

Scheme Name	Budget 2020/21 £	Funded By								Total Funding £'000
		2019/20 B/F	General Capital Grant	Supported Borrowing	Capital Receipts	Capital Reserve	Unsupported Borrowing	External Grants	Reserves	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2019/20 Schemes Brought Forward										
Star Gypsy and Traveller Site	670	670								670
Tourism Gateway	1,345	1,345								1,345
Holyhead Strategic Infrastructure	379	379								379
Holyhead Regeneration (THI Phase II)	900	825			75					900
Total 2019/20 Schemes Brought Forward	3,294	3,219	-	-	75	-	-	-	-	3,294
Refurbishment / Replacing Existing Assets – Building, Vehicles, IT & Highways										
Disabled Facilities Grants	636		636							636
Disabled Access in Education Buildings	300			300						300
Refurbish Schools	1,000			1,000						1,000
Refurbish – Non School Buildings	600			379	71	150				600
Highways Resurfacing	1,850		726	524		1		599		1,850
Purchase of New Vehicles	480		480							480
Upgrading / Replacing IT Equipment	292		292							292
Total Refurbishment / Replacing Existing Assets	5,158	-	2,134	2,203	71	151	-	599	-	5,158
New Capital Projects 2020/21										
Economic Development and Environmental Well Being	95			95						95
Porth Wrach Slipway – Enforcement Cameras	30			30						30
Refurbishment of Plas Mona Residential Home	80		31	36		13				80
Match Funding for Flood Relief Schemes	573					86		487		573
Leisure Improvements	250					250				250
Smallholding Refurbishments	100				100					100
Holyhead Landscape Partnership	1,146							1,146		1,146
Total New Capital Projects 2020/21	2,274	-	31	161	100	349	-	1,633	-	2,274

Scheme Name	Budget 2020/21 £	Funded By								Total Funding £'000	
		2019/20 B/F	General Capital Grant	Supported Borrowing	Capital Receipts	Capital Reserve	Unsupported Borrowing	External Grants	Reserves		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
21st Century Schools / School Modernisation											
Completion of Band A Programme	5,297			1,355				2,587	1,355		5,297
Commencement of Band B Programme	3,742			1,325				1,092	1,325		3,742
Total 21st Century Schools / School Modernisation	9,039	-	-	2,680	-	-	-	3,679	2,680	-	9,039
TOTAL GENERAL FUND	19,765	3,219	2,165	5,044	246	500	-	3,679	4,912	-	19,765
Housing Revenue Account											
Planned Maintenance and WHQS Improvements	6,645								2,660	3,985	6,645
New Developments and re-purchase of RTB properties	10,493							250		10,243	10,493
Total Housing Revenue Account	17,138	-	-	-	-	-	-	250	2,660	14,228	17,138
TOTAL CAPITAL PROGRAMME 2020/21	36,903	3,219	2,165	5,044	246	500	-	3,929	7,572	14,228	36,903

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template	
Committee:	Corporate Scrutiny Committee
Date:	13 th January, 2020
Subject:	Finance Scrutiny Panel
Purpose of Report:	Progress update on the work of the Finance Scrutiny Panel
Scrutiny Chair:	Cllr Aled Morris Jones
Portfolio Holder(s):	Cllr Robin Wyn Williams
Head of Service:	Marc Jones, Head of Resources / Section 151 Officer
Report Author:	Anwen Davies, Scrutiny Manager
Tel:	01248 752578
Email:	AnwenDavies@ynysmon.gov.uk
Local Members:	Not applicable

1 - Recommendation/s
<p>R1 The Corporate Scrutiny Committee is requested to note:</p> <ul style="list-style-type: none"> • Progress made to date with the work of the Finance Scrutiny Panel, both in terms of achieving its work programme and measuring impact and added value • That processes pertaining to budget monitoring for 2019/20 appear to be fit for purpose and on track • The ongoing financial scrutiny development programme for Panel members and which is being delivered by CIPFA Wales <p>R2 Escalate the following matters for consideration by the Corporate Scrutiny Committee:</p> <ul style="list-style-type: none"> • Express continued concern regarding budget pressures in demand led services (social services and education). Also, to note that the Panel continues to closely monitor the situation and has arrangements in place to ensure regular dialogue with Directors and Heads of Service to provide an explanation of the financial situation in both services and the impact of mitigation measures in place to control overspends. As previously noted, the Panel will continue to report back to this Committee on its findings as the situation evolves • Put arrangements in place to report to this Committee and the Executive on a 3 monthly basis on progress made by the Panel in implementing the forward work programme. Introduce more frequent reporting arrangements if there is a specific risk to be addressed.

2 – Link to Council Plan / Other Corporate Priorities
Direct link between the Council Plan / transformation priorities and the Medium Term Financial Plan. The Panel’s consideration of budgetary matters will provide assurance to the Executive that the Council are responding in a robust manner on financial matters and that steps are in place to mitigate any risks.

