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Prif Weithredwr – Chief Executive

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH (CYLLIDEB)	**THE EXECUTIVE (BUDGET)**
DYDD IAU 3 MAWRTH 2022 9.30 o'r gloch	**THURSDAY 3 MARCH 2022 9.30 am**
CYFARFOD RHITHWIR WEDI'I FFRYDIO'N FYW (AR HYN O BRYD NID OES MODD I'R CYHOEDD FYNYCHU)	**VIRTUAL LIVE STREAMED MEETING (AT PRESENT MEMBERS OF THE PUBLIC ARE UNABLE TO ATTEND)**
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

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

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

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

Please note that meetings of the Committee are streamed 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 live stream will be retained in accordance with the Authority's published policy.

A G E N D A

1 DECLARATION OF INTEREST

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

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

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

3 MINUTES (Pages 1 - 8)

To submit, for confirmation, the draft minutes of the meeting of the Executive held on 14 February, 2022.

4 REVENUE BUDGET MONITORING - QUARTER 3, 2021/22 (Pages 9 - 32)

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

5 CAPITAL BUDGET MONITORING - QUARTER 3, 2021/22 (Pages 33 - 48)

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

6 HOUSING REVENUE ACCOUNT BUDGET MONITORING - QUARTER 3, 2021/22 (Pages 49 - 56)

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

7 TREASURY MANAGEMENT OUT-TURN 2020/21 (Pages 57 - 68)

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

8 TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23 (Pages 69 - 110)

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

9 TREASURY MANAGEMENT MID-YEAR REVIEW 2021/22 (Pages 111 - 130)

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

10 COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES - 2022/23 FEES AND CHARGES (Pages 131 - 136)

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

11 **LOCAL AUTHORITY HOMES FOR OLDER PEOPLE - SETTING THE STANDARD CHARGE 2022/23** (Pages 137 - 140)

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

12 **FEES AND CHARGES 2022/23** (Pages 141 - 184)

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

13 **INDEPENDENT SECTOR CARE HOME FEES 2022/23** (Pages 185 - 190)

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

14 **MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2022/23** (Pages 191 - 204)

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

15 **CAPITAL STRATEGY AND CAPITAL PROGRAMME** (Pages 205 - 238)

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

16 **FINAL CAPITAL BUDGET 2022/23** (Pages 239 - 246)

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

17 **COUNCIL TAX DISCRETIONARY RELIEF POLICY** (Pages 247 - 262)

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

18 **ENDORSEMENT OF THE ISLAND'S PROJECT SUBMISSION TO THE LEVELLING UP FUND** (Pages 263 - 268)

To submit a report by the Head of Regulation and Economic Development.

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THE EXECUTIVE

Minutes of the virtual meeting held on 14 February, 2022

PRESENT:	Councillor Llinos Medi (Chair) Councillor Ieuan Williams (Vice-Chair) (until item 8) Councillors Richard Dew, Carwyn Jones, R. Meirion Jones, Alun Mummery, R.G. Parry, OBE FRAgS, Dafydd Rhys Thomas, Robin Williams.
IN ATTENDANCE:	Chief Executive Deputy Chief Executive Director of Function (Resources) & Section 151 Officer Interim Director of Function (Council Business)/Monitoring Officer Director of Education, Skills and Young People Director of Social Services Head of Service (Highways, Waste and Property) Head of Housing Services Head of Adults' Services Head of Profession (HR) and Transformation & Interim Head of Democratic Services Housing Strategy, Commissioning and Policy Manager (ELI) Fleet & Transport Manager (GO) Scrutiny Manager (AGD) Committee Officer (ATH)
APOLOGIES:	None
ALSO PRESENT:	Councillors Jeff Evans, Glyn Haynes, Kenneth Hughes, Trefor Lloyd Hughes, MBE, Aled Morris Jones, Mr Gethin Jones (Communications Officer)

1. DECLARATION OF INTEREST

Declarations of interest were made under item 8 below.

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

None to report.

3. MINUTES

The minutes of the previous meeting of the Executive held on 24 January, 2022 were presented for the Executive's approval.

It was resolved that the minutes of the previous meeting of the Executive held on 24 January, 2022 be approved.

4. THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Interim Head of Democratic Services incorporating the Executive's updated Forward Work Programme for the period from March to October, 2022 was presented for the Executive's consideration and the following changes were highlighted –

- Item 13 – Council Tax Discretionary Relief Policy which is new item for the Executive's 3 March, 2022 meeting
- Item 15 – Endorsement of the Island's project submission to the Levelling Up Fund which is also a new item for the Executive's 3 March, 2022 meeting
- Items 16 – 20 to be considered at a now confirmed extraordinary meeting of the Executive on 9 March, 2022
- Since the publication of the agenda item 14 – Extension to the delivery of a Joint Planning Policy Service between the Isle of Anglesey County Council and Gwynedd Council – is to be re-scheduled from the Executive's 3 March, 2022 meeting to a date to be confirmed.

It was resolved to approve the updated Forward Work Programme for the period March to October 2022 with the additional change outlined at the meeting.

5. DAVID HUGHES CHARITABLE ESTATE AND ANGLESEY FURTHER EDUCATION TRUST ANNUAL REPORT AND ACCOUNTS 2021

Councillor Robin Williams, Portfolio Member for Finance presented the report by the Director of Function (Resources)/Section 151 Officer incorporating the Annual Report and Accounts for the Anglesey Further Education Trust for the year 2020/21 as attached at Appendix A and he reported on how the Fund had been utilised during 2020/21.

In October, 2019, the Executive resolved to allocate a one off sum of £55,000 to each secondary school to fund the cost of Learning Coaches within each school. The Learning Coaches would support senior pupils undertaking GCSE and A Level courses. It would be for each school to decide over what period the funding would be used. This was to be funded from the Anglesey Further Education Trust Funds 1/3 Restricted Fund the purpose of which is to provide financial assistance to senior pupils of the 5 secondary schools to complete their course. Details of the expenditure incurred by each school is set out in the table at paragraph 5.2 of the report. The Executive also resolved to allocate an additional £8,000 per secondary school to provide grants to assist financially disadvantaged students to obtain places at colleges and universities and/or to help with the purchase of books and equipment required to attend courses in the first year. The total cost of £40,000 was to be funded from the Anglesey Further Education Trust Funds 2/3 Restricted Fund which had a balance of £151, 216 as at 1 April, 2020. The schools themselves would administrate the award of the grants; however due to the pandemic, schools were not in a position to invite applications during the 2020/21 school year and as a result no grants were awarded.

During 2020/21 the first few of the new scholarships being offered through Coleg Cymraeg Cendlaethol were awarded with four former pupils each receiving £500. A grant of £7,452 was also made to a former pupil to enable them to complete their higher education. The balance of £172, 729 is available for distribution either through the schools or through Coleg Cymraeg Cenedlaethol.

The Director of Function (Resources)/Section 151 Officer referred to the composition of the Anglesey Further Education Trust which includes three funds – the David Hughes Endowment Fund, the Anglesey Further Education Fund 1/3 and the Anglesey Further Education Fund 2/3 both of which provide specific educational benefits. A quarter of any net surplus income on the Endowment Fund is paid to The David Hughes Charity for the Poor which is unconnected to the Council and the remaining income is then transferred to the

Anglesey Further Education Fund (sub-divided into the two funds above). The Value of the David Hughes Charitable Estate (Endowment Fund) as at 31 March, 2021 was £4.276m which is made up of the value of properties, investments and net current assets. This is an increase of £26,194 on the value as at 21 March, 2020. The Further Education Trust Fund as at 31 March, 2021 was £339,347 with the value of the 1/3 Fund standing at £166,618 and the value of the 2/3 Fund standing at £172,729. £108, 173 was utilised for charitable purposes.

Councillor R. Meirion Jones, Portfolio Member for Education, Libraries, Youth and Culture welcomed the report and the positive utilisation of the Trust Fund for the benefit of Anglesey students which it reflected. He thanked everyone who had been involved in the task of reviewing and restructuring the Trust Fund which process had enabled the Fund to be used effectively for the charitable purposes for which it was intended, saying that he regarded this achievement as one of the successes of the current Administration.

It was resolved to approve the Annual Report and Accounts for the Anglesey Further Education Trust for the year 2020/21 as set out in Appendix A to the report.

6. HOUSING RENT HRA AND HOUSING SERVICE CHARGES 2022/23

Councillor Alun Mummery, Portfolio Member for Housing and Supporting Communities presented the report by the Head of Housing Services which sought the Executive's approval for rent and service charges increases for 2022/23.

In recognising that it was difficult to be proposing a rent increase in the current economic climate the Portfolio Member highlighted that all local authorities as instructed by the Welsh Government are required to implement the Rent Policy. Rejecting this policy would ultimately mean a loss of income for the Authority and inevitably affect the services provided. Rejecting the policy could also jeopardise the annual Major Repairs Allowance of £2.66m received from Welsh Government as it could be seen that the Authority is not maximising its income generation opportunities.

The Head of Housing Services confirmed that on the 29 December, 2021 a letter was received from the Welsh Government confirming that as the Consumer Price Index for September 2021 falls outside the range of 0% to 3%, the Minister for Housing would determine the appropriate change for Social Housing Rents for 2022/23. The Minister has determined that all local authorities should use the CPI only with the value of the CPI in September being 3.1%. The Welsh Government has again decided to suspend the Target Rent Bands for 2022/23 and the overall increase of 3.1% would generate approximately £574k of additional rental income for the Authority. The Head of Housing Services clarified how the annual rent increase would be applied to ensure fairness and equality amongst tenants without exceeding the annual increase threshold whilst continuing to work towards achieving rent convergence with other social housing providers as outlined under paragraph 2.4 of the report. For tenants who might face financial hardship as a result of the increase in their weekly rent cost, the Service's Financial Inclusion Officers are available to provide information, advice and support. It should also be noted that the 2,765 Council tenants who are currently in receipt of full or part Housing Benefit or Universal Credit will face no additional hardship as a result of the proposed rent and service charges increase.

In response to a question about the implications of not implementing the proposed rent increase, the Head of Housing Services advised that the level of rent increase is being used as the base model for the Housing Business Plan. If this method is not followed, alternative methods may be required to finance the business plan. Also the Authority is expected to maintain its housing stock to the Welsh Quality Housing Standard (which it achieved in 2012) on an ongoing basis and receives a major repairs allowance from Welsh Government to help with its council houses. Not implementing the rent increase could raise questions about the Authority's need for this extra allowance. The Authority is also working toward the decarbonisation of its housing stock by 2030 which makes the generation of additional rent income all the more important.

The Director of Function (Resources)/Section 151 Officer advised that the rent increase formula applies in the same way to other social housing providers as it does to local authorities with housing stock and that not implementing the rent increase would therefore widen the gap between the Council's rent levels and those of other social housing providers on Anglesey.

It was resolved to approve the following –

- **The rent increase in line with the Welsh Government rent policy on collection over 51 weeks.**
- **That all rents below current target rent bands be increased by 2.25% +£2.00 per week to continue working towards rent convergence.**
- **That all rents on target be increased by 2.25%.**
- **That the rent for the 226 properties that are above target rent should remain at their current level.**
- **An increase of 27p per week for the rent of all garages.**
- **That the service charges set out in section 3.3 of the report be applied to all tenants who receive the relevant services.**

7. RESPONDING TO THE LOCAL HOUSING CHALLENGE – HOUSING STRATEGY 2022/27

Councillor Alun Mummery, Portfolio Member for Housing and Supporting Communities presented the report by the Head of Housing Services incorporating the Housing Strategy for 2022/27 as part of the Service's response to the local housing challenge.

The Portfolio Member for Housing and Supporting Communities commended the document as a positive response to the local housing challenge focusing on six key themes that will provide a basis for identifying what the issues are and how the Strategy intends to address those issues in the short term of 1 to 2 years and medium term to long term over the course of the Strategy. He thanked all the Officers who has been involved in developing the Strategy for the work that had gone into producing a thoughtful and farsighted document which he was pleased to say had caught the attention of the local press reflecting the measures that have and are being taken by the Authority to respond to the local housing challenge.

The Housing Strategy Commissioning and Policy Officer said that the Housing Strategy has been brought to the Executive for approval after a period of consultation and collaboration; it introduces six themes which show what the Authority is going to do under each theme and how it will do it. The Authority will now consider how it will monitor the achievement of the Strategy's objectives and bring its partners into that process.

Councillor Aled Morris Jones, Chair of the Corporate Scrutiny Committee presented Scrutiny's perspective on the Housing Strategy from its meeting on 24 January, 2022 and reported that the Committee had noted that the issues of second homes and property market pressures had featured prominently in the consultation responses. The Committee in noting also that an internal task and finish group had been established to respond to Welsh Government's consultation on the second homes issue, recognised that intervention and positive action by Welsh Government is needed to help ensure the availability of local homes for local people. The Committee also raised concerns about the impact of rising energy costs on households in driving more people into fuel poverty. Councillor Aled Morris Jones confirmed that having considered the documentation presented and the responses to matters raised the Corporate Scrutiny Committee was supportive of the Housing Strategy and had recommended its approval to the Executive.

The Executive welcomed the strategy as a key component of the approach to meeting the local housing challenge and addressing housing issues on the Island recognising also the interface with the Local Development Plan and Place Shaping Plan and the importance of having the right houses in the right places. That the strategy also takes account of the input by the wider public was considered important and the consultation process was acknowledged. The Chair said that ultimately the Strategy is about putting a roof over people's heads and because it is wide-reaching, the strategy seeks to help people in a range of circumstances as well as recognising that people want to live within their communities on Anglesey.

It was resolved to approve the Housing Strategy for 2022 to 2027.

8. THE EFFECT OF THE PUBLIC SERVICE VEHICLE ACCESSIBILITY REGULATIONS 2000 ON SELLING VACANT SEATS ON SCHOOL/COLLEGE TRANSPORT

Councillor R.G.Parry, OBE, FRAgS, Portfolio Member for Highways, Waste and Property presented the report by the Head of Highways, Waste and Property regarding the impact of the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) on the sale of vacant seats on school and college transport. The report set out how the Authority proposes to address the impact of the regulations on its home to school transport provision.

Section 40 of the Disability Discrimination Act (DDA) 1995 grants the Secretary of State the power to make regulations to ensure that Public Service Vehicles are accessible to people with disabilities. The National Government used these powers to establish the Public Service Vehicle Accessibility Regulations 2000 (PSVAR).From 1 January, 2020 the PSVAR have been relevant to coaches with more than 22 seats and the vehicle needed to be accessible to people with disabilities. However, the Department of Transport was offering an exemption certificate providing exemption form the regulations until 1 January, 2022. Most of the Authority's existing agreements for school transport are with local coach carriage companies and their vehicles do not meet the new specifications. The Executive previously approved the decision not to charge Anglesey non-statutory pupils and further education students for the 2021/22 academic year which meant that the regulations did not apply after 1 January, 2022; the proposal is to continue with this approach. Requiring operators to provide such vehicles would give pupils with disabilities the option of travelling by bus, but in similar situations this Authority and other authorities throughout Wales, provide suitable taxi transport directly from pupils' home to the yard of the educational establishment. Offering free bus transport is also in line with the Government's transport vision – Y Llwybr Newydd – as it will lead to fewer vehicles on roads and make school bus transport a more attractive option. Whilst not charging may mean more pupils wanting to use the provision, there has been very little increase in demand in the 2021/22 academic year and steps are in place to manage the risk of misuse.

The Head of Service (Highways, Waste and Property) highlighted that a timely decision is advisable so as to ensure that tender and contract specifications are accurate ahead of the implementation of new school bus contracts in September, 2022. He advised that it is doubtful whether in the current uncertain bus market local operators would be able to afford to adapt their existing vehicles or purchase new vehicles to meet the needs of pupils with disabilities should the Authority require them to do so with the resulting risk that the Authority may not be able to offer transport provision for pupils. Since the Executive's decision last year not to charge a travel fee for Anglesey's non-statutory pupils and further education pupils for the current academic year the estimates of what it would cost to upgrade an operator's bus has risen from £5,000 to £7,000 annually to in the region of £10,000 to £15,000 per year per contract meaning that the difference between the cost of providing buses that meet the regulations for over 50 contracts per annum and the loss of ticket income is significant as evidenced in the report.

Councillor Carwyn Jones and Llinos Medi declared a personal interest at this point on the basis that the decision could affect their own households in the next school year and said that they would not therefore vote on the matter.

The Head of Service (Highways, Waste and Property) advised that since the Authority provides free transport for secondary school pupils who live at least 3 miles from their nearest suitable school, the decision in this matter only affects those secondary school pupils who live at a distance of less than 3 miles from their nearest suitable school and for primary school pupils, less than 2 miles. Based on this advice the Interim Head of Function (Council Business)/ Monitoring Officer confirmed that the two Members could vote on the matter if they believed they met the criteria. Councillors Carwyn Jones and Llinos Medi indicated that they preferred not to vote.

It was resolved that the Authority should not charge a travel fee for Anglesey's non-statutory pupils and further education students -

- **until the start of October, 2025 with the option of extending for a further two years (if the PSVAR regulations were to change during this period, it could be reconsidered);**
- **that the Authority continue with the vacant seats scheme based on capacity for those years. For this academic year the Authority has offered the Vacant Seats Scheme on school buses (which is the scheme prior to this academic year, which sold empty seats on school transport to non-statutory pupils) for free.**

(Councillors Carwyn Jones and Llinos Medi did not vote on the matter)

9. THE RENTING HOMES (FEES ETC.) (WALES) ACT 2019 – IMPLEMENTATION ARRANGEMENTS

Councillor Richard Dew, Portfolio Member for Planning and Public Protection presented the report by the Head of Regulatory and Economic Development which sought the Executive's support to make a recommendation to Full Council that the Scheme of Delegation in the Constitution be amended to ensure that the relevant statutory enforcement powers under the Renting Homes (Fees etc.) (Wales) Act 2019 are used appropriately.

The Renting Homes (Fes etc.) (Wales) Act 2019 makes it an offence to require a tenant or contract holder to make a payment that is not specified as permitted payment in the legislation. Local Authorities will have the ability to enforce the requirements of the Act along with Rent Smart Wales – a service hosted by Cardiff Council as the Welsh Government's designated licensing authority for the area; the legislation authorises the licensing authority for the area to undertake enforcement work. This legislation is currently outside the scope of the existing delegation hence the recommendation to amend the Scheme of Delegation to allow the Head of Regulatory and Economic Develop to exercise the Act's functions as exercisable by the Isle of Anglesey County Council and to also delegate to the Head of Regulatory and Economic Development the right to delegate further to Cardiff Council through its service known as Rent Smart Wales the Council's enforcement provisions under the Act. Although the option of the Council itself enforcing the provisions of the Act was considered, it was felt that sharing the enforcing duty with Rent Smart Wales enables the Council to work more collaboratively and efficiently. Rent Smart Wales has received delegated powers on behalf of other authorities in Wales and would only take enforcement action on behalf of the local authority in limited circumstances.

It was resolved to recommend to Full Council –

- **That the Head of Regulatory and Economic Development be given delegated authority so as to authorise relevant officers to exercise as and when required, the carrying out of those statutory enforcement powers under the Renting Homes (Fess etc.) (Wales) Act 2019 on behalf of this Council.**
- **That the Head of Regulatory and Economic Development be given the right to delegate to officers of the County Council of the City and County of Cardiff to take appropriate action on behalf of this Council for enforcing the provisions of the Renting Homes (Fees etc.) (Wales) Act 2019, through its service known as Rent Smart Wales.**

Councillor Llinos Medi
Chair

Isle of Anglesey County Council	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**3 MARCH 2022**
Subject:	**REVENUE BUDGET MONITORING, QUARTER 3 2021/22**
Portfolio Holder(s):	**COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER FINANCE**
Head of Service / Director:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER**
Report Author: **Tel:** **E-mail:**	**BETHAN HUGHES OWEN – ACCOUNTANCY SERVICES MANAGER** 01248 752663 BethanOwen2@ynys mon.gov.uk
Local Members:	**n/a**

A –Recommendation/s and reason/s

1. On 9 March 2021, the Council set a net budget for 2021/22 with net service expenditure of £147.420m, to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £1.333m. The budget for the Council Tax Premium was reduced by £0.121m to £1.514m. £0.300m was used from general reserves to ensure that a balanced budget was set with the agreed Council Tax rise of 2.75%.

2. Unlike previous years, the budget for 2021/22 does not include any requirements on the services to make savings. The increase of 3.4% in funding from Welsh Government was a welcome increase. The Welsh Government has not been able to provide any indication on the proposed level of funding beyond 2021/22 due to the fact that the UK Government's Comprehensive Spending Review has been cancelled due to dealing with the Coronavirus pandemic.

3. This report sets out the financial performance of the Council's services at the end of quarter 3, 31 December 2021. The projected position for the year as a whole is also summarised. As we move closer to the end of the financial year, there is an increased level of certainty surrounding the projections made, compared to quarter 2, although it should be noted that, in the current emergency situation, the position can change quickly as the Council continues to respond to the pandemic.

4. This financial year, three claims have been made in relation to the Covid crisis to the Welsh Government, totalling £3.418m, for extra expenditure incurred during quarter 3, with £2.165m having been received. The Welsh Government has stated that further funding will be released to cover the loss of income during the remainder of the financial year, but this has not been taken into account in the forecast. The receipt of this additional funding will improve the final position of some services compared to this forecast.

5. The overall projected financial position for 2021/22, including Corporate Finance and the Council Tax fund, is a projected underspend of £3.528m. This is 2.40% of the Council's net budget for 2021/22. However, rising costs, including a potential for a pay award above the 1.75% which is allowed for in the forecast, and the potential for increased demand for services during the final quarter of the year, may reduce the final revenue position at the end of the financial year.

6. It is recommended that:-

(i) To note the position set out in Appendices A and B in respect of the Authority's financial performance to date and expected outturn for 2021/22. This position is dependent on the continued support from Welsh Government to fund the loss of income and the additional costs which the Council faces during the remainder of the financial year as a result of the Coronavirus;

(ii) To note the summary of Contingency budgets for 2021/22 detailed in Appendix C;
(iii) To note the position of the invest to save programmes in Appendix CH;
(iv) To note the monitoring of agency and consultancy costs for 2021/22 in Appendices D and DD.

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

Not applicable

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 – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	The report is for monitoring purposes only and is used along with other reports to set the medium term financial strategy and annual budget. In setting the annual budget, the impact on the long term needs of the Island will be assessed.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The citizens of Anglesey were consulted as part of the 2021/22 budget setting process and will be consulted on future budgets.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable

	E – Who did you consult?	What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	SLT have been provided with a copy of Appendix B to this report.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A

8	Scrutiny	The financial position at the end of quarter 2 was reviewed by the Finance Scrutiny Panel at its meeting on 14 February 2022.
9	Local Members	N/A

F - Appendices:

- Appendix A – Provisional Revenue Outturn Report for 2021/22
- Appendix B - Table of Provisional Outturn 2021/22
- Appendix C - Summary of Contingency Budgets position for 2021/22
- Appendix CH - Review of the Invest-to-Save projects 2021/22
- Appendix D - Information regarding monitoring of Agency Staff 2021/22
- Appendix DD - Information regarding monitoring of Consultants 2021/22

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

2021/22 Revenue Budget (as recommended by this Committee on 2 March 2021 and adopted by the County Council on 9 March 2021).

APPENDIX A

REVENUE BUDGET MONITORING – QUARTER 3

1. General Balance

The Council Fund held £14.079m of earmarked reserves and school reserves amounting to £3.974m at the start of the financial year. The audited outturn for 2020/21 resulted in a general balance at the start of the current financial year of £11.437m. This was an improvement on the opening balance for the previous year, 2019/20, where the general balance stood at £7.060m. The underspend of £4.016m contributed to this and movements in reserves, such as the return of earmarked reserves no longer needed.

The position of General balances at the end of the quarter is as follows:-

Executive Meeting	Amount £m	Purpose
Draft opening balance	(11.437)	Audited general reserve at 31 March 2021
Amlwch Harbour Repairs	0.050	Delegated decision taken by the Section 151 Officer in consultation with the Portfolio Holder - Finance
Transfers In from Unrequired Earmarked Reserves	(0.643)	
Service Reserves	1.376	To Create Service Reserves agreed by Executive 12 July 2021
Roof Repairs Canolfan Addysg y Bont	1.500	Roof Repairs agreed by Executive 29 July 2021
Establishing a New Port Health Authority	0.100	Establish a New Port Health Authority – Set up costs
Roof Repairs Canolfan Addysg y Bont	1.500	Roof Repairs agreed by full Council 11 February 2022
Revised Council Fund General Balance	**(7.554)**	

The current predicated outturn for 2021/22 is an estimated underspend of £3.528m. If this forecast is accurate, the Council's balances and reserves would increase by this sum at the year end. Work will be undertaken as part of the close down process to determine how much of the underspend is credited to general balances, service reserves and earmarked reserves. Given the current uncertainties in the demand for services, the Section 151 Officer has recommended to the Executive that the level of general balances should be higher than the normal level of 5% of the net revenue expenditure budget, and that it would be prudent for the Council to hold a minimum of £9m as General Balances for 2021/22. If the level of underspending forecast at the end of the third quarter becomes the final outturn position at the end of the year, then this will improve the Council's financial resilience even further.

2. Financial Performance by Service

2.1 The details of the financial performance by service for the period, and the projected outturn position for each, is set out in Appendix B. An underspend of £2.315m on services is predicted as at 31 March 2022. An underspend of £0.591m is estimated on Corporate Finance. In addition, an over achievement on income of £0.113m is predicted on the collection of the standard Council Tax. In addition to the small forecasted surplus of standard Council Tax, an additional surplus of £0.509m on the Council Tax premium improves the financial position still further. The current total revenue forecast for 2021/22 is an underspend of £3.528m, which equates to 2.40% of the Council's total net revenue budget.

2.2 Table 1 below summarises the significant variances (circa £100k or higher):-

Table 1

	(Under)/Overspend £'000
Learning	(348)
Adults	(231)
Children's Service	(193)
Highways	(200)
Waste	(560)
Planning and Public Protection	(319)
Transformation	(135)
Resources	(217)
Corporate and Democratic Costs	(164)
Corporate Finance	(591)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	200
Funding	(623)
Other (total of variances less than £100k)	(147)
Total Variance over/(under)spend	**(3,528)**

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Delegated Schools Budget

Once the Council sets the budget for schools, responsibility for the budget is delegated to the schools and annual under or overspends are held in individual school reserves. The balances of the schools reserves now stands at £3.974m, compared to £197k at 31 March 2020. However, grants were received by schools in March from the Welsh Government which covered expenses already incurred, which means that their core budget was not spent. In addition, some grant funding was received on condition that it is spent in 2021/22.

Central Education

3.1.2 This service was underspent by £59k (4.32%) at the end of quarter 3. The forecast for the year-end is an underspend of £299k (6.5%). Many of these budgets are demand-led.

3.1.3 There are a number of over and underspends across the Service. The most significant of which are listed below:-

- The school meals provision is forecasted to be underspent by £186k (£223k at Quarter 2). A new contract has been awarded at a lower cost, due to commence in September 2021. This will result in an underspend, however, this is partly offset by an increase in the free school meals uptake, resulting in an increased cost. The new school meals contract has allowed the Authority to reduce the cost of school meals from £2.50 to £2.20.

- The out-of-county placements movement from 2020/21 to 2021/22 are four children leaving the service (due to turning 16+ or returning to placements on Anglesey) and six new placements taking place to date. An underspend of £544k is forecast for out-of-county placements, which is similar to that forecasted at quarter 2 (£545k). As the financial year progresses, the number of children requiring out of county placements may continue to rise, which will impact the forecasted underspend, as this is a demand led budget.

- Clwb Gofal Plant is forecasted to overspend by £58k (£66k as at quarter 2). This budget is, again, demand led and, with the increase in the number of parents working from home and some Covid restrictions still being in place, the demand for this provision has decreased.

- School Transport is currently being forecasted as being £297k overspent at the end of the year. The forecast at the end of quarter 2 was an overspend of £178k. The demand for this service has increased and, while additional budget has been allocated, the forecast is still showing a substantial overspend. A new bus route has been added to the service, some contracts have had to be retendered, with the retendered cost being higher than the original contract. In addition to this, a number of contracts have also been returned to the Authority as not being able to be delivered.

3.1.4 Culture

3.1.4.1 This service was £253k (23.25%) underspent during the period, compared to £168k at quarter 2.The forecast outturn for the year is an underspend of £49k (4.06%) (£43k quarter 2). There are vacant posts within the Library Service which are expected to give rise to an £94k underspend at year end. However, a recruitment exercise is currently being undertaken in order to fill those vacancies, with staff expected to be in position by February 2022. The current projections for the Oriel is an overspend of £30k due to unachieved income and pressures on the repairs and maintenance budgets. The Archives service is forecasting an overspend of £10k, which is in line with what was reported at quarter 2

3.2 Adults Social Care

3.2.1 This service was £1,309k overspent (6.88%) for the period. The forecast outturn is an underspend of £231k (1.72%), where as it was reported in quarter 2 that the forecast was expected to be an overspend of £477k (1.72%) at year end. This is a difference of £708k from one reporting period to the next. Of the £708k, £545k is in respect of additional funding, £102k is in respect of bills that were previously in dispute which have been realised, £61k is in relation to various underspends across the service.

3.2.2 The elements within the outturn variance are as follows:-

- Services for the Elderly: Forecast underspend of £233k, which is a £479k difference from that forecasted in quarter 2 (£233k overspend). There are various over and underspends within the Service, however, the largest underlying change from the previous forecast in quarter 2 is the receipt of £279k of additional grant income. The homecare forecast has reduced by £136k due to demand, residential care costs have reduced £53k overall whilst the private nursing care for older people cost have been adjusted to reflect demand which has increased costs by £166k. This section of the service has also received £150k of income that was not expected after invoices that were previously expected to be written off having now been paid.
- Physical Disabilities (PD): The provision is forecasting to overspend £199k for the year, compared to £144k reported at quarter 2. The main differences noted from quarter 2 to quarter 3 are that costs within Homecare have been reduced by £14k, while direct payments have increased by £14k. Agency costs have increased by £76k, however, additional grant of £22k has also been received. There are various other under and overspends within the section which contribute to the change in forecast from one report to another.
- Learning Disabilities (LD): Is forecasted to overspend by £783k by year end, which is a decrease of £32k from the previous quarter. This decrease has been the result of Homecare costs increasing by £43k and direct payments increasing by £6k. However, an additional income of £80k has been received through grants.
- Mental Health (MH): The forecast for this Service has reduced from £62k overspend at quarter 2 to an underspend of £14k at quarter 3. There are various reasons for this movement, but the most notable changes are within residential care private costs, substance abuse costs and respite domiciliary care costs which have all been reduced by £30k each.
- Provider Unit: This area is forecasting an underspend of £778k at year end, compared to £602k reported at quarter 2. This underspend is partly due to difficulty in recruitment owing to the Covid19 pandemic. The receipt of an additional grant amounting to £149k is the main contributing factor within this area.

3.3 Children's Services

3.3.1 The service is overspent by £90k (0.87%) for the period. However, it is forecasted to be underspent by £193k (-1.72%) at year end, compared to and overspend of £583k at quarter 2.

3.3.2 The Looked After Children's budget was reporting a forecast overspend of £796k at quarter 2. The forecast now, at quarter 3, is an overspend of £365k, this is a difference of £431k from one reporting period to the next. This budget is demand led and 3 placements that were originally unable to satisfy the requirements of the Welsh Government hardship fund are now in scope, due to a change in circumstance. Following a review of all Looked After Children's costs, it has been identified that another placement is now in scope and is able to be backdated to April 2021. There are also 4 new additional funding streams received during October and November 2021, which has amounted to £489k, which has had an effect on the difference from one reporting period to the next.

3.4 Housing (Council Fund)

3.4.1 This service was overspent by £39k (2.54%) at the end of quarter 3, the forecast for outturn is as previous quarter, a breakeven position. Homelessness and homeless prevention are the biggest areas of concern, with an overspend of £50k in homelessness prevention. However, £444k has been claimed for the first 9 months of the financial year on prevention and homelessness. The forecast is based upon the hardship fund continuing to fund at the same level for the remainder of the financial year.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

3.5.1.1 The service, overall, was underspent by £130k (18.09%) for the period, but it is forecasted to be overspent by £4k (7.33%) at year end, compared to £47k (2.50%) at quarter 2.

3.5.1.2 The Economic Development element of the service is expected to be overspent by £26k at year end, compared to a forecasted overspend of £5k at quarter 2.This is, in part, due to the income target for staffing projects such as Wylfa Newydd and National Grid. External funding of these costs has ended and, without these avenues of funding, the budgeted income expectation will not be met, leading to a shortfall of £72k. The senior management restructure is expected to result in an underspend of £85k, which will compensate for the unachieved income. The other pressure points within the section are the centre facilities, graphic design and subscription budgets which, combined, are likely for be overspent to the sum of £44k.

3.5.1.3 The Destination section is forecasted to be £62k underspent by year end, at quarter 2 the forecasted underspend was £35k. The international travel restrictions over the summer season have resulted in more people taking their holidays in the UK, which has meant that our coastal attractions have been busier than ever and Maritime income targets for registrations and launches being achieved by the end of Q1.

3.5.1.4 The yearly pressure on Countryside income targets is likely to manifest itself again, and a review of the use of the Menai Strait is being undertaken by consultants. All this combined is expected to lead to an overspend for £30k in this area.

Tourism budgets have underspent over the last couple of financial years and additional funding has been allocated for management of tourists. A vacant post is also proving difficult to recruit to. A surplus is now being forecast of £70k.

3.5.1.5 The Leisure section is currently forecasting an overspend at year end of £40k, however, this is an improvement on the forecast of £79k at quarter 2. There is no longer a café provision in the centres but there are still income expectations. There have been reductions in the direct debit collections due to pool closures. This is a local issue and cannot be claimed through the hardship fund. Leisure centres staffing is now being forecast to underspend by approximately £70k in part due to changes in the coaching terms and conditions which accounts for the reduction in the forecasted overspend. The Golf Course asset has now been sold, therefore, no further expenditure is being incurred in this area. Pressure is increasing on the repairs and maintenance budgets as a result of increased purchasing costs. The overspend for this budget is likely to be in the region of £20k.

3.5.2 Planning and Public Protection

3.5.2.1 This service is £481k underspent (27.27%) for the period, and is forecasted to be underspent by £319k (14.20%) at outturn, £108k (4.81%) was forecasted at quarter 2.

3.5.2.2 The Public Protection section was underspent by £141k (8.93%) for the period. The forecasted outturn position is £172k underspend (£95k underspend at quarter 2). The main variance from the forecasted outturn at quarter 2 is that vacant posts are an ongoing issue and, while a recruitment drive is being undertaken, it is difficult to forecast if, or when, these will be filled. Staffing issues account for the change in the forecast from quarter 2 to quarter 3.

3.5.2.3 The Planning section is underspent by £341k at period end, and is forecasting an underspend of £147k at year end, it was reported as £13k underspend in quarter 2. The main difference from quarter 2 to quarter 3 for this section is that a large planning application was received in October 2021 which accounts for the majority of the change in forecast. The Planning Control section also have staffing vacancies, which is forecasted to be £42k underspent by year end.

3.6 Highways, Waste and Property

3.6.1 Highways

3.6.1.1 This service was £34k (5.91%) underspent for the period. The forecasted position at year end is £200k (3.17%) underspend, which is a slightly larger underspend than that reported in quarter 2, £128k (2.03%). The majority of the sections within Highways are predicted to be underspent at year end. The most notable are Departmental Support £70k, which will have arisen from staffing cost savings, street works income is expected to overachieve against the income budget by £90k. Development Control has exceeded its income expectations and, therefore, is forecasting an underspend for the provision of £60k. Môn Community Transport is also forecasting an underspend to the sum of £50k. This is the result of less demand for the service following the Covid pandemic and restrictions. However, the works budget is expected to overspend to the sum of £100k by year end. Car Park income is also forecasting to be £20k over budget at year end. It is important to draw attention to Fleet Management as less use is now being made of the Authority's vehicles and, therefore, the service is unable to recharge out the cost. This currently shows an overspend of £110k against the Highways service. However, it should be noted that each of the other departments will have a corresponding underspend for fleet management.

3.6.2 Waste

3.6.2.1 The Waste service was £673k (10.72%) underspent for the period, and the service is predicted to have an outturn position of a £560k underspend (6.39%). In quarter 2, the reported forecast was an underspend of £480k.

3.6.2.2 The forecast for the year end includes overspends and compensating underspends within different sections of the service. The most notable of the variances includes a £360k underspend on the Waste Collection, which includes the new waste collection contract costs. The recycling forecast has increased from £50k underspend at quarter 2 to £170k underspend at quarter 3 due to the income on the green waste exceeding its target and planned projects have had to be delayed due to uncertainties outside of the control of the service. The Penhesgyn Transfer Station is expected to be £130k overspent at year end, mainly due to staffing costs

3.6.3 Property

3.6.3.1 The service's position for the period is a £98k (13.37%) underspend, with a forecast for the year end position being a £5k overspend (0.51%). The reported outturn position at quarter 2 was also a £5k overspend (0.51%).

3.6.3.2 The position for a number of budget headings varies, with some showing an overspent position, whilst others are underspending. No significant movement from that reported at quarter 2.

3.7 Transformation

3.7.1 The Transformation function overspent by £236k at the end of the period.

3.7.1.1 The HR function was overspent by £30k (2.86%) for the period, and projected to be £91k (6.60%) underspent at year end. The projected underspend is derived from the central training budgets.

3.7.1.2 The ICT section was underspent by £318k (12.39%) for the period, and is expected to be £18k (0.56%) overspent at year end. It was reported at quarter 2 that it was forecasting to overspend by £102k at year end. All software and hardware budgets across the Council, excluding schools, have been centralised and are now managed within the ICT section. The projected year end position now for the centralised software budget is an overspend of £132k. The staffing and software licences give a net projected underspend of £114k.

3.7.1.3 The Corporate Transformation section was underspent by £52k (9.64%) for the period, and expected to be underspent at the year end by £135k (15.06%). This is the result of savings in salary expenses within both the Corporate Transformation team and Cyswllt Môn, alongside an underspend of £101k for the Ynys Môn Gwynedd Partnership.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £62k (2.33%) underspent for the period, with the projection for the outturn being an underspend of £217k (6.71%), compared to £144k (4.45%) at quarter 2.

3.8.2 Staffing vacancies and secondments not being recruited to means a forecasted underspend of £29k for Revenues and Benefits. A small underpend of £10k is forecast for the Accountancy team. Internal Audit is forecasting an underspend of £53k due to staffing vacancies during the year which have been recruited to. The Procurement section is £125k underspent due to initiatives in purchasing, i.e. centralised purchasing budgets, procurement card rebates and lower demand for certain expenditure which are covered by the central procurement budgets, as a result of increased home working (paper, photocopiers, stationery, furniture).

3.9 Council Business

3.9.1 The function was £65k (5.27%) underspent for the period, and the forecast outturn is £57k (0.70%) underspend compared to £12k (0.70%) overspend at quarter 2.

3.9.2 Legal Services are expected to be overspent by £1k at year end, in large part due to legal agency staff employed to cover staff vacancies/absences and land charges income being ahead of profile. Democratic Services are forecasted to underspend in each of its functions, with the largest underspend being within the Committee Services (£48k) due to savings on staffing expenses and the use of consultants.

3.10 Corporate and Democratic Costs

3.10.1 The function was underspent by £31k (1.13%) for the period, and the forecast year end position is an underspend of £164k (5.45%). The underspend was forecasted to be £158k (5.25%) at quarter 2.

3.10.2 Members Support & Expenses have a combined £44k projected underspend, as reported in quarter 2. Pandemic restrictions has led to significant underspending of the travel, training and conferences budgets.

3.10.3 The corporate budgets, overall, are showing an underspend of £96k. There are underspends in grant audit fees £92k and historic pension payments to the Pension Fund £52k. However, there has been a £25k overspend on Staff Counselling, there is no budget for this expenditure. Secondary pensions contributions are expected to be £37k higher than previously anticipated. There are various other compensating under and overspends within other budget heads for the section.

3.11 Corporate Management

3.11.1 The function was £25k (5.22%) underspent for the period, and it is forecasted to underspend by £27k (4.25%) at outturn. This relates to the residual budget following the management restructure in 2019/20 and small underspends on transport and general office supplies.

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, is expected to underspend by £591k at year end.

4.2 The budget for 2021/22 included some items retained centrally as contingency budgets, these amounted to £1,333k. The majority of these budgets will be transferred into Service budgets during the year. Appendix C provides a summary of the contingencies budget, this shows that £204k has already been vired to approved budgets.

4.3 The capital financing budget is made up of 3 elements: the sum set aside to meet future repayments (Minimum Revenue Provision - MRP), interest payable on outstanding loans and interest received on cash balances held in the Council's bank accounts and other investments. Delays in capital projects, in particular the 21st Century Schools programme, lowered the Council's borrowing requirement which, in turn, has led to lower MRP and interest costs. During the pandemic, the Council maintained a higher than normal cash balance, although investment returns are very low (on average less than 0.2% during the year). As a result, the Capital Financing budget is forecasted to underspend to the sum of £536k.

5. Collection of Council Tax

5.1 The Council Tax Fund budget is determined using the estimated collectable debt for the current year only, based on the tax base figure set in November 2020. It does not provide for arrears collected from previous years, adjustments to liabilities arising from previous years (exemptions, single person discounts, transfers to business rates etc.), changes to the current year's tax-base or the provision for bad and doubtful debts. These changes cannot be estimated and, invariably, lead to a difference between the final balance on the Council Tax Collection Fund and the original budget. Covid is also impacting on the collection of Council Tax, and an increase in the bad debt provision has been made to reflect this impact. The current core Council Tax income is forecasted to be £113k higher than the budget.

5.2 The Council Tax premium is designed to encourage owners of empty properties and second homes to return the property to general use and, as such, there is a risk that the number of properties paying the premium can reduce significantly during the year. In order to mitigate this risk, the tax base for premium properties is set at 80% and, if the numbers of properties paying the premium does not fall significantly, then the budget will generate a surplus. Again, the transfer of properties from the domestic to the Business Rates register has reduced the premium payable on second homes but, despite the transfer of properties, overall the numbers of second home properties remained fairly constant and, as a result, the Council Tax premium budget is forecasting a surplus of £509k at the end of the financial year.

6. Budget Savings 2021/22

6.1 No Budget Savings were required by the services for the financial year 2021/22.

7. Invest-to-Save

7.1 An invest to save programme was undertaken in 2016/17, with an allocation of £983k for individual projects. To date, £894k has been spent or committed from this allocation of funding up to and including 2021/22. All projects are at various stages of development, with some closer to completion than others, although progress to complete these projects has been impacted by the Coronavirus pandemic. The full detail of the expenditure and progress on each of the projects can be seen in Appendix CH. Where the projects are not completed at year-end they will continue into 2022/23 and the funding will still be available within the invest-to-save reserve.

8. Agency and Consultancy Costs

8.1 During the year to date, £877k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £168k related to staff cover for vacant posts. The Waste service spent £248k for site agents at the recycling centres. The full details can be seen at Appendix D.

8.2 A total of £160k was spent on Consultancy during the period October to December 2021, with £12k funded through grant or external sources. A full summary of expenditure per service, and additional details of the expenditure, can be seen at Appendix DD.

9 Welsh Government Covid19 Grant Funding to date

9.2 The Welsh Government has provided significant financial support to the Welsh local authorities on Coronavirus related additional costs and loss of income, without which the outturn would be a sizeable overspend. Table 2 below shows that the Council claimed £3.418m for additional costs arising from the pandemic for this financial year. £2.166m has already been paid to the Council, leaving a balance of £1.252m remaining, which will be paid during 2021/22.

Table 2 Covid related expenditure April to December 2021 funded by Welsh Government

	Adult Social Services	Free School Meals	General	Homelessness	School Cleaning	Testing in Care Homes	Self Isolation	Children	SSP Enhancement	Total
	£	£	£	£	£	£	£	£	£	£
Claimed	1,199,550	438,209	805,122	156,898	145,283	148,072	354,472	140,810	30,169	3,418,585
Disallowed	-	-	917	65						982
Balance Due	**1,199,550**	**438,209**	**804,205**	**156,833**	**145,283**	**148,072**	**354,472**	**140,810**	**30,169**	**3,417,603**
Paid	815,876	209,969	499,184	45,692	99,952	128,627	209,722	140,810	15,516	2,165,348
Balance Outstanding	**383,674**	**228,240**	**305,021**	**111,141**	**45,331**	**19,445**	**144,750**	**-**	**14,653**	**1,252,256**

9.2 Loss of Income from Covid Restrictions Funded by Welsh Government

Whilst easing of lockdown has entered into the new financial year, the Council's income has significantly been affected, such as closure of the Leisure centres and the impact on car parking fees. There is also the risk of further restrictions to help reduce the transmission of Covid. Welsh Government has compensated local authorities for eligible income lost due to the Coronavirus. The Council, this financial year, has claimed £0.290m from Welsh Government. A summary of the income compensated and claimed to 31 December 2021 is shown below in Table 3:-

Table 3 – Welsh Government Grant Funding for Loss of Income from Services during the Pandemic

Summary	Museums £'000	Leisure £'000	Education £'000	Car Parks £'000	Public Protection £'000	Markets and Travel Clubs £'000	Total £'000
Claimed	65.00	487.51	-312.40	34.0	13.80	1.80	289.71
Disallowed	0	0	0	0	0	0	0
Balance Due	**65.00**	**487.51**	**-312.40**	**34.0**	**13.80**	**1.80**	**289.71**
Paid	60.40	407.34	-321.00	34.00	11.30	1.10	193.14
Balance Outstanding	**4.60**	**80.17**	**8.60**	**0.00**	**2.50**	**0.70**	**96.57**

10 Financial Risks over the 2nd Part of the Financial Year

10.1 The figures reported above are based on the current level of service demand, however, there are a number of risks that may impact on the costs moving forward and there is still a risk that the final position at the end of the financial year will not be as positive as shown above, although the risk is diminishing as we approach the end of the financial year. The risks are detailed below.

