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CYNGOR SIR
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ISLE OF ANGLESEY
COUNTY COUNCIL

Mrs Annwen Morgan
Prif Weithredwr – Chief Executive

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	THE EXECUTIVE (BUDGET)
DYDD LLUN 13 IONAWR 2020 2.00 o'r gloch yp	MONDAY 13 JANUARY 2020 2.00 pm
SIAMBR Y CYNGOR SWYDDFEYDD Y CYNGOR LLANGFNI	COUNCIL CHAMBER COUNCIL OFFICES LLANGFNI
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Plaid Cymru/Party of Wales

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

Annibynnol/Independent

Richard Dew, Dafydd Rhys Thomas, Ieuan Williams

COPI ER GWYBODAETH / COPY FOR INFORMATION

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

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

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

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

A G E N D A

1 DECLARATION OF INTEREST

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

2 URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HER APPOINTED OFFICER

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

3 MINUTES (Pages 1 - 4)

To submit for confirmation, the draft minutes of the meeting of the Executive held on 16 December 2019.

4 DRAFT REVENUE BUDGET 2020/21 (Pages 5 - 18)

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

5 CAPITAL BUDGET 2020/21 (Pages 19 - 32)

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

THE EXECUTIVE

Minutes of the meeting held on 16 December, 2019

- PRESENT:** Councillor Llinos Medi (Chair)
Councillor Ieuan Williams (Vice-Chair)
- Councillors Richard Dew, Carwyn Jones, R. Meirion Jones,
R.G. Parry, OBE FRAGS, Dafydd Rhys Thomas, Robin Williams
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Function (Resources) & Section 151 Officer
Director of Function (Council Business)/Monitoring Officer
Director of Education, Skills and Young People
Head of Democratic Services (for item 4)
Committee Officer (ATH)
- APOLOGIES:** Councillor Alun Mummery
- ALSO PRESENT:** Councillors Glyn Haynes, Kenneth Hughes, Aled Morris Jones.
-

1. DECLARATION OF INTEREST

No declaration of interest was received.

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

None to report.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Executive held on 25 November, 2019 were presented for the Executive's approval.

It was resolved that the minutes of the previous meeting of the Executive held on 25 November, 2019 be confirmed as correct, subject to noting that Councillor Carwyn Jones was present at the meeting.

4. THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Head of Democratic Services incorporating the Executive's Forward Work Programme for the period from January to August, 2020 was presented for consideration and the following changes were noted -

- **New Items**

- Item 6 – Annual Equality Report 2018/19 – a delegated decision for the Social Services Portfolio Member for publication in March, 2020.

- Item 23 – Discretionary Housing Policy Payments Policy (for the 23 March, 2020 meeting of the Executive)
 - Item 28 – Welsh Language Standards Annual Report (for the June, 2020 meeting of the Executive)
 - Item 30 – Corporate Scorecard (Q4 2019/20) (for the June, 2020 meeting of the Executive)
 - Item 31 – 2019/20 Revenue Budget Monitoring Report (Q4 2019/20) (for the June, 2020 meeting of the Executive)
 - Item 32 - 2019/20 Capital Budget Monitoring Report (Q4 2019/20) (for the June, 2020 meeting of the Executive)
 - Item 33 – 2019/20 HRA Budget Monitoring Report (Q4 2019/20) (for the June, 2020 meeting of the Executive)
- **Additional Items and Meetings not on the Published Work Programme**
 - Waste Collection and Street Cleansing Service - for the 27 January, 2020 meeting
 - 20 January 2020 – extraordinary meeting of the Executive to consider Schools' Modernisation (pre-decision Scrutiny scheduled for 14 January, 2020)

It was resolved to confirm the Executive's updated Work Programme for the period from January to August, 2020 with the additional changes outlined at the meeting.

5. TREASURY MANAGEMENT MID-YEAR REVIEW REPORT

The report of the Director of Function (Resources)/Section 151 incorporating the Treasury Management Mid-Year Review Report was presented for the Executive's consideration.

The Portfolio Member for Finance reported that the Treasury Management Mid-Year Review report is presented in accordance with the reporting requirements of CIPFA's Code of Practice on Treasury Management and provides a mid-year update on the economic situation, the Council's capital expenditure position and compliance with prudential indicators and its investment and borrowing activity half-way through the financial year and considers, whether in light of these, the TM Strategy needs to be revised. The report will be presented to the Full Council taking into account any comments made thereon by the Executive.