3 – Guiding Principles for Scrutiny Members

To assist Members when scrutinising the topic:-

3.1 Impact the matter has on individuals and communities [**focus on customer/citizen**]

3.2 A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality [**focus on value**]

3.3 A look at any risks [**focus on risk**]

3.4 Scrutiny taking a performance monitoring or quality assurance role [**focus on performance & quality**]

3.5 Looking at plans and proposals from a perspective of:

- Long term
- Prevention
- Integration
- Collaboration
- Involvement

[**focus on wellbeing**]

4 - Key Scrutiny Questions

At the request of the Panel:

1. Does the Committee have any views on the priority of the work streams in the Panel work programme?
2. Are the actions of the Panel thus far sufficiently robust?
3. Does the Committee have a view on the pace or quality of recent developments in financial scrutiny led by the Panel?
4. How could the work of the Panel be further strengthened?

5 – Background / Context

1. BACKGROUND

As previously reported, Members will be aware that scrutiny has developed over the past 2 years through the work of 3 scrutiny panels. This report summarises progress made to date as regards the **Finance Scrutiny Panel**.

Panel Governance Arrangements

Members will also be aware of the robust governance arrangements in place to underpin the work of the Finance Scrutiny Panel¹ and it is intended to continue to convene regular meetings of the Panel, in accordance with the timeline for budget monitoring by the Executive and also the Authority's annual budget setting process. A process is in place for reporting to this Committee by Councillor Dafydd Roberts, Panel Chair.

Membership

Membership of the Finance Scrutiny Panel was referred to the scrutiny committees earlier this year² in light of discussions by the Panel. The Panel undertook an end of year

¹ Corporate Scrutiny Committee convened on 31st October, 2017

² Corporate Scrutiny Committee convened 3rd June, 2019 and Partnership & Regeneration Scrutiny Committee convened on 13th June, 2019

self-evaluation in order to review, reflect and learn on the development journey thus far and it was recommended that the then current number of members serving on the Panel be increased by 2 additional members – one from each of the scrutiny committees. Current membership of the Panel is summarised below:

Councillor	Scrutiny Committee
John Griffith	Corporate Scrutiny Committee
Aled Morris Jones	
Dylan Rees	
Glyn Haynes	Partnership & Regeneration Scrutiny Committee
Alun Roberts	
Dafydd Roberts	
Robin Williams Portfolio Holder (Resources)	Observer

2. FOCUS OF WORK OF THE FINANCE SCRUTINY PANEL

This report focuses on the work of the Panel over the past 12 months to December, 2019:

- **Governance matters** – clear governance arrangements continue to be in place (including a terms of reference) and a work programme providing a robust framework for the work of the Panel. This view has been endorsed by CIPFA Wales. The detail of these arrangements is to be revisited as part of a broader review of our Scrutiny procedures and documentation.

The Panel discussed the following governance matters in September, 2019³:

- Frequency of reporting back to the parent committee by the Panel – it was confirmed that arrangements should be in place to report to this Committee and the Executive on a 3 monthly basis on progress of the Panel's work programmes. Introduce more frequent reporting arrangements if there is a specific risk to be addressed
 - Recommend additional governance arrangements that would enable the Panel to report directly to the Executive on specific issues from the work programme
 - Cascade information about the role, contribution and outcomes of the Panel to all Members of the Council.
- **External, expert input** – at the request of Panel members, external, specialist input continues to be facilitated by CIPFA Wales in order to assist us to evaluate and evidence the impact and added value of the Panel's work. The input of CIPFA Wales has also included bespoke member development and mentoring inputs on financial scrutiny at each meeting. CIPFA will return to the Authority later in the year in order to assist the Panel to measure distance travelled in developing Member led finance scrutiny in the Council. The Panel have also agreed to share the outcomes of this work-stream in order to develop good practice at a national level.

This expert input into the work of the Panel has provided a robust foundation to enable and support the development of effective financial scrutiny in the Authority, building resilience into our scrutiny practice and processes.

³ Meeting of the Finance Scrutiny Panel convened on 25th September, 2019

- **Quarterly Budget Monitoring** – the Panel has continued to scrutinise initial messages from the quarterly revenue budget monitoring information, prior to the matter being considered by the Executive. The Portfolio Holder for Resources was in attendance for this discussion in order to provide additional information to Panel members. Panel members noted the following areas which were creating financial pressures:
 - ✚ Adult services – across all demand led services
 - ✚ Learning service – school transport
 - ✚ Highways, Waste and Property – Waste (Parc Adfer) and Property Services (public conveniences; cleaning)

Children’s services are now reporting an improved financial position.