10.2 The Trade Unions have rejected a final pay offer of 1.75% and are balloting for industrial action, although 1 Union has not received sufficient support for industrial action and it is more likely that the pay award will be settled around the 1.75% figure. Sufficient funding has been included in the budget and in earmarked reserves to meet the cost of a 1.75% pay award, but anything higher than this figure will further reduce the projected underspend, with each additional 1% adding between £400k and £500k to pay costs.

10.3 Inflation is on the increase and is higher than the sum that was allowed for in setting the 2021/22 revenue budget. The majority of the Council's costs are staffing costs or contractual payments to contractors and suppliers (including energy providers), and these arrangements protect the Council from significant increases in costs due to rising inflation. However, rising inflation will have some effect on the Council's costs during the final quarter of the financial year.

10.4 The winter period always creates uncertainty in the demand for services (particularly in Adult Services), and the need to respond to periods of extreme weather (snow, storms, flooding). It is difficult to forecast the potential increase in costs due to the winter weather, but the majority of the winter has passed and it has been relatively calm and mild, which has reduced the risk. There is still a risk of severe or cold weather during the final quarter but, again, this risk diminishes as the weeks pass and we approach the end of March.

10.5 The underspending in a number of services has resulted from vacant posts. Some are as a result of deliberate decisions not to appoint to vacant posts during periods of lockdown, but the number of vacancies reflects the increasing difficulty the Council is facing in appointing staff to certain posts. There is no underlying overprovision in the staffing budgets, and the actual expenditure will return to the budgeted level once the posts are filled.

10.6 The increased costs and loss of income in a number of services are currently being supported by the Welsh Government Hardship Fund, and the Welsh Government has confirmed that this support will continue to the end of the financial year. However, the impact of the ongoing Covid emergency (increased demand for services, less capacity and resulting loss of income in some services) will be factored into budget preparation for 2022/23. The improving situation surrounding Covid has again reduced the risk of increased costs in the final quarter.

10.7 Within Adult Services, additional grant funding is received from the Welsh Government, and this additional funding is being used to support the current level of demand for services and reduces the burden on the core budget. Again, the financial risk in 2021/22 is low but, again, the risk is higher in 2022/23 if the demand for service remains and the grant is not available in 2022/23.

10.8 The Council is now dealing with additional uncertainties and potential future costs surrounding new Port Health arrangements and duties. There is currently no funding certainty and, with the need to recruit and create additional capacity, could create additional financial pressures. Engagement continues with both Welsh Government and HMRC, and it is hoped that additional financial commitments and / or agreement to underwrite additional costs on the Council can be obtained during the second half of the year.

11 Conclusion

11.1 The initial projection at the end of the second quarter is that the budget will be underspent by £3.528m for the year ending 31 March 2022. The service budgets are expected to underspend by £2.315m and corporate finance is forecast to also underspend by £0.591m. An overachievement of £0.113m is expected on the standard Council Tax. Surplus income of £0.509m is forecast on the Council Tax Premium.

11.2 The forecasted level of underspend does improve the Council’s financial standing considerably and does allow the Council to fund other emerging risks e.g. repairs to Canolfan Addysg y Bont. In addition it allows reserves to be used to part fund the capital programme in 2022/23. The level of the Council’s General Balances will be kept under review as we move towards the end of the financial year in order to ensure that the level exceeds 5% of the net revenue budget.

APPENDIX B

Projected Revenue Outturn for the Financial Year-ending 31 March 2022 - Quarter 3

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynyddol Annual Budget	2021/22 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed spend	2021/22 Ch3 Amrywiad Q3 Variance	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed Spend	Ch3 Amcangyfrif Gwariant i 31 Mawrth 2022 Q3 Estimated Expenditure to 31 March 2022	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)	2021/22 Gor/(tan) wariant a ragwelir fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Dysgu Gydol Oes ***Lifelong Learning***									
Cyllideb Datganoledig Ysgolion *Delegated Schools Budget*	49,052	34,343	34,343	(0)	0.00%	49,061	0	0.00%	0
Addysg Canolog *Central Education*	4,602	(1,378	(1,437)	(59)	4.32%	4,303	(299)	-6.50%	(411)
Diwylliant *Culture*	1,208	1,090	837	(253)	-23.25%	1,159	(49)	-4.06%	(43)
Gwasanaethau Oedolion ***Adult Services***	27,727	19,027	20,336	1,309	6.88%	27,496	(231)	-0.83%	477
Gwasanaethau Plant ***Children's Services***	11,178	10,307	10,379	90	0.87%	11,005	(193)	1.72%	583
Tai ***Housing***	1,247	1,546	1,507	(39)	-2.54%	1,247	0	0.00%	0
Priffyrdd, Gwastraff ac Eiddo ***Highways, Waste & Property***									
Priffyrdd *Highways*	6,307	5,828	5,484	(344)	5.91%	6,107	(200)	-3.17%	(128)
Eiddo *Property*	985	731	633	(98)	-13.37%	990	5	0.51%	5
Gwastraff *Waste*	8,757	6,280	5,607	(673)	-10.72%	8,197	(560)	-6.39%	(480)

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynyddol Annual Budget	2021/22 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed spend	2021/22 Ch3 Amrywiad Q3 Variance	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed Spend	Ch3 Amcangyfrif Gwariant i 31 Mawrth 2022 Q3 Estimated Expenditure to 31 March 2022	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)	2021/22 Gor/(tan) wariant a ragwelir fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Rheoleiddio a Datblygu Economaidd ***Regulation & Economic Development***									
Datblygu Economaidd *Economic Development*	2,053	1,734	1,582	(152)	-8.77%	2,057	4	0.19%	49
Cynllunio a Gwarchod y Cyhoedd *Planning and Public Protection*	2,247	1,765	1,284	(481)	-27.25%	1,928	(319)	-14.20%	(108)
Trawsnewid ***Transformation***									
Adnoddau Dynol *Human Resources*	1,379	1,054	1,024	(30)	-2.88%	1,288	(91)	-6.60%	(84)
TGCh *ICT*	3,200	2,571	2,889	318	12.39%	3,218	18	0.56%	102
Trawsnewid Corfforaethol *Corporate Transformation*	896	540	488	(52)	-9.64%	761	(135)	-15.06%	(170)
Adnoddau ***Resources***	3,236	2,644	2,582	(62)	2.33%	3,019	(217)	-6.71%	(144)
Busnes y Cyngor ***Council Business***	1,713	1,227	1,162	(65)	-5.27%	1,656	(57)	3.33%	12
Costau Corfforaethol a Democrataidd ***Corporate & Democratic costs***	3,010	2,736	2,705	(31)	-1.13%	2,846	(164)	-5.45%	(158)
Rheolaeth Corfforaethol ***Corporate Management***	636	475	450	(25)	-5.22%	609	(27)	-4.25%	(28)
Costau heb gyllideb, na ellir eu rheoli: yswiriant, costau pensiwn a dileu drwg ddyledion/lwfansau amhariad ar incwm gwasanaethau *Unbudgeted, uncontrollable costs: insurances, pension costs and bad debt write offs/impairment allowances on services' income*						200	200	0.00%	200

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynyddol Annual Budget	2021/22 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed spend	2021/22 Ch3 Amrywiad Q3 Variance	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed Spend	Ch3 Amcangyfrif Gwariant i 31 Mawrth 2022 Q3 Estimated Expenditure to 31 March 2022	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)	2021/22 Gor/(tan) wariant a ragwelir fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Cyfanswm Cyllidebau Gwasanaethau Total Service Budgets	129,452	92,520	91,873	(647)	-0.70%	127,137	(2,315)	-1.79%	(350)
Ardollau *Levies*	3,695	3,693	3,693	0	-0.00%	3,695	(0)	-0.05%	(2)
Rhyddhad Trethi Dewisol *Discretionary Rate Relief*	71	0	0	0	0.00%	71	(0)	0.11%	(1)
Cyllido Cyfalaf *Capital Financing*	7,482	3,386	3,072	(314)	0.00%	6,947	(536)	-6.97%	(649)
Arian wrth Gefn Cyffredinol ac Eraill *General & Other Contingencies*	1,129	1,129	579	(550)	-48.68%	736	(393)	-34.79%	(20)
Cyfraniad CRT y Gwasanaethau Cefnogol *Support Services contribution HRA*	(700)	0	0	0	0.00%	(700)	0	0.00%	0
Budd-daliadau a Roddwyd *Benefits Granted*	6,290	22	24	2	9.87%	6,327	38	0.60%	37
Arian Wrth gefn Cyffredinol y Cyngor Council's General Reserves	(300)	0	0	0	0.00%	0	300	100.00%	0
Cyfanswm Cyllid Corfforaethol *Total Corporate Finance*	17,668	8,230	7,369	(861)	10.47%	17,077	(591)	-3.34%	(508)
Cyfanswm 2021/22 *Total 2021/22*	**147,120**	**100,750**	**99,241**	**(1,509)**	**-1.50%**	**144,214**	**(2,906)**	**-1,98%**	**(858)**

Gwasanaeth/Swyddogaeth Service/Function	2021/22 Cyllideb Blynyddol Annual Budget	2021/22 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed spend	2021/22 Ch3 Amrywiad Q3 Variance	2021/22 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed Spend	Ch3 Amcangyfrif Gwariant i 31 Mawrth 2022 Q3 Estimated Expenditure to 31 March 2022	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)	2021/22 Gor/(tan) wariant a ragwelir fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch3 Amcangyfrif o Alldro 31 Mawrth 2022 gor/(tan) wariant Q3 Estimated Outturn 31 March 2022 over/(under)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
Cyllido ***Funding***									
Trethi Annomestig *NDR*	(23,480)	(18,062)	(18,062)	0	0.00%	(23,480)	0	0.00%	0
Y Dreth Gyngor *Council Tax*	(40,902)	0	0	0	0.00%	(41,015)	(113)	0.28%	(19)
Premiwm y Dreth Gyngor *Council Tax Premium*	(1,393)	0	0	0	0.00%	(1,902)	(509)	36.57%	(652)
Grant Cynnal Refeniw *Revenue Support Grant*	(81,345)	(62,573)	(62,573)	0	0.00%	(81,345)	0	0.00%	0
Cyfanswm Cyllid 2021/22 ***Total Funding 2021/22***	**(147,120)**	**(80,635)**	**(80,635)**	**0**	**0**	**(147,743)**	**(623)**	**-0.42%**	**(671)**
Cyfanswm yr alldro yn cynnwys effaith y cyllido ***Total outturn, including impact of funding***	**0**	**20,115**	**18,606**	**(1,509)**	**-7.50%**	**(3,528)**	**(3,528)**	**-2.40%**	**(1,529)**

APPENDIX C

Summary of the Outturn Position on Contingency Budgets 2021/22

	Budget £	Virements £	Amended Budget YTD £	Committed YTD £	Currently Uncommitted Budgets £	Budget Forecast Over / (Under) Spend £
General Contingency	388,928	- 20,360	368,568	7,720	360,848	-300,000
Salary and Grading	150,000	-43,820	106,180	10,230	95,950	-
Earmarked Contingency	794,500	-140,140	654,360	561,530	92,830	-92,830
Total General and other Contingencies	**1,333,428**	**-204,320**	**1,129,108**	**579,480**	**549,628**	**-392,830**

APPENDIX CH

Review of Invest-to-Save Projects 2021/22

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Resources	Electronic Document Management System for Revenues and Benefits	Provide scanning solution and workflow for Revenues and Benefits	170,000	0	0	0	Project closed. No further update.
I.T	Local Land and Property Gazetteer (LLPG)	Implement a LLPG system across the Council	10,800	0	0	0	Project closed. No further update.
I.T. / Transformation	Customer Relationship Management System (CRM)	Purchase and implementation of a CRM system	255,000	46,676	0	46,676	Project closed. No further update.
I.T. / Resources	Payment Gateway	Purchase and implement a payment gateway which will enable payments to be received via the App	27,000	13,583	0	13,583	Project closed. No further update.
Regulation & Economic Development	Improve the Resilience of the Planning Systems	New automated planning systems	118,000	5,687	1,487	4,200	Resolution of issues with regards to the Welsh language version on the public portal, redaction of documents and system performance are yet to be fully resolved by the developer. The 'go-live' date is currently set to be on 14/03/2022 but is dependent on all the issues having been resolved, stringent testing and sign-off by IoACC. Works associated with the cleansing of duplicate contacts within the system is continuing, with good progress recently.

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Resources	Improving Income Collection Systems	Purchase and implement a new income management system which links to the current income streams and allows new income collection methods (AppMôn etc.) to link into the cash management system	150,000	36,843	32,898	3,945	Full commitments have now been made and within the bid budgets. Implementation recommenced during Quarter 2 2020/21 following ending of furlough of certain Capita project staff, but momentum only picked up in Quarter 3 2020/21. Testing of the new GL export file that could be done remotely is almost complete, and arrangements are in place to complete the testing that cannot be done remotely. Once this is complete automated income reconciliation/e-returns can begin to be implemented, involving new processes for services and bespoke electronic bank statements from the Authority's bankers. Further automated work is being progressed by developing APIs to enable automated income update to ledger through income management for internal services such as leisure, education and highways and externally for DWP. Implementation will be ongoing into the next financial year due to Covid19 delaying implementation and internal services retendering certain software processes. The remaining budget balance will be used for any unexpected items which remain.
Lifelong Learning	Modernisation of business and performance processes – Education	Implement unused modules in the ONE Management Information system	67,000	0	0	0	Project closed. No further update.
Lifelong Learning	Modernisation of business and performance processes - Oriel Môn	Website for the Oriel	20,000	11,474	10,910	564	Work has been completed on this project.
I.T. / Transformation	Digital First / Digital By Default	Employ a Digital Lead Officer and Digital Services Analyst	£70,000 in year 1 and £50,000 in year 2	30,280	55,413	-25,133	Project closed. No further update. (Overspends here to be funded from underspends on the CRM project)

Service	Title	Description	Amount Approved £	Allocation for 2021/22 £	Spent 2021/22 £	Remaining budget 2021/22 £	Project Update
Public Protection	Improved Digital Connectivity within the Public Protection Service	Implementation of a cloud based system to record inspection visits. The software is an all Wales solution and has been procured via a framework agreement supported by 19 out of 22 councils in Wales.	£10,000 per year for 4.5 years	45,000	0	45,000	Due to Covid19 and pressures on Public Protection, there has been no capacity to proceed to date. There are also developments on behalf of the Council's new CRM system, with a new Port Health Service and a Licensing register required. This will need to go out to the market to see what is available, and how it will sit well with the demands of new developments on the horizon as well as with the corporate IT systems. It is also likely that the life of the current system is coming to an end in the coming years.
Total			**982,800**	**189,543**	**100,708**	**88,835**	

APPENDIX D

Agency costs April to December 2021

Service	Amount £	Source of Funding (Specific Core Budget / Un-utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	17,966	Grant	Temporary	Unable to recruit fully qualified EHO for food sampling
	49,221	Grant	Temporary	Capacity
	3,203	Grant	Temporary	To provide support and training for EHOs dealing with export health certificate
	70,390			
Schools	11,958	Core	Temporary	Supply teachers in specialist field
	113	Core	Temporary	Supply teachers for a specific task
	12,071			
Waste	10,705	Green Waste Subs Income	Temporary	Additional tasks required short term
	247,833	Specific Core Budget	Temporary	Additional tasks required short term
	6,777	Claimed from Hardship Fund	Temporary	Additional tasks required short term
	265,315			
Property	2,379	Un-Utilised Staffing Budget	Temporary	Valuation for the 2020/21 accounts
	2,379			
Children's Services	217,689	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	217,689			
Adult Services	28,078	Core Budget	Temporary	DOLS project
	15,139	Grant	Temporary	Cover additional work re Covid and vacant posts
	39,339	Core Budget	Temporary	Cover Vacant Post
	82,556			
Resources	38,210	Grant	Temporary	Volume of work
	49,350	External Contribution	Temporary	Staff secondment
	64,746	Grant	Temporary	Backlog of council tax work due to pandemic
	30,518	Grant	Temporary	Backlog of council tax work due to pandemic
	9,053	Grant	Temporary	Backlog of council tax work due to pandemic
	191,877			
Transformation	11,339	Un-utilised staffing budget	Temporary	Maternity
	16,829	Un-utilised staffing budget	Temporary	Staff secondment to support the HWB Project
	6,456	Un-utilised staffing budget	Temporary	Vacant GIS Technician post - cover required to maintain Addressing Data Quality Standard
	34,624			
Total	**876,901**			

APPENDIX DD

Summary Consultancy Expenditure Q3 2021/22

Service	Quarter 1 £	Quarter 2 £	Quarter 3 £	Total 2021/22 £
Central Education	0	**2,746**	**1,616**	**4,362**
Culture	58,100	**6,365**	**2,110**	**66,575**
Economic & Regeneration	36,124	**37,440**	**49,963**	**123,527**
Property	0	**0**	**0**	**0**
Highways	16,000	**4,200**	**44,060**	**64,260**
Schools	3,135	**1,050**	**250**	**4,435**
Waste	12,137	**8,679**	**10,659**	**31,475**
HRA	(10,250)	**1,034**	**1,964**	**(7,252)**
Housing	0	**0**	**1,700**	**1,700**
Corporate & Democratic	0	**0**	**0**	**0**
Adult Services	3,451	**0**	**350**	**3,801**
Children's Services	0	**0**	**2,040**	**2,040**
Corporate	0	**0**	**0**	**0**
Transformation	4,260	**2,640**	**13,601**	**20,501**
Council Business	0	**7,130**	**17,029**	**24,159**
Resources	9,565	**9,025**	**14,750**	**33,340**
Total	**132,522**	**80,309**	160,092	**372,923**
Funded by:				
Core Budget	65,648	**58,235**	**147,748**	**271,631**
Grant	65,495	**15,548**	**7,774**	**88,817**
External Contribution	1,379	**6,526**	**4,570**	**12,475**
Reserves	0	**0**	**0**	**0**
Total	**132,522**	**80,309**	**160,092**	**372,923**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**3 MARCH 2022**
Subject:	**BUDGET MONITORING REPORT THIRD QUARTER 2021/22 - CAPITAL**
Portfolio Holder(s):	**COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER FINANCE**
Head of Service / Director:	**MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER (EXT. 2601)**
Report Author: Tel: E-mail:	**JEMMA ROBINSON** **01248 752675** **JemmaRobinson@ynysmon.gov.uk**
Local Members:	**n/a**

A - Recommendation/s and reason/s

- It is recommended that the Executive note the progress of expenditure and receipts against the capital budget 2021/22 at quarter 3.

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 report sets out the financial performance of the Capital budget for the third quarter of the financial year.
- Budget monitoring is a designated Executive function.

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

Yes

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

Setting of the annual Capital Budget.

	DD – Who did you consult?	**What did they say?**
1	**Chief Executive / Senior Leadership Team (SLT)** (mandatory)	Report has been reviewed by the SLT and comments incorporated into the final report.
2	**Finance / Section 151**(mandatory)	n/a – this is the Section 151 Officer's report.
3	**Legal / Monitoring Officer** (mandatory)	The Monitoring Officer is part of the SLT and comments made have been considered by the SLT.
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Procurement**	
8	**Scrutiny**	
9	**Local Members**	

E – Impact on our Future Generations(if relevant)		
1	**How does this decision impact on our long term needs as an Island**	The capital budget funds investments in assets and infrastructure which are required to allow the Council to meet the long term objectives which are set out in its Corporate Plan and Capital Strategy.
2	**Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how:-**	Some of the individual investments, e.g. flood prevention work, will prevent future costs, whilst others, e.g. ICF projects, will reduce the dependency on the Council to provide more expensive services.
3	**Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:**	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
4	**Have Anglesey citizens played a part in drafting this way forward? Please explain how:-**	The Council's Corporate Plan and Capital Programme 2021/22 have been subject to a consultation process with Anglesey citizens.
5	**Outline what impact does this decision have on the Equalities agenda and the Welsh language**	Some of the projects funded by the capital programme do impact on the equalities agenda, e.g. disabled access in schools, disabled facilities grants. No impact on the Welsh language agenda.

F - Appendices:

Appendix A - Capital Budget Monitoring Report – Quarter 3 2021/22
Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End

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

- 2021/22 Capital Budget, as recommended by the full Council on 9 March 2021;
- 2021/22 Treasury Management Strategy Statement, approved by the full Council on 9 March 2021;
- 2020/21 Capital Outturn Report, presented to this Committee on 21 June 2021; and
- 2021/22 Capital Budget Monitoring Quarter 1, presented to this Committee on 27 September 2021, and 2021/22 Capital Budget Monitoring Quarter 2, presented to this Committee on 29 November 2021.

APPENDIX A

1. INTRODUCTION

1.1 This is the Capital Budget monitoring report for the third quarter of the financial year, and allows Members to note the progress of Capital Expenditure and Capital Receipts against the Capital Budget.

1.2 In March 2021, the Council approved a Capital Programme for non-housing services of £15.842m for 2021/22, and a Capital Programme of £20.313m for the Housing Revenue Account (HRA). In addition, in June 2021, the Executive approved Capital Slippage of £11.898m to be brought forward from 2020/21, bringing the Capital Programme for non-housing services to £25.492m, and £22.561m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, which amounted to £11.895m. This brings the total Capital budget for 2021/22 to £59.948m.

2. PROGRESS ON EXPENDITURE 2021/22

2.1 Below is a summary table of the Capital expenditure to 31 December 2021, the profiled budget to 31 December 2021 and the proposed funding of the Capital Programme for 2021/22:-

Service	Annual Budget £'000	Profiled Budget £'000	Actual Expenditure £'000	Committed Expenditure £'000	Total Expenditure £'000	Profiled Budget Spend %	Annual Budget Spent %
Housing General Fund	1,515	693	573	0	573	83	38
Housing HRA	22,561	10,060	6,349	317	6,666	66	30
Lifelong Learning	13,789	5,908	5,278	249	5,527	94	40
Economic and Regeneration	5,763	2,219	838	46	884	40	15
Highways	8,730	3,370	2,457	285	2,742	81	31
Waste Management	2,276	2,270	2,270	0	2,270	100	100
Property	2,399	600	588	0	588	98	25
Transformation	824	461	218	49	267	58	32
Planning	962	461	293	46	339	74	35
Adult Services	1,129	504	445	0	445	88	39
Total	**59,948**	**26,546**	**19,309**	**992**	**20,301**	**76**	**34**
Funded By:							
Capital Grant	24,868						
Capital Receipts	583						
Supported Borrowing	8,765						
Unsupported Borrowing	4,697						
Revenue Contribution	17,887						
Reserves	2,940						
Loan	208						
Total Funding	**59,948**						

2.2 The profiled budget spent to the end of the third quarter for the general fund is 83%. However, only 36% of the annual budget has been spent to date. The reason for this is that a number of the capital schemes are weighted towards the latter part of the financial year, such as the Play capital grant, First Time Buyer and Landlord grant schemes, Resilient Roads Fund, Local Transport Fund (infrastructure enhancements), Electric Vehicle charge points, along with the Active Travel scheme. This also applies to the Low carbon Heat grants that were only offered late in quarter 3, with the works, therefore, taking place in quarter 4. A number of capital schemes are underway, with the majority of the profiled budget for quarter 3 being spent, schemes such as the Waste Fleet, Canolfan Addysg y Bont roofing works, Education Chromebooks scheme, Adventure Playground at Breakwater Park, Holyhead 3G pitch, Amlwch Fitness Suite and the New Park Road crossing. These schemes and their profile can be seen in Appendix B. There are a number of Capital Grants schemes in 2021/22 and an update on these is provided in Section 3.1 of this report.

2.3 The HRA has spent 66% of its profiled budget and 30% of the annual budget. It is currently estimated that the budget will not be spent in its entirety come the end of the financial year, with a significant underspend forecast. For further information on the HRA capital expenditure and projected spend, please refer to the HRA Q3 budget monitoring report, presented to this Committee on 3 March 2022.

3. FUNDING

3.1 Capital Grants

3.1.1 There are a number of Capital Grant schemes in the Capital Programme for 2021/22, and detailed below is the progress made in quarter 3. The purpose of each of these grants is as per the quarter 1 report or, if it is new grant received since quarter 1, then the purpose will be explained in the quarterly report in which it was received.

- **Sustainable Communities for Learning** - The New Ysgol Corn Hir is progressing well on site, with Phase 1 Timber frame wall panels completed and the Wall Panels commencing on Phase 2. External finishes have commenced on the Phase 1 building and the site drainage works are also underway. New Foundation Phase Unit at Ysgol y Graig – tenders have been invited and the Full Planning Application is ready for submission.

- **Childcare Capital Grant –** The schemes at Ysgol Gwalchmai and Ysgol Henblas have completed. Works currently being carried at existing school site locations – Bodedern, Rhosneigr, Rhoscolyn and Valley.

- **Market Hall** – The remaining building related capital works were completed before the calendar year end, which helped facilitate the occupation of the remaining office space, which is now 100% let. By phasing elements of the works, it also allowed for the meeting rooms to be used in a Covid safe manner by Transport for Wales for 8 weeks to support new conductor training.

- **Holyhead Townscape Transformation (Phase II Townscape Heritage Initiative (THI))** - Works have now been completed to the third party project, which facilitated occupation by local people of the four flats created by Christmas, with minor snagging work remaining. The development work continued apace for the St Cybi's Churchyards and Swift Square project, with further investigations completed by calendar year end. Tender documents are now in preparation to support the final detailed designs and implementation phase over the coming 12 months.

- **Hwb In-Schools Infrastructure Grant Scheme** – Installation of the remaining infrastructure elements in Ysgol Uwchradd Bodedern and Ysgol Gyfun Llangefni were not completed due to Covid Pressures, works have been re-arranged for quarter 4. A proportion of Year 3 devices were received at the end of quarter 3, with the remainder due in early quarter 4. Installation of the devices is scheduled for quarter 4 as the part order received did not include essential elements for installation and use.

- **Tourism Gateway –** Detailed designs for the Visitor Centre are now complete and the tender documents were uploaded to Sell2Wales at the start of December 2021. Unfortunately, despite eight contractors registering their interest in tendering for the works, no tenders were submitted for consideration on 24 January 2022. Feedback provided from all prospective tenderers were that they were engaged with other tendering commitments. Project Team, including Corporate Procurement, are urgently considering the most practicable way forward. Options include re-tendering the works or commissioning via an appropriate framework agreement, while also having regard to compliance with funder requirements and ensuring value for money. ERDF funding is in place until 31 December 2022 and project completion is still achievable by Autumn 2022; however, it is an increasingly tight window to deliver. The way forward needs to be agreed urgently, and no later than the end of January 2022, to facilitate procurement and start on site in quarter 4.

- **Adventure Playground, Breakwater Country Park –** The design and installation of an adventure playground at Breakwater Country Park is now complete.

- **Penrhos Phase 2 project** - Planning approval was received during December's Planning Committee. Three tenders were received following on from the tender process. All three tenders received were over the original estimate. Discussions currently on-going with Welsh Government regarding securing additional funds for the project. Appointment of preferred contractor to be undertaken in quarter 4, following resolution of the funding deficit.

- **Llangefni Gateway Project** - The Llangefni Gateway Site (Tregarnedd Industrial Park) is an area in Llangefni which will, eventually, have 7 plots developed.

    - **Gateway Units (ERDF)** - Site set-up was undertaken during the end of quarter 3 with works scheduled to commence at beginning of quarter 4. It is currently anticipated that works will be completed during quarter 2 of 2022/23.

    - **Gateway Joint Venture (JV)** - It is anticipated that the majority of the works on-site will commence during quarter 4 2021/22, parallel with the Gateway Units (ERDF) element. As the JV elements are predominantly being delivered by Wynne Construction under the same contract (but financially separate), the delays to start on-site for Wynne has also applied to the JV works, as commencing the works sooner would have incurred more costs. Archaeological works are scheduled to commence at the beginning of quarter 4.

- **Holyhead and Amlwch Drainage schemes** - These studies are currently ongoing. In Holyhead, CCTV surveys are now complete to inform the model build, with the intention that the model will be built in quarter 4. In Amlwch, modelling specification has been agreed and a site meeting held with the modelling consultant. Both these studies will continue into next financial year.

- **Small Scale Grants Work (15 locations)** - Schemes are ongoing, however, the proposed schemes at Clyttir Mynydd Bodafon, - Lôn Ganol Llandegfan and Pant Lodge LlanfairPG will not be carried out this year due to site difficulties (environmental and archaeological constraints), the need to obtain agreement with circa four different landowners, as well as the current staffing capacity of the Service's Design team. They will be resubmitted for approval next year.

- **Beaumaris Flood Alleviation –** Site works were substantially completed in the summer, with a portion of the works deferred. Nothing to report in quarter 3, with works delayed again by the current staffing capacity of the Service's Design team.

- **Red Wharf Bay** - Consultation completed and Welsh Government have extended the deadline on Coastal Risk Schemes to March 2023. The scheme design and development neared completion. Tenders are due to go out in late January 2022, with a view to award in June 2022 and commencement of construction in October 2022.

- **Llanfair PG, Menai Bridge and Valley Full Business Case (FBC)** - All three flood schemes are progressing. There are concerns regarding the challenges the preferred option for Llanfair PG poses, and further work is anticipated here. Meetings have been held with the consultant working on the project. The FBC (Design and Development) of the Llanfair PG scheme will continue well into the next financial year. The Valley scheme (FBC) is now complete and construction has been awarded, beginning February 2022. Further site investigations and drainage surveys have been undertaken on the Menai Bridge scheme, with the information to be used to build the hydraulic model and inform the design of the scheme. This will continue over the summer. Therefore, construction will take place in late 2022/23 at the earliest.

- **Mill Lane - Structure & Natural Flood Management (NFM)** - The innovative mechanical self-cleansing grillage (currently the only one in Wales) has been commissioned. The machine's operation has been closely monitored over the winter to assess its performance and effectiveness, with some early learning already having taken place. Some adaptations, including the provision of CCTV monitoring, are being considered. The negotiations are continuing with the landowner, albeit slowly. There has been some progress that might allow surveys to be undertaken soon.

- **Dwyran Ordinary Watercourse Natural Flood Management (NFM**) – This scheme is effectively complete (with some snagging issues remaining to address) and continues to be monitored to learn more about its effectiveness. Glyndŵr University are also monitoring flows for their academic research.

- **Enable** – Expenditure in quarter 3 has been incurred on urgent works to enable hospital discharge and for palliative clients and awaiting invoicing from Gofal a Thrwsio. It is expected that this grant will be fully drawn down by the end of the year.

- **Road Safety Capital –** Funding has been secured totalling £0.300m. The project involves the installation of road safety measures on the A545, Menai Bridge to Beaumaris. There has been £0.225m spent to quarter 3, and expenditure will continue in quarter 4 with improved signage along the A545 in order to increase compliance with the existing 40mph speed limit. In addition, improvements will be made to existing pavements, incorporating dropped kerb facilities. It was originally intended to use the funding to provide a controlled crossing point on the main street in Beaumaris. However, following discussions with the Town Council, this scheme has been withdrawn due to a lack of local support. The Authority will approach Welsh Government to seek approval to reallocate the funds on a similar facility in another location on the Island, and the budget will be spent in full come year end.

- **Active Travel** – Additional funds were awarded late in quarter 2, which brings the total awarded sum to £1.030m. Specific allocations of the grant funding are as follows:-

- **£0.325m** for Core works covering a number of scheme proposals. The Statutory Active Travel Consultation process completed on 30 November and a Members Briefing Session was held on Active Travel and update provided to the Senior Leadership Team. The Active Travel Network Map and associated documentation submitted to Welsh Government in December 2021. Design, preparation works and engagement undertaken in relation to Llanfairpwll scheme. Tender process undertaken for Welsh Transport Appraisal Guidance (WelTAG) studies at Benllech, Valley and Amlwch and appointment of consultants for each scheme location. The works at New Park Road, Holyhead has completed.

- **£0.100m** to develop a route in the Holyhead area, which is part of WG's North Wales Metro. A Consultancy company has been appointed and an inception meeting held in December 2021. The programme of works has been agreed for the completion of concept design stage (Stage 3C WelTAG) by March 2022.

- **£0.170m -** Pentraeth to Red Wharf Bay – for re-surfacing and widening footway works to improve connectivity between Pentraeth and Red Wharf Bay, which could be a catalyst in the future to enable further improvements to connect with Benllech. Design works completed and contractor appointed for the section from Red Wharf Bay to Pentraeth (30mph), with works to be undertaken February-March 2022. Appointed Ove Arup to undertake design works for the section of the route from 30mph in Pentraeth (Benllech end) to the square in the middle of the village. Inception meeting and development work to scope various options in relation to above has taken place and Ove Arup have undertaken a site visit to assist in the design process on what realistic improvements can be made in the centre of the village.

- **£0.185m -** Llangefni Town Centre and residential area on edge of the Town Centre **–** improvements to the existing paths to Shared Use standards and improving connectivity from Maes Hyfryd to the edge of the town centre area. Consulted with Llangefni Town Council and Llangefni Regeneration Group, both of whom have provided their formal support towards the scheme. Design works completed for the section at the edge of the town centre (Maes Hyfryd to B5111) and contractor scheduled to start the works end of January 2022. Enabling works to begin end of January 2022 in the town centre area to determine the scope of improvements in the area adjacent to Bridge Street. Discussions regarding itemised products for order including user counters, bike shelters / lockers, bollards, EV bike charging etc.

- **£0.250m** - at Lôn Las **–** re-surfacing and widening of existing shared-use path. Consulted with Llangefni Town Council and Llangefni Regeneration Group, both of whom have provided their formal support towards the scheme. Design works completed on the proposed improvements, however, this is dependent on securing approval from Natural Resources Wales (discussions scheduled end of January 2022 to confirm what elements of the design can be undertaken and if there are any amendments required). Ove Arup have started assessing the improvements that can be undertaken to the A5 crossing (to provide a safer and more attractive crossing point) and awaiting price from main contractor.

- **Resilient Roads Fund –** The Authority completed the procurement exercise to commission external consultants (Atkins Ltd) to undertake the Stage 3 WelTAG study into two potential schemes along the A545, with an additional £100k grant funding provided by Welsh Government to accommodate additional tender costs.

- **Ultra Low Emission Vehicle Transformation Fund –** Continued engagement with Scottish Power Energy Networks (SPEN) to confirm electrical design requirements in order to deliver the EV project across the town centre locations. Topographical Surveys undertaken and preparation work in determining procurement route (issues had been identified due to lack of companies providing self-service machines through the medium of Welsh). Procurement route options have been identified along with the draft tender documentation and the preferred route will be determined in January 2022. Design of car park layout to accommodate the EV charging infrastructure has been prepared and site visit arranged for installation of electrical infrastructure/cables from the sub-station to the vicinity of the EV Charger location within the car park. Identification of items and associated works required as part of the installation (GRP Enclosure / re-surfacing / bollards / kerbs etc.) and these will be introduced as part of the final drafting of design work. Beaumaris Town Council are leading on EV Charging installation plans within the town centre area, therefore, to avoid duplication, this project will no longer deliver EV Charging at Beaumaris as part of this project. Other parts of the project had higher costs and unforeseen costs therefore not progressing the Beaumaris site has meant that the overall budget is not affected (to date). Projected overspend due to associated costs with installing EV Charging points – this will be confirmed at end of January following meeting with Main Contractor to confirm costs and the cost of the actual charging units.

- **Local Transport Fund – Infrastructure enhancements** - £0.750m has been awarded to facilitate Infrastructure Enhancements on Anglesey to support bus network delivery work (North Wales Metro) on behalf of Transport for Wales. Works during quarter 3 included commissioning Ove Arup to undertake feasibility, development and design of bus stop improvements at 8 main locations within the Town Centres. A large proportion of the grant funding is expected to be spent on technological infrastructure at the main bus stops/interchanges, however, this spend is dependent on collaborating with colleagues at Transport for Wales (TfW) and discussions are still on-going.

- **Low Carbon Heat Grants –** The Council has been awarded Welsh Government funding in relation to Public Sector Low Carbon grants (for Moelfre Primary School (£0.091m) and the Council Offices (£1.033m)) in order to support in the delivering of supplying and installing heat pumps. These grants were offered late in quarter 3 and, with a requirement to complete by year end, is proving to be quite ambitious with a tight timescale. The Low Carbon Heat Pump generator is on order and is likely to be available for delivery prior to the end of March 2022. However, a planning risk has been identified which may result in the necessary planning consent not being received until after the 31 March 2022, and this will delay the final installation and commissioning of the heat pump. Welsh Government have been made aware of the situation and discussions are ongoing to resolve any issues to make sure the funding can be drawn down in full.

3.2 Capital Receipts

3.2.1 The Capital Receipts for this year to date and the budgeted Capital Receipts are:-

	Budget 2021/22 £'000	Received to 31-December-2021 £'000	Projection to 31-March-2022 £'000
Council Fund:			
Smallholdings	300	405	405
General	284	1,297	1,297
Industrial	0	0	0
Schools	192	0	553
Total	**776**	**1,702**	**2,255**

3.2.2 The projected Capital Receipts at 31 March 2022 is £2.255m, with £1.702m being received at 31 December 2021 (75%). This figure includes receipts from the sale of the golf course (land and building total £0.850m). The projected capital receipts figure is substantially more than the budgeted figure due to the budget being set on the assets that are held for sale at year end 2021 (i.e. assets expected to sell within the next 12 months). Inevitably, throughout the year, other Council assets are marketed and sold / expected to sell, which were not held for sale at year end 2021 but now form part of the actual or projected figure.

3.2.3 Although the projected Capital Receipts is £2.255m, there is £3.004m of Capital Receipts available to fund the Capital Programme, as £0.749m of Capital Receipts were brought forward from 2020/21 in the Capital Receipt Reserve. Not all of this figure will be available to fund the general fund capital programme as there will be funding earmarked to fund the Sustainable Communities for Learning programme as part of the Isle of Anglesey County Council's match funding, as well as Leisure earmarked reserve to fund leisure improvements.

4. PROJECTED ACTUAL EXPENDITURE 2021/22

4.1 Below is a table with projected expenditure at 31 March 2022 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000	Variance %
Housing General Fund	1,515	1,025	(490)	(32)
Housing HRA	22,561	10,392	(12,169)	(54)
Lifelong Learning	13,789	8,164	(5,625)	(41)
Economic and Regeneration	5,763	2,351	(3,412)	(59)
Highways	8,730	5,734	(2,996)	(34)
Waste Management	2,276	2,273	(3)	(0)
Property	2,399	1,921	(478)	(20)
Transformation	824	459	(365)	(44)
Planning	962	449	(513)	(53)
Adult Services	1,129	1,010	(119)	(11)
Total	**59,948**	**33,778**	**(26,170)**	**(44)**
Funded By:	**Annual Budget £'000**	**Projected Funding £'000**	**Variance £'000**	**Variance %**
Capital Grant	24,868	21,166	(3,702)	(15)
Capital Receipts	583	477	(106)	(18)
Supported Borrowing	8,765	3,490	(5,275)	(60)
Unsupported Borrowing	4,697	2,035	(2,662)	(57)
Revenue Contribution	17,887	5,402	(12,485)	(70)
Reserves	2,940	1,000	(1,940)	(66)
Loan	208	208	0	0
Total Funding	**59,948**	**33,778**	**(26,170)**	**(44)**

4.2 As can be seen from Table 4.1 (above), the forecast underspend on the Capital Programme for 2021/22 is £26.170m, with this being potential slippage into the 2022/23 Capital Programme. The funding for this slippage will also slip into 2022/23 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2022/23.

The HRA is forecast to have quite a significant underspend, as explained in the HRA quarter 3 budget monitoring report.

The significant underspend forecast in the general fund capital programme is summarised below:-

New schools
Lifelong Learning has a substantial forecast underspend, with the main contributor being the Sustainable Communities for Learning Programme, which was initially delayed due to further consultation on the modernisation of the school provision in the Llangefni area. However, progress has now been made and works on site are progressing well. Tenders have been invited and planning application is ready for submission on the new Foundation Phase Unit at Ysgol y Graig.

Education buildings – disabled access
There is an underspend forecast for disabled adaptations in education buildings. This is due to disabled adaptations being completed in all secondary schools except one. The remaining secondary school is on hold pending the outcome of feasibility studies. Works to primary schools are completed as and when required.

Education buildings – refurbishment
An underspend is now forecast on refurbishment of education buildings programme for 2021/22. This is due to a delay in the delivery of windows for two large projects (being St. Mary's Primary School and Kingsland Primary School). However, the budget has been committed and, with the delay of delivery, this will slip into financial year 2022/23.

Canolfan Addysg y Bont
The roofing works at Canolfan Addysg y Bont saw a significant increase in costs from what was reported in the quarter 1 report, and now has a budget of £1.5m. However, the scaffolding works have commenced and will be complete this financial year. The design for the new roof structure has been completed and costs are currently being discussed with the contractor. Legal discussions are ongoing and no start date has yet been agreed, therefore, this scheme will slip into the next financial year.

Economic and Highways schemes
The underspend forecast in the Economic and Highways schemes are due to projects straddling two financial years and some overlapping into financial year 2022/23 for completion.

IT
The IT Core Infrastructure budget is only anticipated to spend 12% of its budget this financial year. Due to having to replace the main flash storage system in 2022/23, the underspend is intentional and will help fund this cost. Also, from a Covid perspective, having two people working in the data centre, there has been an intentional avoidance of server swap outs. Funding will also slip into the next financial year, as described above, and no funding will be lost.

Property
Due to the late offer of the Low Carbon Heat grants from Welsh Government, there is a potential underspend on these schemes as detailed in 3.1.1 above.

The non-school building refurbishment programme is likely to underspend due to projects at Plas Arthur that part of the budget was earmarked for, now being delayed due to the use of the site by Canolfan Addysg y Bont.

Vehicles
The budget for vehicles is predicting an underspend come year end. A plan is being put in place to deliver electric vehicle charging points in the compound, however, they have not yet been finalised and, until finalisation is achieved, orders for electric vehicles will be postponed. Other vehicles will be ordered before year end (2 adapted mini buses and 2 4x4 vehicles), however, due to the lead time in delivery, they will not be delivered before year end, and so the budget will be required to slip to financial year 2022/23.

Leisure Improvements
The budget for leisure improvements will not be achieved before year end. The remaining budget is for works linked to Plas Arthur development and, with the receipts from the sale of the golf course, plans and discussions are in motion with a company. Movement before year end is unlikely, hence the projected underspend, but there are plans for the budget for next financial year and, therefore, the remaining budget will be required to slip.

Plas Crigyll and Plas Mona
The budget for projects at the care homes are now predicted to be underspent. Continued access restrictions due to Covid at Plas Mona has delayed works. At Plas Crygill, there has been a long delay in getting the supply of windows required and a dispute with regards to how much we are willing to pay for additional costs. This work will need to go ahead and probably be retendered in the new financial year.

Sustainable Communities for Learning
The estimated spend by year end as reported in the quarter 2 report for Ysgol y Graig was achievable if the land purchase would be complete in March 2022. As at quarter 3, the land purchase will not be complete by year end due to a delay with the Planning Application Submission.

The new Corn Hir school estimated underspend has increased as to what was reported in the quarter 2 report. This was originally based on the contractors predicted cash flow forecast and, to date, the monthly valuations have not matched up. The figures have, therefore, been re-profiled and form a more accurate estimate of spend.

4.3 The Capital Finance Requirement forecasted at 31 March 2022 is £138.754m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £124.951m, meaning the Authority essentially needs to borrow £13.803m to fund the current Capital Programme. If this borrowing is undertaken externally, the Authority will still be within its authorised borrowing limits, as per the 2021/22 Treasury Management Strategy Statement (Appendix 11).

5. FUTURE YEARS

5.1 The Capital Strategy recommended that the 2021/22 Capital Programme funding will be limited to the total of the general capital grant and supported borrowing (as determined by Welsh Government) and estimated value of any capital receipts that will be received. It is expected that the 2022/23 Capital Programme will follow the same principles, with the General Capital Grant and Supported Borrowing used to fund the annual replacement of Vehicles, Investment in ICT, Refurbishing existing assets and an annual allocation to meet the cost of statutory Disabled Facilities Grants. There will also be capital projects that attract external grants, and these will be evaluated on a case by case basis.

Once the above projects have been funded, any surplus funding available will be to fund new capital schemes, with priority given to projects which contribute to the Council's objectives, as set out in the Council Plan 2017 – 2022, and any schemes which can generate future revenue savings or generate additional income.

The draft Capital Budget was presented to this Committee on 24 January 2022 and will be presented to full Council for approval in the near future. The Capital Strategy for 2022/23 will also be presented to this Committee on 3 March 2022.

6. CONCLUSION

6.1 The majority of the capital programme is progressing, although there is forecast to be a significant underspend at the end of the current financial year, with 44% of the overall budget being unspent at the end of the financial year. The reasons for underspending varies from project to project and can be attributed to a number of factors, including over ambitious budget targets, procurement issues, including the lack of a competitive market, planning issues, funding issues and lack of internal capacity. The current state of the construction sector has worsened the issues, with significant increases in prices, material shortages and Covid restrictions making it more difficult to progress projects as planned. Despite the high level of slippage, it is not expected that the Council will lose any external funding as a result of the delays.

Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End

APPENDIX B

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	Profiled Budget Spent (%)	Annual Budget Spent (%)	Projected Expenditure (£)	Projected Under / Over (£)	Variance (%)
Housing General Fund											
Disabled Facilities Grants	600,000	450,000	377,329	0	377,329	(72,671)	84	63	600,000	0	0
TRIP First Time Buyer Grant	99,000	50,000	48,817	0	48,817	(1,183)	98	49	99,000	0	0
TRIP Landlord Grant Scheme	20,000	15,000	15,537	0	15,537	537	104	78	20,000	0	0
Residential Site for Gypsies and Travellers	492,977	33,353	33,353	0	33,353	(0)	100	7	33,353	(459,624)	(93)
Complusory Purchase Scheme	170,000	70,000	66,387	0	66,387	(3,613)	95	39	170,000	0	0
Enable Grant	102,520	75,000	31,304	0	31,304	(43,696)	42	31	102,520	0	0
Affordable Housing	30,650	0	0	0	0	0	0	0	0	(30,650)	(100)
TOTAL	**1,515,147**	**693,353**	**572,727**	**0**	**572,727**	**(120,626)**	**83**	**38**	**1,024,873**	**(490,274)**	**(32)**
Housing HRA											
Central Heating Contract	400,000	100,000	0	0	0	(100,000)	0	0	300,000	(100,000)	(25)
Housing Maintenance Unit Vehicles	0	0	38,263	0	38,263	38,263	100	100	159,433	159,433	100
Planned Maintenance Contract	4,725,000	3,000,000	1,858,232	57,091	1,915,323	(1,084,677)	64	41	2,750,000	(1,975,000)	(42)
Energy Performance Improvement	1,000,000	200,000	99,237	1,899	101,136	(98,865)	51	10	400,000	(600,000)	(60)
Environmental Works	880,000	580,000	17,078	95,782	112,860	(467,140)	19	13	200,000	(680,000)	(77)
Acquisition of Existing Properties and Development of new properties	13,005,797	5,000,000	3,666,662	117,017	3,783,679	(1,216,321)	76	29	5,425,086	(7,580,711)	(58)
Public Sector Adaptations	350,000	250,000	169,628	45,150	214,779	(35,221)	86	61	350,000	0	0
Fire Risk	450,000	225,000	221	0	221	(224,780)	0	0	50,000	(400,000)	(89)
Contaminated Land	0	0	7,623	0	7,623	7,623	100	100	7,623	7,623	100
WHQS	1,750,000	705,000	492,587	0	492,587	(212,413)	70	28	750,000	(1,000,000)	(57)
TOTAL	**22,560,797**	**10,060,000**	**6,349,531**	**316,939**	**6,666,470**	**(3,393,531)**	**66**	**30**	**10,392,142**	**(12,168,655)**	**(54)**
Lifelong Learning											
Disabled Access in Education Buildings	400,000	250,000	248,466	4,252	252,717	2,717	101	63	252,717	(147,283)	(37)
Refurbish Education Buildings	2,418,803	1,600,000	1,582,929	0	1,582,929	(17,071)	99	65	1,883,000	(535,803)	(22)
School Safety	200,000	100,000	59,261	0	59,261	(40,739)	59	30	94,261	(105,739)	(53)
Demolition of schools	33,150	33,150	101,295	0	101,295	68,145	306	306	101,295	68,145	206
Canolfan Addysg y Bont - Roof	1,500,000	500,000	350,874	127,991	478,865	(21,135)	96	32	478,865	(1,021,135)	(68)
Education Chromebooks	305,000	305,000	304,917	0	304,917	(83)	100	100	305,000	0	0
Resurfacing Play Area	300,000	300,000	287,044	0	287,044	(12,957)	96	96	300,000	0	0
Flying Start Capital Grant	217,000	150,000	136,022	2,879	138,901	(11,099)	93	64	217,000	0	0
Play Grant	112,000	0	0	0	0	(0)	0	0	112,000	0	0
Increasing Capacity for Childcare Grant (PM costs and grant scheme)	269,515	50,000	35,189	0	35,189	(14,811)	70	13	269,515	0	0
Increasing Capacity for Childcare Grant (Childcare provisions)	792,901	400,000	351,326	27,617	378,943	(21,057)	95	48	792,901	0	0
Completion of Band A Programme	5,717,000	2,019,560	1,669,562	21,280	1,690,841	(328,719)	84	30	3,065,965	(2,651,035)	(46)
Commencement of Band B Programme	1,523,000	200,000	150,982	65,002	215,984	15,984	108	14	290,984	(1,232,016)	(81)
TOTAL	**13,788,369**	**5,907,710**	**5,277,866**	**249,020**	**5,526,886**	**(380,824)**	**94**	**40**	**8,163,503**	**(5,624,866)**	**(41)**
Economic and Regeneration											
Leisure Improvements	198,722	0	0	0	0	(0)	0	0	0	(198,722)	(100)
Holyhead 3G Pitch	150,000	150,000	154,993	0	154,993	4,993	103	103	154,993	4,993	3
Amlwch Fitness Suite	70,000	60,000	55,831	0	55,831	(4,169)	93	80	70,000	0	0
Crossing - New Park Road	30,000	15,000	12,683	0	12,683	(2,317)	85	42	30,000	0	
Tourism Gateway	1,340,000	280,000	3,558	18,951	22,509	(257,491)	8	2	32,509	(1,307,491)	(98)
Holyhead Strategic Infrastructure	150,000	120,000	119,393	0	119,393	(607)	99	80	150,000	0	0
Penrhos Phase 2	1,107,000	400,000	14,195	6,063	20,258	(379,742)	5	2	20,258	(1,086,742)	(98)
Planning System Invest to Save	5,565	2,000	1,487	0	1,487	(513)	74	27	5,565	0	0
Economic Development & Environmental Wellbeing	100,000	0	0	0	0	(0)	0	0	100,000	0	0
Porth Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	(0)	0	0	0	(30,000)	(100)
School Site Redevelopment TRIP	7,222	0	0	0	0	(0)	0	0	7,222	0	0
Gateway Units (ERDF)	1,833,150	800,000	210,881	11,341	222,222	(577,778)	28	12	1,202,551	(630,599)	(34)
Gateway Site JV	231,000	170,000	15,795	9,275	25,070	(144,930)	15	11	55,070	(175,930)	(76)
Shell Penns	50,000	50,000	62,501	0	62,501	12,501	125	125	62,501	12,501	25
Transforming Towns Covid Grant	10,064	0	0	0	0	(0)	0	0	10,064	0	0
Natural Resource Wales Vehicle	14,261	0	14,111	0	14,111	14,111	100	99	14,261	0	0
AONB - Green Recovery	257,935	20,000	20,161	0	20,161	161	101	8	257,935	0	0
AONB Grant - Electric Vehicle	26,121	0	0	0	0	(0)	0	0	26,121	0	0
AONB Grant - Breakwater Adventure Playground	152,314	152,314	152,314	0	152,314	0	100	100	152,314	0	0
TOTAL	**5,763,354**	**2,219,315**	**837,903**	**45,630**	**883,533**	**(1,335,781)**	**40**	**15**	**2,351,364**	**(3,411,990)**	**(59)**

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	Profiled Budget Spent (%)	Annual Budget Spent (%)	Projected Expenditure (£)	Projected Under / Over (£)	Variance (%)
Highways											
Upgrade Pay and Display Machines in Car Parks	20,068	17,550	0	17,550	17,550	(0)	100	87	17,550	(2,518)	(13)
Vehicles	354,194	71,000	70,952	0	70,952	(48)	100	20	87,314	(266,880)	(75)
Highways Resurfacing	1,593,307	1,330,831	941,428	0	941,428	(389,403)	71	59	1,593,307	0	0
Highways Refurbishment Grant	596,381	410,910	342,676	0	342,676	(68,234)	83	57	596,381	0	0
Beaumaris Flood Alleviation Works (WG)	479,669	20,000	4,399	5,156	9,554	(10,446)	48	2	9,554	(470,115)	(98)
Pentraeth Flood Alleviation Works (WG)	28,049	1,000	555	0	555	(445)	56	2	555	(27,494)	(98)
Llansadwrn Flood Alleviation	32,291	10,000	0	0	0	(10,000)	0	0	0	(32,291)	(100)
Holyhead & Amlwch Drainage Studies	52,144	20,000	0	0	0	(20,000)	0	0	15,000	(37,144)	(71)
Red Wharf Bay Flood Scheme	74,153	25,000	4,883	0	4,883	(20,117)	20	7	20,000	(54,153)	(73)
Llanfair Flood Scheme	399,647	20,000	1,954	0	1,954	(18,046)	10	0	3,000	(396,647)	(99)
FBC Menai Flood Scheme	156,177	35,000	27,019	0	27,019	(7,981)	77	17	47,019	(109,158)	(70)
FBC Valley Flood Scheme	113,316	43,000	64,631	3,789	68,420	25,420	159	60	68,420	(44,896)	(40)
Valley Flood Scheme Construction	538,000	0	0	0	0	(0)	0	0	75,000	(463,000)	(86)
Flood Relief Schemes (Match Funding)	54,300	0	0	0	0	(0)	0	0	0	(54,300)	(100)
Traeth Coch (Match Funding)	225,000	0	0	0	0	(0)	0	0	0	(225,000)	(100)
Mill Lane Structure	89,097	75,000	55,438	0	55,438	(19,562)	74	62	65,438	(23,659)	(27)
Dwyran Ordinary Watercourse NFM	318,553	350,000	368,939	0	368,939	18,939	105	116	400,000	81,447	26
Mill Lane - NFM	243,960	9,000	2,279	0	2,279	(6,721)	25	1	4,279	(239,681)	(98)
Invest to Save - Vehicles	31,987	25,000	25,069	1,850	26,919	1,919	108	84	26,919	(5,068)	(16)
Small scale grants work	574,745	182,000	183,081	0	183,081	1,081	101	32	424,745	(150,000)	(26)
Active Travel	1,020,000	320,000	99,150	210,556	309,706	(10,294)	97	30	950,000	(70,000)	(7)
A545 Beaumaris	786	0	0	0	0	(0)	0	0	786	0	0
Road Safety Capital	300,000	250,000	225,368	0	225,368	(24,632)	90	75	300,000	0	0
Resilient Roads Fund	220,000	40,000	8,466	0	8,466	(31,534)	21	4	220,000	0	0
Local Transport Fund - Infrastructure enhancements	750,000	0	0	0	0	0	100	0	600,000	(150,000)	(20)
Vehicle Transformation Fund - Electric Vehicle Charge Points	164,000	100,000	31,263	33,367	64,630	(35,370)	65	39	184,000	20,000	12
Electric Vehicle Charging Infrastructure	300,000	15,000	0	12,237	12,237	(2,763)	82	4	25,000	(275,000)	(92)
TOTAL	**8,729,824**	**3,370,291**	**2,457,550**	**284,504**	**2,742,054**	**(628,238)**	**81**	**31**	**5,734,267**	**(2,995,557)**	**(34)**
Waste Management											
Waste Contract	2,198,779	2,198,327	2,198,327	0	2,198,327	0	100	100	2,198,779	0	0
Circular Economy Funding (266)	64,093	64,093	64,093	0	64,093	0	100	100	64,093	0	0
Circular Economy Funding (265)	13,175	7,339	7,339	0	7,339	0	100	56	10,175	(3,000)	(23)
TOTAL	**2,276,047**	**2,269,759**	**2,269,759**	**0**	**2,269,759**	**0**	**100**	**100**	**2,273,047**	**(3,000)**	**(0)**
Property											
Refurbish Existing Assets	854,953	350,000	340,184	0	340,184	(9,816)	97	40	609,000	(245,953)	(29)
Invest To Save Property	207,662	130,000	130,594	0	130,594	594	100	63	207,662	0	0
Low Carbon Heat Grant - Council Offices	1,033,061	0	0	0	0	(0)	100	0	826,449	(206,612)	(20)
Low Carbon Heat Grant - Moelfre Primary School	91,250	0	0	0	0	(0)	100	0	73,000	(18,250)	(20)
Smallholding Refurbishments	212,277	120,000	117,348	0	117,348	(2,652)	98	55	205,000	(7,277)	(3)
TOTAL	**2,399,203**	**600,000**	**588,126**	**0**	**588,126**	**(11,874)**	**98**	**25**	**1,921,111**	**(478,092)**	**(20)**
Transformation											
ICT- Core Infrastructure	418,466	75,000	5,430	0	5,430	(69,570)	7	1	50,000	(368,466)	(88)
ICT - Desktop Refresh	122,193	122,193	3,000	0	3,000	(119,193)	2	2	122,193	0	0
ICT - Anglesey Connected (AC) to PSBA transition	23,244	2,000	0	1,339	1,339	(661)	67	6	7,000	(16,244)	(70)
ICT - Kit out the meeting rooms	19,964	19,964	15,543	0	15,543	(4,421)	78	78	19,964	0	0
Hybrid Meeting Rooms	210,000	192,000	192,430	0	192,430	430	100	92	210,000	0	0
Hwb IT Infrastructure	30,000	50,000	1,528	47,934	49,462	(538)	99	165	50,000	20,000	67
TOTAL	**823,867**	**461,157**	**217,930**	**49,273**	**267,202**	**(193,955)**	**58**	**32**	**459,157**	**(364,710)**	**(44)**

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	Profiled Budget Spent (%)	Annual Budget Spent (%)	Projected Expenditure (£)	Projected Under / Over (£)	Variance (%)
Planning											
Holyhead Market Hall Hub Project	262,404	131,000	97,752	27,238	124,990	(6,010)	95	48	144,990	(117,414)	(45)
Holyhead Regeneration (THI Phase II)	700,000	330,000	194,850	18,767	213,617	(116,383)	65	31	303,617	(396,383)	(57)
TOTAL	**962,404**	**461,000**	**292,602**	**46,004**	**338,606**	**(122,394)**	**73**	**35**	**448,606**	**(513,798)**	**(53)**
Adult Services											
ICF	994,246	500,000	442,196	0	442,196	(57,804)	88	44	994,246	0	0
Bryn Hwfa Community Hub	13,155	0	0	0	0	(0)	0	0	13,155	0	0
Plas Crigyll Refurbishment	37,978	4,000	3,081	0	3,081	(919)	0	8	3,081	(34,897)	(92)
Plas Mona Refurbishment	83,371	0	0	0	0	(0)	0	0	0	(83,371)	(100)
TOTAL	**1,128,750**	**504,000**	**445,277**	**0**	**445,277**	**(58,724)**	**88**	**39**	**1,010,482**	**(118,268)**	**(10)**
TOTAL	**59,947,762**	**26,546,585**	**19,309,269**	**991,370**	**20,300,639**	**(6,245,946)**	**76**	**34**	**33,778,551**	**(26,169,211)**	**(44)**

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Isle of Anglesey County Council	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**3 MARCH 2022**
Subject:	**HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 3 2021/22**
Portfolio Holder(s):	**COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER FINANCE**
Head of Service / Director:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER**
Report Author: **Tel:** **E-mail:**	**BETHAN HUGHES OWEN – ACCOUNTANCY SERVICES MANAGER** 01248 752663 BethanOwen@ynysmon.gov.uk
Local Members:	**n/a**

A –Recommendation/s and reason/s

1. The Executive is requested to note the following:-

(i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for quarter 3 2021/22.

(ii) The forecast outturn for 2021/22.

2. Background

(i) The report here shows the budget with a budgeted surplus of £8.8m.

(ii) The capital budget for 2021/22 was £22.56m, including allowance for expenditure that was not completed from the 2020/21 capital budget. This was to be part funded by grants (£2.7m) and borrowing (£2m).

(iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £9.1m, which would be funded from the HRA reserve.

(iv) The HRA is ‘ringfenced’, and its reserves cannot be transferred to the General Fund, nor can General Fund reserves be used to fund the HRA.

3. This report sets out the financial performance of the HRA for the period from 1st April 2021 to 31st December 2021.

4. Overview

4.1 The HRA surplus/deficit at the end of Quarter 3 shows an overspend of £639k compared to the profiled budget. More detail is shown in Appendix A.

4.2 The Capital expenditure is £3,394k below the profiled budget. The forecast expenditure is £12,169k below budget, as explained below. More detail is shown in Appendix B.

4.3 The forecast surplus (combining both revenue and capital) is now £759k, £9,875k better than the budget, largely the result of lower than budgeted capital expenditure. This is an increase of £3,274k on the £2,515k deficit shown in the Q2 report.

5. Income

5.1 At the end of the third quarter, the level of income received was £393k below the profiled budget, ,as noted below:-

5.2 Rental income was £403k below the profiled budget at the end of Quarter 3. The forecast has been reviewed, and takes into account the introduction of new homes into the portfolio (these include 15 dwellings at Rhosybol), whilst recognising the delays in the capital programme (see 9(ii) below), and is £239k below the original budget (a reduction of £90k since the Q2 report). It has become apparent that the budget was optimistic when set up, and steps have been taken to ensure that the budget is more accurately set for 2022/23.

5.3 Service charge income, which is based on the actual costs incurred, is £14k better than budget. The forecast has been reviewed and expected to be £25k better than the budget as shown in Q2.

5.4 Provision for bad debt was originally calculated at 1.5% of rent income, similar to last year. Currently, the total rent arrears stands at £899k, compared to £963k at the same period last year, an improvement of £64k. Taking into account that the actual provision within the statement of accounts in 2020/21 was only £46k, the forecast has been reduced by £150k, still leaving a prudent provision of £142k.

5.5 The overall forecast for income is now a shortfall by the end of the financial year of £64k (£124k in the Q2 report) compared to the original budget.

6. Non Repairs and Maintenance Expenditure

6.1 At the end of the third quarter, non repairs and maintenance expenditure was £144k below the profiled budget.

6.2 Other revenue expenditure shows an underspend of £24k against the profiled budget, compared to an overspend of £221k at the end of Q2. This is the result of expenditure that it has now been confirmed as being covered by grant income.

6.3 The Tenant Participation heading shows an underspend of £98k at the end of Quarter 3. There have been staff vacancies (now successfully filled), and Covid has restricted the amount of contact with tenants. In the light of this, the forecast has been revised to show an underspend of £110k (£70k in the Q2 report) at the year end.

7. Repairs and Maintenance

7.1 The Housing Maintenance Unit (HMU) shows an overspend of £489k at the end of Quarter 3, including an overspend of £153k on spending with subcontractors and £207k on stores materials. There was a programme of planned maintenance to recover the backlog caused when Covid19 restricted visits to essential maintenance which was completed at the end of December. As a result of this programme, there was a total of 11,256 works orders completed to the end of December, compared to 7,336 works orders for the same period last year. As a result of the recovery plan, expenditure is forecast to be £450k (£300k in the Q2 report) above budget by the end of the financial year.

7.2 Expenditure on non HMU building maintenance staff is £36k below the profiled budget at the end of Quarter 3. There are problems with recruiting staff in this area, so the forecast year end position is that expenditure will be £45k (£35k in the Q2 report) underspent.

7.3 Other Repairs and Maintenance costs are underspent by £63k compared to the profiled budget. Expected expenditure on sewage treatment works has been deferred until 2022/23, so there is now a forecast underspend of £65k at the end of the year.

8. Year End Adjustments

8.1 This heading covers items of expenditure (capital financing costs and recharges from the General Fund) that form part of the year end accounting process. At this stage, no changes are envisaged.

9. Capital Expenditure

9.1 The original capital programme, approved by the Council in March 2021, totalled £20,313k, which was to be funded by the Major Repairs Allowance (MRA) (£2,674k), and a contribution from the HRA reserve (£17,639k). This excluded expenditure carried forward from the 2020/21 capital programme, totalling £2,248k, giving a total budget of £22,561k. This was to be funded by the MRA (£2,674k), borrowing (£2,000k) and a contribution from the revenue account (£17,887k). The forecast has now been revised to total £7,718k, £12,169k below the revised budget. The most significant variances are outlined below:

9.2 The budget assumed that 15 former Council houses would be purchased but, since the Covid Pandemic, we are finding our ability to procure them made more difficult due to increased house prices and greater competition from private buyers. In addition, the cost of the materials required to bring the properties up to the required standard has also increased, exacerbated by a shortage of contractors willing to undertake the work. To date, we have purchased 5 houses with our offer being accepted on a further 6 (although 4 are unlikely to be complete by the end of the financial year). Additionally, the newbuild housing process includes the requirement to obtain a number of approvals, for example: Planning, SAB (drainage) and Welsh Government grant approval. Three significant developments that were forecast to commence this financial year in Newborough (14 houses), Pentraeth (10 houses) and Holyhead (15 houses), have suffered from delays in the process, and building contracts will not now be signed until the 2022/23 financial year. These factors account for £7,581k of the forecast underspend.

9.3 The Covid pandemic and associated working restrictions has also impacted on planned investment in the existing stock. In particular, schemes involving significant time working inside people's homes have not been progressed as planned. Examples include planned WHQS kitchen replacement works and plans to install fire suppression systems in two medium rise sheltered blocks of flats. In addition, there is an under expenditure on Energy Efficiency Improvements which is due to on-going negotiations with the District Network Operator (DNO). Unfortunately, the DNO has had network capacity issues, significantly reducing the number of systems approved by the DNO for installation during 2021/22.

9.4 Covid risk assessments and method statements adopted during the pandemic, together with a shortage or total unavailability of certain key products, has also resulted in delays with the completion of existing schemes. This has impacted negatively on the timing of scheme preparation and tendering in the current financial year.

9.5 Expenditure on some replacement HMU vehicles has been brought forward from 2022/23, totalling £159k.

9.6 The underspend on capital expenditure means that the amount funded from the HRA revenue account is similarly reduced. The balance is then available to fund projects that have been deferred into next year.

10 HRA Balance

10.2 The opening balance of the HRA reserve stood at £9,722k. The revised budget allowed for the use of £9,116k of this balance. However, the revised forecasts highlighted above will increase the balance by £759k. This will give a reserve balance of £10,480k by the end of the financial year. This balance is ringfenced and is, therefore, only available to fund future HRA expenditure.

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

Not applicable

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 – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	The report is for monitoring purposes only and is used along with other reports to set the HRA business plan and annual budget. In setting the annual budget, the impact on the long term needs of the Island will be assessed.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The Housing Service regularly consult with their tenants and the results of those consultations are fed into the business planning process and then on to the annual budget process.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	The report has been considered by the SLT at its meeting on 8 November 2021 and the comments made incorporated into the report.
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	The results of the HRA quarterly monitoring reports are reported to the Finance Scrutiny Panel.
9	Local Members	N/A

F - Appendices:

- Appendix A - Revenue expenditure and forecasts to end of quarter 3.
- Appendix B - Capital expenditure and forecast to end of quarter 3.

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

- HRA 30 Year Business Plan 2020/50 (as approved by this Committee in May 2021).

HRA ACCOUNT 2021/22

	Annual Budget 2021/22	Profiled Budget to Month 9	Actual to Month 9	Variance to Month 9	Year End Forecast	Year End Variance
	£	£	£	£	£	£
REVENUE ACCOUNT						
Income						
Dwellings	(19,167,000)	(14,375,251)	(13,972,729)	402,522	(18,928,000)	239,000
Garages	(220,000)	(165,000)	(161,679)	3,321	(220,000)	0
Service Charges	(216,000)	(162,000)	(176,094)	(14,094)	(241,000)	(25,000)
Other	(203,000)	(97,127)	(95,886)	1,241	(203,000)	0
Bad Debt Provision	292,000	0	0	0	142,000	(150,000)
TOTAL INCOME	**(19,514,000)**	**(14,799,378)**	**(14,406,388)**	**392,990**	**(19,450,000)**	**64,000**
Non Repairs & Maintenance Expenditure						
Tenant Participation	248,820	186,538	88,302	(98,236)	138,820	(110,000)
Rent Administration	497,573	372,667	359,355	(13,312)	497,573	0
Estate Management	176,911	132,435	123,343	(9,092)	176,911	0
Other Revenue Expenditure	958,339	653,320	630,069	(23,251)	958,339	0
Total Non R & M Expenditure	**1,881,643**	**1,344,960**	**1,201,069**	**(143,891)**	**1,771,643**	**(110,000)**
Repairs and Maintenance						
Housing Maintenance Unit (HMU)	3,143,119	2,356,840	2,845,645	488,805	3,593,119	450,000
Building Maintenance Staff (non HMU)	935,282	700,448	663,988	(36,460)	890,282	(45,000)
Other Repairs and Maintenance	662,572	554,438	491,763	(62,675)	597,572	(65,000)
Total Repairs & Maintenance	**4,740,973**	**3,611,726**	**4,001,396**	**389,670**	**5,080,973**	**340,000**
Year End Adjustments						
Capital Financing Charges	2,518,000	0	0	0	2,518,000	0
Recharge from Housing Services	790,630	0	0	0	790,630	0
Recharge from Central Services	811,780	0	0	0	811,780	0
Total Year End Adjustments	**4,120,410**	**0**	**0**	**0**	**4,120,410**	**0**
TOTAL REVENUE EXPENDITURE	**10,743,026**	**4,956,686**	**5,202,465**	**245,779**	**10,973,026**	**230,000**
TOTAL REVENUE (SURPLUS) / DEFICIT	**(8,770,974)**	**(9,842,692)**	**(9,203,923)**	**638,769**	**(8,476,974)**	**294,000**

CAPITAL EXPENDITURE ACCOUNT						
2021/22 Expenditure	22,560,797	10,060,000	6,666,469	(3,393,531)	10,392,142	(12,168,655)
Major Repairs Allowance	(2,674,000)	0	0	0	(2,674,000)	0
Other Grants/Borrowing	(2,000,000)	0	0	0	0	2,000,000
TOTAL CAPITAL (SURPLUS) / DEFICIT	**17,886,797**	**10,060,000**	**6,666,469**	**(3,393,531)**	**7,718,142**	**(10,168,655)**
NET (INCREASE) / DECREASE IN HRA RESERVE	**9,115,823**	**217,308**	**(2,537,454)**	**(2,754,762)**	**(758,832)**	**(9,874,655)**
Opening HRA Balance	(9,722,000)				(9,722,000)	
Net (Increase) / Decrease in HRA Reserve	9,115,823				(758,832)	
Closing HRA Balance	**(606,177)**				**(10,480,832)**	

Service	Annual Budget (£)	Profiled Budget (£)	Total Expenditure (£)	Variance To Profile (£)	Projected Expenditure (£)	Projected Under / Over (£)
Housing HRA						
Central Heating Contract	400,000	100,000	0	(100,000)	300,000	(100,000)
Planned Maintenance Contract	4,725,000	3,000,000	1,915,323	(1,084,677)	2,750,000	(1,975,000)
Energy Performance Improvement	1,000,000	200,000	101,136	(98,865)	400,000	(600,000)
Environmental Works	880,000	580,000	120,481	(459,517)	207,623	(672,377)
Acquisition of Existing Properties/ Development of New Properties	13,005,797	5,000,000	3,783,679	(1,216,321)	5,425,086	(7,580,711)
Public Sector Adaptations	350,000	250,000	214,779	(35,221)	350,000	0
Fire Risk	450,000	225,000	221	(224,779)	50,000	(400,000)
WHQS	1,750,000	705,000	492,587	(212,413)	750,000	(1,000,000)
Housing Maintenance Unit Vehicles	0	0	38,263	38,263	159,433	159,433
Totals for Housing HRA	**22,560,797**	**10,060,000**	**6,666,469**	**(3,393,531)**	**10,392,142**	**(12,168,655)**

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**03 MARCH 2022**
Subject:	**ANNUAL TREASURY MANAGEMENT REVIEW FOR 2020/21**
Portfolio Holder(s):	**COUNCILLOR R WILLIAMS – FINANCE PORTFOLIO HOLDER**
Head of Service / Director:	**R MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER**
Report Author: Tel: E-mail:	**JEMMA ROBINSON** **01248 752675** **JemmaRobinson@ynysmon.gov.uk**
Local Members:	**n/a**

A –Recommendation/s and reason/s

- Consider the Annual Treasury Management Report for 2020/21 and pass on to the next meeting of the Full Council with any comments.

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

n/a

C – Why is this a decision for the Executive?

- To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2020/21 (Appendix 8 of the Treasury Management Strategy Statement 2020/21). In accordance with the Scheme of Delegation, this report was scrutinised by the Governance & Audit Committee on 20 July 2021. The report will be presented to the full Council once it has been accepted by this Committee.

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 – Assessing the potential impact (if relevant)

1	**How does this decision impact on our long term needs as an Island**	
2	**Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-**	
3	**Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:**	
4	**Have Anglesey citizens played a part in drafting this way forward? Please explain how:-**	
5	**Note any potential impact that this decision would have on the groups protected under the Equality Act 2010**	

6	**If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.**	
7	**Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**	
E – Who did you consult?		**What did they say?**
1	**Chief Executive / Senior Leadership Team (SLT)**(mandatory)	
2	**Finance / Section 151**(mandatory)	n/a – this is the Section 151 Officer's report
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Procurement**	
8	**Scrutiny**	
9	**Local Members**	
10	**Other**	The Governance & Audit Committee resolved to: • To note that the outturn figures in the report will remain provisional until the audit of the 2020/21 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in the report will be reported as appropriate. • To note the provisional 2020/21 prudential and treasury indicators in the report. • To accept the Treasury Management Annual Review report for 2020/21, and to recommend it to the Executive without comment.
F - Appendices:		
Appendix A – Annual Treasury Management Review for 2020/21		
FF - Background papers (please contact the author of the Report for any further information):		
• Treasury Management Strategy Statement 2020/21 • Prudential and Treasury Indicators 2020/21 • Treasury Management Mid-Year Review Report 2020/21 • Capital Outturn Report 2020/21		

1. Introduction

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2020/21, the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (received on 10 March 2020);
- a mid-year treasury update report (received on 09 March 2021);
- an annual review following the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance & Audit Committee before they were reported to the full Council. Member training on treasury management issues was undertaken during the financial year 2019/20 in order to support members' scrutiny role.

The Section 151 Officer confirms that borrowing was only taken out for capital purposes and the statutory borrowing limit (the authorised limit) was not breached.

Furthermore, the report sets out to the following outcomes in the financial year 2020/21:-

- External factors – including a review on the economy, the interest rate performance during the year and the continued uncertainty over Brexit and the impact of Covid 19;
- Internal factors – including the performance of capital expenditure, the impact on the reserves and cash balances, risk appetite to investments, the borrowing taken by the Council and the impact on the Capital Financing Requirement (CFR);

- The Treasury Management Strategy in 2020/21 – including the debt management of the council, the implementation on the new MRP policy, and the councils borrowing and investments during the year;
- Controlling Treasury Management – What are the Prudential Indicators and how are they measured;
- Comparison in Prudential Indicators – A comparison on the actual Prudential Indicators compared to the forecast at the beginning of the year;
- Looking forward to 2021/22 and beyond; and
- Conclusion.

2. A Review of the Year – External Factors

2.1 Interest Rates - The Bank Rate was cut from 0.75% to 0.25% and then to 0.10% in March 2020 and remained unchanged all throughout the 2020/21 financial year.

2.2 The Economy – United Kingdom - the 2020/21 financial year will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one.

The advent of vaccines starting in November 2020 were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.

Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

The Monetary Policy Committee (MPC) cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing QE (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern to the MPC.

The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures, and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 2020/21 and 2021/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 03 March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

2.3 **Brexit** - The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

3. A Review of the Year – Internal Factors

3.1 Capital Expenditure and financing 2020/21 - The Council undertakes capital expenditure on long-term assets. These activities may either be:-

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or

- Financed from borrowing: If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2020/21 Estimate (£'m)	**2020/21 Actual (£'m)**
General Fund capital expenditure	39	20
HRA capital expenditure	19	13
Total capital expenditure	**58**	**33**
General Fund financed in year by Grants & Contributions	23	16
HRA financed in year by Grants & Contributions	3	5
General Fund financed in year by Council Resources	1	2
HRA financed in year by Council Resources	16	7
General Fund capital expenditure financed by borrowing	**15**	**3**
HRA capital expenditure financed by borrowing	**0**	**0**

The main reason for the underspend was the large underspend against the projects listed below.

Scheme	**Under spend £'m**	**Comment**
Refurbishment of school buildings	1.419	In the latter part of 2020/21, the Authority was awarded £1.183m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2020/21, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital works in 2021/22.
Disabled Facilities Grants	0.392	It is very much demand led and subject to certain qualifying criteria, in particular, a test of resources does apply to all potential clients which can negatively impact on the number of cases that proceed to grant approval.
21st Century School Schemes	6.800	Further consultation delayed the commencement of the chosen schemes. However, works are due to commence on site in early 2021/22 for the Final Band A scheme.
Waste Contract	2.199	Delays in the delivery of some fleet vehicles has meant this will slip into 2021/22. Final delivery of remaining vehicles expected in early 2021/22.

Tourism Gateway	1.016	Delays in the tendering arrangements meant that works had to be retendered in quarter 4. This is an ongoing scheme with a new budget allocation in the 2021/22 capital programme.
Various Flood schemes	1.893	Some schemes are ongoing and span across different financial years. Others have seen delays and time extensions for completion agreed by Welsh Government to carry forward the funding.
Holyhead Regeneration (THI Phase II)	0.866	Various delays throughout the year meant projects did not progress at the pace originally intended, which resulted in such a large variance to budget. New budget allocation for 2021/22.
Residential Site for Gypsies & Travellers	0.493	Work is ongoing to redesign the scheme to reduce the costs in order to match the available funding.
IT Projects	0.292	Delays experienced due to Covid and also items requiring renewal were lower than anticipated.
Capital works to existing assets	0.255	Delays experienced due to lack of tender response but works currently on site and progressing.
Leisure Improvements	0.243	Due to closure of leisure centres for most of the year and the management team moving to support Covid work, projects did not move forwards. Projects are in the pipeline and works are planned to continue in 2021/22.
Childcare capital grant	0.523	Other school sites have yet to be completed and Welsh Government have granted an extension to March 2022 to spend the remaining grant.

3.2 **Reserves and Cash balances** - the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:-

Usable Reserves and Provisions	**Draft 31-Mar-21 £'m**	**Final 31-Mar-20 £'m**
Council fund general reserve	11.594	7.060
Earmarked reserves	14.079	8.760
Housing Revenue Account (HRA) reserve	9.743	8.597
School reserves	4.015	0.197
Capital receipts Reserves	0.767	1.330
Total Usable Reserves	**40.198**	**25.944**
Provisions	**5.047**	**5.180**
Total Usable Reserves and Provisions	**45.245**	**31.124**

3.3 **Externalisation of borrowing –** The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and the resources utilised to pay for the capital spend. It represents the 2020/21 capital expenditure financed by borrowing, and prior years' capital expenditure funded by borrowing which has not yet been paid for by revenue or other resources. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the Treasury Service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council. There was no externalisation of borrowing in 2020/21 financial year.

3.3.1 Gross borrowing and the CFR - In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

The internal borrowing strategy has now been implemented over the last few years. The gross borrowing of £124.5m at 31 March 2021 is less than the forecast CFR for the following two years.

	Actual 2020/21 £'m	**Estimated 2021/22 £'m**	**Estimated 2022/23 £'m**
Capital Financing Requirement	136.6	146.1	157.6

3.3.2 Internal borrowing - is when over the medium term, the investment rates are expected to continue to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt. This would maximise short term savings. The Internal borrowing figure is the difference between the CFR and the Gross Borrowing Position. As can be seen in the table below, at the beginning of the year the internal borrowing position was overfunded £2.3m. By repaying the £10m short term PWLB Loan taken out in March 2020 and no other new loans taken out in the 2020/21 financial year, the Internal borrowing position at 31 March 2021 is now £12.1m:

	31 March 2020 Actual £'m	**31 March 2021 Actual £'m**
Gross borrowing position	139.2	124.5
CFR	136.9	136.6
(Underfunding) / overfunding of CFR	2.3	(12.1)

3.4 **Other Borrowing-** During the year, the Council did not enter into any other short-term borrowings.

3.5 **Debt Repayments** – There were three PWLB loans that matured during the year. £3.5m matured 08 June 2020. The loan was originally taken in February 1995 at an interest rate of 8.625%. £1.0m matured 18 January 2021. The loan was originally taken in May 1995 at an interest rate of 8.5%. £10.0m matured 18 March 2021. The loan was originally taken in March 2020 at an interest rate of 2.05%. There are no short term borrowings outstanding.

3.6 Investments – The expected investment strategy was to keep to shorter term deposits (up to 364 days) although the ability to invest out to longer periods was retained. Cash balances were expected to be up to £57m, ranging between £25m and £57m. The interest budget was set at £0.053m after adjusting for the estimated potential rate fall in 2020/21 at the time of producing the budget. As it turned out, average balances of £43.7m returned £0.035m at an average interest rate of 0.079%. Limited investments in other Local Authorities and interest rates dropping to below what was anticipated at the time of producing the budget contributed to this decrease in interest receivable. Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero. Most local authority lending managed to avoid negative rates. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

On 24 April 2020 a £3.0m investment with Stockport Metropolitan Council matured, and was repaid to Isle of Anglesey County Council. On 01 May 2020 a £3.0m investment with Salford City Council matured and was repaid to Isle of Anglesey County Council.

Part of the Council's deposits were held in no notice deposit accounts which pay interest at rates near the prevailing base rate, £20.066m at 0.03% on 31 March 2021 (31 March 2020 £14.208m at 0.48%). There was one loan to another local authority as at 31 March 2021 - £5.0m at an interest rate of 0.15% (£3m at 0.76% and £3m at 0.90% as at 31 March 2020). All investments were for under 1 year.

3.7 Treasury Position at 31 March 2021 – The Council's debt and investment position is organised by the Treasury Management Service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity in accordance with the Treasury Management Strategy 2020/21. The upper limits for fixed rate and variable rate exposures were not breached during the year. The borrowing and investment figures for the Council as at the end of the 2019/20 and 2020/21 financial years are as follows:-

	31 MARCH 2020			**31 MARCH 2021**		
	£'m	**Average Rate (%)**	**Average Maturity (years)**	**£'m**	**Average Rate (%)**	**Average Maturity (years)**
Debt PWLB	136.4	4.53	28.21	121.9	4.59	30.57
Debt Non-PWLB	2.8	0	4.04	2.6	0	3.93
Total	**139.2**			**124.5**		
CFR	136.9			136.6		
Over / (under) borrowed	2.3			(12.1)		
Fixed term investments (all < 1 year, managed in house and fixed rate)	6.000	0.83		5.000	0.15	
No notice investments (all managed in house)	14.208	0.48		20.066	0.03	
Total Investments	20.208	0.58		25.066	0.06	

Borrowing is further broken down by maturity as:-

	31 MARCH 2020		31 MARCH 2021	
	£'m	% of total	£'m	% of total
Total borrowing	139.2	100	124.5	100
Under 12 months	14.8	10.6	0.3	0.2
12 months and within 24 months	2.6	1.9	5.1	4.1
24 months and within 5 years	3.2	2.3	4.5	3.6
5 years and within 10 years	6.2	4.5	4.8	3.9
10 years and above	112.4	80.7	109.8	88.2

There have been no new borrowings taken out in the year (long or short term) and debt repayments have been as described in point 3.5 above. Therefore the movement in the categories above are simply as per the loan maturity dates.

4. The Council's Treasury Management Strategy in 2020/21

4.1 Debt rescheduling - No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

4.2 Borrowing in advance of need – During the year, the Council did not borrow more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

4.3 Investment Policy – the Council's investment policy is governed by Welsh Government investment guidance, which has been implemented in the annual Treasury Management Strategy Statement approved by the Council on 10 March 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. When the Council invests its surplus cash, the most important aspect of the investment is security, followed by liquidity and then the yield. This essentially means that the main priority is the safety of the cash, followed by how readily available the cash is should the Council require it followed by the percentage interest rate return that the Council will receive for the investment. The strategy on investing surplus cash would be to borrow short term with other Local Authorities to maximize returns in a secure way.

4.4 Borrowing strategy and control of interest rate risk - During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered

4.5 MRP Policy – In 2018/19 the Council implemented its new MRP policy after seeking advice from its Treasury advisors and consultation with External Audit. The new policy is a more prudent approach to charging Revenue for Capital Financing costs. The New policy can be seen in Appendix 6 of the Treasury Management Strategy Statement 2020/21 that was approved by full Council on 10 March 2020.

5. Controlling Treasury Management

The following Prudential indicators are contained in Appendix 11 of the Treasury Management Strategy Statement. See below a brief explanation of what the indicators are and how they are calculated. Section 6 of this report analyses the differences between the Actual and the forecast Prudential Indicators for 2020/21.

- **Capital expenditure – Estimates of Capital Expenditure -** This is the forecast Capital Expenditure from 2020/21 to 2023/24, and is based on the Capital Programme for 2020/21 and the Capital Strategy for 2021/22.

- **The Council's borrowing need (the Capital Financing Requirement) -** Another prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life, and so charges the economic consumption of capital assets as they are used.

- **Prudence - Gross Debt and the CFR -** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- **External Debt - The authorised limit for external debt -** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The S151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report. The Authorised Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **The operational boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. The Operational Limit is set annually in the Treasury Management Strategy Statement and is approved by full Council.
- **Affordability - Ratio of financing costs to net revenue stream -** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

6. Prudential Indicators Actual vs Expected

6.1 During 2020/21, the Council complied with its legislative and regulatory requirements. The key data for actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:-

Data for actual prudential and treasury indicators	2019/20 Actual £'m	2020/21 Original £'m	2020/21 Actual £'m
Capital expenditure			
• Non-HRA	18.203	19.765	20.507
• HRA	11.812	17.138	12.622
• **Total**	**30.015**	**36.903**	**33.129**
Total Capital Financing Requirement:			
• Non-HRA	96.906	108.536	97.359
• HRA	39.998	39.449	39.199
• **Total**	**136.904**	**147.985**	**136.558**
Gross borrowing	139.232	134.093	124.523
External debt	139.232	134.093	124.523
Investments			
• Longer than 1 year	0	0	0
• Under 1 year	20.208	15.000	25.066
• **Total**	**20.208**	**15.000**	**25.066**
Financing costs as a proportion of net revenue stream – CF	4.96%	5.15%	4.80%
Financing costs as a proportion of net revenue stream – HRA	19.01%	17.16%	16.34%

6.2 The first Prudential Indicator in the above table is the Capital Expenditure. The forecast Capital Expenditure at the time of producing the Prudential indicators for 2020/21 was £36.903m. However, the actual expenditure was £33.129m. The reason for the reduced expenditure is explained in paragraph 3.1 of this report, and is mainly due to the significant underspend in capital projects described.

6.3 The second Prudential indicator in the above table in the Capital Financing Requirement. The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge called the Minimum Revenue Provision, MRP, to reduce the CFR. This is, effectively, a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The total CFR can also be reduced by:-

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The forecast CFR at the time of producing the Prudential indicators for 2020/21 was £147.985. However, the actual CFR was significantly lower at £136.558m. One of the reasons for the reduced CFR was the underspend in the 21st Century Schools programme, thus reducing the amount of Unsupported Borrowing needed in 2020/21. Another reason was that additional grants were awarded during the year to subsidise other funding sources such as Supported Borrowing. This meant less Supported Borrowing was needed and therefore reducing the CFR figure. However, in future years, this subsidised funding source will be used to fund the Capital Expenditure in 2021/22 and will increase the CFR.

6.4 The Authorised Borrowing Limit (£183m) and the Operational Boundary (£178m) were not breached during the year, with the amount of External debt peaking at £139.2m only.

6.5 The Financing costs as a proportion of net revenue stream for the General Fund (4.80%) was very close to the anticipated total (5.15%) meaning this indicator performed as expected, and also in line with the prior year. The Financing costs as a proportion of net revenue stream for the HRA (16.34%) was below the anticipated total (17.16%) which is due to the financing costs being lower and the net revenue stream being also being lower than expected at the time of producing the proposed indicator for 2020/21. The underspend on HRA reduced the amount of Revenue contributions needed to fund the capital programme in 220/21 from £16.1m to £7.2m.

7. Looking forward to 2020/21 and beyond

7.1 On 09 March 2021 the full Council approved the Treasury Management Strategy Statement for 2021/22. The Strategy Statement was based on the Capital Strategy and it is forecast that the Council will need to borrow an additional £7.6m in 2021/22 for the General Fund and HRA, a total of £15.7m in 2022/23 and a further total of £19.0m in 2023/24 to fund its Capital Programme. This additional borrowing will affect the General Fund with an increased Minimum Revenue Provision (MRP) being charged to fund the capital financing costs. In 2021/22 the forecast MRP is £4.2m, in 2022/23 £4.3m and £4.6m in 2023/24.

7.2 On 18 June 2021 a £5.0m investment with Flintshire County Council matured, and was repaid to Isle of Anglesey County Council.

7.3 On 23 June 2021 the Isle of Anglesey County Council invested £5m with Flintshire County Council with an interest rate of 0.03%. The investment is for 3 months.

7.4 There are no borrowings from the PWLB due to mature in the financial year 2021/22.

7.5 The latest interest rate forecast from Link Assets Services can be seen in the table below.

Link Group Interest Rate View 8.3.21	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

8. Conclusion

The Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.

The performance against the Prudential Indicators set by the Council show that the Council's Treasury Management activities are being undertaken in a controlled way which ensure the financial security of the Council and do not place the Council at any significant financial risk in terms of unaffordable or excessive borrowing.

The Council's Treasury Management Strategy and its performance against the strategy take into account the external economic factors and it is constantly reviewed to ensure that it is the most appropriate strategy moving forward.

R MARC JONES
DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**03 MARCH 2022**
Subject:	**TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23**
Portfolio Holder(s):	**COUNCILLOR R WILLIAMS**
Head of Service / Director:	**MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER**
Report Author: Tel: E-mail:	**JEMMA ROBINSON** **01248 752675** **JemmaRobinson@ynysmon.gov.uk**
Local Members:	**n/a**

A –Recommendation/s and reason/s

- This report is presented to ensure that the Council is implementing best practice in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management. The code recommends that, prior to being presented for adoption, members should scrutinise the Treasury Management Strategy Statement (which includes the Annual Investment Strategy, the annual MRP Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation). This Authority's scheme of delegation charges the Governance & Audit Committee with this function.

- The CIPFA Code of Practice on Treasury Management (Section 7) recommends that the Authority's Treasury Management Practices (TMPs) should be approved, documented and monitored. It goes on to state that the nature and extent of the involvement of an organisation's responsible body in approving and monitoring its TMPs and accompanying schedules is a matter for local decision, and recognises that in some organisations this may be delegated to the responsible officer. In all cases, it should be subjected to scrutiny by the responsible body following recommendations by the responsible officer. This Authority has produced documented TMPs, and were approved by the Governance & Audit Committee on 11 February 2020.

- In terms of updates to the Treasury Management Strategy Statement, there are no proposed amendment to the core principals and policies of the 2021/22 Statement.