The Director of Function (Resources)/Section 151 Officer highlighted the following –

- That the mid-year review report has been scrutinised by the Audit and Governance Committee and was accepted without additional comment by that Committee.
- That the Public Works Loans Board (PWLB) on which the Authority has previously relied as its main source of funding summarily announced a 1% increase in the borrowing rate on 9 October, 2019 meaning that the Authority now has to fundamentally consider alternative, cheaper sources of borrowing.
- That the Council's investment objectives are in accordance with the TM Strategy adopted by the Council on 27 February, 2019 and remain the security of the capital invested, the availability of the funds when needed and return on investments. As at 30 September, 2019, the Council held £8.5m of investments with banks with ready access to the funds with other slightly longer term investments with local authorities (paragraph 5.7 of the report refers). The latter are seen as the most secure way of investing funds giving a greater rate of return than most bank call accounts.
- That the Council has not borrowed to the level projected at the start of the year due mainly to the pause in the Schools' Modernisation Programme meaning that less expenditure than anticipated has been incurred.

- That the Council is complying with all the Prudential Indicators that were set and approved as part of the 2019/20 TM Strategy.
- That there are no policy changes to the TM Strategy Statement.

It was resolved to note the content of the report and to forward the report to the Full Council without further comment.

6. FEES AND CHARGES 2020/21

The report of the Director of Function (Resources)/Section 151 Officer incorporating a schedule of proposed fees and charges for 2020/21 was presented for the Executive's consideration.

The Portfolio Member for Finance reported that traditionally, revised fees and charges would be implemented from 1 April of the next financial year. However, as part of a number of measures needed to respond to the current difficult financial situation the Executive is asked to approve early implementation of many of these fees and charges from the 1 February, 2020. Most of the increases in fees and charges proposed from 1 February, 2020 were also implemented early last year from 1 February, 2019 meaning they have therefore been in place for a whole year. Where the increase in fees and charges is prescribed by statute, those fees and charges will continue to be implemented from 1 April in line with the financial year. Income budgets for non-statutory fees and charges for 2020/21 have been increased by an average of 3% across each individual service.

The Director of Function (Resources)/Section 151 Officer advised that although the income target was set at 3% across services, Heads of Services have had the latitude to increase individual fees by more or less than 3% to reflect service requirements and demand. Fees and charges relating to schools will be implemented on 1 September, 2020.

The Chair commented that the Finance Scrutiny Panel is planning to undertake a piece of scrutiny work on fees and charges and that the outcome of the Panel's review will be reported in due course.

It was resolved to approve the schedule of Fees and Charges for 2020/21 as outlined in the booklet under Appendix A to the report.

7. AMENDMENTS TO THE COUNCIL'S CONSTITUTION TO REFLECT INTERNAL RESTRUCTURE TO THE STAFFING MODEL

The report of the Director of Function (Council Business)/Monitoring Officer setting out the amendments to be made to the Council's Constitution to reflect changes to the staffing structure of the Senior Leadership Team and Heads of Service was presented for the Executive's consideration.

The Portfolio Member for Corporate Business reported that changes by the Chief Executive to the Senior Leadership Team (SLT) and Heads of Service staffing structures are to be reflected in the Council's Constitution and the delegation afforded to each member of SLT updated accordingly. (Amended staffing structure shown in Enclosure 2 to the report). The current re-structure represents a saving to the Isle of Anglesey County Council reducing the cost of the Corporate Management Team from £682k to £568k. The Executive is asked to consider the changes and to make a recommendation thereon to the Full Council.

It was resolved to recommend to the Full Council that it –

- **Notes the amendments, and confirms its agreement to the new structure as included in Enclosure 2 to the report which shows :**

- **A change in job titles and specifications to the Senior Leadership Team and Heads of Service roles;**
 - **The removal of two Assistant Chief Executive roles;**
 - **The insertion of one new Deputy Chief Executive role;**
 - **The removal of two Heads of Function roles;**
 - **The insertion of five new Director roles, and**
 - **an amendment to the reporting lines between member of the Senior Leadership Team and Heads of Service.**
-
- **Confirms its approval to the insertion of Enclosure 2 in the Council's Constitution.**
 - **Confirms its approval to the changes in the delegation noted in Enclosure 3.**
 - **Confirms its approval for any future Director appointments to be made by the Appointments Committee, and**
 - **Confirms its approval for such other consequential amendments to be made to the Constitution to reflect the above recommendations.**

In closing the meeting, the Chair thanked the Council's staff and Elected Members for their work and commitment over the past year and wished all a happy Christmas and New Year.

**Councillor Llinos Medi
Chair**

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	
<p>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:-</p> <ul style="list-style-type: none"> (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. <p>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.</p>	
B - What other options did you consider and why did you reject them and/or opt for this option?	
N/A	
C - Why is this a decision for the Executive?	
This matter is delegated to the Executive.	
CH - Is this decision consistent with policy approved by the full Council?	
Yes	
D - Is this decision within the budget approved by the Council?	
Yes	

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	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 Cynrol 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

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		
<ul style="list-style-type: none"> 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

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