- **Social Services and the Learning Service** – scrutiny of the financial pressures in both services have continued to be a key priority for the Panel and further information commissioned from Heads of Service was considered during the past 12 months. Detailed consideration was given to the following aspects:
 - ✚ Areas creating pressures:
 - i. School transport
 - ii. Adult services - needs led services across all adult social care services

Prior to Quarter 2: 2019/20

 - iii. Children in care – out of county, residential packages, independent fostering placements. (The increase in the number of children coming into the Authority’s care was being replicated in local authorities across Wales and England)
 - iv. Education for children in out of county placements
 - ✚ **Mitigation measures:**
 - i. Adult Services – increased scrutiny of high cost care packages and invoices; maximise contribution from the Health Board towards nursing care needs; effective use of Winter Pressures monies (Welsh Government); further refine Service response to initial service enquires in order to manage demand, ensuring an appropriate initial offer
Risks: increasing demand; inadequate budget; mitigation measures not having the desired impact on budget pressures
 - ii. Children’s Services – continued scrutiny of care package costs prior to placement approval; Joint Commissioning Panel; Resilient Families Team; Joint Contracts Officer (Children and Learning); Small Group Homes; revised package for foster carers; new transport policy for looked after children
Risk: no control over the number of children coming into care (*demand led service*)
 - iii. Learning Service – some of the mitigation measures outlined above for Children’s Services were joint ventures across both services. In addition, more effective system and process for school transport through the transport system “One”; challenge every request for school transport against the criteria; review of school transport policy
Risks: increased demand; inadequate budget

✚ **2019/20 year end projections:** based on current projections, significant overspends are likely in Adult Services and the Learning Service. The scale of the overspend will depend on the pace and impact of mitigation measures.

The Panel have invited both Heads of Service to present a further update on the impact of the mitigation measures implemented to the Panel in May, 2020.

- **Annual budget setting process for 2020/21** - in line with the national timescale for announcement of the Initial Budget Settlement from Welsh Government, the Panel have amended their work programme and examined the Executive's initial budget proposals at their last meeting⁴. A verbal report will be given at the meeting of the Committee by the chair of the Panel (Cllr Dafydd Roberts).
- **Financial Impact of Proposed Policies** - the Panel⁵ gave detailed consideration to the following draft policies / documentation with a view to scrutinising the document contents and measuring any financial impact:
 - ✚ Corporate debt recovery policy
 - ✚ School transport policy
 - ✚ Medium Term Financial Plan
- **Income Generation Strategy** – the Panel had conversations at its September⁶ and November⁷ meetings to scope this work stream. In moving forward, it is intended to include the income strategy on the forward work programme.
- **Work programme and impact of scrutiny** – the Panel have introduced routine self-evaluation of performance at the end of each meeting. This practice appears to be having a positive impact on the quality and effectiveness of financial scrutiny by the Panel. As a first outcome, the Panel recognised the need to ensure greater alignment between the Council's budgetary cycles and the Panel forward work programme. This alignment now underpins the Panel's work programme.

3. MEASURING OUTCOMES AND IMPACT OF THE PANEL

3.1 Context

A previously reported, capturing and assessing the impact of Scrutiny is a challenge to achieve as the outcomes of scrutiny activities are not always tangible and often do not lend themselves to being measured in a systematic way. Also, it is not easy to measure the effectiveness of Scrutiny's ability to influence decision makers through discussion and debate. The journey of the Finance Scrutiny Panel is however an example of where the input of scrutiny has added value and influenced the way in which proposals have been implemented by the Council.

⁴ Meeting of the Finance Scrutiny Panel convened on 9th January, 2020

⁵ Meetings of the Finance Scrutiny Panel convened on 14th February, 1st May & 25 September, 2019

⁶ Meeting of the Finance Scrutiny Panel convened on 25th September, 2019

⁷ Meeting of the Finance Scrutiny Panel convened on 12th November, 2019

3.2 Finance Scrutiny Panel

Financial scrutiny by Members has matured significantly over the past two years from a low baseline. In June, 2019⁸ Panel members undertook a self-evaluation of its impact and reviewed 4 aspects of its work:

- ✚ What worked well
- ✚ Identify what impact the Panel has had
- ✚ Areas for improvement
- ✚ Member development needs

3.3 Outcomes of the Self-evaluation by Members of the Finance Scrutiny Panel

3.3.1 The following questions were used as a framework to enable Members to evaluate the Panel's contribution to the governance arrangements of the Council:

Q1 In terms of the work of the Panel, what were the highlights for you as individual Panel members during the past year?

Q2 In your opinion, what impact did the Panel have in budget scrutiny and in challenging and holding services to account?

Q3 Are there any aspects of the Panel's work that could be improved or delivered more effectively in moving forward?

Q4 What impact has being a member of the Panel had on you as an individual?

Q5 What development needs do you have in order to support you in your role?