- Under Code of Practice, it is a requirement that the Council prepares a Capital Strategy, which takes a longer-term view as to the capital investment that is required and how that investment will be funded. The Executive will approve this Strategy, along with other budget resolutions. This Treasury Management Strategy sits below the Capital Strategy, and considers the impact of that strategy on the Council's borrowing and investments. It sets out how both strategies will be undertaken in a controlled way, which is in line with a suitable level of risk that the Council wishes to take, bearing in mind the guidance set out in the CIPFA Code of Practice on Treasury Management. Under the revised Code in December 2021, members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

- **Recommendations**
    - To consider the Treasury Management Strategy for 2022/23 and to make recommendations or note comments for consideration by the full Council.

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

n/a

C – Why is this a decision for the Executive?

- It is a designated Executive function. In accordance with the Scheme of Delegation, this report was scrutinised by the Governance & Audit Committee on 08 February 2022. The report will be presented to the full Council once it has been accepted by this Committee.

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 – Assessing the potential impact (if relevant)

1	**How does this decision impact on our long term needs as an Island**	
2	**Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how:-**	
3	**Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:**	
4	**Have Anglesey citizens played a part in drafting this way forward? Please explain how:-**	
5	**Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.**	
6	**If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.**	
7	**Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**	

E – Who did you consult?		What did they say?
1	**Chief Executive / Senior Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151**(mandatory)	n/a – this is the Section 151 Officer's report.
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Procurement**	
8	**Scrutiny**	
9	**Local Members**	
10	**Other**	The Audit Committee resolved to: • To accept the Treasury Management Strategy Statement for 2022/23, and to recommend it to the Executive without comment.

F - Appendices:

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

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

- 2021/22 Treasury Management Strategy Statement, approved by the full Council on 9 March 2021;
- 2020/21 Treasury Management Outturn Report, presented to the Governance & Audit Committee on 20 July 2021;
- 2020/21 Capital Outturn Report, presented to this Committee on 21 June 2021;
- Capital Budget Monitoring Quarter 2 2021/22, presented to this Committee on 29 November 2021; and
- 2021/22 Treasury Management Mid Year Report, presented to the Governance & Audit Committee on 09 December 2021.

ANNEX A

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2022/23

1. INTRODUCTION

1.1. CIPFA published the revised codes on 20 December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy, and also related reports during the financial year, which are taken to full Council for approval.

1.2. The revised codes will have a number of implications and members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

1.3. In addition, all investments and investment income must be attributed to one of the following three purposes - Treasury Management, Service Delivery and Commercial return. As this Treasury Management Strategy Statement and Annual Investment Strategy deals with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

2. BACKGROUND

2.1. CIPFA defines treasury management as:-

"*The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*."

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities (see **Appendix 1**).

2.2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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

2.4. The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will, in effect, result in a loss to the Council's cash reserves.

3. CIPFA CODE OF PRACTICE ON TREASURY MANAGEMENT

3.1. The CIPFA Code of Practice on Treasury Management requires the Council to prepare and approve the following documents:-

- A Capital Strategy Statement which sets out a high level, long term overview of capital expenditure and financing, along with details on any associated risks and how they will be managed, as well as the implications for future financial sustainability. The aim of this capital strategy is to ensure that all elected Members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- A Treasury Management Strategy which sets out the Council's strategy in terms of borrowing and investment which follows on from the Capital Strategy, sets out the constraints on borrowing, determines a set of prudential indicators and determines the Council's risk appetite and strategy in respect of investments. It essentially covers two areas: capital issues and treasury management issues. These elements cover the requirements of the Local Government Act 2003, Welsh Government Investment Guidance and MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

3.2. The key principles of the CIPFA Treasury Management Code of Practice are set out in **Appendix 2**.

4. EXTERNAL CONTEXT

4.1. Setting the Treasury Management Strategy cannot be undertaken in isolation, and consideration must be given to the economic situation as this has an impact on investment interest rates, the cost of borrowing and the financial strength of counterparties. A full summary of the economic outlook is set out in **Appendix 3**, but the main points to consider are as follows:-

- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022, with significant risks to the forecasts detailed in **Appendix 4**.
- World growth was in recession in 2020 but recovered during 2021, until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022.
- Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations

4.2. Having considered the available information and having considered the advice from the Council's Treasury Management Advisors, the following table sets out the Council's view on interest rate levels for the following 3 years:-

Table 1

Prospects for Interest Rates to March 2025

Annual Average	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2022	0.25	1.50	1.90	1.70
June 2022	0.50	1.50	2.00	1.80
September 2022	0.50	1.60	2.10	1.90
December 2022	0.50	1.60	2.10	1.90
March 2023	0.75	1.70	2.20	2.00
June 2023	0.75	1.80	2.20	2.00
September 2023	0.75	1.80	2.20	2.00
December 2023	0.75	1.80	2.30	2.10
March 2024	1.00	1.90	2.30	2.10
June 2024	1.00	1.90	2.40	2.20
September 2024	1.00	1.90	2.40	2.20
December 2024	1.00	2.00	2.50	2.30
March 2025	1.25	2.00	2.50	2.30

Information provided by Link Group, Treasury Solutions is attached as **Appendix 4**.

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Borrowing interest rates fell to historically very low rates as a result of the Covid crisis and the quantitative easing operations of the Bank of England, and still remain at historically low levels. Despite these low rates, our policy of avoiding new borrowing by running down spare cash balances has served the Authority well over the last few years.

4.3. The current forecast, shown above, includes a forecast for a first increase in Bank Rate in May 2022, though it could come in February. Given the forecast for bank base rates, the suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):-

2022/23: 0.50%;
2023/24: 0.75%;
2024/25: 1.00%;
2025/26: 1.25%;
Long term later years: 2.00%.

5. THE COUNCIL'S CURRENT POSITION

5.1. Borrowing

5.1.1. The Council's current external borrowing is set out in Table 2 below. A full analysis is attached as **Appendix 5**.

Table 2

Summary of the Council's Current Outstanding Loans

PWLB LOANS					
	PWLB / PWLB Maturity	**PWLB EIP/ Annuity**	**Market Loans**	**PWLB Variable**	**Total Maturing**
Loan Outstanding	£121,684k	£193k	£0k	£0k	£121,877k
Average life (years)	30.42	4.63	0.00	0.00	30.38
Average rate (%)	4.58	9.42	0.00	0.00	4.58

OTHER LOANS						
	Salix Loan 1	**Salix Loan 2**	**Salix Loan 3**	**Salix Loan 4**	**Salix Loan 5**	**Total**
Outstanding Balance	£41k	£182k	£445k	£198k	£2,205k	£3,071k
Repayment Date	2024/25	2025/26	2028/29	2029/30	2031/32	
Interest Rate (%)	0.00	0.00	0.00	0.00	0.00	

5.2. Investments

5.2.1 Any surplus cash is currently invested in short term deposit accounts, call accounts and with other UK local authorities. The balance invested in these accounts changes daily (balance as at 31 December 2021 was £44.7m).

5.2.2 Under the current treasury management strategy, the Council invests surplus cash ensuring, first of all, the security of the deposit, secondly the liquidity of the deposit and, finally, the return on the investment. In practice, in order to ensure the first and second principles, the rate of return on investments is sacrificed, and the current average return on investments is 0.02% (as at 31 December 2021).

6. IMPACT OF FUTURE PLANS ON BORROWING

6.1. Capital expenditure is partly funded from borrowing and the capital programme, as set out in the Capital Strategy, is set out in Table 3 below**:-**

Table 3
Proposed Capital Expenditure Programme 2022/23 – 2024/25

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Non - HRA	**17,177**	**9,408**	**8,277**
HRA	**18,784**	**22,009**	**18,550**
Commercial Activities / Non Financial Investment	**0**	**0**	**0**
TOTAL EXPENDITURE	**35,961**	**31,417**	**26,827**
Financed By			
Capital Grants	**7,662**	**7,040**	**5,653**
Capital Receipts	**600**	**100**	**100**
Reserves	**2,876**	**0**	**0**
Revenue	**10,099**	**9,849**	**10,290**
Balance Funded from Borrowing	**14,724**	**14,428**	**10,784**

6.2. An important factor to consider is the impact of borrowing on the Council's Capital Financing Requirement (CFR). The CFR is the measure of the Council's underlying borrowing need. Borrowing is not limited to external borrowing from PWLB but also the use of the Council's own cash balances (internal borrowing) which have been used to fund capital expenditure.

6.3. Capital expenditure will increase the CFR but only by the sum that is not funded from grants, capital receipts, reserves or revenue. The CFR will also reduce annually by the sum of the Minimum Revenue Provision (MRP) which is charged to revenue. The level of the CFR is an important measure to ensure that the Council does not commit itself to unaffordable levels of borrowing.

6.4. In order to ensure that the Council has sufficient funds available to repay debt as it falls due, the Council is required to make a charge to the revenue account each year, and this charge is known as the Minimum Revenue Provision (MRP). Regulations require that the Council approves a MRP statement in advance of each financial year. The policy for 2022/23 is set out in **Appendix 6**. The Council's MRP was substantially revised in 2018, but there are no changes from that revised policy for 2022/23. By making the MRP charge each year, the Council's cash balances are replenished and that, in turn, reduces the level of internal borrowing.

6.5. The policy will provide an equal charge on borrowing up to 31 March 2018 and, for all borrowing after that date, the MRP charge will be based on the useful life of the asset which has been funded from borrowing, e.g. if £1m is borrowed to fund the capital expenditure on an asset that has an asset life of 20 years, the annual MRP in respect of that loan would be £50k per annum. As new borrowing is undertaken, it will increase the MRP charge over time and this increase in costs is allowed for in the Council's budgets. The Council may choose to pay more MRP in any given year. These overpayments of MRP (which in the Council's case, are to ensure enough cash for loan repayments), can, if needed, be reclaimed in later years. Up until 31 March 2021, the total overpayments were £289k, and related specifically to the Salix loans where the MRP charged to the revenue account has been calculated on the basis of the life of the loan rather than on the life of the asset which was funded by the loan. This ensures that the Council has sufficient cash to repay the loans when they become due for repayment.

6.6. The impact of the Council's capital expenditure plans and the MRP charge on the CFR and level of external and internal borrowing is shown in Table 4 below:-

Table 4
Capital Financing Requirement and Borrowing 2021/22 to 2024/25

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Capital Financing Requirement (CFR)				
Opening Balance of CFR	**136,560**	**140,949**	**151,515**	**161,470**
Capital Expenditure	39,068	35,961	31,417	26,827
External Capital Grants	(18,416)	(7,662)	(7,040)	(5,653)
Capital Receipts	(521)	(600)	(100)	(100)
Revenue Contribution & Reserves	(12,206)	(12,975)	(9,849)	(10,290)
Minimum Revenue Provision	(3,536)	(4,158)	(4,473)	(4,696)
CLOSING BALANCE OF CFR	**140,949**	**151,515**	**161,470**	**167,558**
External Borrowing				
Opening Balance of External Borrowing	**124,524**	**132,283**	**144,335**	**156,112**
Borrowing to Fund Capital Expenditure	7,925	14,724	14,428	10,784
Borrowing to Fund Loan Repayments	0	0	0	0
Borrowing to Replace Internal Borrowing	0	0	0	0
Loan Repayments	(166)	(2,672)	(2,651)	(382)
Closing Balance of External Borrowing	**132,283**	**144,335**	**156,112**	**166,514**
Internal Borrowing				
Opening Balance of Internal Borrowing	**12,036**	**8,666**	**7,180**	**5,358**
Replacement of Internal Borrowing	0	0	0	0
Funding Loan Repayments from External Borrowing	0	0	0	0
External Loan Repayments	166	2,672	2,651	382
Borrowing to Fund Capital Expenditure	0	0	0	0
Minimum Revenue Provision	(3,536)	(4,158)	(4,473)	(4,696)
Closing Balance of Internal Borrowing	**8,666**	**7,180**	**5,358**	**1,044**
TOTAL BORROWING	**140,949**	**151,515**	**161,470**	**167,558**

7. BORROWING STRATEGY

7.1. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This approach is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered. As part of this strategy, the ability to externally borrow to repay the reserves and balances, if needed, is important. Table 4 indicates that £8.666m may need to be externally borrowed if urgently required. This is the amount of Council reserves and balances used in the past to fund the capital programme instead of taking out borrowing.

7.2. Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered if it is cost effective to do so.
- If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- Any decisions will be reported to this Committee at the next available opportunity.

7.3. External v Internal Borrowing

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

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

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

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

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

7.3.4 However, short term savings by avoiding new long term external borrowing in 2022/23 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing.

7.4. Borrowing in Advance of Need

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

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

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

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

7.5. Debt Rescheduling

7.5.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

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

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

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

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

7.6. Debt Profile

7.6.1. As can be seen from **Appendix 5**, the existing borrowing is due to be repaid in various years up to 2068/69. As part of any decision on future borrowing, the Council will aim to ensure that the repayment date is arranged so as to smooth out repayments as far as possible, but priority will be given to the interest rate payable when determining the type of loan (maturity or annuity) and the length of the loan.

8. INVESTMENT STRATEGY

8.1. In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking higher rates currently obtainable, for longer periods.

8.2. Management of Risk

8.2.1 CIPFA has extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Treasury Management Team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

8.2.2 The Council's investment policy has regard to the following:-

- Welsh Government's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code");
- CIPFA Treasury Management Guidance Notes 2018.

8.2.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

8.2.4 The above guidance from the Welsh Government and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

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

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

4. This Authority has defined the list of **types of investment instruments** that the Treasury Management Team are authorised to use. There are two lists in **Appendix 7** under the categories of 'specified' and 'non-specified' investments.

   - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
   - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.

5. **Non-specified investments limit**. The Council has determined that it will limit the maximum total exposure to non-specified investments by ensuring that no non-specific investment is undertaken without the prior consent of the Council. The Council does not hold any non-specified investments, nor does it intend to during 2022/23 (see **Appendix 7**).

6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table as set out in the Creditworthiness section of this strategy.

7. **Transaction limits** are set for each type of investment in **Appendix 8**.

8. This Authority will set a limit for the amount of its investments which are invested for **longer than 365 days** (see **Appendix 11**).

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see **Appendix 9**).

10. This Authority has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling.**

12. As a result of the change in accounting standards for 2022/23 under **IFRS 9,** this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Welsh Government has passed a statutory override to allow Welsh local authorities time to adjust their portfolio of all pooled investments by delaying implementation of IFRS 9 for five years until 31.03.23.

8.3. Creditworthiness Policy

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

- It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

8.3.2 The Section 151 Officer will maintain a counterparty list in compliance with the criteria set out in **Appendix 8** and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

8.3.3 Credit rating information is supplied the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

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

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

8.3.5 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council, at the discretion of the Section 151 Officer, to assist in determining the duration for investments. The Council will, therefore, normally use counterparties within the following durational bands:-

Yellow:	5 years *
Dark pink :	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
Light pink :	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
Purple:	2 years
Blue:	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange:	1 year
Red:	6 months
Green:	100 days
No colour:	not to be used

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

8.3.7 Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- In addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

8.3.9 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information and information on any external support for banks to help support its decision making process.

8.3.10 Significant levels of downgrades to Short and Long Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

8.3.11 Although bank CDS prices (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

8.4. Country Limits

8.4.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 9**. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

9. GOVERNANCE AND CONTROL

9.1. The Prudential Code reflects a move towards self regulation for local authorities and effective corporate governance is one of the key elements to the successful implementation of the Code.

9.2. Corporate Governance includes the following elements:-

- A formal role for the Section 151 Officer;
- Setting and monitoring of Prudential and Treasury Indicators;
- A scheme of delegation and a process of formal approval;
- Reporting on Treasury Management matters to Members.

9.3. Role of the Section 151 Officer and Members

9.3.1 The Section 151 Officer is responsible for ensuring that matters relating to Treasury Management and Capital Financing are taken into account and reported to the Executive / full Council for consideration and that procedures are established to monitor performance.

9.3.2 The Section 151 Officer must ensure that prudential indicators are set and monitored in order to demonstrate the legislative requirement that the Council's financial plans are affordable.

9.3.3 Members also play an important role in not just authorising the relevant decisions but also in scrutinising treasury management processes, decisions and performance. In order to undertake this role, the CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Governance & Audit Committee, the Committee's members received training in treasury management, delivered by the appointed treasury management consultants on 7 November 2019. Further training will be arranged when required. The training needs of treasury management officers are regularly reviewed and addressed.

9.3.4 The Treasury Management Scheme of Delegation and a fuller explanation of the role of the Section 151 Officer is set out in **Appendix 10**.

9.4. Treasury Management Advice

9.4.1 The Council uses Link Group, Treasury Solutions as its external treasury management advisors. The Council exercised the option to extend the services provided by Link Group as per the contract conditions for two years, ending 31 March 2021. In accordance with procurement regulations, the Council retendered this service during early 2021 for the period 1 April 2021 to 31 March 2024 with an option to extend for two years, with Link Group, Treasury Solutions being the successful tender.

9.4.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. Final responsibility for treasury management decisions remains with the Council.

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

9.5. Prudential and Treasury Indicators

9.5.1. The Prudential and Treasury Indicators set out in **Appendix 11** cover affordability, prudence and sets out limits for capital expenditure, external debt and the structure of the debt. It is for the Council to set the Prudential Indicators and it is important to not just consider the indicators for each individual year in isolation, but also to consider the past performance and the future forecasts. A fuller explanation of the purpose of each indicator is set out in **Appendix 12.**

9.6. Reporting

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

9.6.2 Prudential and Treasury Management Indicators and Treasury Strategy - the first and most important report (this report) is forward looking and covers:-

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);

- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function); and
- the capital plans (including the associated prudential indicators).

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

9.6.4 An Annual Treasury Report - this is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Policy Statement

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

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

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

APPENDIX 2

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

The key principles of CIPFA's ***Treasury Management in the Public Services: Code of Practice (2021 Edition)***, as described in Section 4 of that Code are as follows:-

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

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

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

The Code then goes on to say that:-

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

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

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

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

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

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

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

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

3. The County Council/Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The Section 151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

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

ECONOMIC BACKGROUND

- **COVID-19 vaccines.**
  These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

- **A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE**
  - In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
  - The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
  - If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
  - With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
  - The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
  - Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
  - However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
  - We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
  - Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
  - How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
  - Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

- **MPC MEETING 16TH DECEMBER 2021**
- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

- On 10th December we learnt of the disappointing 0.1% m/m rise in GDP in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

- On 14th December, the labour market statistics for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

- On 15th December we had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

- Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

- On the other hand, it did also comment that "the Omicron variant is likely to weigh on near-term activity". But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

- On top of that, there were no references this month to inflation being expected to be below the 2% target in two years' time, which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a "modest tightening" in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

- In as much as a considerable part of the inflationary pressures at the current time are indeed transitory, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    - Raising Bank Rate as "the active instrument in most circumstances".
    - Raising Bank Rate to 0.50% before starting on reducing its holdings.
    - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.

- Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the Fed's meeting of 15th December would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

- **EU.** The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

- November's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to persistently higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

- ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

- The ECB will now also need to consider the impact of Omicron on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

- The EU has entered into a period of political uncertainty where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

- However, the pace of economic growth has now fallen back in 2021 after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The People's Bank of China made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.

- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

- The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **SUPPLY SHORTAGES.** The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Group, Treasury Solutions

Rhagolygon Graddfeydd Llog 2021/2025
Interest Rate Forecasts 2021/2025

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

The Link forecasts are as at 20.12.21 and will be updated after the MPC meeting on 3.2.22. The Capital Economics forecasts are as at 12.1.22.

Link Group Interest Ra 20.12.21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate													
Link	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.50	0.75	0.75	1.00	1.25	1.25	1.25	1.25	-	-	-	-	-
5yr PWLB Rate													
Link	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.80	1.90	2.10	2.20	2.20	2.30	2.40	2.40	-	-	-	-	-
10yr PWLB Rate													
Link	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	2.00	2.10	2.20	2.30	2.30	2.40	2.50	2.50	-	-	-	-	-
25yr PWLB Rate													
Link	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	2.20	2.30	2.50	2.70	2.70	2.70	2.80	2.90	-	-	-	-	-
50yr PWLB Rate													
Link	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.70	2.90	-	-	-	-	-

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Group, Treasury Solutions

Significant risks to the forecasts

- Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- Labour and supply shortages prove more enduring and disruptive and depress economic activity.
- The Monetary Policy Committee acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressure
- The Government acts too quickly to cut expenditure to balance the national budget.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast
- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- Geopolitical risks, for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.
- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.
- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

DADANSODDIAD BENTHYCIADAU PWLB YN AEDDFEDU 2022/23 YMLAEN / PWLB LOANS MATURITY ANALYSIS 2022/23 ONWARDS						
	Aeddefedu PWLB Maturity £'000	**Blwydd-dal PWLB EIP/ Annuity £'000**	**Benthyciadau Marchnad/ Market Loans £'000**	**Amrywiol/ PWLB Variable £'000**	**Cyfanswm yn Aeddfedu/ Total Maturing £'000**	**%Yn Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %**
2022/23	2,285	15	0	0	2,300	1.9
2023/24	1,854	16	0	0	1,870	1.5
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	1,382	22	0	0	1,404	1.2
2027/28	2,165	24	0	0	2,189	1.8
2028/29	262	26	0	0	288	0.2
2029/30	1,538	21	0	0	1,559	1.3
2030/31	451	15	0	0	466	0.4
2031/32	1,941	9	0	0	1,950	1.6
2032/33	315	7	0	0	323	0.3
2033/34	637	0	0	0	637	0.5
2034/35	624	0	0	0	624	0.5
2035/36	611	0	0	0	611	0.5
2036/37	599	0	0	0	599	0.5
2037/38	587	0	0	0	587	0.5
2038/39	225	0	0	0	225	0.2
2039/40	5,000	0	0	0	5,000	4.1
2040/41	3,500	0	0	0	3,500	2.9
2042/43	1,000	0	0	0	1,000	0.8
2043/44	1,020	0	0	0	1,020	0.8
2044/45	1,010	0	0	0	1,010	0.8
2045/46	11,464	0	0	0	11,464	9.4
2050/51	2,000	0	0	0	2,000	1.6
2052/53	28,238	0	0	0	28,238	23.2
2054/55	3,000	0	0	0	3,000	2.5
2055/56	3,500	0	0	0	3,500	2.9
2056/57	5,000	0	0	0	5,000	4.1
2057/58	8,513	0	0	0	8,513	7.0
2059/60	1,763	0	0	0	1,763	1.4
2064/65	10,000	0	0	0	10,000	8.2
2066/67	6,200	0	0	0	6,200	5.1
2068/69	15,000	0	0	0	15,000	12.3
	121,684	**193**	**0**	**0**	**121,877**	**100.0**
Cyfartaledd bywyd (blynyddoedd)/ Average life (years)	30.42	4.63	0.00	0.00	30.38	
Cyfartaledd graddfa (%)/ Average rate (%)	4.58	9.42	0.00	0.00	4.58	

PROFFIL AD-DALU BENTHYCIADAU ERAILL 2022/23 YMLAEN / OTHER LOANS REPAYMENT PROFILE 2022/23 ONWARDS						
	Benthyciad Salix Loan 1	**Benthyciad Salix Loan 2**	**Benthyciad Salix Loan 3**	**Benthyciad Salix Loan 4**	**Benthyciad Salix Loan 5**	**Cyfanswm / Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2022/23	16	46	64	26	220	372
2023/24	16	46	64	26	220	372
2024/25	9	45	64	26	220	364
2025/26	0	45	64	26	220	355
2026/27	0	0	63	27	220	310
2027/28	0	0	63	27	220	310
2028/29	0	0	63	27	221	311
2029/30	0	0	0	13	221	234
2030/31	0	0	0	0	221	221
2031/32	0	0	0	0	222	222
Cyfanswm / Total	**41**	**182**	445	198	**2,205**	**3,071**

APPENDIX 6

Minimum Revenue Provision Policy Statement 2022/23

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

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

For capital expenditure incurred between 1 April 2008 and 31 March 2018, financed by supported borrowing, the MRP policy will be to charge MRP on the Equal Instalment method, Asset Life basis over 50 years. The MRP on capital expenditure funded by unsupported borrowing during this period has already been charged using the Equal Instalment method, Asset Life basis using the estimated lives of the assets, based on information available at that time. This change in policy realigns the MRP policies for assets funded by supported borrowing and assets funded by unsupported borrowing.

From 1st April 2018 for all supported and unsupported borrowing (including PFI and finance leases), the MRP policy will also be the Equal Instalment Annuity Method, the Asset Life basis. However, the estimated life periods, will be set by the Section 151 Officer based upon advice received from the relevant officers and will have regard to Welsh Government guidance in relation to MRP and asset lives. Where land is purchased, the asset life will be based on the asset life of the asset placed on the land, which in the majority of cases will be 50 years in line with the asset life for buildings.

MRP charges based on asset life would not be charged until the year the asset becomes operational. The Section 151 Officer may postpone the MRP charge until the financial year following the one in which the asset becomes operational. The estimated asset life of the asset would be determined in the year the MRP commences and would not change over the life of the asset. The estimated life periods will be set by the Section 151 Officer based upon advice received from the relevant officers and will have regard to Statutory requirements and Welsh Government guidance in relation to MRP and asset life. Where land is purchased, the asset life will be based on the asset life of the asset placed on the land, which in the majority of cases will be 50 years in line with the asset life for buildings.

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

The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.

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

Any repayments included in annual PFI or finance leases are applied as MRP and will be consistent with the asset life basis over the life of the lease or PFI scheme.

Specified and Non-Specified Investments

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

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

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

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

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

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

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

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

During 2022/23 the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to (i) long-term investments; and (ii) deposits with the Council's own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance balances will be minimised as far as is possible

The table in Appendix 8 set out the investment criteria and limits for the categories of investments intended for use during 2022/23 and, therefore, form the basis for the approved lending list.

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

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

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

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

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

The table in Appendix 8 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 7.3 of this strategy sets out the Council's creditworthiness approach.

Counterparty Criteria

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
NatWest Bank (Part Nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	£30m	364 days
UK Central Government (irrespective of credit rating)	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities*	n/a	n/a	n/a	n/a	n/a	n/a	£5m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

as defined in the Local Government Act 2003

Notes and Clarifications

(1) Cash Limit

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

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

(2) Time Limit

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

(3) Foreign Countries

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

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

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

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

(4) Credit Rating Downgrade

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

If the Section 151 Officer wishes to continue investing with that counterparty approval will be sought from the Chair of the Governance & Audit Committee plus one other member of the Chair's choosing, who both must approve the action. This will then be reported as appropriate at the next available opportunity.

Approved countries for investments [correct as at 21 December 2021]

This list is based on those countries which have sovereign ratings of AA- or higher (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Group, Treasury Solutions credit worthiness service.

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

APPENDIX 10

Treasury management scheme of delegation

(i) County Council

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

(ii) Executive Committee

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

(iii) Governance & Audit Committee

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

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

The Treasury Management role of the Section 151 Officer

The Section 151 (responsible) Officer's role includes:-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- responsibility for the execution and administration of its Treasury decisions, including decision on borrowing, investment and financing, have been delegated to the Section 151 Officer, who will act in accordance with the Council's policy statements and TMP's;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Authority;
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by the Authority;
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
    - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
    - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
    - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
    - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
    - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

PRUDENTIAL & TREASURY INDICATORS **APPENDIX 11**

BUDGET SETTING 2022/23

No.	**Indicator**					
	Affordability	**2020/21 out-turn**	**2021/22 estimate**	**2022/23 proposal**	**2023/24 proposal**	**2024/25 proposal**
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	4.75%	4.55%	4.40%	4.43%	4.44%
	Housing Revenue Account (inclusive of settlement)	16.52%	9.04%	13.40%	14.12%	13.83%
	Total	6.12%	5.08%	5.42%	5.57%	5.56%
	Prudence					
3	Gross debt and the Capital Financing Requirement (CFR)	✓	✓	✓	✓	✓
	Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?			✓	✓	✓
	Capital Expenditure	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
4,5	Estimates of [or actual] capital expenditure					
	Council Fund	20,507	25,427	17,177	9,408	8,277
	Housing Revenue Account	12,622	13,641	18,784	22,009	18,550
	Total	**33,129**	**39,068**	**35,961**	**31,417**	**26,827**
6,7	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	97,360	102,531	107,867	109,195	110,728
	Housing Revenue Account	39,200	38,415	43,646	52,273	56,828
	Total	**136,560**	**140,946**	**151,513**	**161,468**	**167,556**
	External Debt	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
8	Authorised Limit					
	: General Borrowing	175,000	175,000	180,000	190,000	198,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	**180,000**	**180,000**	**185,000**	**195,000**	**203,000**

9	Operational Boundary					
	: General Borrowing	170,000	170,000	175,000	185,000	193,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	**175,000**	**175,000**	**180,000**	**190,000**	**198,000**
10	Actual External Debt	**124,524**				
Treasury Management		**2020/21 out-turn**	**2021/22 estimate**	**2022/23 proposal**	**2023/24 proposal**	**2024/25 proposal**
11	The Local Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services	✓	✓	✓	✓	✓
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
12	Gross and net debt	100%	100%	100%	100%	100%
	The upper limit on the net debt as a proportion of gross debt					
13	The upper limit on fixed rate exposures:	155,000	155,000	160,000	170,000	178,000
	(net principal outstanding)					
14	The upper limit on variable rate exposures:	20,000	20,000	20,000	20,000	20,000
	(net principal outstanding)					
15	The limit for total principal sums invested for periods longer than 364 days	15,000	15,000	15,000	15,000	15,000
	(any long term investments carried forward from previous years will be included in each year's limit)					
			2022/23 upper limit		**2022/23 lower limit**	
16	The upper and lower limits for the maturity structure of fixed rate borrowing					
	• under 12 months		20%		0%	
	• 12 months and within 24 months		20%		0%	
	• 24 months and within 5 years		50%		0%	
	• 5 years and within 10 years		75%		0%	
	• 10 years and above		100%		0%	
			no change		no change	

Information on Prudential & Treasury Management indicators

A) Affordability

1 & 2 Ratio of financing costs to net revenue stream

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

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

B) Prudence

3 Gross Debt and the CFR

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

C) Capital expenditure

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

4 & 5 Estimates of Capital Expenditure

This is the forecast Capital Expenditure from 2021/22 to 2024/25, and is based on the Capital Programme for 2021/22 and the Capital Strategy for 2022/23.

6 & 7 The Council's borrowing need (the Capital Financing Requirement)

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life, and so charges the economic consumption of capital assets as they are used.

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

CH) External Debt

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

   The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

9. **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Glossary

CAPITAL EXPENDITURE
Capital expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

CAPITAL FINANCING
Funds that are available to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL FINANCING REQUIREMENT
The total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

CAPITAL PROGRAMME
The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS
Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

CIPFA
This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

HOUSING REVENUE ACCOUNT (HRA)
The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

INTEREST RECEIVABLE OR PAYABLE
The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax. For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET DEBT
The Net Debt is the Council's borrowings less cash and liquid resources.

PUBLIC WORKS LOANS BOARD (PWLB)
A Central Government Agency which provides loans for one year and/or more to authorities at interest rates only slightly higher than those at which the government can borrow itself.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT
A grant paid by Central Government to authorities, contributing towards the general cost of their services.

SUPPORTED BORROWING
The Council borrows money to fund part of its capital programme. This borrowing is recognised by Central Government in its calculation of formula funding for the Council.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

UNSUPPORTED BORROWING
The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**03 MARCH 2022**
Subject:	**TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2021/22**
Portfolio Holder(s):	**COUNCILLOR R WILLIAMS**
Head of Service / Director:	**R MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER**
Report Author: Tel: E-mail:	**JEMMA ROBINSON** **01248 752675** **JemmaRobinson@ynysmon.gov.uk**
Local Members:	**n/a**

A –Recommendation/s and reason/s

- Consider the Treasury Management Mid-Year Review Report for 2021/22 and pass on to the next meeting of the Full Council with any comments.

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

n/a

C – Why is this a decision for the Executive?

- To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2021/22 (Appendix 8 of the Treasury Management Strategy Statement 2021/22). In accordance with the Scheme of Delegation, this report was scrutinised by the Governance & Audit Committee on 09 December 2021. The report will be presented to the full Council once it has been accepted by this Committee.

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 – Assessing the potential impact (if relevant):

1	**How does this decision impact on our long term needs as an Island**	
2	**Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-**	
3	**Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:**	
4	**Have Anglesey citizens played a part in drafting this way forward? Please explain how:-**	

5	**Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.**	
6	**If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.**	
7	**Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.**	

E – Who did you consult?	**What did they say?**
Chief Executive / Senior Leadership Team (SLT)(mandatory)	
Finance / Section 151(mandatory)	n/a – this is the Section 151 Officer's report
Legal / Monitoring Officer (mandatory)	
Human Resources (HR)	
Property	
Information Communication Technology (ICT)	
Procurement	
Scrutiny	
Local Members	
Other	The Governance & Audit Committee resolved to: • To accept the Treasury Management Mid-Year Review report for 2021/22, and to recommend it to the Executive without comment.

F - Appendices:
Appendix A –Treasury Management Mid-Year Review for 2021/22

FF - Background papers (please contact the author of the Report for any further information):
• Treasury Management Strategy Statement 2020/21 • Prudential and Treasury Indicators 2020/21 • Treasury Management Outturn Report 2020/21

APPENDIX A

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

A report setting out our Capital Strategy was taken to the Executive Committee on 1 March 2021, and a revised Strategy for 2022/23 will be taken to the full Council before 31 March 2022.

1.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

Accordingly, treasury management is defined as:-

"*The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*."

2. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:-

(i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Council's treasury management activities.

(ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.

(iii) Receipt by the full Council of an Annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report (this report) and an Annual Report, covering activities during the previous year.

(iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

(v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, the delegated body is the Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:-

- An economic update for the first half of the 2021/22 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of any debt rescheduling undertaken during 2021/22;
- A review of compliance with Treasury and Prudential Limits for 2021/22.

3. Economic Update

3.1 The Council's treasury advisers provided an economic update and can be found in Appendix 1. They have also recently provided the following interest rate forecast:-

	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Bank Rate (%)	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%
5yr PWLB rate (%)	1.40%	1.40%	1.50%	1.50%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%
10yr PWLB rate (%)	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.10%
25yr PWLB rate (%)	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%
50yr PWLB rate (%)	2.00%	2.00%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%

3.2 The Council's treasury advisers recently provided a commentary alongside the interest rate forecast above. This commentary can be found in Appendix 2.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1 The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by the full Council on 09 March 2021. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. Annual Investment Strategy

5.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions. As shown by the interest rate forecasts in section 3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020 until the MPC meeting on 24 September 2021, when 6 and 12 month rates rose in anticipation of Bank Rate going up in 2022. Given this risk environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.

5.2 The Council held £38.070m of investments as at 30 September 2021 (£25.066m at 31 March 2021) and the investment portfolio yield for the first six months of the year was 0.01%. A full list of investments as at 30 September 2021 can be found in Appendix 3. A summary of the investments and rates can be found in Appendix 4.

5.3 The approved limits within the Annual Investment Strategy were not breached during the first six months of 2021/22.

5.4 The Council's budgeted investment return for the whole of 2021/22 is £0.036m and performance for the year to date is not in line with the budget, with only £0.005m received to the end of Quarter 2. Our projection to year end is that we will underachieve the budget as, although our cash balances have been higher than normal, this is offset by the lower than anticipated interest rates.

5.5 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

5.6 The approved countries for investments can be seen in Appendix 5.

5.7 The table below shows a list of investments made to other Local Authorities during the first half of this financial year. Given that security of funds is the key indicator of this Council, other Local Authorities is seen as the most secure way of investing funds, and this gives a greater rate of return than most bank call accounts.

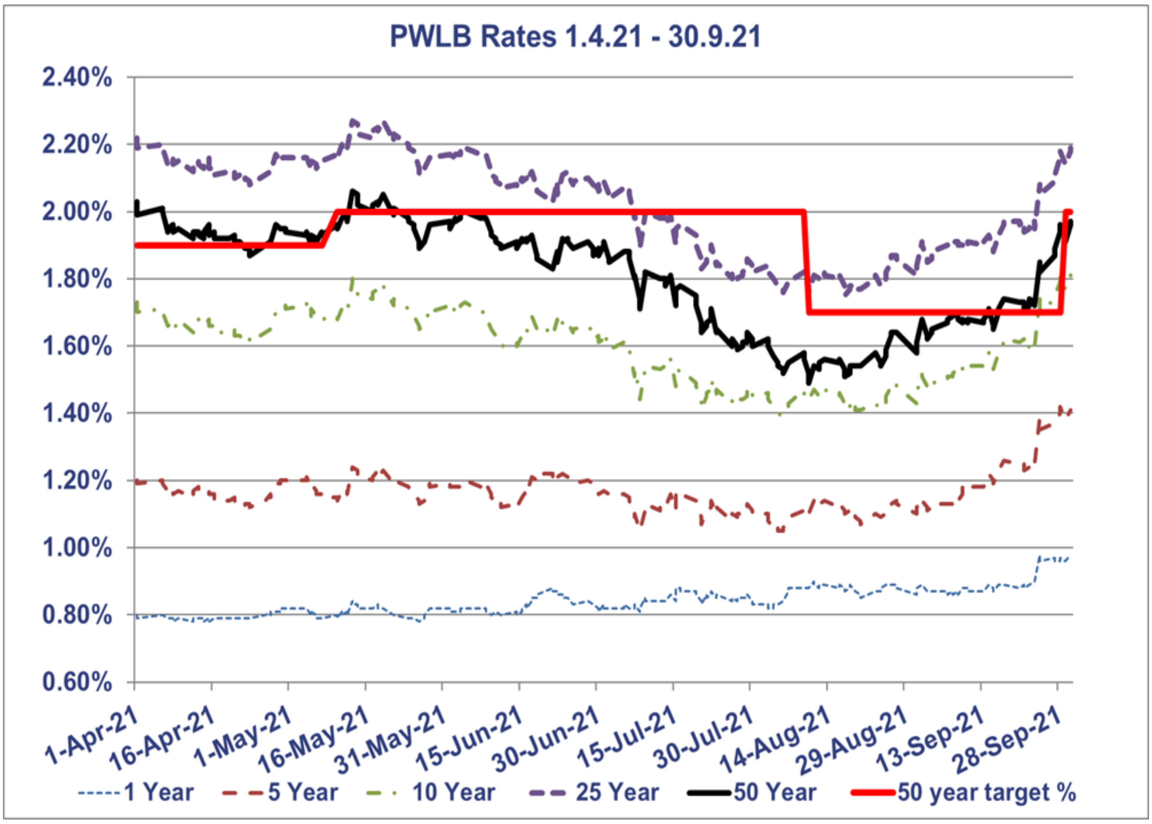
Local Authority	Start Date	End Date	Interest Rate %	Amount £
Flintshire County Council	23/06/2021	23/09/2021	0.03	5,000,000

6. Borrowing

6.1 The projected capital financing requirement (CFR) for 2021/22 is £140.9m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has projected year end borrowings of £124.9m and will have used £16.0m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate, but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

6.2 A sum of £509k (interest free Salix loan) was received in the first half of the year, being the last instalment of this loan. No further borrowing was undertaken during the first half of this financial year, and, it is not anticipated that any additional external borrowing will need to be undertaken during the second half of the financial year. There will be a borrowing requirement to fund a part of the 2021/22 capital programme, but this will be through internal borrowing (drawing down cash balances). This will delay capital financing costs while the Council's cash balances can absorb this internal borrowing. In the more medium-term, this might need externalising if Council cash balances become low .The capital programme is being kept under regular review due to the effects of coronavirus and shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September. The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September, after the MPC meeting of 23rd September.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.05%	1.39%	1.75%	1.49%
Date	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
High	0.98%	1.42%	1.81%	2.27%	2.06%
Date	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
Average	0.84%	1.16%	1.60%	2.02%	1.81%
Spread	0.20%	0.37%	0.42%	0.52%	0.57%

6.3 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has, therefore, been undertaken to date in the current financial year.

7. The Council's Capital Position (Prudential Indicators)

7.1 This part of the report is structured to update:-

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

7.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure in comparison to the capital budget:-

Capital Expenditure	2021/22 Original Estimate £'000	Position as at 30 September 2021 £'000	2021/22 Current Estimate £'000
Council Fund	34,386	8,666	25,427
HRA	22,561	4,583	13,641
Total	**56,947**	**13,249**	**39,068**

7.2.1 The projected expenditure shows that the majority of projects are on target to be completed within budget, but the main project that is forecast to be underspent is the 21st Century Schools Programme along with the Canolfan Addysg y Bont roofing works. The HRA is also forecasting a significant underspend. This is reflected in the above table. A full breakdown on the planned capital expenditure for 2021/22 is provided in the Capital Budget Monitoring Report Q2, presented to the Executive on 29 November 2021.

7.3 Changes to the Financing of the Capital Programme

7.3.1 There are some changes to the financing of the capital programme, as can be seen in the table below. The main reason for the change is as noted in paragraph 7.2.1, as there will be significant underspend in capital schemes in 2021/22. However, these schemes will slip into 2022/23, along with their funding, and it is not anticipated, at this point, that any funding will be lost due to the delays.

7.3.2 The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original funding of the capital programme, and the expected funding arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Financing	2021/22 Original Estimate £'000	2021/22 Revised Estimate £'000
Capital Grants	22,217	18,416
Capital Receipts	463	521
Reserves	2,710	1,239
Revenue Contribution	17,887	10,967
Supported Borrowing	8,765	5,590
Unsupported Borrowing	4,697	2,127
Loan	208	208
Total	**56,947**	**39,068**

7.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

7.4.1 Tables 7.4.2 and 7.4.3 below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary, which is set annually by the Council as part of the Treasury Management Strategy Statement.

7.4.2 Prudential Indicator – the Operational Boundary for external debt

	2021/22 Operational Boundary as per TMSS 2020/21 £'000	2021/22 Opening Borrowing Position £'000	Amount Within the Boundary £'000	2021/22 Estimated Borrowing Position £'000	Amount Within the Boundary £'000
Prudential Indicator – External Debt/ The Operational Boundary					
Borrowing	188,000	124,524	63,476	124,949	63,051
Other long term liabilities	5,000	0	5,000	0	5,000
Total Debt 31 March	**193,000**	**124,524**	**68,476**	**124,949**	**68,051**

7.4.3 Prudential Indicator – Capital Financing Requirement (CFR)

7.4.3.1 We are currently slightly below the original forecast for Capital Financing Requirement due to the forecast underspend in borrowing, mainly down to the HRA forecast underspend and receiving additional grant funding received as substitute funding.

	2021/22 Original Estimate £'000	2021/22 Revised Estimate £'000
Prudential Indicator – Capital Financing Requirement		
CFR – Council Fund	105,669	102,531
CFR – HRA	40,415	38,415
Total CFR	146,084	140,946
Net movement in CFR	**3,397**[1]	**4,386**[2]

Original CFR Forecast	**146,084**
Reduced MRP between TMSS 2021/22 forecast and Capital Q2 2021/22 revised forecast	620
Underspend in Unsupported Borrowing for HRA in 2021/22	-2,000
Difference on loan (difference between TMSS 2021/22 forecast and Capital Q2 revised forecast) – additional Salix loan received not known at time of producing TMSS 2021/22	208
Underspend in Unsupported Borrowing in 2020/21 and overspend in 2021/22 due to the delay in the waste contract not completing by year 2020/21 and slipping into 2021/22 and a net underspend overall due to award of grant at year end 2020/21 to fund the majority of the 2020/21 waste fleet expenditure.	-1,089
Underspend in Supported Borrowing in 2020/21 due to additional grant received in 2020/21 as substitute funding which reduced the need for Supported Borrowing	-2,877
Revised CFR Forecast	**140,946**

[1] Movement between 2020/21 estimate and 2021/22 estimate in TMSS 2021/22
[2] Movement between 2020/21 actual (per Statement of Accounts 2020/21) and 2021/22 revised estimate

7.5 Limits to Borrowing Activity

7.5.1 The first key control over the treasury activity is a prudential indicator to ensure that, over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent. The current borrowing position is £125.032m, which is below the CFR forecast for this and the next two financial years (see table below), therefore, this indicator has not been breached.

	2021/22 £'000	**2022/23 £'000**	**2023/24 £'000**
CFR (year-end forecast)	**140,946**	**157,552**	**171,960**

	2021/22 Original Estimate £'000	**Current Position at 30 September 2021 £'000**	**2021/22 Revised Estimate £'000**
External Borrowing	140,991	125,032	124,949
Internal Borrowing	5,093	15,914	15,997
Plus other long term liabilities	0	0	0
CFR (year-end position)	**146,084**	**140,946**	**140,946**

7.5.2 It is not envisaged that there will be any difficulties for the current year in complying with this prudential indicator.

7.5.3 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit, which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members, currently £183m. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.

Authorised Limit for External Debt	**2021/22 Original Indicator £'000**	**Current Borrowing Position as at 30 September 2021 £'000**	**Estimated Borrowing Position as at 31 March 2022 £'000**
Borrowing	178,000	125,032	124,949
Other long term liabilities	5,000	0	0
Total	**183,000**	**125,032**	**124,949**

8. Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22. No difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in compliance with the Council's Treasury Management Practices.

MARC JONES
DIRECTOR OF FUNCTION (RESOURCES)
& SECTION 151 OFFICER

Diweddariad ar yr Economi hyd yma a'r rhagolygon / Economic Update & Forecasts

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.

- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**

- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

US. See comments below on US treasury yields.

EU. The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.
German general election. With the CDU/CSU and SDP both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SDP-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan. 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages. The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

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

**Sylwadau ar y rhagolygon diweddaraf ar raddfeydd llog /
Commentary on the latest interest rates forecasts**

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table in 3.1, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Significant risks to the forecasts

COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.

- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that supresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.
- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC’s 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government’s upcoming budget in October, which could also end up in reducing consumer spending power.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1st October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields
As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.
There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields
Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. **As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.
- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Crynodeb Benthyca a Buddsoddi – Chwarteroedd 1 a 2 2021/22
Borrowing and Investment Summary – Quarters 1 and 2 2021/22

	30 Medi / Sept 2021		30 Mehefin / June 2021	
	£'m	**% (talwyd ar fenthyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)**	**£'m**	**% (talwyd ar fenthyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)**
Benthyca – graddfa sefydlog Borrowing – fixed rate BBGC / PWLB Dim BBGC / Non-PWLB	 121.9 3.1	 4.58 0	 121.9 3.1	 4.59 0
Benthyca – graddfa amrywiol Borrowing – variable rate	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Adneuon – galw hyd at 30 diwrnod Deposits – Call to 30 days	38.1	0.01	33.1	0.01
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	Dim / Nil	d/b / n/a	5.0	0.03
Adneuon – Tymor sefydlog 1 bl. + Deposits – Fixed Term 1 year +	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Cyfanswm Adneuon Total Deposits	38.1	0.01	38.1	0.01
Adneuon Uchaf yn y Chwarter Highest Deposits in the Quarter	47.1	d/b / n/a	42.1	d/b / n/a
Adneuon Isaf yn y Chwarter Lowest Deposits in the Quarter	38.1	d/b / n/a	25.1	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	42.4	0.01	36.6	0.04

ATODIAD / APPENDIX 4

Graddfeydd Credyd Gwrthbartïon buddsoddi a'r adneuon a ddelir gyda phob un ar 30 Medi 2021*
Credit ratings of investment counterparties and deposits held with each as at 30 September 2021*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuon / Deposit £'000	Hyd (Galw/ tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O / I) / Period (From / To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating	Graddfa Tymor Byr Fitch Short Term Rating	Graddfa Tymor Hir Moody's Long Term Rating	Graddfa Tymor Byr Moody's Short Term Rating	Graddfa Tymor Hir Standard & Poor's Long Term Rating	Graddfa Tymor Byr Standard & Poor's Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	**7.206**	**Galw/ Call**	**n/a**	**0.01**	**A+**	**F1**	**A1**	**P-1**	**A+**	**A-1**	**Coch – 6 mis / Red - 6 months**
Santander Group plc	Santander UK plc	**7.497**	**Galw/ Call**	**n/a**	**0.02**	**A+**	**F1**	**A1**	**P-1**	**A**	**A-1**	**Coch – 6 mis / Red - 6 months**
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc (Rhan / Gwladoli / Part / Nationalised)	**0.002**	**Galw/ Call**	**n/a**	**0.01**	**A+**	**F1**	**A1**	**P-1**	**A**	**A-1**	**Glas - 12 mis / Blue – 12 months**
The Royal Bank of Scotland Group plc	National Westminster Bank Deposit	**23.365**	**Galw/ Call**	**n/a**	**0.01**	**A+**	**F1**	**A1**	**P-1**	**A**	**A-1**	**Glas - 12 mis / Blue – 12 months**

* Ceir y Rhestr Benthyca Cymeradwyedig yn Atodiad 8 o'r Datganiad Strategaeth Rheoli Trysorlys 2021/22/Strategaeth Buddsoddi Blynyddol/The Approved Lending List can be found at Appendix 8 of the 2021/22 Treasury Management Strategy Statement / Annual Investment Strategy

** Sef tymor ar pwynt y buddsoddi/Being term at the point of investment.

ATODIAD / APPENDIX 5

Gwledydd cymeradwy ar gyfer buddsoddi
Approved countries for investments

Yn seiliedig ar y gyfradd credyd sofran isaf sydd ar gael
Based upon lowest available sovereign credit rating

AAA

- Awstralia / Australia
- Denmarc / Denmark
- Yr Almaen / Germany
- Lwcsembwrg / Luxembourg
- Yr Iseldiroedd / Netherlands
- Norwy / Norway
- Singapôr / Singapore
- Sweden
- Y Swistir / Switzerland

AA+

- Canada
- Y Ffindir / Finland
- U.D.A. / U.S.A.

AA

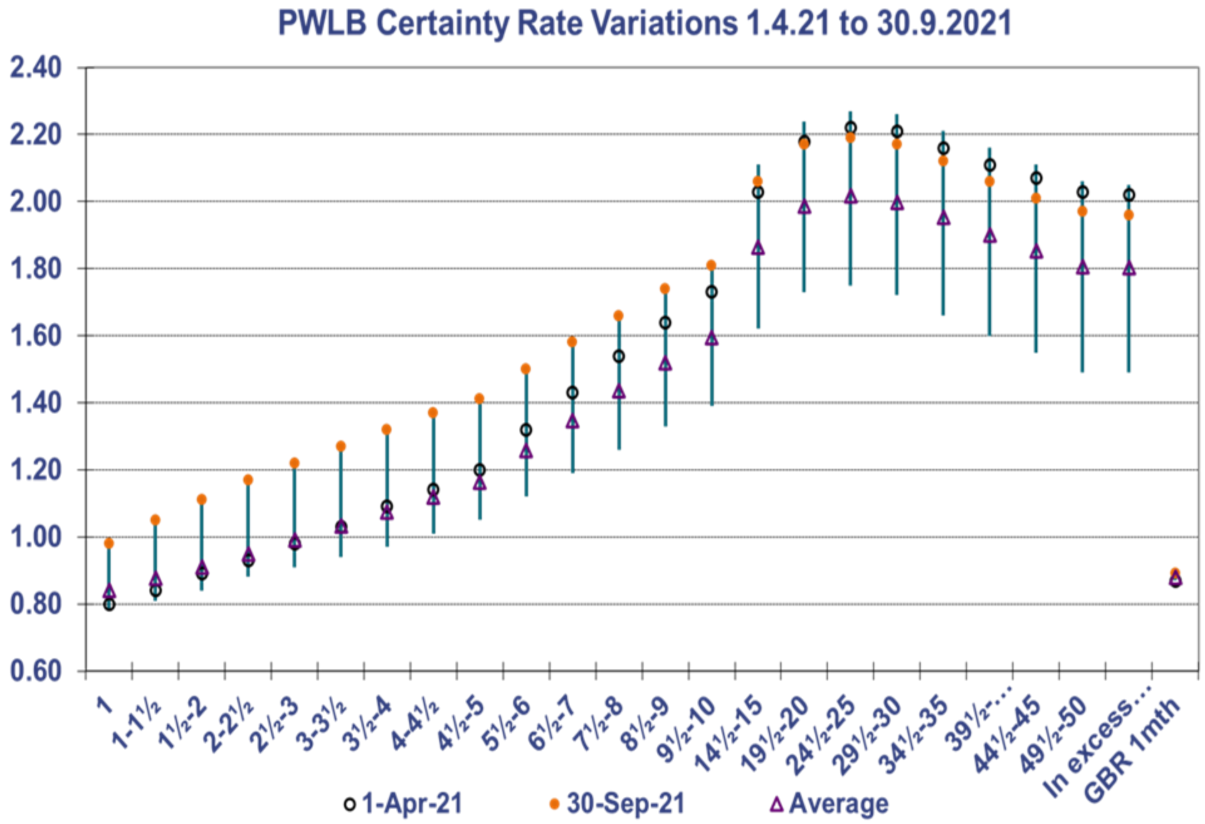
- Abu Dhabi (UAE)
- Ffrainc / France

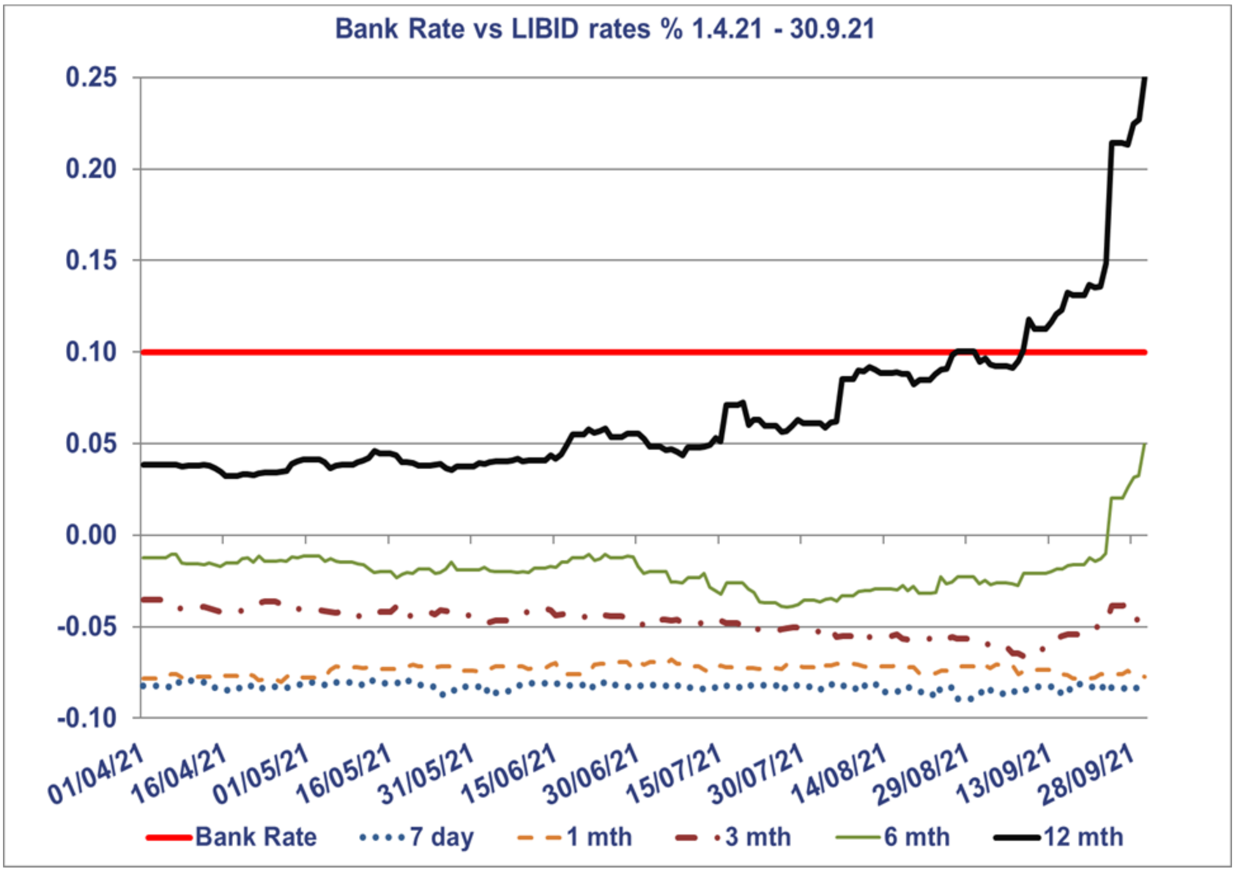
AA-

- Gwlad Belg / Belgium
- Hong Kong
- Qatar
- D.U. / U.K.

Graffiau Ychwanegol / Additional Graphs

Cymhariaeth o baramedrau benthyca â benthyca allanol gwirioneddol /
Comparison of borrowing parameters to actual external borrowing





ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive**
Date:	**3 March 2022**
Subject:	**Community based Non-residential Social Care Services – 2022/2023 Fees & Charges**
Portfolio Holder(s):	**Councillor Llinos Medi Huws**
Head of Service / Director:	**Arwel Wyn Owen**
Report Author: Tel: E-mail:	**Carwyn Edwards, Finance Manager** **01248 752699** **CarwynEdwards@ynysmon.gov.uk**
Local Members:	**All Members**

A –Recommendation/s and reason/s

1. Background

It is usual practice to review the charges in respect of domiciliary services annually to coincide with Central Government revision of benefit and pension levels.

The report sets out community based non-residential social care fees and charges for 2022/2023 in accordance with the Social Services and Well-Being (Wales) Act 2014.

2. Home Care Services:

Home Care Charges 2022/2023

We are awaiting confirmation from Welsh Government of the maximum charge, as per legislation. We will charge up to the maximum amount permitted.

3. Telecare Charges

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

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

For 2022/23, we recommend a 3% increase In the fees.

Table A: Telecare 2022/23 Proposed Charges

Tier 1 Equipment, service and maintenance (unit, pendant and smoke alarm)	Everyone will be paying £50.83 per quarter. (£3.91 a week)
Tier 2 & 3 Equipment, service, monitoring and maintenance (Equipment other than unit, pendant and smoke alarm)	Everyone will be paying £101.27 per quarter. (£7.79 a week)

Telecare Annual Charges apply a 3% increase for 2022/23, as stated in Table B.

Table B – Telecare Annual Charges for 2022/23

	2021/22	**2022/2023 (Proposed Charges)**
Service and Maintenance	£117.54	£121.07
Services Only	£75.97	£78.25
One Off Installation	£47.00	£48.41

4. Direct Payments

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

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

An hourly Direct Payment rate of £11.89 per hour was set for 2021/22. In light of the increase in the Real Living wage we propose to increase this to £13.10 per hour for 2022/2023.

Modernisation of Blue Badge Scheme in Wales

It is recommended that a charge of £10 / badge levied in respect of organisational and replacement badges (lost / stolen) be levied for 2022/23.

Purchasing Day Care Services in Independent Residential Care Homes

The charge for purchasing day services was £35.21 in 2021/22. We propose to increase the fee for 2022/23 by 6.73% to £37.58, this uplift is in line with increase in costs for external residential care services. This increase will help to ensure the sustainability and continuation of day care services purchased from independent residential care homes, and in order to meet the individual needs of service users.

Domiciliary Care Fees

At present, adult social care commission domiciliary care from the independent sectors following a tender exercise in 2018, the Island is currently split into three patches for older people domiciliary care. Terms of the contract stipulate that we must allow for statutory increases in legislation, this equates to an increase of £1.36 per hour as a result of the increase from the Living Wage to the Real Living Wage and Employer National Insurance in 2022/23.

Meals in Day Services

For 2022/23, we recommend a 3% increase on the fees (rounded up to the nearest £0.05).

Table C – Meals in Day Services Charges for 2022/23

	2021/22	2022/2023 (Proposed Charges)
Meals in Day Services for adults (excluding people with learning disabilities)	£6.40	£6.60
Mid-day snack in Day Services for people with learning disabilities	£2.70	£2.80
Other refreshments (tea / coffee/ cake) in Day Services	£1.50	£1.55

Recommendations

The Executive is requested to approve the following:-

R1 Charges for Telecare services as outlined in Table A:-
Tier 1 - everyone will be paying **£50.83** per quarter
Tier 2 & 3 - everyone will be paying **£101.27** per quarter

R2 Charges for Telecare Annual Charges as outlined in Table B:-
Services and Maintenance **£121.07**
Services Only **£78.25**
One off Installation **£48.41**

R3 Rate for Direct Payments at **£13.10**/hour.

R4 Maintain a charge of **£10.00** for the administration in relation to Blue Badge requests and replacements as outlined.

R5 Increase the fee for purchasing day care services in independent residential homes by 6.73% to **£37.58.**

R6 Increase Domiciliary Care fees by **£1.36** per hour to comply with new legislation.

R7 Charges for Meals in Day Services fees as outlined in Table C:-
Meals in Day Services for adults (excluding people with learning disabilities) - **£6.60**
Mid-day snack in Day Services for people with learning disabilities - **£2.80**
Other refreshments (tea / coffee/ cake) in Day Services - **£1.55**

B – What other options did you consider and why did you reject them and/or opt for this option?
The options noted are consistent with the Council's overall approach to fees and charges in previous years.
C – Why is this a decision for the Executive?
Decisions on fees and charges have financial implications for the Local Authority's budget in terms of income received and the affordability of payments made in the prevailing financial climate.
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 – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	Not applicable
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	No
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	Not applicable
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact on the Welsh Language.

	E - Who did you consult?	**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	Not applicable
5	**Property**	Not applicable
6	**Information Communication Technology (ICT)**	Not applicable
7	**Scrutiny**	
8	**Local Members**	Not applicable
9	**Any external bodies / other/s**	Not applicable

F - Appendices:

None

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

None

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive**
Date:	**3 March 2022**
Subject:	**Local Authority Homes for Older People – Setting the Standard Charge 2022/23**
Portfolio Holder(s):	**Councillor Llinos Medi Huws**
Head of Service / Director:	**Arwel Wyn Owen**
Report Author: Tel: E-mail:	**Carwyn Edwards, Finance Manager** **01248 752699** CarwynEdwards@ynysmon.gov.uk
Local Members:	**All Members**

A –Recommendation/s and reason/s

The Local Authority needs to set the level of its Standard Charge for local authority care homes for the year April 2022 – March 2023.

As in previous years, the cost of all the Council's homes (excluding Garreglwyd which is deemed a specialist service provision) have been pooled together to calculate an average standard charge for the homes in accordance with National Guidance.

For 2021/22, the Standard Charge was calculated at £786.50 per week, based on an occupancy rate of 93.25% across the 4 in-house residential homes (excluding Garreglwyd, as noted above). Due to the effect of the Covid19 pandemic on the occupancy levels, a decision was taken to base the 2021-22 fees calculation on data for the first 6 months of the 2020/21 financial year. The Executive made a decision to increase the fees in line with actual cost of provision gradually over a 2 year period and, as a result of this decision, the fees for 2021/22 were set at £754.36 per week as opposed to the calculated cost of care of £786.50 per week.

Due to changes in occupancy levels during 2021/22 owing to the Covid19 pandemic, the decision was taken to apply inflationary increases to the 2021/22 running costs and the pre Covid19 occupancy levels have been used to calculate the fees for 2022/23. Calculating the fees based on actual expenditure incurred in 2021/22 plus inflation on running costs with lower occupancy levels would increase the fees significantly and would not reflect the actual cost of care once occupancy levels increase.

Caution should be taken if the standard charge is compared with that of other authorities since, despite guidance, other authorities may not have calculated the charge on exactly the same basis.

The following table calculates the estimated cost per resident week for the year to 31 March 2023 based on 2021/22 occupancy levels and running costs from 2020/21 plus inflationary increases over 2 years.

Number of Beds Available	101
Estimated Occupancy Rate based on 2020/21 data	93.25%
Estimated Number of Resident Weeks based on 2020/21 data	4,911

	Running Costs 2022/23 £	Standard Charge 2022/23 £	Standard Charge 2021/22 £	Fee Charged 2021/22 £
Estimated Running Cost for 2022/23 based on 2020/21 running costs + inflation	3,489,340	710.52	697.44	
Add - Depreciation charge	250,550	51.02	49.47	
- Support Services	196,385	39.99	39.59	
TOTAL	**3,936,275**	**801.53**	**786.50**	**754.36**
Increase compared to the standard charge in 2021/22	**1.91%**		**£15.03**	

Based on the above table the estimated cost per resident week for the year to 31 March 2023 is £801.53.

The estimated cost per resident week for the year to 31 March 2023 is higher when compared to the estimated cost for the year to 31 March 2022. This is as a result of inflation.

Recommendation

R1 - Given that 2022/23 is the final year of the 2 year plan to increase the fees, it is recommended that the full cost of the service is charged, which is **£801.53** per week.

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

The setting of the standard charge follows a prescribed method which does not allow for options to be considered. It is possible for the Executive to set a fee which differs from the Standard Charge. The Executive deferred the introduction of a fee that equates to the standard charge in 2021/22, but it has been the intention to bring the two together for a number of years. Charging less than the standard charge results in the Council subsidising the cost of care of clients who have been identified as having the financial means to pay the full cost of their care. As a result, the option has been discounted.

C – Why is this a decision for the Executive?

Local Authorities are required, under Section 22 of the National Assistance Act 1948 to set the Standard Charge for their homes.

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

This decision is consistent with National Policy, as outlined in Section C above.

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

Yes

Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The setting of the fee will only impact on a small number of clients who pay the full cost of their care. This decision will have minimal impact on the long term needs of the Island.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The decision eliminates the subsidy that the Council provides to those clients that have been identified as having the means to pay their full cost of care.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The decision would impact on the clients who have been assessed as having the means to pay for their full cost of care. These are not a group that are experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact on the Welsh Language.
E -	**Who did you consult?**	**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	Not applicable
5	**Property**	Not applicable
6	**Information Communication Technology (ICT)**	Not applicable
7	**Scrutiny**	
8	**Local Members**	Not applicable
9	**Any external bodies / other/s**	Not applicable
F - Appendices:		
None		
FF - Background papers (please contact the author of the Report for any further information):		

None

Isle of Anglesey County Council	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**3 MARCH 2022**
Subject:	**FEES AND CHARGES 2022/23**
Portfolio Holder(s):	**COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER (FINANCE)**
Head of Service / Director:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER**
Report Author: **Tel:** **E-mail:**	**BETHAN HUGHES OWEN – ACCOUNTANCY SERVICES MANAGER** 01248 752663 BethanOwen2@ynysmon.gov.uk
Local Members:	**n/a**

A – Recommendation/s and reason/s

RECOMMENDATIONS AND REASONS

As part of the budget setting process, all of the Council's fees and charges are reviewed.

The Executive has set an objective that all non-statutory fees and charges are increased by an average of 3% across each individual service. This has allowed Service Heads to increase individual fees by more or less than 3% but, overall, the increase across the service equates to a 3% increase.

All statutory fees have been increased by the sum set by the approving body, where the increase has been published. Where the revised charge is not known, the fee is shown as TBC and will be updated once the notification of the new fee is received.

Fee increases in respect of Social Care are reported to the Executive as separate agenda items.

RECOMMENDATION

The Executive is requested to approve the schedule of Fees and Charges for 2022/23 as outlined in the booklet below.

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

Individual Services considered differing levels of fees in order to achieve the requirement of a 3% increase in the overall level of non-statutory fees for the service.

C – Why is this a decision for the Executive?

The Executive has delegated authority for decision making in relation to fees and charges.

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 – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The report is used along with other reports to set the annual budget. In setting the annual budget, the impact on the long term needs of the Island will be assessed.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The increase in fees and charges have been upgraded to reflect the increase in costs in the provision of the services.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Not applicable
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The citizens of Anglesey were consulted as part of the 2022/23 budget setting process and will be consulted on future budgets.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The decision is an annual upgrade of fees and charges and is not a change in policy in any area. Charges are applicable to all users of Anglesey services and do not specifically target or exempt protected groups from the fees and charges increase.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the SLT.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	N/A
9	Local Members	N/A

F - Appendices:

- Appendix A – Schedule of Fees & Charges for 2022/23

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

2022/23 Revenue Budget (to be adopted by the County Council on 9 March 2022).

Fees and Charges April 2022

CONTENTS

Social Services

Adult Social Care
Children Services

Housing Services

Housing

Learning

Education
Libraries & Culture

Regulation and Economic Development

Public Protection
Planning
Anglesey Business Centre
Leisure
Destination

Highways, Waste and Property

Highways
Waste Management
Holyhead Market Hall

Council Business

Legal

Notes

1. Applicable Period

1.1 All fees and charges are from the specified date (inclusive) unless otherwise stated.

2. VAT

2.1 All fees and charges are inclusive of VAT (VAT subject to change), unless otherwise stated.

2.2 Key to VAT Indicators

- **S** - Inclusive of Standard Rated VAT (20%, subject to change)
- **Z** - Zero rated
- **E** - Exempt from VAT
- **N** - Charge net of VAT (VAT should be added to the fee/charge)
- **O/S** - Outside the scope of VAT / Non-business
- **N/A** - Not applicable

2.3 VAT status may be subject to change in year.

2.4 Recharges between Isle of Anglesey County Council services are exclusive of VAT.

Social Services

Service	Fee / Charge	VAT
Residential Accommodation in the Authority's Homes for Older People		
Standard charge (for residents who have the financial means to pay the full cost)	TBC	O/S
Home Care		
The Maximum Weekly Charge applicable in non-residential charging is to remain at £100 per week	TBC	O/S
Meals in Day Services		
(Applies to all meals and refreshments supplied at all Day Service locations)		
Meals in Day Services for adults (excluding people with learning disabilities)	TBC	O/S (Meals supplied to persons not in receipt of a Social Services assessment are S)
Mid-day snack in Day Services for people with learning disabilities	TBC	
Other refreshments (tea / coffee/ cake) in Day Services	TBC	
Transport to Day Services	TBC	
Telecare Services		
Tier 1 – Equipment, Service and Maintenance	TBC	If supplied as part of care package - O/S. If supplied to disabled - Z. If supplied to elderly not as part of a care package, or to third parties (e.g. Housing Associations) - S.
Tier 2 & 3 – Equipment, service, monitoring and maintenance	TBC	
Installation charge	TBC	
Service and Maintenance	TBC	
Services only	TBC	
Direct Payments Rate	TBC	
Blue Badges (organisational and replacement (lost/stolen))	TBC	O/S

Housing

Service	Fee / Charge	VAT
Houses into Homes Fees		
Up to £50,000	TBC	O/S
Over £50,000	TBC	O/S
Home Improvement Loan Scheme	TBC	O/S
Garage Rents	TBC	Various
Fees		
1 Bed House/Bungalow	TBC	Various
2 Bed House/Bungalow	TBC	
3 Bed House/Bungalow	TBC	
4 Bed House/Bungalow	TBC	
5+ Bed House/Bungalow	TBC	
1 Bed Flat	TBC	
2 Bed Flat	TBC	
3 Bed Flat	TBC	
4+ Bed Flat	TBC	
Bedsit	TBC	
Application notice to request a force order	TBC	
Court Fee	TBC	
Warrant	TBC	
Re-issue of warrant	TBC	
Intermediate Rents		
1 Bed House/Bungalow	TBC	Various
2 Bed House/Bungalow	TBC	
3 Bed House/Bungalow	TBC	
4 Bed House/Bungalow	TBC	
5+ Bed House/Bungalow	TBC	
1 Bed Flat	TBC	
2 Bed Flat	TBC	
3 Bed Flat	TBC	
4+ Bed Flat	TBC	
Dwelling Service Charges		
Cleaning of communal areas	TBC	O/S if in respect of a Council house lease, and E for other leases.
Lift maintenance	TBC	
Aerial within communal areas	TBC	
Heating and lighting within communal areas	TBC	
Fire alarms and fire equipment	TBC	
Door entry	TBC	
Sewerage Charges	TBC	
Painting of communal areas	TBC	
Ground maintenance (domestic properties)	TBC	
Ground maintenance (sheltered properties)	TBC	
Management fee	TBC	

Education

Service	Fee / Charge	VAT
School Meals:		
Pupils and supervisory staff:		
Primary schools	£2.20	O/S
Secondary schools	£2.60	O/S
Other staff and visitors:		
Primary schools	£3.70	S
Secondary Schools	£3.20	S
Pre-Breakfast Club Care		
30 minutes pre-breakfast club care	£1.25 per child	E
School Buses:		
Post-16	No Charge	O/S
Under 3 miles		O/S
Out of catchment		O/S
College Bus Fee		
Other Charges:		
Photocopies	£0.15 per sheet	S
Use of Playing Fields		
Members		
Game Fee	£35.00	E

Libraries & Culture

Service	Fee / Charge	VAT
Museums and Culture		
Oriel Ynys Môn		
Commission on sales	35%	Various
Room Hire		
Main Art Gallery evening hours (6-11pm, 2 hours minimum) or Oriel Kyffin Williams evening hours (6-11pm, 2 hours minimum)	£85.00 per hour	E
Tunnicliffe Room – Commercial:		
Per Hour (maximum 3 hours)	£36.00	E
Half Day (3.5 hours)	£110.00	E
Full Day (7 hours)	£220.00	E
Evening (6 – 11pm)	£44.00 per hour	E
Additional Hours	£38.00 per hour	E
Tunnicliffe Room – Educational:		
Per Hour (maximum 3 hours)	£18.00	E
Half Day (3.5 hours)	£54.00	E
Full Day (7 hours)	£108.00	E
Additional Hours	£22.00 per hour	E
Tunnicliffe Room - Non-profit Organisations:		
Per Hour (maximum 3 hours)	£18.00	E
Half Day (3.5 hours)	£54.00	E
Full Day (7 hours)	£108.00	E
Additional Hours	£22.00 per hour	E
Tunnicliffe Room – Council:		
Per Hour (maximum 3 hours)	£22.00	E
Half Day (3.5 hours)	£66.00	E
Full Day (7 hours)	£120.00	E
Additional Hours	£27.00 per hour	E
Small Meeting Room		
Per Hour (maximum 3 hours)	£10.00	E
Half Day (3.5 hours)	£30.00	E
Full Day (7 hours)	£60.00	E
Additional Hours	£12.00 per hour	E
Miscellaneous		
Workshops for school children formal	£4.00 per person	E
Workshops for children informal	£5.00 per person	E
Digital copies sent by email	£6.24 per hour	S
Digital copies sent by CD/DVD	£12.48 per hour	S
Paid research service	£31.20 per hour	S
Filming at OYM and sites (price on application)		
Per Hour – Single use	£84.00	S
Reproductions- Images (price on application)		
Reproduction in books and periodicals	£37.20	S
Reproduction in exhibitions (non-commercial)	£50.40	S
Reproduction for educational use	£37.20	S
Reproduction for commercial use, for sales etc	£132.00	S
Reproductions - images -broadcast & online		
Welsh /Regional, up to 10 years	£66.00	S
British, up to 10 years	£78.00	S
Worldwide, up to 10 years	£90.00	S
Web use	£54.00	S
Web use online digital streaming	£102.00	S

Postage and packaging		
Parcelforce Worldwide - Prints (postage £11.99)	£15.00	S
Online packaging orders to the UK under £25	£3.60	S
Online packaging orders to the UK £25 - £150	£5.60	S
Online packaging orders to the UK over £150	£15.00	S
Online orders to Europe under £25	£10.20	S
Online orders to Europe £25 - £150	£14.00	S
Online orders Worldwide under £25	£24.00	S
Online orders Worldwide £25 - £150	£32.50	S
Libraries and Information Service		
Charges for late returns of books / cassettes / CDs (per item):		
1 day late	£0.30	O/S
2 days late	£0.40	O/S
3 days late	£0.50	O/S
4-7 days late	£0.80	O/S
Cost for each week late (maximum of £8.00)	£0.80	O/S
Charges for late returns of videos / DVDs (per item)		
Per week or part thereof – Premium service (maximum £30.00)	£3.60	O/S
Per week or part thereof – Regular service (maximum £15.00)	£2.60	O/S
Charges for late returns to mobile libraries (per item)		
1st and 2nd visit	No charge	O/S
3rd visit	£0.75	O/S
4th visit	£0.85	O/S
5th visit	£1.50	O/S
Maximum total cost	£7.00	O/S
Requests (per item)		
Children (under 16)	No charge	O/S
Adults – In stock within Wales (includes LINC)	No charge	O/S
Request - not available within Wales	£14.00	O/S
Hire of CDs / DVDs (per item)		
CDs	£1.90 per CD per 3 weeks	O/S
Premium DVD – (DVDs added to stock within 1 year)	£3.60 per DVD per week	O/S
Older DVDs and children's DVDs	£2.60 per DVD per week	O/S
Lost Membership Card		
Children	£1.50	O/S
Adult	£2.50	O/S
Charges for items lost/damaged		
Children's books – Welsh	New LMS automatically charges full retail price. North Wales Library Authorities agreement	O/S
Adult's books – Welsh		O/S
Fiction – children		O/S
Non-fiction – children		O/S
Fiction - adult [pk]		O/S
Non fiction - adult [pk]		O/S
Fiction - adult [hb]		O/S
Non fiction - adult [hb]		O/S
Talking books - adults		O/S
Talking books - children		O/S
DVD – Adult		O/S
DVD - Children		O/S
CD – music		O/S
Administration cost on long overdue items invoiced for.	£6.00 each invoice	O/S

Withdrawn items of stock – minimum charge		
Paperback Fiction - adult [English]	£1.00 each or £4.00 for 5	S
Hardback Fiction - adult [English]	£1.50 each or £2.00 for 2	S
Hardback Non-fiction - adult [English + Welsh]	£2.00 each or £3.00 for 2	S
Paperback Non Fiction - adult [English + Welsh]	£1.20 each or £2.00 for 2	S
Reference books	individually priced	S
Welsh Fiction - adult	£0.80 each or £3.60 for 5	S
Children's Books [all languages]	£1.00 each or £3.50 for 5	S
Use of Computer Equipment		
Visitors not possessing a UK Library Card	£3.50 each ½ hour	O/S
Photocopies / Computer Printouts and Disks		
A4 B&W	£0.15 per sheet	O/S
A4 B&W – 10+ copies (when printing in one go from a session)	£0.10 per sheet	O/S
A4 B&W – back to back	£0.30 per sheet	O/S
A4 B&W – back to back 10+ copies (when printing in one go from a session	£0.20 per sheet	O/S
A3 B&W	£0.30 per sheet	O/S
A3 B&W – 10+ copies (when printing in one go from a session	£0.20 per sheet	O/S
A3 B&W – back to back	£0.60 per sheet	O/S
A3 B&W – back to back 10+ copies (when printing in one go from a session	£0.40 per sheet	O/S
A4 Colour	£0.80 per sheet	O/S
A4 Colour – 10+ copies (when printing in one go from a session)	£0.50 per sheet	O/S
A4 Colour – back to back	£1.60 per sheet	O/S
A4 Colour – back to back 10+ copies (when printing in one go from a session	£1.00 per sheet	O/S
A3 Colour	£1.60 per sheet	O/S
A3 Colour – 10+ copies (when printing in one go from a session	£1.20 per sheet	O/S
A3 Colour – back to back	£3.20 per sheet	O/S
A3 Colour – back to back 10+ copies (when printing in one go from a session	£2.40 per sheet	O/S
Letting Rooms		
2 hour session - weekdays	£28.00	E
2 hour session with entrance charge/fund raising - weekdays	£40.00	E
Cost per additional half hour - weekdays	£8.00	E
2 hour session – Saturday	£47.00	E
2 hour session with entrance charge/fund-raising - Saturday	£50.00	E
Cost per additional half hour – Saturdays	£12.00	E
Hire of computer facilities (inc. room hire)		
2 hour session – Weekdays daytime	£43.20	S
2 hour session – Evenings and Saturdays	£55.20	S
NOTE - Rates for hire of computer facilities are negotiable for long-term use and all day sessions		
Exhibition Sales Commission	30% of sales	S
Commercial Advertising – Posters		
Fee for 4 weeks	£6.00	S
Market Hall: Library Meeting Room		
During opening hours		
2 hour session	£26.00	S
2 hour session with entrance charge/fund raising -	£40.00	S
Cost per additional half hour -	£8.00	S

Out of opening hours		
2 hour session - weekdays	£30.00	S
2 hour session with entrance charge/fund-raising – weekdays	£45.00	S
Cost per additional half hour - weekdays	£10.00	S
2 hour session - Saturday	£45.00	S
2 hour session with entrance charge/fund-raising – Saturday	£50.00	S
Cost per additional half hour - Saturday	£15.00	S
Anglesey Archives		
Stationery		
Pencils	£0.45 per pencil	S
Postage		
All items sent by post will be at the large letter second class rate (if first class or recorded delivery is requested items will be charged accordingly)		
Photocopies / Computer printouts on plain paper		
A4 B&W copies	£0.15 per sheet	S
A4 B&W – 10+ copies (when printing in one go/ in a single session)	£0.10 per sheet	S
A3 B&W copies	£0.30 per sheet	S
A3 B&W – 10+ copies (when printing in one go/ in a single session)	£0.20 per sheet	S
A4 Colour copies	£0.80 per sheet	S
A4 Colour – 10+ copies (when printing in one go/ in a single session)	£0.50 per sheet	S
A3 Colour copies	£1.60 per sheet	S
A3 Colour copies - 10+ copies (when printing in one go/ in a single session)	£1.20 per sheet	S
Scanned/ photographed copies on matt/gloss photo paper (new scans and pre-existing digital images)		
A4 gloss/matt	£5.00 per sheet	S
A3 gloss/matt	£8.00 per sheet	S
Digital copies - sent by email/ file transfer		
First image	£5.00	S
Subsequent images	£3.00 per image	S
Photographic permits for use in the Search room		
1 day	£7.50	S
3 day	£20.00	S
6 months	£60.00	S
1 year	£100.00	S
Reproduction images Books, Television & online		
Reproduction in books and periodicals	£36.00	S
Wales / regional broadcast (on analogue, digital, web streaming inc publicity) - up to 10 years	£110.00	S
Wales / regional broadcast (on analogue, digital, web streaming inc publicity) – in perpetuity	£200.00	S
British broadcast (on analogue, digital, web streaming inc publicity) - up to 10 years	£120.00	S
British broadcast (on analogue, digital, web streaming inc publicity) – in perpetuity	£220.00	S
Reproduction worldwide (on analogue, digital, web streaming inc publicity) - up to 10 years	£130.00	S
Reproduction worldwide (on analogue, digital, web streaming inc publicity) – in perpetuity	£240.00	S
Web use – static images on website (no streaming)	£50.00	S

Research		
Quick look up of information – (less than 15 mins of research) will be free of charge, beyond this charges will apply as below, this charge will apply to repeated requests for quick lookups on the same topic/ subject by the same customer.		
Paid research service (1 hour minimum per request)	£30.00 per hour	S
Transcription/ translation		
Transcription/ translation of document (30 mins minimum)	£30.00 per hour	S
Official letter		
Official letter / letter of certification	£9.00	S
Filming on Premises		
Per hour (maximum 3 hours)	£35.00 per hour	S
Half day (3.5 hours)	£100.00	S
Full day (7 hours)	£180.00	S
Dewi O. Jones Room Hire – Commercial		
Per Hour (maximum 3 hours)	£30.00	E
Per Half Day (3.5 hours)	£95.00	E
Per Full Day (7 hours)	£200.00	E
Penalty charge for overstaying booking period	£40.00	E
Dewi O. Jones Room Hire – Council (inc Education) & Non-profit Organisations		
Per Hour (maximum 3 hours)	£20.00	E
Half Day (3.5 hours)	£65.00	E
Full day (7 hours)	£120.00	E
Refreshments with Room Hire		
Tea/ Coffee per person	£1.10	S

Public Protection

Service	Fee / Charge	VAT
Environmental Health Licences / Permits / Registrations		
Animal Regulation / Welfare		
Riding establishments	£152.40 plus vet's fees	O/S S
Dog breeding establishments	£189.50 plus vet's fees	O/S S
Animal boarding establishments	£189.50 plus vet's fees	O/S S
Performing animals	£237.90	O/S
Pet Shops	£189.50 plus vet's fees	O/S S
Zoo Licence	£353.20 plus vet's fees	O/S S
Dangerous Wild Animals	£353.20 plus vet's fees	O/S S
Dog Control	Statutory Fee: £25.00 plus Collection Fee: £84.40	O/S S
Dog Control	Statutory Fee: £25.00 plus Collection Fee from Mona Kennel: £45.00	O/S S
Dog Registration - Metal Tag	£6.15	O/S
Taxis		
Operator's licence (5 year licence)	£551.00	O/S
Vehicle licence (new and renewal)	£235.80	O/S
Driver licence (3 year licence)(***does not include*** costs of DVLA checks) (new and renewal)	£350.00	O/S
Transfer fee	£50.00	O/S
Test fee	£60.70	O/S
Re-test fee	£60.70	O/S
Re-test fee within 24 hours (minor faults)	£30.90	O/S
Vehicle licence plates (new)	£73.10	O/S
Renewal plates	£48.40	O/S
Replacement plates	£30.90	O/S
Replacement plate bracket	£30.90	O/S
Replacement driver's badge	£21.90	O/S
Knowledge re-sit fee	£28.10	O/S
DBS check fee	£40.00	O/S
Civil Registration Fees		
Marriage & civil partnership booking fee - Register Office	£46.00	O/S
Marriage & civil partnership booking fee - Approved Premises	£150.00	O/S
Advanced booking fee 12-24 months non refundable	£75.00	O/S
Advanced booking fee 25-36 months non refundable	£100.00	O/S
Town hall ceremonies – Holyhead (Mon-Thurs)	£250.00	O/S
Town hall ceremonies – Holyhead (Fri-Sat)	£260.00	O/S

Ystafell Bryn Cefni Suite Ceremonies – Llangefni		
Weekdays (Mon – Thurs)	£220.00	O/S
Fridays / Saturdays	£260.00	O/S
Sunday / Bank Holiday	£370.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
Wedding in hotel		
Weekdays (Mon – Thurs)	£400.00	O/S
Fridays / Saturdays	£440.00	O/S
Sunday / Bank Holiday	£525.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
Ystafell Bryn Cefni Suite & approved premises - extended hours		
Weekdays (Mon – Thurs) 6pm - 8pm	£150.00	O/S
Weekdays (Mon – Thurs) 8pm – 12am	£285.00	O/S
Fridays / Saturdays 6pm - 8pm	£205.00	O/S
Fridays / Saturdays 8pm - 12am	£330.00	O/S
Sunday / Bank Holidays 6pm - 8pm	£280.00	O/S
Sunday / Bank Holiday 8pm-12am	£395.00	O/S
Licensing of premises for civil ceremonies	£1,500.00	O/S
Additional room in an approved premises	£240.00	O/S
Wedding rehearsals	£70.00	O/S
Administration fee – name change etc.	£78.00	S
Baby naming ceremony		
Weekdays (Mon – Thurs)	£300.00	S
Fridays / Saturdays	£372.00	S
Sunday / Bank Holidays	£420.00	S
Renewal of vows:		
Weekdays (Mon – Thurs)	£300.00	S
Fridays / Saturdays	£372.00	S
Sunday / Bank Holidays	£420.00	S
Other:		
Certificates issued within 24 hours (surcharge):	£35.00	O/S
Certificated standard issued within 10 working days	£11.00	O/S
Certification of documents	£10.00 per copy	O/S
Post Dated passports	£10.00	O/S
Citizenship ceremonies – priority service (surcharge)	£135.00	O/S
Photo Opportunities in Môn Suite	£18.00	S
Changes to a registration Consideration by Registrar / Superintendent Registrar for a correction	£75.00	O/S
Consideration by the Registrar General of a correction	£90.00	O/S
Change of a forename added within 12 months of a birth registration	£40.00	O/S
Miscellaneous		
Street Trading Consents		
Retail and catering		
Week	£182.30	O/S
Month	£274.00	O/S
3 month seasonal	£792.00	O/S
6 month seasonal	£1,462.60	O/S
Annual	£2,188.70	O/S
Mobile units (annual)	£1,217.45	O/S

Other		
Tattooing / semi-permanent make-up	£139.00 per premises plus £69.60 per practitioner	O/S
Ear / cosmetic piercing	£139.00 per premises plus £69.60 per practitioner	O/S
Acupuncture	£139.00 per premises plus £69.60 per practitioner	O/S
Electrolysis	£139.00 per premises plus £69.60 per practitioner	O/S
Sex Shop / sex cinema	£1,097.00 (including potential hearing costs)	O/S
Health Act 2006 – smoking offences	Statutory fines	O/S
Scrap Metal Dealers Act 2013 (3 year licence)		
Site Licence	£399.60	O/S
Collectors License	£273.90	O/S
Scrap Metal Dealers Act 2013 Variations		
Collector to Site	£56.30	O/S
Site to Collector	£33.85	O/S
Licensee Name Change (not transfer)	£32.10	O/S
Change of Site Manager	£51.90	O/S
Change to Number of Sites, etc.	£32.10	O/S
Licensing searches and enquiries	£101.00	S
Pre-licensing advice		
Minimum Charge	£101.00	S
Each hour or part thereof will be charged at standard rate per hour per officer	£101.00	S
Fees for small lotteries, for gaming machines and for permits for amusements with prizes are all set by central government		
Gambling Act 2005		
Regional Casino	http://www.legislation.gov.uk/uksi/2007/479/schedule/made	
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Large Casino		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Small Casino		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Converted Casino Premises		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Bingo		
Annual fee		O/S
Transfer application		O/S

Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S

Adult Gaming Centre	http://www.legislation.gov.uk/uksi/2007/479/schedule/made	
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Betting (Track)		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Family Entertainment		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Betting (Other)		
Annual fee		O/S
Transfer application		O/S
Application for re-instatement		O/S
Application for provisional statement		O/S
Licence application (Provisional Statement holders)		O/S
Variation application		O/S
Pest Control Treatment		
Commercial pest control (dependant of size of premises)	£95.88 per visit	S
Commercial pest control treatment contracts (Total cost variable, depending on size of premises, frequency of visits per annum etc.)	£70.26 per hour plus cost of materials	S
Domestic pest control – rats and mice		
3 day response	£50.16	S
Domestic pest control treatments (except rodents)		
Cockroaches	£109.20	S
Bedbugs (subject to survey)	£223.86	S
Wasps, bees, ants, other – 3 day response	£66.84	S
Domestic Flea Treatment	£88.68	S
Other Environmental Health Charges		
Dog fouling: Fixed Penalty Fee	http://gov.wales/topics/environmentcountryside/epq/cleanneighbour/fixedpenalty/	O/S
Night time noise offence - (Domestic and Licences Premises)		O/S
National food hygiene rating system – rerating	http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987.article	O/S
National food hygiene rating system – failure to display rating, fixed penalty		O/S
Certificates for damaged food	£106.00 per certificate	O/S
Copies of the Food Premises Register	£21.60	O/S
Copies of the FSBB Catering & Retail Pack	£31.90	O/S
Copies of the FSBB Diary Sheets	£26.70	O/S
Immigration inspections	£238.97	S

Houses in Multiple Occupation	£705.60	S
HHSRS Inspection for NEST Welsh Government Grant on behalf of British Gas	£150.00	O/S
Fees for serving Enforcement Notices as prescribed under Section 49 of the Housing Act 2004 (including inspection fee)	£240.00	O/S
Request for HHSRS Housing Inspection – commercial	£238.97	S
Consent to operate loudspeakers in streets	£113.30 plus cost of advertisement	O/S
Abandoned vehicles	http://www.legislation.gov.uk/uksi/2008/2095/contents/made	O/S
Port Health Sampling (to include 1 bacti sample)	£185.40	S
Applications for EPA authorisations		
Permits to business that produce pollution and regulate those business premises	https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual	O/S
LA permits for Part A(2) installations		O/S
LA permits for Part B installations and mobile plant and solvent emission activities		O/S
Paper copies of the Authorisations Register A4 B&W – back to back	£0.30 per sheet + P&P	O/S
The Private Water Supplies (Wales) Regulations 2010. These Regulations prescribe the fees local authorities can make for regulating private water supplies		
Risk assessment	http://www.legislation.gov.uk/wsi/2017/1041/made	O/S
Small supplies sampling		O/S
Large supplies sampling		O/S
Investigation		O/S
Authorisation		O/S
Taken under Reg. 10		O/S
Taken during check monitoring		O/S
Taken during audit monitoring		O/S
Potable water supplies sampling (e.g. port health, ships etc.)		O/S
Private water supplies enquiry		S
Contaminated land enquiry (up to 2 hours officer time included) Search & enquiry hourly fee applies to additional time	£30.00	S
Private Water Supplies – Actual analysis charges		
Risk Assessment (maximum charge £500)	http://www.legislation.gov.uk/wsi/2017/1041/made	O/S
Small supplies sampling		O/S
Large supplies sampling		O/S
Investigation (maximum charge £100)		O/S
Authorisation		O/S
Taken under Reg. 10		O/S
Taken during check monitoring		O/S
Taken during audit monitoring		O/S
Issue of Shellfish Movement Permits	No Charge	N/A
Chinese Live Export Health Certificates (provided within 2 working days of request)	£76.44[1]	S
Chinese Live Export Health Certificates (provided within 1 working days of request)	£84.16[1]	S
Chinese Live Export Health Certificates (same working day request of where the request is made over a weekend/bank holiday for next working day collection. This includes requests made on Friday (or Thursday in the case of a Bank Holiday Friday) for shipments over the weekend/ Bank Holiday Monday. This is subject to staff availability)	£91.78[1]	S

[1] Chinese export fees may be subject to change in year due to a new electronic DEFRA (Department for Environment, Food and Rural Affairs) system being piloted.