Q6 Any general observations on the influence / or impact of the work of the Panel on the whole scrutiny process and our decision making processes?






3.3.2 This work stream has evidenced the following positive outcomes:

- A team of Members who have developed a high level of knowledge about the complexities of local government finances and a level of expertise in this area
- Model of working that focuses on a smaller group, encouraging good attendance and teamwork
- Creating conditions that are conducive to effective Scrutiny eg there has been a tangible improvement in the level and depth of questioning by the Panel
- Scrutiny activity that is well planned, efficient and objective and based on evidence from a range of sources
- Better understanding by Elected Members of the complexities and risks in Council services in order to be able to effectively scrutinise, hold to account and identify priorities in moving forward

3.3.3 Development areas were identified by Panel members as part of the self-evaluation and these have been summarised under 6 key themes:

- ✚ Budget monitoring information

⁸ Meeting of the Finance Scrutiny Panel convened on 6th June, 2019

-  Commissioning information from services
-  Alignment with the Council's strategic priorities
-  Governance arrangements
-  Member development needs
-  Measuring scrutiny outcomes and impact

These themes have been included in the Panel's forward work programme and progress will continue to be reported to this Committee on a quarterly basis. Based on the findings of this self-evaluation, Members decided that RAG status **GOOD (YELLOW)** best reflects the Finance Scrutiny Panel's role and contribution to the governance arrangements of the Authority.

A copy of the report on the self-evaluation is attached (**Appendix 1**).

4. MATTERS TO BE ESCALATED FOR CONSIDERATION BY THE PARENT COMMITTEE

The following matter be escalated for consideration by the Corporate Scrutiny Committee:

4.1 Current budget pressures in social services and the learning service. The Corporate Scrutiny Committee is requested to come to a view about the robustness of the Panel's actions thus far.

6 – Equality Impact Assessment [including impacts on the Welsh Language]

N/a

7 – Financial Implications

This report discusses the following elements of the work of the Finance Scrutiny Panel:

- i. 2019/20 revenue budget performance monitoring
- ii. Budget pressures during 2019/20
- iii. Budget setting process for 2020/21
- iv. Governance arrangements and scrutiny focus in preparation for the 2020/21 budget setting process
- v. Measuring outcomes and impact

8 – Appendices:

Report of the Finance Scrutiny Panel Self-evaluation (Appendix 1)

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

Anwen Davies, Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7HF

Councillor Dafydd Roberts
Chair of the Finance Scrutiny Panel
Date: 03/01/20



**MEASURING THE IMPACT OF SCRUTINY
SELF-EVALUATION BY MEMBERS OF THE
FINANCE SCRUTINY PANEL**

July, 2019



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- 2. Measuring Outcomes and the Impact of Scrutiny**
- 3. The Task**
- 4. Self-Evaluation Questions**
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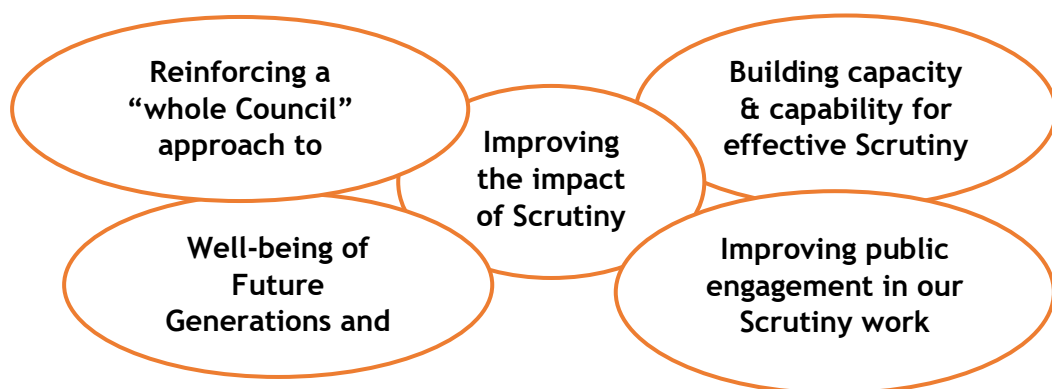
1. Background

1.1 Local Scrutiny Improvement Journey

Our improvement journey over the past 18 months or so has prioritised a number of key themes (summarised below), in order to provide a robust framework to:

- i. Clarify the role and contribution of Scrutiny in the governance arrangements of the Council;
- ii. Identify the actions required in the short and medium term in order to further improve scrutiny.

SCRUTINY IMPROVEMENT JOURNEY: KEY THEMES



1.2 Role of the Finance Scrutiny Panel

The Finance Scrutiny Panel was established in the Summer, 2017 as a sub-panel of the Corporate Scrutiny Committee, with the following objectives:

- develop a model of working on finance matters focusing on a smaller group to enable Members to become more involved, develop a level of expertise, encourage good attendance and teamwork
- forum to discuss information regarding the Council's financial risks, as a basis to inform the forward work programme of the Corporate Scrutiny Committee
- free up space on the agenda of Corporate Scrutiny Committee meetings to allow for the scrutiny of transformational and strategic matters
- forum to develop a group of Members with the expertise and ownership to lead financial discussions in Scrutiny Committee meetings.

2. Measuring Outcomes and the Impact of Scrutiny

2.1 Context

Capturing and assessing the impact of Scrutiny is a challenge to achieve as the outcomes of scrutiny activities are not always tangible and often do not lend themselves to being measured in a systematic way. Also, it is not easy to measure the effectiveness of Scrutiny's ability to influence decision makers through discussion and debate. There are however some local examples where the input of scrutiny has added value and / or influenced the way in which proposals have been implemented by the Council. The work of the Finance Scrutiny Panel is a positive example in this regard.

2.2 Finance Scrutiny

Finance scrutiny has developed significantly from a low base over the past 18 months, with external input and guidance from CIPFA Wales. The Finance Scrutiny Panel have taken a strategic approach to scrutiny of financial matters and have developed an effective questioning strategy to underpin their work. For example, interventions by the Panel in response to significant budget pressures have triggered some positive mitigation measures by Children's Services and the Learning Service.

CIPFA Wales continues to work alongside the Panel in developing our financial scrutiny journey with the following objectives in mind:

- Acquire external professional guidance and advice in relation to financial scrutiny
- Identify good practice as a local benchmark as we develop our arrangements
- Critical friend

What CIPFA Wales had to say about the Panel's contribution

We have received feedback from CIPFA on our development journey at 2 key milestones – in April, 2018 (during preparation of the 2017/18 Scrutiny Annual Report) and secondly as part of a pause and review exercise by the Panel during the latter part of 2018.

What CIPFA Wales had to say:

April, 2018

“During the time we worked with the Panel there has been a distinct change in the way the Panel operates. Members now have clarity on their role, and those of officers in attendance. This has resulted in an effective use of time, improved structure and management of the agenda and a rigour in questions. Members are considering issues from an informed and broader financial base which is evident by the quality and nature of the questions posed. Questions and their approach demonstrates an improvement in confidence and also a resilience and determination to obtain satisfactory responses in a balanced and assertive manner. The development of a forward work programme to include items from the financial calendar, emerging issues and a programme of topics will result in the Panel adding real value to the scrutiny process over time. Being independent of thought and proactive in developing the work programme is a major development for the Panel.”

December, 2018 (Pause & Review exercise)

During November, 2018 Members invited CIPFA Wales to return to assist the Panel in assessing progress and to set the work programme priorities for 2019/20. CIPFA have commended the approach adopted by the Authority to financial scrutiny:

- “The approach to managing and conduction of business at the Panel has improved significantly during the year. This has moved from essentially an officer led approach to one that Members and the chair control better and more effectively
- The papers produced are improving as a consequence of having clarity around what is required from officers to improve the quality of debate and challenge by Members
- Chairing of the Panel has improved with a nominated chair who takes ownership of the meeting and controlling time for questions and debate more effectively
- Questions raised by Members have improved with increased understanding of the issues and therefore the relevance of the point and challenge being made. It is also clear that there is collectively increased quality and contribution by Members, all at some stage asking questions
- There will inevitably be changes in composition and this has been the case in 2018. New Members contributed and questioned which is positive...”

2.3 Self-evaluation

Context:

Since the local government elections in 2017, the Council has been working hard to introduce a more rigorous approach to member led forms of accountability through a revised scrutiny structure. As part of this structure, Members continue to invest in and actively contribute to scrutiny through the work of our 3 standing panels¹.

What drives self-evaluation locally?

We have prioritised the need for periodic opportunities in the calendar for Member self-evaluation in order to enable review, reflection and learning. The objectives of this self-assessment exercise has been to:

- Take stock
- Review, evaluate and reflect
- Establish a foundation for the next period
- Confirm Member ownership.

This is the first self-evaluation to be undertaken by the Finance Scrutiny Panel. The purpose of this self-evaluation has been to provide a framework for Panel Members to review 4 aspects:

What works well

Identify what impact the Panel has had

Areas for improvement

Member development needs

¹ Social Services Improvement Panel, Schools’ Progress Review Panel and Finance Scrutiny Panel



3. The Task

3.1 Elected Members were invited during a recent meeting of the Finance Scrutiny Panel² to grade the RAG status of the Panel's contribution to the improvement journey using the following framework:

3.2

- **Unsatisfactory** – important areas for improvement outweigh strengths
- **Adequate** – strengths outweigh areas for improvement
- **Good** – many strengths and no important areas requiring significant improvement
- **Excellent** – many strengths, including significant examples of sector leading practice

4. Self-Evaluation Questions

4.1 Elected Members used a series of questions as a framework to enable them to evaluate the Panel's contribution to the governance arrangements of the Council:

Q1. In terms of the work of the Panel, what were the highlights for you as individual Panel members during the past year?