Other Export Health Certificates (provided within 2 working days of request)	£47.71	S
Other Export Health Certificates (provided within 1 working days of request)	£52.32	S
Other Export Health Certificates (same working day request of where the request is made over a weekend/bank holiday for next working day collection. This includes requests made on Friday (or Thursday in the case of a Bank Holiday Friday) for shipments over the weekend/ Bank Holiday Monday. This is subject to staff availability.)	£55.62	S
Export certificate requiring data input	£25.55	S
Copy of Export Certificate	£19.16	S
Changes to Chinese Export Certificate once Certified Copy Provided	£19.16	S
Export Certificate - Set up to a New Location (including 1 Certificate)	£127.73	S
European Health Export Certificate	£55.62	S
Ships Sanitation Certificate	http://www.porthealthassociation.co.uk/	O/S
Mobile Homes (Wales) Act 2013		
Single Caravan	£169.95	O/S
Small site (2 – 10 units)	£360.50	O/S
Medium site (11 - 50 units)	£428.45	O/S
Large site (51 + units)	£557.20	O/S
Vary conditions	£169.95	O/S
Lodge rules	£56.95	O/S
Replacement licence	£45.90	O/S
Markets and Fairs		
Menai Bridge Markets and Fairs		
Zone A – Bridge Street and Wood Street (up to 2 meters)	£15.00 per metre (minimum charge £20.00)	O/S
Zone A – Bridge Street and Wood Street (in excess of 2 metres)	Above fee plus £1.50 for each additional 0.1 metres	O/S
Zone B – Telford Road (up to 2 metres)	£12.50 per metre (minimum charge £20.00)	O/S
Zone B – Telford Road (in excess of 2 metres)	Above fee plus £1.25 for each additional 0.1 metres	O/S
Zone C – Water Street (up to 2 metres)	£10.00 per metre (minimum charge £20.00)	O/S
Zone C – Water Street (in excess of 2 metres)	Above fee plus £1.00 for each additional 0.1 metres	O/S
Metrology ***NOTE - All fees are shown NET of VAT and will need to be applied where applicable.**		
Measuring Instruments Directive		
In order to reflect additional costs associated with examination, testing and documentation, and maintenance of MID notified body status, certain classes of instrument covered by MID should be subject to additional charges, as follows:-		
• Automatic discontinuous totalisers, automatic rail weighbridges, automatic catchweighers, automatic gravimetric filling instruments and beltweighers. • Cold water meters	No Charge	N/A

• Measuring instruments for liquid fuel and lubricants • Measuring instruments for liquid fuel delivered from road tankers	10% Surcharge	S
• Capacity serving measures • Material measures of length	25% Surcharge	S
Note: Fees increase for initial MID conformity assessment, but not subsequent reverification.		
Special Weighing and Measuring Equipment		
Examining, adjusting, testing, certifying, stamping, authorising or reporting of special weighing or measuring equipment. Types of equipment, specifically excluded from tables include:- • Automatic or totalising weighing machines; • Equipment designed to weigh loads in motion; • Bulk fuel measuring equipment tested following a Regulation 65 or 66 occurrence; • Weighing or measuring equipment tested by means of statistical sampling; • The establishment of calibration curves for templets • Templates graduated in millilitres; • Testing or other services in pursuance of a community obligation other than EC initial or partial verification; • Certifying of weighing or measuring equipment where a statement of actual error is required.	£93.86	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988 - In pursuance of a Community obligation other than under (1)
Weights		
First Hour	£93.86	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Each hour thereafter	£56.32	
Hire of weights up to 500kg – daily charge	£35.00	
Surcharge per hire for weights over 500kg	Daily Charge + £100.00	
Measures		
Linear measures not exceeding 3 m, for each scale	£11.69 each	S unless: -Under the Measuring Instruments (EEC Requirements) Regs 1988
Capacity measures, without divisions, not exceeding 1 litre	£9.23 each	S
Cubic ballast measures (other than brim measures)	£206.68 each	S
Liquid capacity measures for making up and checking average quantity packages	£32.67 each	S
Templates		
Per scale - first item	£56.80 each	S
Second and subsequent items	£21.49 each	S
Weighing Instruments (Non – NAWI)		
Not exceeding 1 tonne	£74.19 each	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Exceeding 1 tonne to 10 tonnes	£120.18 each	
Exceeding 10 tonnes	£251.00 each	
Certification of Weighbridge Operators (Minimum charge of half an hour)	£93.86 each	

Weighing Instruments that are not automatic (NAWI)		
Not exceeding 1 tonne	£123.50	S
Exceeding 1 tonne to 10 tonnes	£191.12	S
Exceeding 10 tonnes	£418.38	S
When testing instruments incorporating remote display or printing facilities, and where completion of the test requires a second person or a second series of tests by the same person, an additional fee may be charged	50% surcharge	S
Note: When supplying specialist equipment (including but not limited to weighbridge test unit, van and test weights, etc.) an additional fee may be charged hourly, daily or per appointment, according to circumstances		
Measuring Instruments for Intoxicating Liquor		
Not exceeding 150ml	£20.36 each	S
Other	£23.53 each	S
Measuring Instruments for Liquid Fuel and Lubricants		
Container type (not subdivided)	£85.30	S
Single/multi-outlets (nozzles):		
First nozzle tested, per site	£139.14 each	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Each additional nozzle tested	£85.48 each	
Testing of peripheral electronic equipment on a separate visit (per site)	£93.86 each	
Testing of credit card acceptor (per unit, regardless of no. of slots/nozzles/pumps)	£93.86 each	
Road Tanker Fuel Measuring Equipment (Above 100 Litres)		
Meter measuring systems		
Wet hose with two testing liquids	£298.65 each	S unless: - Under the Measuring Instruments (EEC Requirements) Regs 1988
Wet hose with three testing liquids	£348.43 each	
Dry hose with two testing liquids	£331.19	
Dry hose with three testing liquids	£381.76	
Wet/dry hose with two testing liquids	£464.55	
Wet/dry hose with three testing liquids	£496.61	
Certificate of errors		
For supplying a certificate containing results of errors found on testing (certificate supplied upon request of the submitter; fee applies when no other fee is payable).	£60.52	S
NOTES for testing Metrology Equipment: - V.A.T - Verification after adjustment No VAT. Verification after repair – Charge VAT - Whenever equipment is tested and no appropriate fee is prescribed in the Schedule of Fees, the work should be costed out at a rate of £ 90.34 per hour, (NET of VAT). - To ensure that the Authority is competitive in its commercial calibration service, the above schedule should be used as the costing basis for calibration activities associated with ISO 9000 work, but with discounts to be agreed with respect to multiple submissions on the same site. The scale of discount applicable will be determined by the Service Manager in consultation with the Chief Public Protection Officer, having regard to commercial considerations only. This may be extended to other calibration activities, if the local authority monopoly is removed. - A charge to cover any additional costs involved in testing ancillary equipment which requires additional testing on site, such as credit card acceptors, could be based upon the basic fee given above plus additional costs at the rate of £90.34 (NET of VAT) per extra officer/hour.		
Lab Fees – Working Standards Only (inclusive of VAT)		
Weight Bags Excl. fractional weights	£164.00	S
Weights Bags Incl. fractional weights	£229.00	S
Test weights / working standard weights – price per weight	£21.80	S
Length Measures Rigid (<=1m)	£32.70	S
Length Measures Flexible (>1m to <=30m)	£54.50	S
Capacity (Fuel) Metal visigauge or carbon-fibre integrated	£76.30	S

Capacity (Glass) Flasks	£54.50	S
Capacity (Glass) Graduated measuring cylinders	£43.60	S
Lab Fees – Trade (NET of VAT)		
Charged per hourly rate	£112.63	S
Conditions for Lab Fees:- • Artefacts submitted for testing must be in a clean condition. • If cleaning is required, an additional charge will be levied (to be agreed beforehand). • Damaged artefacts will not be tested. • Certificates of fitness and calibration are included in the price. • We undertake to complete calibration within 10 working days unless agreed otherwise. • Discount may be available for sets of artefacts submitted at the same time and/or for repeat customers. • Discount may be available for 10 or more weights of same nominal mass submitted at the same time. • Minimum charge of £50 per submission. • Please contact the calibration service to discuss individual requirements.		
"BUY WITH CONFIDENCE" – TRADER APPROVAL SCHEME		
New application fee 0-5 employees	https://www.buywithconfidence.gov.uk/business/costs/	S
New application fee 6-20 employees		S
New application fee 21-49 employees		S
New application fee 50+ employees		S
Annual Membership Fee 0-5 employees		S
Annual Membership Fee 6-20 employees		S
Annual Membership Fee 21-49 employees		S
Annual Membership Fee 50+ employees		S
Additional Premises		S
Additional Trading Styles		S

Planning

Service		Fee / Charge	VAT
Planning Service			
A4 – general :			
Black and White (FOI/EI requests)		£0.10 per sheet	E
Colour (FOI/EI requests)		£0.50 per sheet	E
Black and White		£0.10 per sheet	S
Colour		£0.60 per sheet	S
A3 – plans etc. :			
Black and White (FOI/EI requests)		£0.50 per sheet	E
Colour (FOI/EI requests)		£1.05 per sheet	E
Black and White		£0.60 per sheet	S
Colour		£1.30 per sheet	S
A2 – plans :			
Black and White (FOI/EI requests)		£5.40 per sheet	E
Colour (FOI/EI requests)		£9.00 per sheet	E
Black and White		£6.40 per sheet	S
Colour		£10.80 per sheet	S
A1 – plans :			
Black and White (FOI/EI requests)		£6.70 per sheet	E
Colour (FOI/EI requests)		£10.20 per sheet	E
Black and White		£8.00 per sheet	S
Colour		£12.20 per sheet	S
A0 – plans :			
Black and White (FOI/EI requests)		£7.75 per sheet	E
Colour (FOI/EI requests)		£11.55 per sheet	E
Black and White		£9.35 per sheet	S
Colour		£13.70 per sheet	S
Copies on CD		£25.75	S
Planning Research and Commercial enquiries (minimum charge). Photocopying charges will be extra		£135.00	S
Planning application fees		Fixed fee set by Central Government https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Planning-application-fees.pdf	-
Office or Site Meetings		£135.00	S
Building Regulation Applications			
Table A: New Dwellings and Dwellings Created by Conversion			
No of Dwellings:	**Service:**		
1	Plan Deposit Charge	£252.00	S
	Inspection Charge	£468.00	
	Building Notice Charge	£828.00	
	Regularisation Charge	£900.00	O/S
2	Plan Deposit Charge	£340.20	S
	Inspection Charge	£631.80	
	Building Notice Charge	£1,117.80	
	Regularisation Charge	£1,215.00	O/S
3	Plan Deposit Charge	£451.08	S

	Inspection Charge	£837.72	
	Building Notice Charge	£1,482.12	
	Regularisation Charge	£1,611.00	O/S
4	Plan Deposit Charge	£559.44	S
	Inspection Charge	£1,038.96	
	Building Notice Charge	£1,838.16	
	Regularisation Charge	£1,998.00	O/S
5	Plan Deposit Charge	£665.28	S
	Inspection Charge	£1,235.52	
	Building Notice Charge	£2,185.92	
	Regularisation Charge	£2,376.00	O/S
6	Plan Deposit Charge	£768.60	S
	Inspection Charge	£1,427.40	
	Building Notice Charge	£2,525.40	
	Regularisation Charge	£2,745.00	O/S
7	Plan Deposit Charge	£869.40	S
	Inspection Charge	£1,614.60	
	Building Notice Charge	£2,856.60	
	Regularisation Charge	£3,105.00	O/S
8	Plan Deposit Charge	£967.68	S
	Inspection Charge	£1,797.12	
	Building Notice Charge	£3,179.52	
	Regularisation Charge	£3,456.00	O/S
9	Plan Deposit Charge	£1,063.44	S
	Inspection Charge	£1,974.96	
	Building Notice Charge	£3,494.16	
	Regularisation Charge	£3,798.00	O/S
10	Plan Deposit Charge	£1,156.68	S
	Inspection Charge	£2,148.12	
	Building Notice Charge	£3,800.52	
	Regularisation Charge	£4,131.00	O/S
11	Plan Deposit Charge	£1,247.40	S
	Inspection Charge	£2,316.60	
	Building Notice Charge	£4,098.60	
	Regularisation Charge	£4,455.00	O/S
12	Plan Deposit Charge	£1,335.60	S
	Inspection Charge	£2,480.40	
	Building Notice Charge	£4,388.40	
	Regularisation Charge	£4,770.00	O/S
13	Plan Deposit Charge	£1,421.28	S
	Inspection Charge	£2,639.52	
	Building Notice Charge	£4,669.92	
	Regularisation Charge	£5,076.00	O/S
14	Plan Deposit Charge	£1,504.44	S
	Inspection Charge	£2,793.96	
	Building Notice Charge	£4,943.16	
	Regularisation Charge	£5,373.00	O/S
15	Plan Deposit Charge	£1,585.08	S
	Inspection Charge	£2,943.72	
	Building Notice Charge	£5,208.12	
	Regularisation Charge	£5,661.00	O/S
16	Plan Deposit Charge	£1,663.20	S
	Inspection Charge	£3,088.80	
	Building Notice Charge	£5,464.80	
	Regularisation Charge	£5,940.00	O/S
17	Plan Deposit Charge	£1,738.80	S
	Inspection Charge	£3,229.20	
	Building Notice Charge	£5,713.20	

	Regularisation Charge		£6,210.00	O/S
18	Plan Deposit Charge		£1,811.88	S
	Inspection Charge		£3,364.92	
	Building Notice Charge		£5,953.32	
	Regularisation Charge		£6,471.00	O/S
19	Plan Deposit Charge		£1,882.44	S
	Inspection Charge		£3,495.96	
	Building Notice Charge		£6,185.16	
	Regularisation Charge		£6,723.00	O/S
20	Plan Deposit Charge		£1,950.48	S
	Inspection Charge		£3,622.32	
	Building Notice Charge		£6,408.72	
	Regularisation Charge		£6,966.00	O/S
Table B: Charges for Certain Small Buildings, Extensions and Alterations to Dwellings (Formerly Schedule 2)				
Detached and Attached Garages and Carports used in common with existing dwellings				
1.	The erection of a detached or attached garage with a floor area not exceeding 40 sq. m	Plan Deposit Charge	£126.00	S
		Inspection Charge	£234.00	
		Building Notice Charge	£414.00	
		Regularisation Charge	£450.00	O/S
Extensions/Conversions works / Loft Conversions & Building Alteration works to Dwellings				
2.	Conversion of existing garage to form additional accommodation with a floor area not exceeding 40 sq. m	Plan Deposit Charge	£126.00	S
		Inspection Charge	£234.00	
		Building Notice Charge	£414.00	
		Regularisation Charge	£450.00	O/S
3.	Any extension of a dwelling the total floor area of which does not exceed 10 sq. m including means of access and work in connection with that extension	Plan Deposit Charge	£126.00	S
		Inspection Charge	£234.00	
		Building Notice Charge	£414.00	
		Regularisation Charge	£450.00	O/S
4.	Any extension of a dwelling the total floor area of which exceeds 10 sq. m, but does not exceed 40 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£189.00	S
		Inspection Charge	£351.00	
		Building Notice Charge	£621.00	
		Regularisation Charge	£675.00	O/S
5.	Any extension of a dwelling the total floor area of which exceeds 40 sq. m, but does not exceed 60 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£226.80	S
		Inspection Charge	£421.00	
		Building Notice Charge	£745.20	
		Regularisation Charge	£810.00	O/S
6.	Any extension of a dwelling the total floor area of which exceeds 60 sq. but does not exceed 80 sq. m, including means of access and work in connection with that extension.	Plan Deposit Charge	£264.60	S
		Inspection Charge	£491.40	
		Building Notice Charge	£869.40	
		Regularisation Charge	£945.00	O/S
7.	Conversion of a loft space to form additional residential accommodation with a floor area not exceeding 50 sq. m	Plan Deposit Charge	£220.50	S
		Inspection Charge	£409.50	
		Building Notice Charge	£724.50	
		Regularisation Charge	£787.50	O/S
8.	Conversion of a loft space to form additional residential accommodation with a floor area exceeding 50 sq. m	Plan Deposit Charge	£264.60	S
		Inspection Charge	£491.40	
		Building Notice Charge	£869.40	
		Regularisation Charge	£945.00	O/S
9.	Replacement windows and doors	Plan Deposit Charge	£144.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£144.00	

		Regularisation Charge	£180.00	O/S
10.	Renovation of a single thermal element e.g. replacement roof / floors.	Plan Deposit Charge	£180.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£180.00	
		Regularisation Charge	£225.00	O/S
Please note: Where other minor building work is carried out at the same time as an extension referred to in 3 to 8 above, the additional charge will be as follows:-				
11.	Cost of works < £1,000	Plan Deposit Charge	£108.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£124.20	
		Regularisation Charge	£135.00	O/S
12.	Cost of Works between £1,001 & £5,000	Plan Deposit Charge	£180.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£207.00	
		Regularisation Charge	£225.00	O/S
Where the estimated cost of works is in excess of £5,000 the charge will be in accordance with Table C below				
New Electrical Installations & Electrical Works to existing properties				
13.	Electrical wiring in connection with a new extension to a dwelling under construction with a floor area not exceeding $60m^2$	Plan Deposit Charge	£360.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£360.00	
		Regularisation Charge	£450.00	O/S
14.	New electrical installation to a dwelling still under construction or a re-wire of an existing dwelling (up to max of 5 bedrooms)	Plan Deposit Charge	£468.00	S
		Inspection Charge	Included in Plan Charge	
		Building Notice Charge	£468.00	
		Regularisation Charge	£585.00	O/S
15.	Installation of a wood burning stove in an existing dwelling	Plan Deposit Charge: Building Notice	£425.40	S
		Regularisation Charge	£531.75	O/S
Table C – Work other than work to which Tables A and B apply (Formerly Schedule 3)				
(BASED ON ACTUAL ESTIMATED COST OF BUILDING WORKS AS CARRIED OUT BY VAT REGISTERED CONTRACTORS)				
Estimated Cost of Works				
< £1,000		Plan Deposit Charge	£180.00	S
		Inspection Charge	Included in Plan Charge	S
		Building Notice Charge	£207.00	S
		Regularisation Charge	£225.00	O/S
£1,001 - £5,000		Plan Deposit Charge	£252.00	S
		Inspection Charge	Included in Plan Charge	S
		Building Notice Charge	£289.80	S
		Regularisation Charge	£315.00	O/S
£5,001 - £10,000		Plan Deposit Charge	£113.40	S
		Inspection Charge	£210.60	S
		Building Notice Charge	£372.60	S
		Regularisation Charge	£405.00	O/S
£10,001 - £15,000		Plan Deposit Charge	£138.60	S
		Inspection Charge	£257.40	S
		Building Notice Charge	£455.40	S
		Regularisation Charge	£495.00	O/S

£15,001 - £20,000	Plan Deposit Charge	£163.80	S
	Inspection Charge	£304.20	S
	Building Notice Charge	£538.20	S
	Regularisation Charge	£585.00	O/S
£20,001 - £25,000	Plan Deposit Charge	£189.00	S
	Inspection Charge	£351.00	S
	Building Notice Charge	£621.00	S
	Regularisation Charge	£675.00	O/S
£25,001 - £30,000	Plan Deposit Charge	£214.20	S
	Inspection Charge	£397.80	S
	Building Notice Charge	£703.80	S
	Regularisation Charge	£765.00	O/S
£30,001 - £35,000	Plan Deposit Charge	£239.40	S
	Inspection Charge	£444.60	S
	Building Notice Charge	£786.60	S
	Regularisation Charge	£855.00	O/S
£35,001 - £40,000	Plan Deposit Charge	£264.60	S
	Inspection Charge	£491.40	S
	Building Notice Charge	£869.40	S
	Regularisation Charge	£945.00	O/S
£40,001 - £45,000	Plan Deposit Charge	£289.80	S
	Inspection Charge	£538.20	S
	Building Notice Charge	£952.20	S
	Regularisation Charge	£1,035.00	O/S
£45,001 - £50,000	Plan Deposit Charge	£315.00	S
	Inspection Charge	£585.00	S
	Building Notice Charge	£1,035.00	S
	Regularisation Charge	£1,125.00	O/S
£50,001 - £55,000	Plan Deposit Charge	£340.20	S
	Inspection Charge	£631.80	S
	Building Notice Charge	£1,117.80	S
	Regularisation Charge	£1,215.00	O/S
£55,001 - £60,000	Plan Deposit Charge	£365.40	S
	Inspection Charge	£678.60	S
	Building Notice Charge	£1,200.60	S
	Regularisation Charge	£1,305.00	O/S
£60,001 - £65,000	Plan Deposit Charge	£390.60	S
	Inspection Charge	£725.40	S
	Building Notice Charge	£1,283.40	S
	Regularisation Charge	£1,395.00	O/S
£65,001 - £70,000	Plan Deposit Charge	£415.80	S
	Inspection Charge	£772.20	S
	Building Notice Charge	£1,366.20	S
	Regularisation Charge	£1,485.00	O/S
£70,001 - £75,000	Plan Deposit Charge	£441.00	S
	Inspection Charge	£819.00	S
	Building Notice Charge	£1,449.00	S
	Regularisation Charge	£1,575.00	O/S
£75,001 - £80,000	Plan Deposit Charge	£466.20	S
	Inspection Charge	£865.80	S
	Building Notice Charge	£1,531.80	S
	Regularisation Charge	£1,665.00	O/S
£80,001 - £85,000	Plan Deposit Charge	£491.40	S
	Inspection Charge	£912.60	S
	Building Notice Charge	£1,614.60	S
	Regularisation Charge	£1,755.00	O/S
£85,001 - £90,000	Plan Deposit Charge	£516.60	S
	Inspection Charge	£959.40	S

	Building Notice Charge	£1,697.40	S
	Regularisation Charge	£1,845.00	O/S
£90.001- £95,000	Plan Deposit Charge	£541.80	S
	Inspection Charge	£1,006.20	S
	Building Notice Charge	£1,780.20	S
	Regularisation Charge	£1,935.00	O/S
£95,001- £100,000	Plan Deposit Charge	£567.00	S
	Inspection Charge	£1,053.00	S
	Building Notice Charge	£1,863.00	S
	Regularisation Charge	£2,025.00	O/S
For developments in excess of £100,000 contact the Building Control Team Leader			
Obtaining copies of Building Regulation documents for your property (requests should be in writing)			
For a search of all applications since April 1996 referring to your property		£60.00	O/S
For copies of approvals/notices/completion certificates shown on the search relating to your property		£60.00	S
Research and commercial enquiries (minimum charge) Photocopying charges will be extra		£144.00 per hour	S
Charges for Demolition Notices		£300.00 per notice	O/S
Charges for Dangerous Structures. Please note: Charges associated with Dangerous Structures are not subject to VAT. Charges are payable by the property owner		£60.00 initial administration charge and £60 per hour	O/S
Pre-planning advice on large applications		Fixed fee by Welsh Government https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf	
Build Environment and Landscape			
High hedges complaints		https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf	Z
Office or Site Meetings (minimum charge)		£135.00 per hour or part thereof	S
Site Inspection (minimum charge)		£135.00 per hour or part thereof	S

Anglesey Business Centre

<table>
<tr><th>Service</th><th>Fee / Charge</th><th>VAT</th></tr>
<tr><td colspan="3">Anglesey Business Centre Meeting Room Hire (inclusive of VAT)</td></tr>
<tr><td colspan="2">Llynnon (seating capacity 25)</td><td rowspan="35">Subject to VAT where applicable, i.e

S – for external clients,

No VAT on internal hires

(Please note – some rooms may only be available to internal hire)</td></tr>
<tr><td>Cost per hour</td><td>£36.00</td></tr>
<tr><td>Cost per half day</td><td>£78.00</td></tr>
<tr><td>Cost per full day</td><td>£126.00</td></tr>
<tr><td colspan="2">Rhosyr (seating capacity 10)</td></tr>
<tr><td>Cost per hour</td><td>£30.00</td></tr>
<tr><td>Cost per half day</td><td>£72.00</td></tr>
<tr><td>Cost per full day</td><td>£96.00</td></tr>
<tr><td colspan="2">Cemlyn (seating capacity 10)</td></tr>
<tr><td>Cost per hour</td><td>£30.00</td></tr>
<tr><td>Cost per half day</td><td>£72.00</td></tr>
<tr><td>Cost per full day</td><td>£96.00</td></tr>
<tr><td colspan="2">Cybi (seating capacity 10)</td></tr>
<tr><td>Cost per hour</td><td>£30.00</td></tr>
<tr><td>Cost per half day</td><td>£72.00</td></tr>
<tr><td>Cost per full day</td><td>£96.00</td></tr>
<tr><td colspan="2">Parys (seating capacity 6)</td></tr>
<tr><td>Cost per hour</td><td>£18.00</td></tr>
<tr><td>Cost per half day</td><td>£48.00</td></tr>
<tr><td>Cost per full day</td><td>£66.00</td></tr>
<tr><td colspan="2">Penmon (seating capacity 24)</td></tr>
<tr><td>Cost per hour</td><td>£36.00</td></tr>
<tr><td>Cost per half day</td><td>£78.00</td></tr>
<tr><td>Cost per full day</td><td>£126.00</td></tr>
<tr><td colspan="2">Aberlleiniog (seating capacity 16)</td></tr>
<tr><td>Cost per hour</td><td>£33.00</td></tr>
<tr><td>Cost per half day</td><td>£72.00</td></tr>
<tr><td>Cost per full day</td><td>£105.00</td></tr>
<tr><td colspan="2">Pwllfanogl (seating capacity 8)</td></tr>
<tr><td>Cost per hour</td><td>£26.40</td></tr>
<tr><td>Cost per half day</td><td>£63.00</td></tr>
<tr><td>Cost per full day</td><td>£90.00</td></tr>
<tr><td colspan="2">Abermenai (seating capacity 6)</td></tr>
<tr><td>Cost per hour</td><td>£23.00</td></tr>
<tr><td>Cost per half day</td><td>£54.00</td></tr>
<tr><td>Cost per full day</td><td>£78.00</td></tr>
<tr><td colspan="2">There is a removable wall between Penmon & Aberlleiniog if required</td></tr>
<tr><td>Cost per half day</td><td>£132.00</td></tr>
<tr><td>Cost per full day</td><td>£200.00</td></tr>
<tr><td colspan="3">Other (inclusive of VAT)</td></tr>
<tr><td>Refreshments</td><td>£1.80 per cup</td><td>S</td></tr>
<tr><td>Hire of translation equipment</td><td>£45.00</td><td>S</td></tr>
</table>

Leisure

Service	Fee / Charge	VAT
Leisure Centres		
Leisure Card (Annual Payment)		
Leisure Card	£3.50	E
Children and young people (under 18 years old) and registered disabled	£8.00	E
60+ years old	£12.50	E
Adults (18 – 59 years old (inclusive))	£21.00	E
Unemployed (3+ months)	£5.20	E
Teams / groups / clubs	£70.00	E
Leisure Card (3 month membership)		
For all casual group bookings, the booking is charged at the full rate **All prices are based on per booking, per hour** (unless stated otherwise) Swimming = per swim DHLC = David Hughes Leisure Centre PALC = Plas Arthur Leisure Centre ALC = Amlwch Leisure Centre HLC = Holyhead Leisure Centre		
General		
Showers (member – adult)	£3.00	S
Showers (member – concessionary)	£2.00	S
Showers (non-member – adult)	£3.80	S
Showers (non-member – concessionary)	£2.50	S
Staff Time (30 mins)	£14.00	S
Staff Time (60 mins)	£20.00	S
Sports Hall		
Full Hall (member – adult)	£46.00	E
Full Hall (member – concessionary)	£28.00	E
Full Hall (non-member – adult)	£57.50	E
Full Hall (non-member – concessionary)	£35.00	E
Full Hall - Commercial Hire (exc VAT) (member – adult)	£69.00	N/A
Full Hall - Commercial Hire (exc VAT) (non-member – adult)	£86.50	N/A
Party pool inflatable (member)	£85.00	E
Party pool inflatable (non-member)	£106.00	E
Party - bouncy castle (member)	£70.00	S
Party - bouncy castle (non-member)	£87.00	S
Birthday Party – Sports (member)	£46.00	E
Birthday Party – Sports (non-member)	£58.00	E
Badminton Court / Short Tennis / Short Mat (member – adult)	£9.00	E
Badminton Court / Short Tennis / Short Mat (member – concessionary)	£5.50	E
Badminton Court / Short Tennis / Short Mat (non-member - adult)	£11.50	E
Badminton Court / Short Tennis / Short Mat (non-member – concessionary)	£7.00	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (member – adult)	£13.00	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (member – junior)	£8.00	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (non-member – adult)	£16.00	E
Badminton Court / Short Tennis / Short Mat – 90 minutes (non-member – junior)	£10.00	E
Squash court (member – adult)	£8.50	E
Squash court (member – concessionary)	£5.00	E
Squash court (non-member – adult)	£11.00	E
Squash court (non-member – concessionary)	£6.50	E
Squash court (member – adult, +1)	£4.50	E
Squash court (member – concessionary, +1)	£2.50	E
Squash court (non-member – adult, +1)	£5.50	E

Squash court (non-member – concessionary, +1)	£3.50	E
Table tennis (per table) (member – adult)	£8.50	E
Table tennis (per table) (member – concessionary)	£5.00	E
Table tennis (per table) (non-member – adult)	£10.70	E
Table tennis (per table) (non-member – concessionary)	£6.30	E
Schools use –without instructors (30 minutes)		
Full main hall	£20.00	E
Half main hall	£14.00	E
Full main hall – Non-Anglesey Schools	£25.00	E
Half main hall – Non-Anglesey Schools	£18.00	E
Room Hire		
Small Meeting Room for Activities (member – adult)	£16.00	S
Small Meeting Room for Activities (non-member – adult)	£21.00	S
Meeting Room (member – adult)	£14.00	S
Meeting Room (non-member – adult)	£18.00	S
4hrs consecutive booking (member – adult)	£48.00	E
4hrs consecutive booking (non-member – adult)	£60.00	E
Full day (member – adult)	£94.00	E
Full day (non-member – adult)	£118.00	E
Fitness room / Weights room		
Induction (member – adult)	£13.00	E
Induction (member – concessionary)	£9.00	E
Induction (non-member – adult)	£16.00	E
Induction (non-member – concessionary)	£11.50	E
Fitness & Weights Room (non-member – adult)	£7.00	E
Fitness & Weights Room (member – adult)	£5.50	E
Fitness & Weights Room (member – 11-17 & 60+ year old)	£4.00	E
Fitness & Weights Room (non-member – 11-17 & 60+ year old)	£5.00	E
Individual Use:		
Weekly Ticket - Gym and Swim (member – adult)	£12.50	E
Weekly Ticket - Gym and Swim (member – concessionary)	£9.00	E
Monthly Ticket - Gym and Swim (member – adult)	£34.50	E
Monthly Ticket - Gym and Swim (member – concessionary)	£25.50	E
Weekly Ticket (DHLC) - Gym only (member – adult)	£11.50	E
Weekly Ticket (DHLC) - Gym only (member – concessionary)	£8.50	E
Youth Fitness Training 11-17 years old - with instructor present (member)	£3.00	E
Youth Fitness Training 11-17 years old - with instructor present (non-member)	£4.00	E
Direct Debit - All Leisure Centres		
Full Package	£30.00	E
Off Peak Package	£20.00	E
Swimming Lessons	£17.00	E
Youth Package	£16.50	E
Gym & Swim	£24.00	E
Personal Training	£60.00	E
Corporate	£25.00	E
Annual Membership Packages:		
Full Package	£300.00	E
Off Peak Package	£200.00	E
Youth Package	£165.00	E
Gym & Swim	£240.00	E
Non-refundable administration charge for raising bill	£6.00	S
Exercise By Invitation		
Non acute	£2.00	E
Sessions & Courses - Dry Side		
Fitness Session (30 mins) (member – adult)	£4.00	E
Fitness Session (30 mins) (member – concessionary)	£3.00	E
Fitness Session (30 mins) (non-member – adult)	£5.00	E
Fitness Session (30 mins) (non-member – concessionary)	£4.00	E

Fitness Session (1 hour) (member – adult)	£5.50	E
Fitness Session (1 hour) (member – concessionary)	£4.00	E
Fitness Session (1 hour) (non-member – adult)	£7.00	E
Fitness Session (1 hour) (non-member – concessionary)	£5.00	E
Gymnastic Course (45 mins) (member – juniour)	£4.40	E
Gymnastic Course (45 mins) (non-member – juniour)	£6.00	E
Personal Training 1:1 (member – adult)	£13.00	E
Personal Training 1:1 (member – concessionary)	£12.00	E
Personal Training 1:1 (non-member – adult)	£16.00	E
Personal Training 1:1 (non-member – concessionary)	£15.00	E
Personal Training 1:2 (member – adult)	£18.00	E
Personal Training 1:2 (member – concessionary)	£17.00	E
Personal Training 1:2 (non-member – adult)	£23.00	E
Personal Training 1:2 (non-member – concessionary)	£21.00	E
Children’s activities (member)	£3.50	E
Children’s activities (non-member)	£4.50	E
Sports Camps (per day, per child)	£11.00	E
Swimming		
Public swimming (per session) (member – adult)	£4.20	E
Public swimming (per session) (member – concessionary)	£2.60	E
Public swimming (per session) (non-member – adult)	£5.50	E
Public swimming (per session) (non-member – concessionary)	£3.50	E
Weekly ticket (Monday-Sunday) (member – adult)	£9.50	E
Weekly ticket (Monday-Sunday) (member – concessionary)	£6.50	E
Family – daily swim ticket (member)	£11.00	E
Family – daily swim ticket (non-member)	£14.00	E
Family – weekly swim ticket (member)	£21.50	E
Family – weekly swim ticket (non-member)	£27.00	E
Swimming (under 3)	Free	N/A
Lessons (30 minutes) (member – adult)	£6.00	E
Lessons (30 minutes) (member – concessionary)	£5.00	E
Lessons (30 minutes) (non-member – adult)	£7.50	E
Lessons (30 minutes) (non-member – concessionary)	£6.50	E
One to one private lessons (30 minutes) (member – adult)	£22.00	E
One to one private lessons (30 minutes) (member – concessionary)	£18.50	E
One to one private lessons (30 minutes) (non-member – adult)	£27.50	E
One to one private lessons (30 minutes) (non-member - concessionary)	£23.00	E
One to two private lessons (30 minutes) (member – adult)	£30.00	E
One to two private lessons (30 minutes) (member – concessionary)	£25.00	E
One to two private lessons (30 minutes) (non-member – adult)	£42.00	E
One to two private lessons (30 minutes) (non-member - concessionary)	£35.00	E
IOA Swimming Club Use – per hour	£31.00	E
IOA Club - lane hire	£11.00	E
Exclusive use of main pool (member)	£73.00	E
Exclusive use of main pool (non-member)	£91.00	E
Exclusive use of teaching pool (member)	£37.00	E
Exclusive use of teaching pool (non-member)	£46.00	E
Lane hire (member)	£16.00	E
Lane hire (non-member)	£20.00	E
Pool Lifeguard (member)	£260.00	E
Pool Lifeguard (non-member)	£315.00	E
Pool Lifeguard Re-sit (Member)	£55.00	E
Pool Lifeguard Re-sit (Non-Member)	£70.00	E
Swimming - schools use - 1 instructor per class included (30 Minutes)		
Class up to 30 children (2 instructors required)	£36.00	E
Class of 31-52 children (3 instructors required)	£40.00	E
Additional instructor	£14.00	E
Outdoor Facilities		

Match Fee (member – adult)	£100.00	E
Match Fee (member – concessionary)	£80.00	E
Match Fee (non-member – adult)	£125.00	E
Match Fee (non-member – concessionary)	£100.00	E
Half 3G pitch (PALC) (member – adult)	£46.00	E
Half 3G pitch (PALC) (member – concessionary)	£36.00	E
Half 3G pitch (PALC) (non-member – adult)	£57.50	E
Half 3G pitch (PALC) (non-member – concessionary)	£45.00	E
Full 3G pitch (PALC) (member – adult)	£76.00	E
Full 3G pitch (PALC) (member – concessionary)	£56.00	E
Full 3G pitch (PALC) (non-member – adult)	£95.00	E
Full 3G pitch (PALC) (non-member - concessionary)	£70.00	E
Outdoor courts (ALC / David Hughes School) (member – adult)	£30.00	E
Outdoor courts (ALC / David Hughes School) (member – concessionary)	£22.00	E
Outdoor courts (ALC / David Hughes School) (non-member – adult)	£37.00	E
Outdoor courts (ALC / David Hughes School) (non-member -concessionary)	£27.00	E
Tennis - cost per Court (member – adult)	£8.50	E
Tennis - cost per Court (member – concessionary)	£5.00	E
Tennis - cost per Court (non-member – adult)	£11.00	E
Tennis - cost per Court (non-member - concessionary)	£6.50	E
Equipment Hire		
Ball / Racket	£2.00	E

Destination

Service	Fee / Charge	VAT
St. George's Pier – Menai Bridge		
Laying at pier and visitor moorings (per overnight stay)	£20.00	S
Freshwater supply – small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.49 per tonne of water	S
Car Parking Permit (Annual)	£90.00	S
Navigational Light Dues (Commercial)	£0.39 per tonne	S
Permanent berth on Pier (allocation based on Business Case)	£2,251.24 per annum	S
Beaumaris Pier		
Laying at pier (per overnight stay)	£20.00	S
Freshwater supply – small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.49 per tonne of water	S
Licence for Booking Kiosk (Seasonal – 1st March – 31st October)	£492.25	S
Mooring Licence Fees		
Red Wharf Bay and Cymyran - constant	£0.69 (Per metre x area)	S
Beaumaris, Menai Bridge and Fryars Bay – constant	£1.17 (Per metre x area)	S
Waiting List Fee	£14.00 per annum	S
Amlwch Outer Harbour		
Berthing – visiting yachts and pleasure craft	£20.00	S
Mooring licence fees (all craft except commercial fishing)	£48.91 per meter, per annum	S
Commercial fishing mooring licence fees	£97.92 per meter, per annum	S
Freshwater supply - small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.80 per tonne of water	S
Diesel – tanker/bowser	£53.00	S
Sale of Marine Diesel (Under 2000 litres)	Market Value + 20%	Z - commercial vessels going outside of UK waters and RNLI crafts S - commercial UK water journeys R - pleasure craft with supply less than 2300 litres for propulsion only and residential and charitable craft
Sale of Marine Diesel (Over 2000 litres)	Market Value + 10%	

Boat storage fee (compound / outer pens)	£7.00 per week	S
Conservancy / harbour fee - all vessels	£76.06	Z – qualifying ships S – all other[2]
Daily use of outer pens	£4.00 per day	
Use of dry dock	£100.00 per month	
Amlwch Inner Harbour		
Mooring licence fees all craft except commercial fishing	£48.91 per metre per year	S
Commercial fishing mooring licence fees	£97.92 per metre per year	S
Non licensed vessels - visiting yachts and pleasure craft	£19.09	S
Non licensed vessels – conservancy / harbour fee – all vessels	£76.06	Z – qualifying ships S – all other[2]
Waiting List Fee	£14.00 per annum	S
Registration of all power driven craft (under 10hp, no launch fee)		
Annual Registration		
By post or at slipway	£30.00	O/S
New vessel applications	£35.00	O/S
At private slipways in partnership (75% Council / 25% seller)	£30.00	O/S
Launching fees		
Daily charge	£20.00	S
Annual permit	£160.00	S
Annual permit – reduced by £50 for power boat training certificate	£110.00	S
Companies launching to demonstrate or test (written agreement)	£100.00	S
Cost of registration and launching for Search and Rescue services	£150.00	S
Commercial		
Commercial launching at Council Slipways	£875.00 per company per annum	S
Safety boats for events	No charge (application still required)	N/A
Commercial Charter Boat Licence Administration Fee	£60.00	S
Miscellaneous		
Use of Foreshore by Film Crews/Events etc.		
Half day	£488.00	S
Full day	£860.00	S
Local Film Companies (per location)	£110.00	S
Use of foreshore by charitable organisations	At the discretion of Maritime Function staff	S
Car parking fee at Breakwater Country Park, Holyhead		
Annual Permit	£30.00	S
1 hour	£1.00	S
2 hours	£3.00	S
4 hours	£5.00	S
Up to 12 hours	£8.00	S
Breakwater Country Park Commercial Events Licence		
Small Event, c. 0-250 people	£100.00	S
Medium Event, c. 250-500 people	£200.00	S
Large Event, c. 500+ people	£300.00	S

[2] For guidance on what vessels are classified as qualifying ships please see the following link: https://www.gov.uk/guidance/ships-aircraft-and-associated-services-notice-744c#ships-and-qualifying-ships

Highways

Service	Fee / Charge	VAT
Path Diversions & Extinguishment Orders		
Initial advice and site visit (up to two hours)	No charge	N/A
Application withdrawn or refused after being considered by officers	£246.17	O/S
Order made, but withdrawn following its advertising	£853.87	O/S
Order which is confirmed by the authority unopposed	£1,399.77	O/S
If the order is opposed but objections are subsequently withdrawn	£1,530.58	O/S
If objections are received and sustained and the order is submitted to the Welsh Government	£2,623.41	O/S
Multiple applications – if the application involves the diversion of more than one path, the fee for each additional path included in the same order	£367.71	O/S
Temporary Path Diversion & Closure Orders		
Emergency up to 21 days	£246.17	O/S
Short term work up to 5 days (2 weeks' notice required)	£246.17	O/S
Longer term works up to 6 months (6 weeks' notice required and 2 adverts)	£1,465.69	O/S
Extension on 6 months order (application to Welsh Government) (6 weeks' notice and 1 advert)	£973.35	O/S
Street Works		
Skips		
Skip company registration	£360.00	O/S
Skip permit (7 days). Additional £50 charge for every week, or part week, over run	£25.00	O/S
Skip permit (1 month). Additional £100 charge for every week, or part week, over run	£50.00	O/S
Skip permit on a traffic sensitive street (7 days). Additional £110 charge for every week, or part week, over run	£55.00	O/S
Skip permit on a traffic sensitive street (1 month). Additional £220 charge for every week, or part week over run	£110.00	O/S
Roll on roll off large skip (1 month). Additional £210 charge for every week, or part week, over run	£105.00	O/S
Roll on roll off large skip permit on a traffic sensitive street (1 month). Additional £420 charge for every week, or part week, over run	£210.00	O/S
Scaffolding		
Scaffolding company registration	£370.00	O/S
Scaffolding permit (7 days). Additional £50 charge for every week, or part week, over run	£25.00	O/S
Scaffolding permit (6 days). Additional £110 charge for every week, or part week, over run	£55.00	O/S
Scaffolding permit on a traffic sensitive street (7 days). Additional £120 charge for every week, or part week, over run	£60.00	O/S
Scaffolding permit on a traffic sensitive street (6 days). Additional £220 charge for every week, or part week, over run	£110.00	O/S
Herras Fencing on the highway (no registration required) three months	£55.00	O/S
Hoarding on the highway (no registration required) three months	£55.00	O/S
Section 171 Licenses		
Section 184 & 171 agreement and license	£360.00	O/S
Section 171 for cabin, container, portaloo, compound or store material on the highway for a maximum period of 3 months	£360.00	O/S
Section 171 application to place a traffic mirror on the highway opposite a private entrance	£55.00	O/S
Section 171 high lift, scissor lift or HIAB on the highway at one location for more than one hour (no fee for less than 1 hour at the same location). Charge per day plus road closure fee if required	£55.00	O/S

Section 171 crane on the highway. Charge per day plus road closure fee if required	£310.00	O/S
Section 50 Highways Act 1980		
Section 50 existing (apparatus in highway)	£410.00	O/S
Section 50 new	£515.00	O/S
Section 50 inspection of excavation per 200 meter length	£255.00	O/S
Section 50 license for new dwellings – 6 or more properties (per dwelling)	£310.00	O/S
Road Closures		
Road closure by routine	£2,820.00	O/S
Road closure by emergency	£2,820.00	O/S
Temporary Restriction Order Fees for Works		
Temporary Traffic Order to make or amend Limited waiting	£720.00	O/S
Temporary Traffic Order to restrict parking	£720.00	O/S
Temporary Traffic Order to make or amend One way	£720.00	O/S
Temporary Traffic Order to make or amend speed limit	£720.00	O/S
Temporary Traffic Order to create or amend a clearway	£720.00	O/S
Temporary Traffic Order to make or amend weight restriction	£720.00	O/S
Temporary Traffic Order to make or amend height restriction	£720.00	O/S
Miscellaneous		
Lost keys down gully	£55.00 plus contractor's cost	O/S
Benches and flowerbeds applications from Community Council	No Charge	N/A
Events on the Highway		
Traffic Regulation Orders for the Disabled	Actual Cost	O/S
Access Protection Markings	£83.00	O/S
Renewal of Access Protection Marking	Actual Cost	O/S
Parking Dispensation	£19.00	O/S
Tourism Sign Application	£62.40	S
Tourism Sign Design and Installation	Actual cost + Fees	S
Temporary Restriction Order Fees for Events		
Event Prohibition of vehicles order (Road Closure, approx. 6 events per annum)	£720.00	O/S
Event Amending Traffic Order (Limited waiting, one way etc. approx. 6 events per annum)	£720.00	O/S
Tourism Sign	Free	O/S
Small scale community or charitable events	Free	N/A
Development Management		
Basic search at a single location	£73.84	S
Basic search at up to 5 locations	£148.53	S
Advanced Town Searches	£288.56	S
Advanced Area Searches	£591.98	S
Application for major developments	£73.84 per hour	S
Section 38/278 Agreements – minimum charge of £2,500	9% of works costs	S
Car Parks		
Cars - Towns		
1 hour	£1.00	S
2 hours	£1.50	S
4 hours	£2.00	S
Up to 12 hours	£3.00	S
Cars - Coastal		
1 hour	£1.00	S
2 hours	£3.00	S
4 hours	£6.00	S

12 hours	£10.00	S
Trailer	£20.00	S
Llanfairpwll Park & Share		
1 day	£0.50	S
2 - 7 days	£2.00 per day	S
Stanley Crescent, Holyhead		
1 day	£1.00	S
2 - 7 days	£1.00 per day	S
Parking Season Ticket		
12 months single vehicle	£170.00	S
6 months single vehicle	£120.00	S
6 months single vehicle with trailer	£200.00	S
12 months single vehicle with trailer	£250.00	S
Other Car Park Charges		
Car park possession (small compound 4-6 bays)	£80.00 to £100.00 per week	S
Car park possession (large compound)	Up to £250.00	S
NOTE: Please note that services which require an input from Legal Services will incur a variable additional charge.		