Q2. In your opinion, what impact did the Panel have in budget scrutiny and in challenging and holding services to account?

Q3. Are there any aspects of the Panel's work that could be improved or delivered more effectively in moving forward?

Q4. What impact has being a member of the Panel had on you as an individual?

Q5. What development needs do you have in order to support you in your role?

Q6. Any general observations on the influence and / or impact of the work of the Panel on the whole scrutiny process and our decision making processes?

5. Conclusions

5.1 Elected Member Observations on the Finance Scrutiny Panel

80%³ of the Panel's Elected Members participated in the self-evaluation. Below is a summary of what they had to say:

Q1. What were the highlights for you as individual Panel members during the past year?

Our depth of understanding of the complexities of Council services continues to improve

² Meeting of the Finance Scrutiny Panel convened on 6th June, 2019

³ 4 of the 5 Panel members. This figure reflects the fact that the additional member representing the Partnership & Regeneration Scrutiny Committee was not nominated until 13th June, 2019



Focusing on expenditure and doing all that we can as a Panel to influence the outcome at year end

Our knowledge and confidence has increased over recent months which has resulted in more direct questioning and more depth in our discussions

Development sessions at the beginning of each meeting is an effective way of raising awareness and educating us as Members about services. This is an opportunity to enquire and ask questions and these should continue

The level and depth of our questioning has greatly improved over the past year, reflecting a much better understanding of local government finance. We now ask more probing questions

Q2. What impact did the Panel have in budget scrutiny and in challenging and holding services to account?

For me, the greatest impact of the Panel has been the leadership and support Members have demonstrated in its endeavours to hold services to account

Our ability to ask probing questions is beginning to add value to the governance arrangements of the Authority. The work we have done in scrutinising Children's Services and the Learning Service in response to significant budget pressures has triggered some positive mitigation measures.

We have a much greater understanding of how the Council is funded but we now need to move on leading on financial conversations with co Members



Q3. Are there any aspects of the Panel's work that could be improved or delivered more effectively in moving forward?

I think that moving towards arranging dates in advance for meetings of the Panel would further strengthen our governance arrangements and also create the conditions for Member attendance

I sometimes think that we have too many items on the agenda. We should allow time for a development session at the beginning of each meeting in order to enable us to further development our knowledge

It would be beneficial for us to continue to work with CIPFA as a value source of external professional guidance and advice. Also, as a critical friend

Q4. What impact has being a member of the Panel had on you?

My knowledge base has increased in relation to the budgetary process and the financial pressures various departments are facing

As a Panel member, my financial scrutiny skills have developed so that I am now better able to analyse and question the information that is presented

Q5. What development needs do you have in order to support you in your role?

A refresher on the principles of effective finance scrutiny would be beneficial as we welcome new members onto the Panel

A further detailed look at the mechanics of local government finance, including the statutory role of the S151 Officer. This will support both existing and new members of the Panel

We should explore external training sources to help inform our internal training programme eg WLGA, CIPFA

It would be a good idea for the Panel to agree a list of subjects to be covered during the Panel development sessions. These development sessions are an important part of the Panel's work

Q6. Any general observations on the influence and / or impact of the work of the Panel on decision making processes?

We get significant benefit from being Panel members

There is no doubt that our level of understanding of the complexities of Council service has increased considerably over the past year

Our aim is to work as a "critical friend"

As a Panel, we need to continue to develop and mature eg by sharing information with other councils

We are now able to ask probing questions and hold services to account, ensuring that mitigation measures are in place and implemented

5.2 Outcomes

We are able to evidence some outcomes in light of our financial scrutiny work in the Local Authority:

- A team of Members who have developed a high level of knowledge about the complexities of local government finances and a level of expertise in this area
- Model of working that focuses on a smaller group, encouraging good attendance and teamwork
- Creating conditions that are conducive to effective Scrutiny eg there has been a tangible improvement in the level and depth of questioning by the Panel
- Scrutiny activity that is well planned, efficient and objective and based on evidence from a range of sources
- Better understanding by Elected Members of the complexities and risks in Council services in order to be able to effectively scrutinise, hold to account and identify priorities in moving forward.

In summary, we are able evidence a more strategic and outcome based approach to financial scrutiny; evidence based scrutiny making a robust contribution to sound financial management and governance arrangements in the Council.

Based on the findings of this self-evaluation, Members decided that RAG status **GOOD** (Yellow) best reflects the Panel's role and contribution to the governance arrangements of the Authority.

6. Next Steps

6.1 Priorities for the next period

Some matters have arisen from the self-evaluation which require attention over the next period. The following matters will therefore be prioritised on the forward work programme of the Panel:

Development Areas

THEME	HOW
Budget Monitoring Information	Adapt the format and content of the revenue budget monitoring reports submitted to the Panel with the aim of focusing on: <ol style="list-style-type: none"> i. comparing patterns of expenditure with the previous year ii. identifying which areas have deteriorated in terms of their financial performance iii. identify patterns/trends over time
Commissioning Information from Services	Create a standard template for use when commissioning information from individual services
Alignment with the Council's strategic priorities	Ensure alignment between the Panel's work streams and corporate priorities through 1:1 conversations between the Chair of the Panel and the Leader
Governance arrangements	Revise the format of the progress reports to the parent committee and introduce a process of reporting directly to the Executive on matters that have been scrutinised by the Panel (ensuring compliance with the Constitution)
Member Development Needs	<ol style="list-style-type: none"> 1. Convene a finance scrutiny workshop for Panel members. 2 parts: <ul style="list-style-type: none"> • technical information on local authority finance – include role of the S151 Officer • principles of financial scrutiny 2. Agree list of subjects for panel development sessions
Measuring Scrutiny Outcomes and Impact	Elected Members on the Panel to undertake a further self-evaluation within the next 12 months

6.2 Review of Scrutiny Panels

This report will form part of a broader review by the Council of the work of all scrutiny panels⁴ to ensure:

- i. Clear and robust work programmes
- ii. Appropriate pace and focus
- iii. Areas of focus are in accordance with corporate priorities.

Anwen Davies
Scrutiny Manager
[On behalf of Elected Members on the Finance Scrutiny Panel]

⁴ Schools' Progress Review Scrutiny Panel; Finance Scrutiny Panel; Social Services Improvement Panel

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template	
Committee:	Corporate Scrutiny Committee
Date:	13 th January, 2020
Subject:	Corporate Scrutiny Committee Forward Work Programme
Purpose of Report:	Assist the Scrutiny Committee in considering, agreeing and reviewing its forward work programme for 2019/20 and beyond
Scrutiny Chair:	Cllr Aled Morris Jones
Portfolio Holder(s):	Not applicable
Head of Service:	Lynn Ball, Head of Function (Council Business) / Monitoring Officer
Report Author:	Anwen Davies, Scrutiny Manager
Tel:	01248 752578
Email:	AnwenDavies@ynysmon.gov.uk
Local Members:	Applicable to all Scrutiny Members

1 - Recommendation/s
The Committee is requested to: R1 agree the current version of the forward work programme for 2019/20 R2 note progress thus far in implementing the forward work programme.

2 – Link to Council Plan / Other Corporate Priorities
Effective work programming is the foundation of effective local government scrutiny. Our Scrutiny rolling forward work programmes are aligned with the corporate priorities of the 2017/2022 Council Plan and corporate transformation programmes – ensuring the role of Member scrutiny makes a tangible contribution to the Council’s improvement priorities.

3 – Guiding Principles for Scrutiny Members
To assist Members when scrutinising the topic:-
3.1 Impact the matter has on individuals and communities [focus on customer/citizen]
3.2 A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality [focus on value]
3.3 A look at any risks [focus on risk]
3.4 Scrutiny taking a performance monitoring or quality assurance role [focus on performance & quality]
3.5 Looking at plans and proposals from a perspective of: <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement

[focus on wellbeing]

4 - Key Scrutiny Questions

5 – Background / Context

1. Background

<p>1.1 Effective work programming is the bedrock of an effective local government scrutiny function¹. Done well, work programming can help lay the foundations for targeted and timely work on issues of local importance demonstrating where Member scrutiny can add value. Good practice advocates two key issues at the heart of the scrutiny forward work programme:</p>

- | |
|--|
| <ul style="list-style-type: none"> i. Challenge around prioritising work streams ii. Need for a member-led approach and interface with officers. |
|--|

1.2 Basic principles of good work programming²
--

- | |
|---|
| <ul style="list-style-type: none"> • Work programming should not be a “start-stop” process • Complementary work programmes for separate scrutiny committees • Balance between different methods of work • An effective process for reporting / escalating issues to the Executive • Input and views of internal stakeholders • Close working with the Executive • Links with the Annual Scrutiny Report (evaluation and improvement tool). |
|---|

2. Local context

<p>2.1 There is now a well-established practice of forward work programming which are now rolling programmes focusing on the quality of scrutiny with fewer items, to add value. They are an important tool to assist Members in prioritising their work and are discussed with the Senior Leadership Team and Heads of Service. Both committees review the content of their work programmes on a regular basis, to ensure that they remain relevant and keep abreast with local priorities. Our local forward planning arrangements now ensure greater focus on:</p>