Waste Management

Service	Fee / Charge	VAT
New or replacement 240 litre black wheeled bin for residual waste (lost, stolen, exchanged or damaged) (delivery and administration charge only and not sale of the black wheeled bin).	£36.00	S
New or replacement 140 litre black wheeled bin for residual waste (lost, stolen, exchanged or damaged) (delivery and administration charge only and not sale of the black wheeled bin)	£21.00	S
Bulky waste Collection 'A' (up to 4 items per collection)	£42.00	O/S
Sale of radar key	£7.50	E
Sale of compost bin (purchase, delivery and administration)	£39.00	S
Green Garden Waste (green wheelie bin) collection	£35.00	S
Trade refuse collection/disposal charges	Actual current rate charged by the Council's waste collection contractor plus a 20% administration charge	Various
All Other Fees e.g.: • Abandoned shopping & luggage trolley • Removal of refuse sacks • Hire of wheeled bins for organised events • Public conveniences - additional opening	Actual cost incurred plus a 20% administration charge	Various

Property

Service	Fee / Charge	VAT
Holyhead Market Hall Meeting Room Hire (inclusive of VAT)		
Ystafell Thomas (seating capacity 24 / 50 theatre style)		Subject to VAT where applicable, i.e S – for external clients, No VAT on internal hires
Cost per hour	£36.00	
Cost per half day	£78.00	
Cost per full day	£126.00	
Ystafell Edwards (seating capacity 20 / 42 theatre style)		
Cost per hour	£32.00	
Cost per half day	£72.00	
Cost per full day	£120.00	
Ystafell Williams (seating capacity 14 / 24 theatre style)		
Cost per hour	£32.00	
Cost per half day	£68.00	
Cost per full day	£95.00	

Legal

Service	Fee / Charge	VAT
Local Land Charges		
Search (CON29R)	£154.90	S
Additional Parcel Fee (CON29R)	£12.36	S
Form LLC1	£6.00	O/S
Form LLC1 online	£4.00	O/S
Additional Parcel Fee (LLC1)	£1.00	O/S
Con 29O (excl. question 22)	£15.30	S
Con 29O: question 22 (common land)	£20.94	S
Discretionary Legal Fees		
Planning obligations (section 106 agreements)		
Self-build single affordable dwellings	£626.99	O/S
3 hours work on all other agreements with hourly rates applying on time spent in excess of 3 hours	£941.01	O/S
Simple Deeds of Release / Deeds of Variation	£299.17	O/S
Sale of land or Grants of leases		
Where no solicitor instructed by the other party (3 hours work, relevant hourly rate to be applied for work in excess of 3 hours)	£679.00	S
Where a solicitor instructed by other party (6 hours work, relevant hourly rate to be applied for work in excess of 6 hours)	£1,357.56	S
Grants of leases (to include variations, assignments and releases)	Actual time spent at relevant hourly rate*	S
Section 38 and 278 agreements (Highways Act)	£941.01	O/S
Traffic regulation orders where requested by third parties (such as stopping-up, diversion, temporary traffic orders) (4.5 hours work, relevant hourly rate to be applied for work in excess of 4.5 hours)	£567.58	O/S
Register of Common Land		
Correcting other mistake under section 19(2)(b)	£355.40	See note
Updating names and addresses under section 19(2)(d)	£59.19	See note
Accretion or diluvion under section 19(2)(e)	£59.19	See note
Applications under Schedule 2, paragraphs 6 to 9 inclusive (buildings registered as common land or town and village green or land wrongly registered as common land or town or village green)	£2,296.85	See note
To note: Value Added Tax is payable on certain fees relating to property transactions. Essentially, where the property is registered for VAT. The above fees are exclusive of VAT which will be charged at the then prevailing rate.		
***The appropriate hourly rate is:**		
Director of Function, Legal Services Manager and Solicitors	£188.84	VAT will be charged consistent with the enquiry it relates to.
All other fee earning staff	£113.52	
NOTE - The Director of Function or the Legal Services Manager will, at their discretion, have the power to waive the fee in certain cases of proven financial hardship.		

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**Executive**
Date:	**3 March 2022**
Subject:	**Independent Sector Care Home Fees for 2022/2023**
Portfolio Holder(s):	**Councillor Llinos Medi Huws**
Head of Service / Director:	**Arwel Wyn Owen**
Report Author: Tel: E-mail:	**Carwyn Edwards, Finance Manager** **01248 752699** **CarwynEdwards@ynysmon.gov.uk**
Local Members:	**All Members**

A –Recommendation/s and reason/s

From 6 April 2016, the framework for financial assessment and charging is now under the Social Services and Well-Being (Wales) Act 2014. The Local Authority is required to review independent sector care home fees annually to coincide with Central Government's changes to benefits and pension levels.

In setting fee levels for independent sector care homes, we need to show that we have fully considered the costs of the provision in determining our standard care fees. This is done in collaboration with the other Authorities in North Wales and the Health Board by utilising a Regional Fee Methodology, as done in previous years. We will continue to use this model for 2022/23, which has reflected legislation changes in terms of Real Living Wage and inflation.

The North Wales Methodology (Appendix 1) has recommended an increase of between 6.73% and 7.37% across the four categories of care. The following fees are proposed for 2022/23:-

Table 1 - North Wales Methodology Recommendation

Category	2021/22	2022/23	Increase £	Increase %
Residential (Adults)	£605.73	£646.52	£40.79	6.73%
Residential (EMI)	£631.40	£675.17	£43.77	6.93%
Nursing Care (Social Care Element)	£657.04	£703.79	£46.75	7.12%
Nursing (EMI) (Social Care Element)	£695.49	£746.72	£51.23	7.37%

All the above are based on 10% Return on Investment (ROI) for 2021/22 and 2022/23, excluding Local Authority Free Nursing Care (FNC) element on nursing fees as % uplift is yet to be agreed.

As part of fee setting for 2022/23, Ynys Môn consulted on the North Wales fees methodology.

The North Wales Adult Services Heads (NWASH) have agreed that the increases noted were consistent with the implementation of the fees model.

Following discussion with the Director of Function (Resources) / Section 151 Officer, we are proposing to use the Regional methodology for:-

- Residential Care;
- Nursing Care Social Care Element.

The Service recommends that the fees for Residential Elderly Mentally Infirm EMI and Nursing EMI are increased by 12%, as this has been identified as an area of demand and we wish to encourage further provision. The service recommends that the ROI for Nursing EMI placements remains at 12%, whilst the ROI for Residential EMI remains at 10%, this recognises the pressures in this area.

Consistent with the strategic direction the Council is taking in developing alternatives to residential care in the form of Extra Care Housing and care at home, and having due regard to the affordability of the increase proposed for Residential Care Homes, we propose to retain a lower return of investment of 9%, as in previous years.

Ynys Môn therefore, recommends the following rates for approval:-

Table 2 – Ynys Môn Proposed Fee's for 2022/23

Category	2021/22	2022/23	Increase £	Increase %	ROI
Residential (Adults)	£596.01	£636.80	£40.79	6.84%	9%
Residential (EMI)	£631.40	£707.17	£75.77	12.00%	10%
Nursing Care (Social Care Element)	£657.04	£703.79	£45.75	7.12%	10%
Nursing (EMI) (Social Care Element)	£715.07	£800.88	£85.81	12.00%	12%

The above fees exclude the Local Authority Free Nursing Care (FNC) element on nursing fees as % uplift is yet to be agreed.

It may be necessary to consider individual submissions from providers regarding these fees. Should there be clear evidence to indicate that the fee set is not sufficient in any individual case, the Council will need to consider exceptions to the fee rates. It is proposed that any such decisions are delegated to the Portfolio Holder, Director of Function (Resources) / Section 151 Officer and Head of Adult Social Care.

The Executive is requested to:-

1. Acknowledge the North Wales Fee Methodology as implemented hitherto by the Authorities in North Wales, as a basis for setting fees in Ynys Môn during 2022/23 (Appendix 1).

2. Approve the recommendation to increase the fee level as follows:-

   R1 - Residential Care (Adults) - £636.80
   R2 - Residential (EMI) - £707.17
   R3 - Nursing Care (Social Care Element) - £703.79 + Local Authority FNC element (TBC)
   R4 - Nursing (EMI) (Social Care Element) - £800.88 + Local Authority FNC element (TBC)

In line with other Authorities, authorise the Social Services and Finance Services to respond to any requests from individual homes to explore their specific accounts and to utilise the exercise as a basis to consider any exceptions to the agreed fees. Any exceptions to be agreed with the Portfolio Holder, the Director of Function (Resources) / Section 151 Officer and the Head of Adults from within current budgets.
B – What other options did you consider and why did you reject them and/or opt for this option?
We decided to adopt a slightly amended ROI for 2 categories, based upon the reasons noted within the report. Furthermore, due to the nature of demand for EMI beds on the Island, the service recommends increasing the EMI fees by 12%, whilst maintaining 10% ROI for Residential EMI fees and 12% ROI for Nursing EMI fees.
C – Why is this a decision for the Executive?
Local Authorities need to set care home fee levels in line with the national policy. This decision has financial implications for the Local Authority's budget and in terms of affordability in the prevailing financial climate.
CH – Is this decision consistent with policy approved by the full Council?
This decision is in line with the approval to work with other Local Authorities in North Wales and to implement the North Wales Fee Methodology to set fees annually.
D – Is this decision within the budget approved by the Council?
The additional cost of funding the above fees has been factored in the Authority's budget setting process. The increase in fees is expected to increase the annual costs by circa £890k when compared with 2021/22 fees and client numbers.

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	This is intended to support and encourage new provision in growth areas.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Not applicable
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	We have discussed the proposals on a North Wales basis.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	No citizen engagement but we have been in regular discussion with providers.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	This is intended to support individuals protected by the Act.

6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	
E -	**Who did you consult?**	**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	Not applicable
5	**Property**	Not applicable
6	**Information Communication Technology (ICT)**	Not applicable
7	**Scrutiny**	
8	**Local Members**	Not applicable
9	**Any external bodies / other/s**	Not applicable

F - Appendices:

None

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

None

Appendix 1

Draft Fee Calculations 2022/23 (Real Living Wage/ Unchanged Care Hours)

	Fee 2021/22	Indicative Fee 2022/23	Basis of Calculation
1. INDIRECT COSTS -standard for all categories of care			
Utilities (electricity, gas, TV, Council Tax, Water, Telephone)	£30.95	£31.91	CPI 3.1% (September 2021)
Registration (Professional Membership, CRBs etc)	£1.36	£1.40	CPI 3.1% (September 2021)
Recruitment	£2.62	£2.70	CPI 3.1% (September 2021)
Contract maintenance of equipment	£3.80	£3.92	CPI 3.1% (September 2021)
Maintenance of capital equipment	£23.39	£24.12	CPI 3.1% (September 2021)
Gardener /handyman	£11.05	£11.78	NLW 6.6% increase on 2021/22 rate
Training	£2.61	£2.69	CPI 3.1% (September 2021)
Non prescription medical supplies	£3.95	£4.07	CPI 3.1% (September 2021)
Insurance	£6.59	£7.25	10% Increase
Groceries & household provisions	£30.44	£31.38	CPI 3.1% (September 2021)
Sub-total Indirect Costs	**£116.76**	**£121.22**	
2. OTHER COSTS - standard for all categories of care			
Return on Investment	£97.16	£97.16	10% ROI
Additional Expenses (not covered elsewhere)	£19.20	£19.80	CPI 3.1% (September 2021)
Sub-total Other Costs	**£116.36**	**£116.96**	
3. STAFF COSTS			
Residential Homes			
Management /Admin	£51.85	£52.89	2% increase (estimated local govt pay award)
Senior Care Staff	£136.70	£152.40	10 hours x £15.24
Care Staff	£119.10	£133.20	10 hours x £13.32
Agency (5% of hours - hourly pay rate + 40%)	£13.38	£14.87	1 hour x £14.87 (av of (£9.90 + £10.34) +40%)
Domestic Staff	£51.58	£54.98	NLW 6.6% increase on 2021/22 rate
Sub-total Residential Homes' Staff Costs	**£372.61**	**£408.34**	
TOTAL RESIDENTIAL	**£605.73**	**£646.52**	
EMI Residential Homes			
Management /Admin	£51.85	£52.89	2% increase (estimated local govt pay award)
Senior Care Staff	£149.34	£166.50	10.925 hours x £15.24
Care Staff	£130.12	£145.52	10.925 hours x £13.32
Agency (5% of hours - hourly pay rate + 40%)	£15.39	£17.10	1.15 hours x £14.87 (av of (£9.90 + £11.34) +40%)
Domestic Staff	£51.58	£54.98	NLW 6.6% increase on 2021/22 rate
Sub-total EMI Residential Homes' Staff Costs	**£398.28**	**£436.99**	
TOTAL EMI RESIDENTIAL	**£631.40**	**£675.17**	
Nursing Homes			
Management /Admin	£51.85	£52.89	2% increase (estimated local govt pay award)
Senior Care Staff	£162.33	£180.98	11.875 hours x £15.24
Care Staff	£141.43	£158.17	11.875 hours x £13.32
Agency (5% of hours - hourly pay rate + 40%)	£16.73	£18.59	1.25 hours x £14.87 (av of (£9.90 + £11.34) +40%)
Domestic Staff	£51.58	£54.98	NLW 6.6% increase on 2021/22 rate
Sub-total Nursing Homes' Staff Costs	**£423.92**	**£465.61**	
TOTAL NURSING	**£657.04**	**£703.79**	
EMI Nursing Homes			
Management /Admin	£51.85	£52.89	2% increase (estimated local govt pay award)
Senior Care Staff	£181.81	£202.69	13.3 hours x £15.24
Care Staff	£158.40	£177.16	13.3 hours x £13.32
Agency (5% of hours - hourly pay rate + 40%)	£18.73	£20.82	1.4 hours x £14.87 (av of (£9.90 + £11.34) +40%)
Domestic Staff	£51.58	£54.98	NLW 6.6% increase on 2021/22 rate
Sub-total Nursing EMI Homes' Staff Costs	**£462.37**	**£508.54**	
TOTAL EMI NURSING	**£695.49**	**£746.72**	

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ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**EXECUTIVE COMMITTEE**
DATE:	**3 MARCH 2022**
SUBJECT:	**MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2022/23**
PORTFOLIO HOLDER(S):	**COUNCILLOR R WILLIAMS**
HEAD OF SERVICE:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES / SECTION 151 OFFICER**
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LOCAL MEMBERS:	**n/a**

A - Recommendation/s and reason/s

1. MEDIUM TERM FINANCIAL STRATEGY AND 2022/23 REVENUE BUDGET

1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2022/23 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 10 March 2022. The matters requiring agreement are:-

- The Council's Revenue Budget and resulting Council Tax for 2022/23;
- The Council's updated Medium Term Financial Strategy;
- The use of any one-off funds to support the budget.

1.2 Summary

This paper shows the detailed revenue budget proposals requiring final review and agreement for 2022/23, and the resulting impact on the Isle of Anglesey County Council's revenue budget. These are matters for the Council to agree, and the Executive is asked to make final recommendations to the Council.

The paper also updates the Medium Term Financial Strategy, which provides a context for work on the Council's future budgets. However, it should be noted that a further report on the Council's Medium Term Financial Strategy will be presented to the Executive later in the year when further information on the ecomony and the proposed future local government financial settlement may be clearer.

2. 2022/23 REVENUE BUDGET AND COUNCIL TAX RECOMMENDATIONS

The Executive is requested :-

- To note the formal consultation meetings on the budget and consider the resulting feedback, as outlined in Section 3 of Appendix 1;
- To agree the final details of the Council's proposed budget, as shown in Section 7 of Appendix 1 and Appendix 2;
- To note the Section 151 Officer's recommendation that the Council should maintain a minimum of £7.9m general balances;
- To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in Section 5 of Appendix 1;

- To recommend a net budget for the County Council of £158.365m and resulting increase in the level of Council Tax of 2.00% (£26.82 – Band D) to the full Council, noting that a formal resolution, including the North Wales Police and Community Council precepts, will be presented to the Council on the 10 March 2022;
- That any differences between the provisional settlement and the final settlement will be adjusted for by using the general contigency which is included in the 2022/23 budget, or by making a contribution to / from the Council's general reserves in order to set a balanced budget;
- To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council;
- To agree that any unforeseen pressures on demand led budgets during the financial year will be able to draw upon funding from the general contingencies budget;
- To request the Council to authorise the Executive to release up to £250k from general balances if the general contingencies budget is fully committed during the year;
- To delegate to the Section 151 Officer the power to release funding from the general contingency up to £50k for any single item. Any item in excess of £50k not to be approved without the prior consent of the Executive;
- To confirm that the level of Council Tax Premium for second homes increases to 50% and for empty homes remains at 100%.

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

A number of options were considered following the issue of the initial budget proposals. The final budget proposals take account of the final local government settlement, views expressed during the consultation process and the views of the Scrutiny Committee.

C - Why is this a decision for the Executive?

The Council's Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.

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

Yes. The final decision on the 2022/23 revenue budget will be taken by the full Council at its meeting on 10 March 2022.

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

N/A

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	In drawing up the budget proposal, the Executive has considered its statutory duties and the objectives set out in its Corporate Plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The details of any savings proposals are set out in the report.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	The Council has been working with other Councils and the WLGA to press the Welsh Government for the best financial settlement possible.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The budget proposals have been subject to a consultation process, the details of which are included in the report. The Executive has considered the results of the consultation before agreeing the final budget proposal.

5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Any proposals included in the final budget for 2022/23 will take into account the impact on any protected groups.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The budget will result in an increase in the Council Tax payable by the taxpayers of Anglesey. Those experiencing socio-economic disadvantage are more likely to qualify for help through the Council Tax Reduction Scheme, which should result in no financial impact / limited financial impact to those who are experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.

DD - Who did you consult?		**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	The Chief Executive and Senior Leadership Team have been part of the budget setting process throughout and and are in agreement with the report and support the final budget proposal.
2	**Finance / Section 151** (mandatory)	N/A – this is the Section 151 Officer's report.
3	**Legal / Monitoring Officer** (mandatory)	The Monitoring Officer is part of the SLT and, as such, the Officer's comments have been taken into account.
4	**Human Resources (HR)**	-
5	**Property**	-
6	**Information Communication Technology (ICT)**	-
7	**Scrutiny**	Final budget proposals were considered by the Scrutiny Committee at its meeting on 28 February 2022. A verbal update on the outcome of the meeting will be provided to the Executive.
8	**Local Members**	The Council's budget is applicable to all Members and consultation has taken place throughout the budget setting process.
9	**Any external bodies / other/s**	See Section 2 of the report.

F - Appendices:

- Appendix 1 – Detailed report on the Budget Proposals
- Appendix 2 – Summary of the Results of the Consultation Process
- Appendix 3 – Summary of the Proposed Revenue Budget 2022/23 by Service

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

- Initial Budget Proposals for 2022/23 – Executive Committee – 24 January 2022
- Initial Budget Proposals for 2022/23 – Corporate Scrutiny Committee – 24 January 2022
- Medium Term Financial Plan for 2022/23 to 2024/25 – Executive Committee – 27 September 2021
- Full report on the Budget Consultation

1. INTRODUCTION AND BACKGROUND

1.1. The following report sets out the 2022/23 revenue budget proposals, and is one of a set of reports which provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The other reports in the set relate to the Council's Capital Programme and Capital Strategy, the Council's Treasury Management Strategy and Fees and Charges.

1.2. The revenue budget and the continued need to identify revenue savings has been driven by the Medium Term Financial Plan as approved by the Executive Committee in September 2021 and can be summarised as follows:-

Table 1
Medium Term Financial Plan 2022/23 to 2024/25

	2022/23 £'m	2023/24 £'m	2024/25 £'m
Net Revenue Budget B/F	147.420	153.987	157.178
Budget Pressures and Inflation	6.567	3.191	3.439
Revised Standstill Budget	**153.987**	**157.178**	**160.617**
Aggregate External Finance (AEF) for 2021/22	104.825	104.825	104.825
Council Tax	42.295	42.295	42.295
Total Funding	**147.120**	**147.120**	**147.120**
Additional Funding Requirement / Savings Required	**6.867**	**10.058**	**13.497**
Main Assumptions			
Pay Awards – Non Teaching	2.81%	2.00%	2.00%
Pay Awards - Teaching	1.60%	2.00%	2.00%
General Inflation	2.00%	2.00%	2.00%

1.3. Given the lack of forward information, it was difficult to estimate the change in the level of the Aggregate External Finance (AEF) provided by the Welsh Government for 2022/23, and even more difficult to estimate the changes in 2023/24 and 2024/25. The AEF is a significant figure from which the Council then determines the level of Council Tax increase and any savings it is required to make in each year.

1.4. The economic situation has clearly moved on from the position in September 2021, with inflation rising quickly and to a level which has not been seen for a number of years. This has had a significant impact on the pay and prices inflation factors and has increased the estimated budget requirement from that set out in the Medium Term Financial Plan in September 2021.

2. THE INITIAL BUDGET PROPOSAL

2.1. At its meeting on 24 January 2022, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 21 December 2021.

2.2. The provisional settlement was significantly better than anticipated, and would provide the Council with £114.549m, which is an increase in cash terms of £9.724m (9.27%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £9.677m (3.23%).

2.3. The Executive proposed a budget for 2022/23 of £158.365m and, given the provisional AEF of £114.549m, this would require an increase of 2.00% in Council Tax to balance the budget.

2.4. In setting the proposed budget, the Executive recognised the need to begin re-investing in services that had seen significant budget cuts during the period of austerity. £2.86m has been allocated in the final budget proposal and will allow services to:-

- Deal with increased demands for services;
- Mitigate risks to public safety;
- Increase the level of resources directed to dealing with the Island's socio-economic challenges;
- Continue the work to achieve a carbon zero organisation by 2030;
- Continue to improve and modernise the Council's IT systems and business processes;
- Continue to improve customer service.

2.5. The budget proposal does not require any services to implement any budget savings for 2022/23.

2.6. Although not intended as a measure of what the Council's net revenue budget should be, the Standard Spending Assessment (SSA) does give some indication as to whether the Council's budget is at a reasonable level for the Council. The SSA for 2022/23 is £159.692m and the proposed budget is, therefore, 99.2% of the SSA.

3. THE COUNCIL'S CONSULTATION

3.1. The Council published its budget proposals on 26 January 2022 and the consultation period closed on 9 February 2022. Citizens, partners, stakeholders and staff were asked to respond to the consultation by responding to a questionnaire on the Council's website. The consultation process was widely advertised on the Council's social media.

3.2. Given the short time available to undertake consultation, arising from the late announcement of the provisional settlement and the fact that the pandemic and associated lockdown has restricted the Council's ability to hold meetings with its partners and stakeholders. However the budget proposals were discussed at the Town and Community Council Forum on 7 February 2022, and the Schools' Finance Forum, which met on 16 February 2022. Both meetings were supportive of the proposals and no major concerns or objections were raised at the meetings.

3.3. A summary of the results of the consultation process is as follows:-

- 115 responses were received, with nearly 30% of respondents within the 55-64 age group. Respondents replied from varying locations across Anglesey, from Holyhead to Benllech, Cemaes to Menai Bridge, Amlwch to Malltraeth, Rhosneigr, Llanfechell and Coedana, to name but a few.
- 95% of responses received were either from individuals acting on behalf of themselves or individuals acting on behalf of their families.
- Of those responses, 31% agreed that there should be a 2% increase in the Island's Council Tax to fund activities which address the pressures identified as part of the consultation. 69% of the responses received did not agree with such a rise.
- Of those who did not agree with such a rise, when asked about what the Council should prioritise –
  - 34% proposed that the County Council should prioritise investment into Children's Services, followed by
  - 32% who believed the Council should prioritise investment into our highways, waste and property service, to address challenges relating to decarbonisation and ash dieback and the demand for additional cleanliness in Council assets as a result of the pandemic.
- A further 21 responses believed that no such investment should be realised and that the County Council should continue as it is without the need for further investment.

4. SCRUTINY COMMITTEE

4.1. Due to the delays in receiving the provisional and final settlement, the budget timetable for 2022/23 has had to be condensed in order to ensure that the Council is in a position to set the Council Tax within the timeframe set out in the Local Government Finance Act 1992 (Section 30(6)). The 2022/23 initial budget proposal was considered by the Finance Scrutiny Committee at its meeting on 24 January 2022 and was given further consideration at its meeting of 28 February 2022, and a verbal report on the Committee's deliberations will be presented to the Executive at the Committee meeting. The Finance Scrutiny Panel examined in detail the service investment proposals at its meeting on 14 February 2022, and the Panel's comments were reported to the Corporate Scrutiny Committee meeting on 28 February 2022.

5. ROBUSTNESS OF ESTIMATES

5.1. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of budget estimates and the adequacy of the proposed financial reserves.

5.2. Budget estimates are based on assumptions of future expenditure and income and contain an element of assumption risk. The impact of this risk can be mitigated through contingency plans, contingency budgets and financial reserves.

5.3. The robustness of budget estimates is not simply a question of whether they are correctly calculated. In practice, many budgets are based on estimates or forecasts, and there may be an element of risk as to whether plans will be delivered or targets achieved. Different risks to the budget are considered in turn below:-

- **Inflation Risk –** When inflation levels are low and the overall movement in the inflation rate is small, then the inflation risk is low, as has been the case for a number of years. However, there is a greater level of uncertainty surrounding pay and price inflation in 2022/23, and this significantly increases the risk. During late 2021, inflation started to increase quickly, and it is expected that this increase will continue during the early part of 2022. However, there are differing opinions as to whether this is a spike in inflation, which will ease during the second half of 2022, or whether higher inflation will continue for all of 2022. To some extent, the Council is protected from this risk because a majority of our larger contracts (school meals, highway maintenance, refuse collection etc.) use inflation indices from September, October or November 2021 to determine the inflation for 2022/23. Given that these figures are known, they have been built into the proposed budget for 2022/23. Pay is the Council's largest cost, and the pay award for non-teaching staff for 2021/22 has yet to be agreed and no offer has been made for 2022/23. The budget proposal allows for an increase of 1.75% for 2021/22 and 3.5% for 2022/23. Any award above these figures would have to be funded from the Council's reserves. The teachers' pay award up to September 2022 has been agreed and, again, 3.5% has been allowed for the pay award which will be implemented in September 2022. For the remainder of the Council's expenditure, 2% has been allowed for as an inflation factor but, as the vast majority of the Council's expenditure is pay related or covered by a contract, the financial risk of under estimating this figure is low and would be mitigated by the Council holding sufficient general balances.
- **Interest Rate Risk** - Interest rates affect a single year's revenue budget through the interest earned - i.e. an interest rate rise is beneficial. The Authority's Treasury Management Strategy requires investments to be made on the grounds of security and liquidity of the investment as the first consideration, with investment returns being a lower priority, therefore, the budget is not reliant on high investment returns. Interest rates continue to be very low, but are beginning to rise and may have to rise more sharply than anticipated if inflation continues to remain high. The majority of the interest paid by the Council relates to fixed rate loans which will not change should the interest rate rise. Therefore, the interest rate risk is considered low and, as in previous years, this is a compensating risk for inflation risk, because if one increases, the other is likely to increase also.

- **Grants Risk -** These are risks attached to the large number of specific grants from WG, Europe or other bodies which support a good proportion of Council spending. Some of these may be reduced substantially or cut altogether; we do not have a complete picture of all these and we will not even have one as the financial year begins. While the immediate response is to say that when the grant ceases, so must the associated expenditure, there is a risk that this may not always be possible. It may not be possible when contract terms mean the expenditure cannot be cut as quickly as the income, or involves unfunded severance costs. It may not be possible if the activity funded turns out to be so important to the delivery of the Council's own priorities that the Council decided it must continue the expenditure. Efforts to mitigate this risk are to ensure we have the best information available on each grant, but significant changes during the year cannot be entirely ruled out.

- **Income Risks –** The budget is based on securing an overall 3% increase in fees, and a number of services have assumed rises up to 3%. If the elasticity of demand for Council Services is such that volume falls, and income targets are not achieved, that may cause overspending on net budgets. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income.

- **Optimum Risk –** In previous years, probably the greatest risk in current circumstances is that the Authority, Members and Officers have been over-optimistic in the savings that will be achieved or that demand for services, particularly social care, will not increase significantly. For 2022/23, there are no savings proposed and, as such, this risk is not applicable to the 2022/23 budget.

- **Over-caution Risk –** This is the opposite of optimum risk: the danger that our budgets have been drawn up with too much caution and, so, are more than is required, and this would result in the Council Tax being set at a level that is higher than required, which is something that Members are keen to avoid. The Section 151 Officer is satisfied with the budget setting process and that the budget set is a fair assessment of the resources required by each service, based on the relevant factors as they stand at the moment.

- **Council Tax Premium –** In setting the taxbase, it is accepted that the number of empty properties and second homes can change during the year and, as such, only 80% of eligible properties are included in the taxbase. This protects the Council's budget should there be a significant drop in numbers. However, it should be noted that the number of empty properties used in the taxbase calculation fell from 394 properties in October 2020 to 324 properties in October 2021, and the number of second homes rose from 2,067 to 2,149 over the same period. The change in the level of the second home premium from 35% to 50% presents a significant risk in 2022/23. The increase may encourage second home owners to sell or let their property i.e. one of the intended purposes of increasing the premium, however, it may encourage a greater amount of non payment or avoidance by transferring to business rates or by other avoidance means. To mitigate the risk, additional staff will be employed to identify tax avoidance and minimise the amount of the premium lost as a result. As the Executive has committed to using all of the additional premium to address the issues caused by high numbers of second homes on Anglesey, any significant reduction in income would result in a reduction in the funding available for these initiatives in future years.

- **Council Tax Income –** The Council Tax income budget is based on the taxbase calculation as at November of the previous financial year. The taxbase changes constantly during the year, as new properties are included and exemptions and single person discounts are granted. These changes cannot be estimated and, invariably, lead to a difference between the actual debit raised and the budget. It should be noted that the number of properties being identified as self-catering accommodation and transferring to the business rates register has increased from 927 properties in February 2021 to 1,000 properties in February 2022, an increase of 83 properties. When a property moves across, the Valuation Office Agency will determine a date from which the property becomes liable for business rates, which can be a number of years back. Not only does the Council lose the Council Tax on these properties, but must also refund any Council Tax and premium which has been paid from the date when the property is placed on the Business Rates register. These movements can have a significant impact on the Council Tax yield in any one year.

  The Covid pandemic has also resulted in the collection rate being lower than in previous years, and this may result in a financial loss in 2022/23 or future years, when uncollectable debts are eventually written off. The Welsh Government has provided grant funding to help cover the cost of uncollectable debts, and this funding will be released, if required, to mitigate the impact of a higher than normal level of debts written off.

- **Demand Risk –** A number of services can experience a change in the demand for its services. Some can be predicted and taken into account when setting the budget e.g. changes in pupil numbers. Others are more difficult to predict and a small increase in numbers can have a significant impact on costs. The budget allows for providing the service at current levels, with increases in demand covered by the Council's general balances or, in some cases, earmarked reserves.

5.4. Having considered all the risks noted above and the mitigating actions, the Section 151 Officer is of the view that the budgets are robust and deliverable.

6. GENERAL AND SPECIFIC RESERVES

6.1. The proposed budget incorporates a number of assumptions in terms of likely levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget, which are set out in paragraph 5 above.

6.2. In terms of any contingencies and reserves, the Section 151 Officer needs to review these in their totality in conjunction with the base budget itself and the financial risks which face the Authority. In addition, the review should incorporate a medium term view where needed and should take into account key developments that may impact on the need and use of one off resources.

6.3. A robust view is being taken on managing budget risks and protecting the financial health of the Council at this time. This is particularly the case when one off funds need to be adequately protected to fund future strategic / transformational changes, as opposed to funding significant overspends on the base budget itself.

6.4. Account has been taken of the need to keep the immediate reductions in spending and the resulting impact on services to a minimum, but this must be balanced against the need to ensure the medium and long term financial stability of the Council, and for savings to be implemented over the coming years in a phased and structured way. In addition, there is always some risk of unforeseen items of expenditure or overspending because of a more general pressure on a service budget, and reserves must also be adequate to absorb these pressures.

6.5. As at 31 March 2021, the Council's general reserves stood at £11.437m, which is equivalent to 7.77% of the Council's net revenue budget for 2020/21, 10.94% if the delegated schools' budget is excluded. During the year, £3m has been allocated to the roof repairs at CAYB, £1.376m were transferred into specific service reserves and £0.150m has been used for other purposes, but £0.643m of previously earmarked reserves have been transferred back into general balances. Therefore, the revised level currently stands at £7.554m.

6.6. £1.681m of the general balances have been allocated as funding for the 2022/23 capital programme. However, it is anticipated that there will be a significant underspend in 2021/22, which will allow the general balances to be replenished, £2m being a conservative estimate, which should allow the general balances to be around £8m at the end of the financial year, which is around 5% of the net revenue budget for 2022/23.

6.7. The level of general balances is a matter for the Council to decide based on the recommendation of the Council's Section 151 Officer but, as a general rule, 5% of the net revenue budget is considered to be an acceptable level. It is a matter for debate whether the net revenue budget should exclude the delegated schools budget, as schools hold their own balances to meet unexpected costs. Based on the current financial situation, there is a high degree of confidence that the level of general balances will exceed 5% of the net revenue budget at the beginning of the 2022/23 financial year.

6.8. Financial risks are also mitigated by holding earmarked reserves, which are held to mitigate specific risks or to fund specific projects which are of benefit to the Council. At the beginning of the financial year, the Council held £15.455m as earmarked reserves (including £1.376m as specific service reserves). A significant part of the reserve balance could be returned to general balances if the financial position of the Council worsened significantly during 2022/23. These earmarked reserves give an additional layer of financial protection in addition to the Council's general balances.

6.9. The proposed revenue budget for 2022/23 includes £0.405m of general contingencies which can be used to fund unexpected and unbudgeted expenditure during the year. These budgets again, serve to mitigate the financial risks inherent when setting the revenue budget.

6.10. Having taken into consideration the level of the Council's general balances, school balances, earmarked reserves and contingency budgets, the Section 151 Officer is content that the Council's financial position is sufficiently robust to withstand any difficulties that may arise during 2022/23 if the proposed revenue budget is insufficient to meet the actual costs incurred by the Council during 2022/23.

7. FINAL BUDGET POPOSAL 2022/23

7.1. Since the completion of the initial budget proposals, further work has been undertaken to review and revise the final budget for 2022/23, including a full review of all the investments in the services by the Executive. This has resulted in changes to the initial budget proposal in terms of individual budget headings and the budget allocations between services, but the review has not had any impact on the final net budget requirement, which remains at as set out in Table 2 below:-

Table 2
Adjustments to Initial Budget Proposal

	£m	£m
Final Proposed Net Revenue Expenditure Budget 2022/23		**158.365**
Funded By:		
Revenue Support Grant	89.056	
Non-Domestic Rates	25.493	
Total AEF		114.549
Council's General Reserves		0.000
Council Tax (including Premium)		43.816
Total Funding		**158.365**

7.2. The Welsh Government will publish its final local government settlement on 2 March 2022, which will be too late for the Executive to take account of in its final budget proposals. It is not anticipated that there will be any significant change between the provisional and final settlement, but any change will be accounted for by adjusting the level of general contingency if the variance is small, or by funding from / contributing to the Council's general balances should the variance be larger. As such, the proposed level of Council Tax will remain unchanged even if the final AEF differs from the figure shown in the provisional settlement.

8. COUNCIL TAX

8.1. The Council's Band D Council Tax charge for 2021/22 was £1,340.64, which was 17th from the 22 Authorities in Wales and is lower than the Welsh Average of £1,430. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 3 below:-

Table 3
Comparison of Council Tax Band Charges for North Wales Authorities

Authority	Band D Charge 2021/22 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,341		
Gwynedd	1,483	+ £142	+ 10.6%
Conwy	1,383	+ £42	+ 3.1%
Denbighshire	1,437	+ £96	+ 7.2%
Flintshire	1,394	+ £53	+ 4.0%
Wrexham	1,319	- £22	- 1.6%

8.2. The Council Tax budget for 2022/23 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £41.14m. Therefore, each 1% increase generates an additional £411k.

8.3. After taking into account the provisional settlement figure of £114.549m, the revised budget requirement of £158.365m (see Table 2) would require £42.957m in Council Tax funding. To fund the revised budget requirement, the increase in the level of Council Tax would be 2.00%, taking the Band D charge to £1,367.46, an increase of £26.82 or £0.51 per week.

8.4. In the provisional settlement, the standard tax element for the Council i.e. the standard Council Tax figure across Wales, which is used to determine the AEF for each Council, was set at £1,452.49, which is 3.5% higher than the 2021/22 figure.

9. EQUALITIES IMPACT ASSESSMENT

9.1. In delivering its services, the Council has to be mindful of its duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 to assess the impact of key financial decisions on protected groups and have due regard to the result of such assessments.

9.2. The proposed budget will not impact on any of the protected groups set out in the Regulations and, as a result, no Equality Impact Assessments are considered necessary.

10. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

10.1. As stated in paragraph 1.4, the economic situation has changed considerably since the Council approved the Medium Term Financial Strategy (MTFS) in September 2021. In addition the provisional local government settlement for 2022/23 also changes the strategy significantly. The indicated increases in the AEF provides a little more certainty over the Council's funding over the subsequent two years, and this allows an update of the MTFS.

10.2. The main area of uncertainty for the MTFS moving forward is inflation and its impact on future pay awards, whilst Covid and Brexit could still have a major impact on the nation's economy and as a consequence, on the Council's funding in 2023/24 and beyond and also the demand for Council services.

10.3. However, based on the majority of the assumptions that were included in the MTFS approved in September 2021 but updating the assumptions for pay, inflation and the AEF, it is estimated that the Council's budget will increase by £3.3m in 2023/24 and £3.6m in 2024/25. The AEF would increase by £4m in 2023/24 and £2.8m in 2024/25.

10.4. The figures shown in paragraph 10.3 are based on a number of assumptions which will change over the coming months and this may alter the financial position significantly but, based on the above there may be some scope for further re-investment in services in 2023/24, but the financial position worsens in 2024/25. However the revised MTFS does not indicate that the budget for 2022/23 is unaffordable in future years.

10.5. An updated MTFS will be presented to the Executive in September 2022.

11. CONCLUSIONS

11.1. It is important that the budget set is achievable and accurately reflects the demands faced by services currently, although it is noted that a re-introduction of Covid restrictions would have a significant impact on the Council's budget. However, the budget assumes that the position will be no worse than it is now and that the restrictions will continue to ease over the coming months.

11.2. The local government settlement is better than anticipated and, although it requires the Council to commit funding to some specific areas it also gives the Council the opportunity to re-invest in some services which have been most affected by budget reductions over the past 10 years.

11.3. The additional grant funding that has been made available by Welsh Government has allowed the Council to strengthen its financial position and placed it in a stronger financial position moving forward into 2022/23 and beyond. There is always a risk that there is an increase in the demand for Council services which is not covered in the budget, but the increased level of general balances and earmarked reserves mitigates the risk substantially.

11.4. Therefore, in the professional opinion of the Section 151 Officer, the proposed revenue budget for 2022/23 achieves the following objectives:-

- Ensures that the financial resources allocated to each service is sufficient to meet the current budget pressures and fulfil the demand for the statutory functions which the services must provide.

- Addresses the continued underlying financial pressures in the Services which have been impacted most by an increased demand for services: Education, Children's Services and Adults Services, and allows for some re-investment in services which have been most affected during the period of austerity.
.
- Sets a level of Council Tax which is comparable with the Welsh Government's assessment of where Anglesey's Council Tax should be, and is in line with the Council Tax set by other Welsh authorities of a similar size and type.

12. RECOMMENDATIONS

12.1. The Executive is recommended to approve the final budget proposal, as set out in Paragraph 7, to the full Council meeting on 10 March 2022.

APPENDIX 3

FINAL BUDGET PROPOSAL 2022/23 BY SERVICE

	Final Proposed Budget 2022/23 £
Education and Culture	57,268,324
Adult Services	29,963,922
Children's Services	11,715,110
Housing Services	1,914,489
Highways, Waste and Property	17,562,513
Regulation and Economic Development	4,619,800
Corporate Transformation	6,308,016
Resources	3,428,949
Council Business	1,857,068
Corporate Management	735,469
Total Service Budgets	**135,373,660**
Corporate and Democratic Costs	3,029,952
Recharges to HRA	(800,000)
Levies	3,957,345
Capital Financing	7,208,908
Benefits Granted	109,239
Discretionary Rate Relief	72,471
Council Tax Reduction Scheme	6,304,169
Total Allocated Budgets	**155,255,744**
General & Other Contingencies	2,492,347
Budget Pressures (Held Initially as a Contingency Budget)	616,830
Total Budget 2022/23	**158,364,921**
Funded By	
Revenue Support Grant	(89,056,039)
Non Domestic Rates	(25,492,959)
Council Tax (Including Council Tax Premium)	(43,815,923)
Council Reserves	0
Total Funding	**(158,364,921)**
Difference Budget to Funding	**-**

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**THE EXECUTIVE**
Date:	**3 MARCH 2022**
Subject:	**CAPITAL STRATEGY**
Portfolio Holder(s):	**COUNCILLOR ROBIN WYN WILLIAMS**
Head of Service / Director:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / S151 OFFICER**
Report Author: Tel: E-mail:	**CLAIRE KLIMASZEWSKI – FINANCE MANAGER** **01248 752133** **ClaireKlimaszewski@ynysmon.gov.uk**
Local Members:	

A – Recommendation/s and reason/s

The revised CIPFA Prudential Code, September 2017, introduced the requirement that all authorities must produce a capital strategy. This must set out the long-term context in which capital expenditure and investment decisions are made. This requirement is aimed at ensuring that authorities take capital and investment decisions in line with service objectives and properly take into account stewardship, value for money, prudence, sustainability and affordability.

CIPFA have published additional guidance on Capital Strategies in 2021, which includes good practice examples. This Capital Strategy aims to incorporate these requirements as much as possible within the short timeframe before the deadline for the 2022/23 Capital Strategy. The guidance acknowledges that Councils might not have the capacity to fully meet the guidance and encourages local authorities to develop their capital strategies as time goes on. The Executive Manager is leading on a revised approach to the Capital Strategy for the period 2023/24 onwards.

Recommendations

The Executive is requested to :-

- Endorse and recommend that full Council approve the Capital Strategy for 2022/23 as detailed in Appendices 1 and 2 below.

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

Not applicable as this a required by CIPFA.

C – Why is this a decision for the Executive?

In accordance with CIPFA requirements and the Council's Constitution where the Executive is asked to recommend that Full Council approve the Capital Strategy 2022/23.

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

The Capital Strategy will be discussed at full Council, where approval of the Capital Strategy 2022/23 will be requested.

D – Is this decision within the budget approved by the Council?		
The Capital Strategy guides what is included in each annual Capital Budget which will be approved by full Council.		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The Capital Strategy includes long-term strategy in relation to the Sustainable Communities for Learning for long-term improvements to schools, long-term investment in HRA Council Dwellings and long-term support for the Council's existing assets / replacement IT equipment.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	No
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	The Capital Strategy acknowledges the important role of partnership working, particularly in relation to the North Wales Growth bid.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	Yes, indirectly through the consultation on the Council Plan and relevant operational plans and consultation as part of the annual capital budget setting.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The Capital Strategy helps to ensure that buildings are accessible to enable equal access and the strategy earmarks funding for Disabled Facilities Grants for individuals with disabilities.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The Capital Strategy will directly support social-economic disadvantage through improvements to school facilities, increased and refurbished Council housing, among other projects.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	The capital projects benefit Welsh, English and individuals who speak other languages. More directly, new schools and refurbished schools will benefit Welsh speakers as most Anglesey schools teach through the medium of Welsh and teach English language and literature. The requirements to support Smallholdings helps preserve the agricultural culture of Anglesey, including the Welsh Language which is spoken by many tenants.