- | |
|--|
| <ul style="list-style-type: none"> • Strategic aspects • Citizen / other stakeholder engagement and outcomes • Priorities of the 2017/2022 Council Plan and transformation projects • Risks and the work of inspection and regulation • Matters on the forward work programme of the Executive. |
|--|

<p>Outcome: rolling work programmes for scrutiny committees which are aligned with corporate priorities.</p>

<p>2.2 Committee chairs lead on developing the forward work programmes and are submitted to the monthly Scrutiny Chairs and Vice-chairs Forum and for approval at each ordinary meeting of the scrutiny committees. The Forum is</p>
--

¹ A Cunning Plan? Devising a scrutiny work programme, Centre for Public Scrutiny (March, 2011)

² A Cunning Plan? Devising a scrutiny work programme, Centre for Public Scrutiny (March, 2011)

considered an important vehicle to oversee these programmes and jointly negotiate priorities.

2.3 **“Whole council” approach to Scrutiny:** our work programmes provide a strong foundation for our improvement programme, ensuring the role that Scrutiny plays in the Authority’s governance arrangements:

- i. Supports robust and effective decision-making
- ii. Makes a tangible contribution to the Council’s improvement priorities
- iii. Continues to evolve

2.4 **2019/20 Municipal Year:** the Corporate Scrutiny Committee work programme for 2019/20 was confirmed by the Committee in June, 2019³.

3. Issues for consideration

3.1 The Scrutiny Committee receives regular update reports on the implementation of its forward work programme. A copy of the current 2019/20 work programme is attached as **APPENDIX 1** to this report for reference and includes changes made to the work programme since the Committee last considered the document (21st November, 2019).

3.2 Where appropriate, items may be added to the Committee’s forward work programme during the municipal year. Requests for additional matters to be considered for inclusion on the work programme can be submitted via the Members Request Form for an item to be considered for Scrutiny. Requests are initially considered by the Scrutiny Chairs and Vice-chairs Forum, using the following criteria:

- the Council’s strategic objectives and priorities (as outlined in the Council Plan 2017/2022)
- the ability of the Committee to have influence and/or add value on the subject (A Scrutiny Test of Significance Form will be completed).

6 – Equality Impact Assessment [including impacts on the Welsh Language]

Not applicable for this overarching issue but will be considered as an integral part of preparing for specific proposals to be submitted for consideration by the Committee.

7 – Financial Implications

Not applicable.

8 – Appendices:

Corporate Scrutiny Committee Forward Work Programme 2019/20: Quarter 4.

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

Anwen Davies, Scrutiny Manager, Isle of Anglesey, Council Offices, Llangefni. LL77 7TW

³ A meeting of the Corporate Scrutiny Committee convened on 3rd June, 2019

ITEMS SCHEDULED FOR SCRUTINY → JANUARY – APRIL, 2020
[Version dated 06/01/20]

CORPORATE SCRUTINY COMMITTEE	PARTNERSHIP & REGENERATION SCRUTINY COMMITTEE
January, 2020 (change date of meeting 23/10/19 → 13/01/20)	January, 2020 (21/01/20)
2020/21 initial budget proposals	Schools' Standards Report (Summer, 2019)
Consultation Plan for the 2020/21 budget	GwE Annual Report: 2018/19
Finance Scrutiny Panel: Progress Report	Schools' Progress Review Panel: Progress Report
	Transformation of Learning Disabilities Day Opportunities
	Waste Contract
January, 2020 (14/01/20)	
Schools' Modernisation Programme – Llangefni area	
February, 2020 (change date of meeting 03/02/20 → 27/02/20)	February, 2020 (04/02/20)
2020/21 final draft budget proposals	Strategic Equality Plan: 2020/24
Progress report of the Finance Scrutiny Panel	North Wales Fire and Rescue Service
Review of Scrutiny Panels	North Wales Police and Crime Commissioner
	Review of Scrutiny Panels
	Chwefror, 2020 (25/02/20)
	Medrwn Môn
	North Wales Regional Emergency Planning Service
	Welsh Ambulance Services NHS Trust
March, 2020 (09/03/20)	March, 2020 (10/03/19)
Qtr3 Performance Monitoring: 2019/20	Public Services Board – scrutiny of progress in implementing the Wellbeing Plan
Progress Monitoring: Social Services Development Plan	Collaboration between Betsi Cadwaladr University Health Board and the Council
Social Services Improvement Panel: progress report	
April, 2020 (06/04/20)	April, 2020 (07/04/20)
	Additional Learning Needs Partnership – Gwynedd & Môn

Items to be Agenda'd:

Schools' Modernisation Programme – Amlwch / Llangefni / Seiriol
Use of Welsh Language in Internal Administration of the Council
Care Connect Charging Policy: Council House Tenants (Galw Gofal)

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