E -	Who did you consult?	What did they say?
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	To be discussed
2	**Finance / Section 151** (mandatory)	Report of the Section 151 Officer
3	**Legal / Monitoring Officer** (mandatory)	To be discussed at SLT.
4	**Human Resources (HR)**	Not applicable – no staffing implications.
5	**Property**	The Smallholdings Section has input into the Capital Strategy.
6	**Information Communication Technology (ICT)**	The Digital Schools Strategy 2022/23 is discussed in the Capital Strategy.
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	This Strategy includes commitment for the Council to work as part of the North Wales Growth Deal

F - Appendices:

Appendix 1 – Capital Strategy 2022/23
Appendix 2 – Summary of Draft Proposed Capital Programme 2022/23

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

Treasury Management Strategy Statement 2022/23, the Executive, 3 March 2022;
Medium Term Financial Plan 2022/23 to 2023/24, the Executive, 27 September 2021;
Draft Capital Budget 2022/23, Initial Proposals, the Executive, 24 January 2022;
Capital Programme 2022/23 Report, the Executive, 3 March 2022;
Revenue Budget 2022/23, the Executive, 3 March 2022;
Council Transitional Plan 2022/23.

Isle of Anglesey Capital Strategy

2022/23

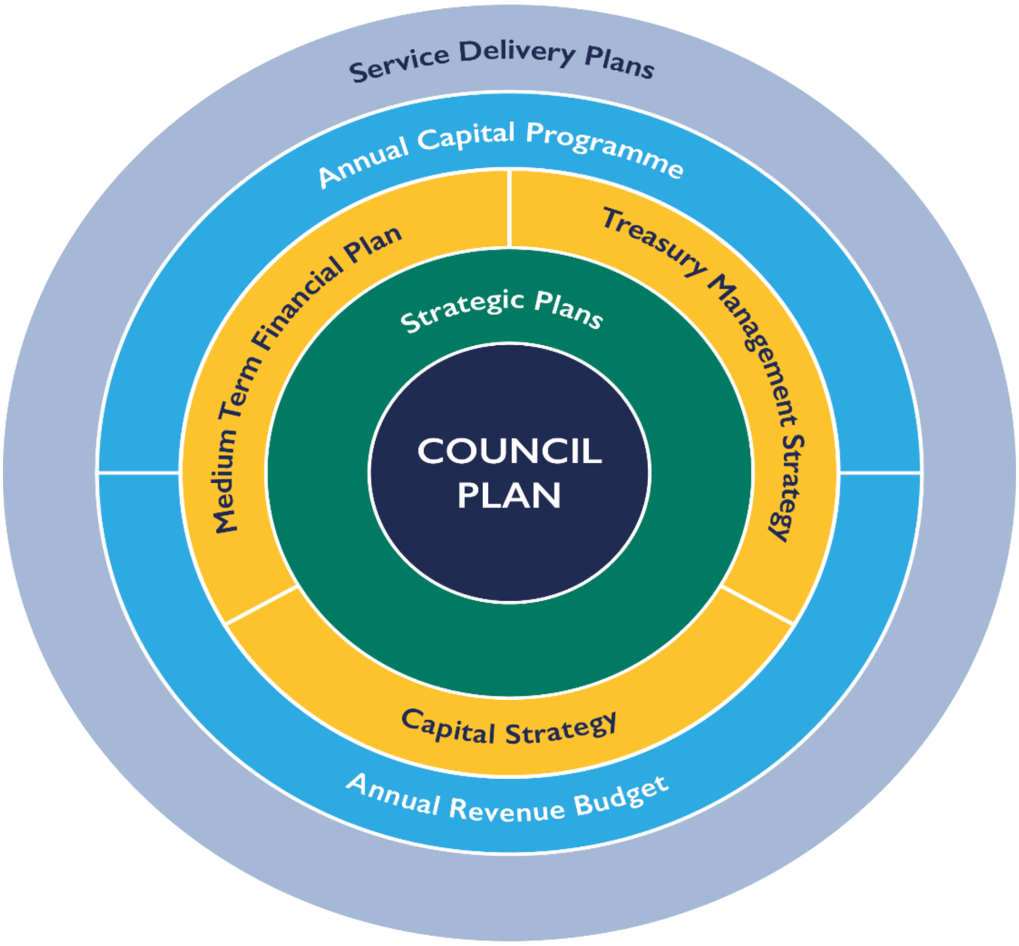
CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Isle of Anglesey County Council
Capital Strategy 2022/23

1. Introduction

1.1 The Capital Strategy is a key part of the Council's strategic planning for the short, medium and long term. Strategic planning is the process the Council uses to help identify what its key priorities and objectives should be for the next year and into the future. This involves significant work and consultation as the Council needs to set its priorities and target its funding on the right services to meet the needs of the citizens of Anglesey, and the Island itself as a place of special significance. The key objectives of the Council are outlined in the Council Plan. This capital strategy looks at what new assets, or improvements to assets such as council buildings, schools, houses, regeneration projects, social care facilities, leisure facilities, are needed to help the Council deliver its key objectives along with its many statutory obligations.

1.2 The strategic planning diagram below shows that the starting point of reference, and at the core of the work of the Council, is the Council Plan. This is supplemented by the Council's key strategic plans, some of which are discussed below. The next layer is the Capital Strategy, Treasury Management Strategy and the Medium Term Financial Plan, which are very closely linked and all interconnect. The Capital Strategy builds in key information and requirements from all of these plans. The circle also shows two outer layers, these must align with all of the strategic documents before them.



1.3 The current Council Plan 2017/2022 expires in March 2022. Usually, a five-year plan would follow on from this plan. However, the Coronavirus Pandemic has, since March 2020 (in the UK), caused widespread disruption on every level: global, national, local and to individuals. Governments have taken unprecedented actions to mitigate the impact of Covid-19 and to save lives. The impact of the pandemic has been compared to the two World Wars, both financially and on its impact on every aspect of life. The Government has taken out record breaking borrowing to mitigate the crisis which, two years on, is still not over. This means that future funding for the public sector could be at risk, particularly for capital investment. It is difficult to provide a medium-term plan when so much uncertainty exists due to Covid-19 and its variants. The Council has, instead, produced a transitional plan for 2022/23, which takes stock of the events of the past two years and seeks to identify what a new normal would look like for Anglesey and for when Covid-19 becomes more endemic. Alongside this, the Council will complete extensive work to produce a more medium-term Council Plan for 2023/24 and beyond.

1.4 The Council's aspiration for the Capital Strategy for Anglesey is that it will not only plan for the short and medium term, but intends to plan for the long term of 20 years. Council assets can cost significant sums of money which in return for the investment tend to last many years. A long term focus is important, not only due to the longevity of the Council's assets, but long term plans can aim for a more transformational change and to ensure that sustainability is a key consideration. There are some objectives that are of such importance and require significant changes, such as Low Carbon targets culminating in the public sector net Zero Carbon target by 2030 to limit climate change. This change will start now with capital projects integrating Low Carbon alternatives and with specific assets such as electric vehicles but also requires sustained, long term transformational change. This Capital Strategy 2022/23 is limited on its long term objectives while the Council re-orientates itself on its journey out of the Pandemic. The Capital Strategy 2023/2024 will provide a more substantial long term view aided by the new Council Plan 2022/27 and as Anglesey's new normal takes shape.

1.5 The governance of this strategy follows the same process as the Revenue and Capital Budget Setting Processes and will be presented to the Executive, which will make recommendations to full Council for approval.

2. How the Strategy fits with other documents

2.1 The Council Plan

The Council Plan is the prime document which outlines what the Council aims to achieve during the medium term, usually a period of five years. All other strategies and plans must be aligned to the Council Plan, as shown in the strategic circle in 1.2. Section 1 above highlights that the most recent five year plan expired in March 2022, and a Transitional Plan for 2022/23 has been published as the Council starts to move forward as the Covid-19 becomes a more endemic disease. The three key strategic objectives in the Transitional Plan for 2022/23 are:-

A. Re-energising the local economy and embedding positive economic change.
B. Enabling the visitor and hospitality sector to capitalise on the Island's increased popularity, whilst protecting our assets and communities.
C. Maintaining and modernising critical community services, such as Care and Education across the Island.

https://www.anglesey.gov.uk/documents/Docs-en/Council/Democracy/Measuring-our-performance/Transitional-Plan/Anglesey-Transitional-Plan.pdf

A key objective of the Capital Strategy is to ensure that the capital funding available to the Council is spent on projects that assist the Council to deliver its priorities, including maintaining, replacing or / and upgrading existing assets. There are several other key strategic documents which align with the Council Plan. These guide how the Authority works on specific aspects affecting the Council.

The Transitional Plan 2022/23 highlights the important role of the Capital Strategy and capital projects in achieving the Council's three strategic objectives. In total, there are twenty four tasks listed across the three objectives. Half of these are capital projects, with most helping to deliver objectives A and C. The diagram below shows the capital projects mentioned explicitly in the Transitional Plan across the three objectives. This Capital Strategy is, therefore, fundamental to the achievement of the Council's Transitional Plan. The Capital Programme for 2022/23, and potentially 2023/24 should include the below projects / work streams. The numbering on the diagram corresponds to the numbering in the Council Transitional Plan 2022/23.

These are the projects directly named in the Transitional Plan, however, there are capital projects included in the Draft Capital Programme for 2022/23 which are not named in the Council Plan but which are important and contribute to these objectives, such as the public conveniences improvements and the flood alleviation works which will help achieve objective B to help support the Island's increased popularity. There are also capital projects included in the Draft Capital Programme which help to achieve the Capital Strategy objectives, including those highlighted in other strategic plans, such as the requirement to invest in the Council's assets each year.

Capital projects highlighted in the Council Transitional Plan 2022/23 as key actions to help achieve the Council's three key objectives

Objective A: Re-energising the local economy and embedding positive economic change, by:-

01: Constructing 6 new business units on Bryn Cefni Business Park, Llangefni and prepare 6 plots for sale.

01: Constructing 7 new business units at Penrhos, Holyhead in partnership with Welsh Government .

02: Strengthening the role of Holyhead and the Port as a key international "Gateway" by working with partners to: substantially repair the Breakwater, development of the Port including land reclamation; Holyhead Hydrogen Hub; Station improvements.

03: Delivering projects with any capital elements identified in the North Anglesey Economic Regeneration Action Plan, for example, potential new business units.

04: Implementing capital projects which would support the delivery of the North Wales Growth Deal (Covid Recovery prospectus) to support the priority areas to help our economy to recover in the short term.

06: Targeting capital funding to address empty and problematic buildings and deliver any capital green projects to continue to deliver as green, sustainable recovery and to enhance the vitality and viability of Town Centres.

07: Implementing capital projects which help progress the Energy Island Programme, such as those which align with Central and Welsh Government's climate and energy change commitments .

B. Enabling the visitor and hospitality sector to capitalise on the Island's increased popularity whilst protecting our assets, by:-

02: Investing to improve the quality and enjoyment in the Breakwater Country Park, Dingle and maritime infrastructure for the benefit of local residents and visitors.

C. Maintaining and modernising critical community services, such as Care and Education across the Island, by:-

01: Sourcing permanent homes for individuals residing in temporary accommodation.

03: Building 83 new energy efficient homes with A energy performance in line with the Council's Low Carbon Strategy and to increase Council dwellings and affordable homes to meet individuals' housing needs.

04: Further developing Cartrefi Clyd on Anglesey in Rhosybol, Holyhead and Llangristiolus to offer respite and day services for children with disabilities.

05: Progressing a new Extra Care facility in the South of the Island

08: Progressing new primary school facilities in Llangefni.

2.2 The Treasury Management Strategy Statement (TMSS)

This Capital Strategy and the TMSS are very closely linked and both are revised annually. The Capital Strategy will define how the Council spends its capital funding and the TMSS sets out how this will be funded and its impact on the overall financial standing of the Council. Borrowing is a key part of the funding strategy. The details of how the borrowing is undertaken and controlled is also set out in the TMSS.

2.2 The Medium Term Financial Plan

The Medium Term Financial Plan (MTFP) is the fundamental part of financial planning which estimates the Council's revenue requirements over the next three years, and how this will be balanced to the funding available. Capital expenditure will impact on the revenue budget through the Minimum Revenue Provision and the interest payable on borrowing. The Capital Strategy helps to inform the Medium Term Financial Plan.

Regular budget monitoring and review of the MTFP helps to monitor the impact of financial performance and issues on the delivery of the Council Plan. Linked to the financial monitoring is also the monitoring of performance and corporate and service risks, some of which are identified as financial risks. The Council's Performance Management Framework and Risk Management Strategy govern how performance and risk is managed.

2.3 Operational, service specific statutory plans and service plans

While the Council Plan is the key strategic document, this is supported by several key more detailed operational plans, many of which highlight that capital expenditure is key to achieving the respective plan's objectives. Each of these plans are based on research, identifying the current position, analysis to identify needs and plans of how the service aims to meet the needs and consultation with stakeholders.

Towards Net Zero Plan 2022/25

The first Towards Net Zero Plan will be presented to the Executive on 3 March 2022. This plan is fundamental to the Council as it strives to achieve the public sector net zero target by 2030, as required by Welsh Government. The target for Wales as a whole is for net zero by 2050, however, public sector organisations are required to achieve this much earlier. The plan has three scopes, the first two are easier as they relate to cleaner choices over Council controlled facilities, such as offices, schools, vehicles etc. A big barrier to these two scopes will be finding adequate funding to achieve the target. Scope 3 is more challenging as it relates to choices others make, such as employees as they conduct Council business and whether tenants of Council dwellings or investment properties follow clean living guidance.

This capital strategy, therefore, has a key objective that capital projects must have regard to the net zero carbon targets. Much of the changes needed to achieve the net zero plan will involve capital expenditure, therefore, Net Zero projects are likely to be part of the future capital programmes until the targets are achieved and beyond for replacement programmes. The Capital Strategy plays an important part of this critical agenda.

Corporate Asset Management Plan

The Executive Summary of the draft Corporate Asset Management plan for Land and Buildings 2021 to 2026 example states “the maintenance of buildings requires substantial capital and revenue budgets to keep them safe and in optimal condition… the estimated capital maintenance requirement is in the region of £27m, based on condition surveys completed in 2019/20…The Council’s assets play a vital role in the effective delivery of the Council’s priorities and services…The drive to become a net zero Council ..in line with Government’s expectations, means we must invest to improve our existing assets and construct new carbon neutral buildings… ”. While this strategic plan is draft, it highlights the condition of the Council’s assets following surveys in 2019/20. Therefore, a key objective of the Capital strategy is that each year capital funding is provided for improvements to the Council’s buildings.

Draft Council Smallholdings Estate Asset Management Policy 2021/30

The Council’s smallholdings comprise of approximate 5,800 acres, ranging from 2 acres to 170 acres parcelled into 92 tenancies. The policy is being consulted on with stakeholders, including tenants. “The main aim for the policy is to maintain and create short and long term economic, social, cultural and environmental benefits to contribute towards safeguarding the well-being and sustainability of Anglesey’s rural communities”. The smallholdings help towards meeting the Council’s Destination Management Plan and the Welsh Government’s Strategy for Tourism. Agriculture is ingrained in the history and culture of Anglesey as is the Welsh Language which is spoken by many tenants of the Estate. There is a commercial objective to ensure that the estate continues to provide a sustainable financial return. However, due to its wider objectives, the smallholdings are not classed as investment properties which relates to properties which are held only for collecting income and increasing the value of the properties. In order to support the Smallholdings’ objectives and their contribution to the Council Plan, the Capital Strategy acknowledges that the smallholdings require capital investment on refurbishment works. The above strategy estimates that £2.9m of capital funding is needed over the period 2021-30. £1.9m of this is for low carbon renewable heating systems and energy efficiency by increasing insulation in properties. It is recommended that any capital receipts generated from sale of any Smallholding Estate should be ring-fenced for reinvestment into the Estate. The smallholding team are encouraged to apply for external funding particularly from Welsh Government, in relation to low carbon renewable heating systems and energy efficiency projects.

Digital Schools Strategy 2022-2024

The Authority’s first Digital Strategy for Schools was presented to the Executive and approved on 13 December 2021. This is key to supporting the educational priorities of the Council and to meet the new Curriculum for Wales. The strategy highlights the Council’s overall aim to create an Anglesey that is healthy and prosperous, where families can thrive which includes ensuring the people of Anglesey achieve their long term potential. Digital competence is key to this and is included as a mandatory cross-curricular skill. Working in partnership with Welsh Government, whose multi-million pound programme has funded most of the infrastructure and Chromebooks for pupils, and the Hwb digital platform for teaching and learning in Wales, has been key and provides a robust basis for the Digital Schools Strategy.

The key priorities of the strategy are: the Council will fully migrate to and make use of HWB, sufficient network infrastructure will be provided for all schools, the Council will provide schools and classrooms with the hardware needed to enable access to innovative technologies that will support learners. £0.343m of grant was provided by Welsh Government, and hardware which cost £1.536m was funded by Welsh Government, between the period 2019/20 to 2021/22. Without this funding and the HWB infrastructure, software and equipment, the schools would not have been able to deliver home-learning when the schools were closed to most pupils due to Covid-19.

The Digital Schools Strategy has revenue consequences to support schools but also future capital requirements. In return for the significant funding from Welsh Government for the first 3 years of the project, this was conditional on the Council funding replacement hardware at the end of the current Chromebooks, hardware and ICT infrastructure usable lives. This is staggered depending on the useful lives of the hardware, for example, the network for the schools cost £890k in 2019, and this will need replacing in 10 years, so a bid for funding before 2029 should be expected. There is likely to be an even longer term impact as the Chromebooks or equivalent technology will need replacing every 6 years.

Anglesey and Gwynedd Joint Local Development Plan 2011 to 2026

The Council works in partnership with Gwynedd on the statutory Local Development Plan (LDP). This helps create efficiencies and the non-financial benefits gained from working together. This is because both counties share common characteristics and enables both Counties to achieve well-being objectives and the Future Wales: The National Plan 2020 (2021). The joint LDP is currently being reviewed due to the long period it covers, and was consulted on in November 2021. All projects in the Capital Strategy and Capital Programme will need to comply with the LDP. The review includes reference to the North Wales Economic Ambition Board, which has secured funding of £240m from the Welsh and UK Governments. This Board, as mentioned below, is an important part of this Capital Strategy.

Council Housing (Housing Revenue Account) Asset Management Strategy 2018-2023 and HRA Business Plan 2021 to 2051

Council Houses are managed by the Housing Revenue Account (HRA), which is a substantial part of the Housing service. The HRA operates as a self-funding entity, but is a crucial part of the Council which helps the Council deliver several Council Plan objectives in relation to housing. All aspects of finance are reported separately to the rest of the Council's finances (Council Fund) to ensure that the HRA (HRA Fund) funds its expenditure and that surplus income is reinvested into the housing stock. The vision of this strategy is to provide "Quality Homes: sustainable communities".

All six priorities of the current 30 year plan will contribute to the Council's key objectives. The priorities which relate to the Capital Strategy, and will be delivered as part of the capital programme and result in a long-term programme of the below works, are:-

- To increase the provision of affordable housing across Anglesey – the HRA continues to increase its housing stock through targets each year to build new houses and buy-back former Council Houses. The Council no longer sells Council Housing since the abolition of the Right-to-Buy scheme. The below is a new Council Estate in Rhosybol, these houses were built with low carbon heating and modern insulation to help reduce carbon and, as shown below, solar panels.

- To promote estate regeneration, increasing tenant participation and community safety – in addition to increasing the number of Council Houses, the HRA implements refurbishment works each year, such as provision of new kitchens, roofing and necessary improvement works to increase the life of the housing. This leads to regeneration of the Council estates. The HRA works with tenants to ensure that tenants participate to influence the work on the estate.
- The HRA also aims to provide accommodation for individuals with specific needs, such people with mental health issues, moving people on from emergency accommodation to social housing and older people, such as the Llawr Y Dref accommodation. The HRA also plans to develop an extra-care housing facility in the South of the Island for older people.
- The HRA's aim to address efficiency, tackle climate change and fuel poverty can be progressed through its new builds and refurbishments.

North Wales Economic Ambition Board (NWEAB) – North Wales Growth Deal Business Plan 2020/23

Working in partnership is important to the Council. Working together on common goals can bring synergy where more can be achieved together and results in efficiencies, as duplication of effort can be reduced. The North Wales Economic Ambition Board is a partnership between the six North Wales local authorities, Bangor University, Glyndŵr University, Grŵp Llandrillo Menai, Coleg Cambria and other commercial partners and will help the Council achieve its key objectives such as that the people of Anglesey and North Wales can thrive and realise their long term potential. The Board is the first partnership function to transfer to the new North Wales Corporate Joint Committee which is required by law and is an independent corporate body.

The three key principles of the Growth Deal are for:-

- A smart North Wales – with a focus on innovation and high value economic sectors to advance economic performance;
- A resilient North Wales – with a focus on retaining young people, increasing employment levels and skills to achieve industrial growth;
- A connected North Wales – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.

The partnership has secured £240m from the Growth Deal with Welsh and Central Government and will be received over a 15 year period. The Growth Deal aims to try to reduce the persistent productively gap between North Wales and the UK, to build a vibrant, sustainable and inclusive economy for North Wales.

There will be a medium term funding gap (negative cash flow) which will be managed by the lead authority but with corresponding annual partner contributions. Anglesey's borrowing towards the funding gap is estimated to be between £0.700m to £1.00m. This would result in an annual MRP charge of between £0.047m and £0.067m each year for the 15 years. In addition, Anglesey will be required to contribute £90k towards the core and supplementary budget of the Board each year.

The total capital funding profile per programme is:-

Table 1 : North Wales Growth Deal Financial Summary				
Programme Area	**Government Contribution (£m)**	**Public Contribution (£m)**	**Private Contribution (£m)**	**Total Programme Costs (£m)**
Innovation in High Value Manufacturing	13.0	26.5	0.0	39.5
Digital Connectivity	37.0	3.1	1.6	41.7
Agrifood & Tourism	24.5	12.4	4.4	41.3
Land and Property	79.1	1.9	274.4	355.4
Low Carbon Energy	86.4	140.4	441.7	668.5
Total	**240.0**	**184.3**	**722.1**	**1,146.4**

There are 14 transformational capital projects, all of which benefit the whole of North Wales.

The projects more directly linked to Anglesey are:-

- Sites and Premises – the Growth Deal programme will address the shortages of sites and premises in North Wales and investment to enable the growth of Holyhead Port;
- the Holyhead Gateway scheme is a series of targeted investments to address life expired assets essential to the operation of the port and to increase capacity for both vehicle and ship movements for both passenger and freight traffic;
- the digital connectivity project will increase high-speed broadband and mobile connectivity across North Wales. This will benefit the whole region and, as the four North-West counties of North Wales rank in the bottom 25% of UK areas for superfast broadband coverage this will feel a more significant improvement to Anglesey, Gwynedd, Conwy and Denbighshire;
- the Morlais project – constructing the infrastructure that connects the Morlais zone with the electricity grid system and readying the site for private sector developments investing to lease parts of the zone for deploying tidal technologies.

More information is available on the Board's website https://ambitionnorth.wales/

2.4 Statutory Requirements

The Council, along with all other public bodies, is required to comply with the Well-being of Future Generations (Wales) 2015 Act. This legislates for the well-being of current and future generations for people and our planet. This is to ensure that future generations have at least the same quality of life as the current generations. The Act encourages collaborative working to achieve the goals of the Act. The Council's Transitional Plan highlights that the plan's three objectives intertwine with the Council's and National Wellbeing Goals, with the Council's mission statement for wellbeing being "working towards an Anglesey that is healthy and prosperous where families can thrive".

This Capital Strategy will help the Council achieve this important goal through directing funding to schemes which both comply with the Council Plan as well as contributing directly to the wellbeing of both current and future generations. Investment in buildings, school improvements, the purchase of electric vehicles, investing in low carbon alternatives such as heat pump generators, building new Council Houses with low carbon heating etc. all contributes to well-being now and well into the future.

Equality and Diversity legislation and guidance also cuts across all services and work of the Council. The Capital Strategy enables increased accessibility through specific adaptations work in schools, other Council buildings and provision of Disabled Facilities Grants (DFGs) and refurbishments and new buildings will need to be Equality Act compliant.

In addition, the Capital Strategy acknowledges that capital investment is required to help the Council run statutory services to ensure that the assets used to run statutory services such as Social Care, Schools, Housing, etc., are safe and comply with required standards.

The below diagram summarises how the Capital Strategy is connected to key strategies and the annual revenue and capital budget setting.

The Council Plan and key Operational Plans

The key strategies and plans below are important and inter-related to help identify an affordable level of revenue and capital resources needed to deliver the key priorities of the Council Plan and key operational plans. These also provide a framework for robust financial management of Council resources.

The Medium Term Financial Plan (MTFP)

This is revised regularly to help set out the likely resource requirement for the next three years and how the Council plans to balance the resource requirement. This includes the impact of revenue and capital issues on the Council Fund.

Capital Strategy

The Capital Strategy sets out the key priorities on how capital expenditure should be spent to help deliver the Council Plan 2017/22. It acknowledges that capital expenditure leads to revenue capital financing costs which must be kept affordable. The Capital Strategy impacts on, and is impacted by, the MTFP, the TMSS, the Annual Revenue Budget and the Annual Capital Programme.

Treasury Managment Strategy (TMS)

This sets out the Annual Investment Strategy, Minimum Revenue Provisions Policy and Treasury Management Policy Statement for the year. These provide the framework and controls needed to ensure that there is enough cash to pay suppliers for revenue and capital costs, that surplus cash is invested safely and is accessible and that borrowing to fund capital expenditure does not go beyond an affordable level.

The Annual Revenue Budget is supported by the MTFP, Capital Strategy and TMS - Each year, the revenue capital financing costs are reviewed and revised as part of revenue budget -setting. Revenue contributions are sometimes used to fund capital costs.

The annual Capital Programme - The level of capital expenditure and borrowing impacts on the revenue budget due to capital financing costs and any ongoing revenue costs, such as maintenance.

3. Objectives of the Capital Strategy

The Council Transitional Plan 2022/23, the key operational/statutory plans mentioned above and statutory requirements provide clear direction on what the priorities of the Capital Strategy should be to help the Council achieve its priorities. The Objectives of the Capital Strategy are, therefore:-

Capital projects must relate to assets which help the Council achieve its key objectives outlined in the Council Plan and key operational strategies.

Each year, when reviewing this strategy and developing the annual Capital Programme, the Council must take into account stewardship, value for money, prudence, sustainability and affordability.

Each year, capital funding will be allocated to ensure an investment in existing assets to protect them into the future.

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 Sustainable Communities for Learning Programme and will continue to fully utilise Sustainable Communities for Learning external funding. This is a substantial programme which will result in Sustainable Communities for Learning capital school improvements or new builds into the longterm.

Capital projects must have regard to the net zero carbon targets and must use clean alternatives where, traditionally, carbon generating equipment/facilities/assets have been used.

Each year, capital receipts received from the sale of Council Smallholdings will be ring-fenced for refurbishments of smallholdings the Council retains. This will help ensure the properties are fit for the longterm.

The Council will continue to work with its strategic partners and is committed to working as part of the North Wales Economic Ambition Board to deliver capital projects across North Wales.

Annual consultation is required with stakeholders and citizens of Anglesey for their opinions on any proposed new capital projects.

Principles which help support the achievement of the above key objectives:-

3.1 That the Sustainable Communities for Learning programme is considered separately from the remainder of the general Council capital programme. The Sustainable Communities for Learning programme is a longterm, significant commitment to building and/or refurbishing schools so that Anglesey's schools are fit to last and meet the longer term requirements. The Sustainable Communities for Learning programme helps the school modernisation agenda and supports the Council's key objective to ensure that the people of Anglesey can thrive and realise their long term potential. This principle also meets the Wellbeing of Future Generations Act 2015 to ensure educational settings are suitable in the long term. An element of the expenditure on the Sustainable Communities for Learning programme will be funded from the capital receipts from the sale of schools vacated, with the remaining balance being funded from unsupported borrowing. This will ensure that the capital general grant and supported borrowing are available to fund investment in existing and new assets needed to achieve the objectives of the Council Plan and ensure that the Council's existing assets are maintained.

3.2 That a sum is allocated in the capital programme each year to fund the major improvement to, or the replacement of, existing IT equipment, vehicles and Council buildings.

3.3 That a sum is allocated in the capital programme to meet the Council's statutory requirement to offer disabled facilities grants. This helps deliver statutory responsibilities and supports the key objective of the Council to support vulnerable adults and families to keep them safe, healthy and as independent as possible.

3.4 That a level of road improvement works is funded from the capital programme each year. The sum allocated will be dependent on the funding required to achieve any minimum contract value guarantees, the level of funding available and an assessment of the state of repair of the Authority's roads. Improvements to the roads will help the Council ensure the highway network is sustainable in the longer term. It also underpins all of the Council key priorities due to the rural nature of Anglesey and the importance of the highway network to many aspects of the Council's work.

3.5 Projects that require a level of match funding to enable grant funding to be drawn down, will be assessed on a case-by-case basis by the Section 151 Officer, with a recommendation being made to the Executive. The decision whether to commit funding will be dependent on the project, how it fits into the Council's corporate priorities, any ongoing revenue implications and the ratio of Council funding to grant funding.

3.6 To reduce the revenue impact of the capital programme i.e. capital financing costs from interest payable and the Minimum Revenue Provision (MRP) which creates funding to help repay loans, unsupported borrowing will only be used to fund projects if:-

- the project is an approved Sustainable Communities for Learning;
- the project is an invest-to-save project, which will cover the capital financing costs i.e. interest payable and Minimum Revenue Provision (MRP);
- the project attracts substantial external funding of at least 75% and will help deliver at least one of the Council's key priorities.

3.7 Where cash balances allow, actual borrowing will be delayed and cash balances will be used to delay and save interest payable and MRP charges to revenue. This is known as internal borrowing. When cash balances need to be replenished, the borrowing will be taken out and the internal borrowing will be externalised. Where interest rates are likely to rise significantly, internal borrowing should be externalised to reduce risk but not in advance of need.

3.8 Capital funding, with the exception of grants awarded for specific projects, will ultimately be allocated to minimise capital financing costs and to ensure the capital programme has the flexibility to maximise funding. This is common practice in local authorities. The actual funding allocated at the end of each financial year might be different to that reported as part of the capital budget. General grant will be allocated first to ensure that this is spent in full at year-end, unless Welsh Government has approved carry-forward of the grant. Flexibility in funding is fundamental to ensure the Council maximises funding opportunities such as managing specific grants awarded in the last quarter of the year, which allows use of the specific grant on other locally determined capital expenditure in year if it cannot be spent on the specific grant conditions by year end. This on the basis that the Council allocates funding from the next year's programme to fund the specific projects for which the original funding was awarded.

4. Corporate Strategy and Capital Programme Process

4.1 Developing the Capital Strategy

The Capital Strategy is revised each year taking into account the most recent Council Plan, the Medium Term Financial Plan, the budgetary pressures expected, the Treasury Management Plan and the Operational Plans discussed above. It also considers the prior year's capital programme and the level of reserves and the revenue budget. The capital strategy then outlines the key objectives and principles which then helps to develop the annual Capital Programme each year. Capital expenditure is expenditure to acquire or create new assets or to refurbish existing assets where the life of the asset is greater than one financial year. The assets can be tangible (buildings, vehicles and infrastructure) or intangible (software licences). Non-current assets which are £10k or more will be considered as capital expenditure. £10k is the Council's recommended de minimis level to qualify as part of the capital programme. Non-current assets less than £10k will be charged to revenue in most cases. The Council reserves the right to waive the de minimis if appropriate.

4.2 Developing the Annual Capital Programme

4.2.1 Bidding Process and Scoring

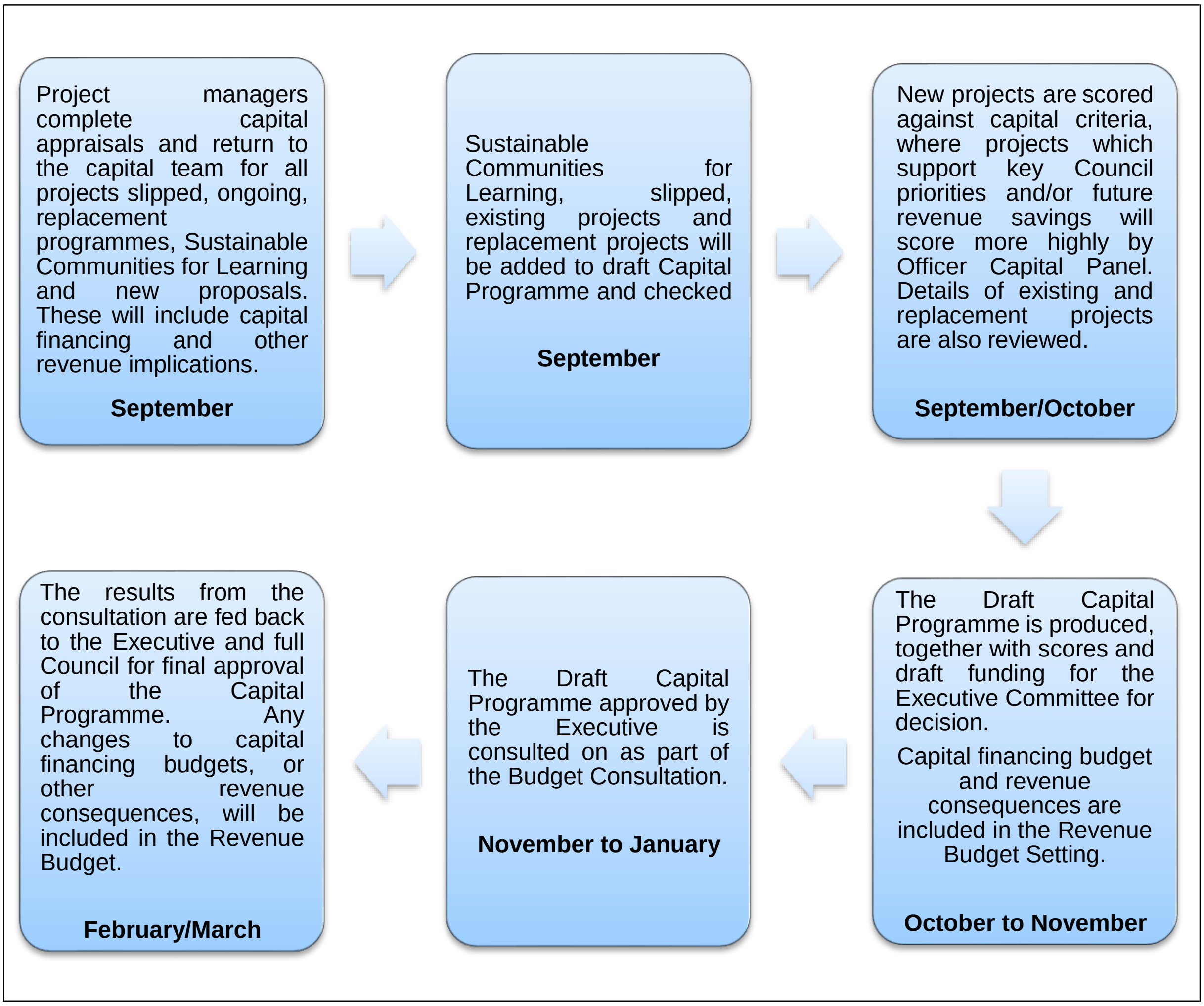
In determining which projects are included in the Capital Programme, new bids must not only be affordable, but also help deliver the key priorities of the Council Plan and meet the objectives and principles of the Capital Strategy. Each year, Services are asked to submit new capital appraisals/bids and update information for ongoing projects. The appraisals should demonstrate how each project meet the criteria (set out below) and all ongoing revenue implications from the project will be included e.g. maintenance costs. The scoring of new capital appraisals/bids helps to introduce a degree of objectivity and ensure the projects are relevant to the key objectives of the Council Plan and this Strategy. The most important criterion is how closely a project will contribute to the delivery of the Council Plan, hence the greater weighting given to this criterion. Initial scoring is undertaken by the Accountancy Service. The scores are then considered and ratified by the Executive, as part of the drafting of the annual capital programme.

Criteria	**Score**
How closely the project will contribute to the priorities in the Council Plan and key operational plans	20
The project attracts significant external funding	10
The project will lead to revenue savings	10
The project will help mitigate Corporate Risk	10
Total highest score	**50**

The strategy also allocates funding to the maintenance and upgrade of existing assets. Asset Managers determine their funding need and this is balanced against the funding available in order to allocate funding to each main assets group (buildings, vehicles, IT, roads).

4.2.2 Timetable

The Capital Strategy approval process follows the timetable for revenue budget-setting and the development of the Capital Programme. The timetable for the development of the Capital Programme is summarised below:-



4.2.3 Authorisation

Responsibility for ratifying the Capital Programme each year rests with the full Council, based on the recommendation made by the Executive. In exceptional cases, new capital projects arising during the year will be considered by Members as part of the quarterly reports to the Executive. In-year projects are likely to be approved if the projects are significantly funded from external grants or contributions, or in response to an emergency e.g. landslide, or if an approved project in the programme is cancelled and there is funding available. A capital appraisal is required for in-year projects and projects will need to help the Authority achieve its key objectives.

4.2.4 Monitoring the Capital Strategy and Capital Programme

Each quarter, a Capital Monitoring report is produced and presented to SLT and the Executive. This considers spend to date, forecast spend to year-end and narrative to explain the progress or lack of progress of schemes. SLT have requested more detailed monitoring of the Capital Programme, to include non-financial performance and wider performance, such as the impact of the capital projects on employment, inward investment, etc. An increased performance management framework will be developed during the year 2022/23, as this strategy is reviewed.

5. Looking Back – Achievements of the Capital Strategy and Programmes 2016/17 to 2020/21

The Council has spent nearly £160m on capital projects over the above 5 year period. £79m was funded from capital grants, which is 49.36% of the total capital expenditure. This shows the value of including significant grant funding as one of the objectives of the Capital Strategy. The services with the highest spend evidence that capital projects were aligned to the Council Plan 2017/2022. Housing, including housing of vulnerable people, Lifelong Learning to provide assets to help provide services to help individuals achieve their potential, and the legal requirement to refurbish highways and the priority to improve the Island. This is shown in the table below:-

Service	**2016/17** £'000	**2017/18** £'000	**2018/19** £'000	**2019/20** £'000	**2020/21** £'000	**Total** £'000
Housing GF	2,090	1,224	1,108	1,252	1,212	6,886
Housing HRA	8,607	9,291	9,028	11,812	12,622	51,360
Lifelong Learning	10,633	6,318	7,233	2,982	3,878	31,044
Economic & Regeneration	1,180	788	4,017	2,993	2,714	11,692
Highways	8,747	6,004	6,055	7,176	5,382	33,364
Waste Management	480	66	84	180	3,213	4,023
Property	1,394	786	697	990	2,405	6,272
Transformation	1,353	587	448	1,297	771	4,456
Equal Pay - Capitalisation Directive	-	2,566	-	-	-	2,566
Planning	916	1,031	1,839	755	52	4,593
Adult Services	1,240	694	168	577	880	3,559
Total Expenditure	**36,640**	**29,355**	**30,677**	**30,014**	**33,129**	**159,815**
Capital Grants	**13,356**	**11,801**	**16,629**	**18,156**	**18,948**	**78,890**
Percentage of capital costs funded by Grants	**36.45%**	**40.20%**	**54.21%**	**60.49%**	**57.19%**	**49.36%**

In addition, analysis of the Council's news published over the past 1.5 years highlights the important role of the Capital Strategy in delivering the Council's priorities. The section below includes links to all capital projects reported in the Council's news stories during this time, including where buildings such as the new build Ysgol Santes Dwynwen and the significant refurbishment of Market Hall, Holyhead, have won awards for excellence.

News published about Capital Projects and demonstrate their role in providing of priority Council Services

https://www.anglesey.gov.uk/en/newsroom/news/more-new-quality-council-housing-on-the-way

https://www.anglesey.gov.uk/en/newsroom/news/more-new-business-units-coming-to-former-heliport-site

https://www.anglesey.gov.uk/en/newsroom/news/ysgol-santes-dwynwen-wins-national-building-award

https://www.anglesey.gov.uk/en/newsroom/news/pioneering-market-hall-project-wins-another-award

https://www.anglesey.gov.uk/en/newsroom/news/clean-electricity-pledge-a-boost-for-new-energy-projects

https://www.anglesey.gov.uk/en/newsroom/news/tenants-to-move-into-fifteen-new-council-homes-in-rhosybol

https://www.anglesey.gov.uk/en/newsroom/news/opportunity-for-community-asset-transfer-melin-y-graig-craig-fawr-llangefni

https://www.anglesey.gov.uk/en/newsroom/news/opportunity-for-community-asset-transfer-bodorgan

https://www.anglesey.gov.uk/en/newsroom/news/residents-feedback-key-to-red-wharf-bay-flood-alleviation-plans

https://www.anglesey.gov.uk/en/newsroom/news/new-holyhead-3g-sports-pitch-now-open

https://www.anglesey.gov.uk/en/newsroom/news/new-childrens-play-area-for-holyhead-breakwater-country-park

https://www.anglesey.gov.uk/en/newsroom/news/ground-breaking-ceremony-marks-construction-of-new-primary-school

https://www.anglesey.gov.uk/en/newsroom/news/expanded-anglesey-business-centre-welcomes-new-tenants

https://www.anglesey.gov.uk/en/newsroom/news/work-to-begin-soon-on-new-ysgol-corn-hir

https://www.anglesey.gov.uk/en/newsroom/news/upgraded-gritting-fleet-proves-its-worth-this-winter

https://www.anglesey.gov.uk/en/newsroom/news/housing-service-to-build-on-excellent-progress

https://www.anglesey.gov.uk/en/newsroom/news/re-fit-helps-council-make-major-cut-in-carbon-emissions

https://www.anglesey.gov.uk/en/newsroom/news/more-new-sites-ready-as-part-of-anglesey-childcare-offer-capital-project

6. Current Financial Context and Funding

6.1 Revenue Constraints

6.1.1 The initial Medium Term Financial Plan (MTFP) for 2022/23 to 2023/24 was presented to the Executive on 27 September 2021. This acknowledged the difficulty in financial planning beyond one year due to the lack of three year budget forecasts from Central and Welsh Governments. Brexit alone caused significant uncertainty for the economy, and still does. The Coronavirus Pandemic, however, put the impact of Brexit in the shade with an extremely fragile economy after nearly two years of Covid-19 restrictions. Public sector borrowing for 2020/21 is at its highest in one year since WWII.

6.1.2 The Bank of England's action to reduce the base interest rate to 0.1% in response to the economic impact of Covid-19 restrictions has led to pitiful returns on treasury management investments. However, the recent increase to 0.25% in December 2021 and to 0.50% on 3 February 2022 would normally be an indicator of an improved economy. Some of the increase is due to this, but inflation is at its highest since 1990 driven by significant energy price increases such as gas, electricity, etc. The Bank of England has hinted at further increases during the year to try to reduce inflation. While this will mean improved returns on treasury management investments, this inflationary pressure means that the Council will pay more for all of its expenditure. In addition, the Council's funding is always at risk from financial pressures on the Government and Welsh Government.

6.1.3 The revised MTFP for 2022/23, reported as part of revenue budget-setting for 2022/23 to the Executive on 24 January 2022, highlights a significantly better than expected provisional settlement for 2022/23 at 9.23%. This is the highest settlement the Council has received in years and is especially welcome after nearly a decade of funding cuts from 2010/11. However, in light of the inflationary pressures which continue to increase it is evident why such a generous settlement has been announced. This settlement has meant that no budget cuts are required for 2022/23, and it has also allowed funding for increased capacity to services previously cut.

6.1.4 Welsh Government's provisional settlement also includes details of the capital funding provided to the Council for 2022/23. The Council will provisionally receive a general capital grant of £1.486m and £2.157m in supported borrowing which, together, amount to £3.643m. In order to keep capital financing costs affordable for the revenue budget, particularly with the uncertainty about future revenue funding levels, it is a key principle of this strategy that capital programmes should not exceed this available funding from Welsh Government, with the exception of unsupported borrowing for the Council's element of funding the Sustainable Communities for Learning Programme. It is predicted that Welsh Government will keep this level of funding the same, or less, in the future.

6.1.5 Increasing the life of the Council's aging assets, and keeping up-to-date with technological upgrades will have the first call against this funding. This will, therefore, mean that there will not be significant funding for new projects. Under this strategy, new projects should only be considered when there is significant grant funding to undertake a specific project, or could be funded from unsupported borrowing if the project meets the requirement of the Prudential code in terms of being able to fund the capital financing costs from additional income or expenditure savings/cost avoidance. Council reserves could be used to fund capital projects, but using reserves is not sustainable and should only be considered when the general reserve is above its recommended minimum level. Use of surplus reserves to fund match-funding for grant funded projects can be considered.

6.1.6 As stated previously, funding the capital programme will have a significant impact on the revenue budget, and the Capital Strategy takes into account affordability as it is drawn up, and the Treasury Management Strategy Statement ensures that the Council minimises borrowing costs through the best use of the Council's own cash balances to fund capital expenditure.

6.2 Funding the Modernisation of Schools

6.2.1 The Council is currently progressing through an ambitious programme to modernise schools through the Sustainable Communities for Learning (formerly known as the 21st Century Schools) programme, with Band A coming to an end in 2022 and Band B running until 2027.

6.2.2 There were previously four phases to the programme, identified as Band A, B, C and CH. However, Bands C and Band CH have been abolished in name. The revised Sustainable Communities for Learning programme will continue to provide funding for school improvements into the long term, but details of the new programme will not be released until after the elections in May 2022. The Band A programme is now nearing completion, three brand new schools have been completed and are operational, Ysgol Cybi, Ysgol Rhyd y Llan and Ysgol Santes Dwynwen. Refurbishments are also complete at Ysgol Parc y Bont and Brynsiencyn. Building works on Ysgol Corn Hir in Llangefni have started.

6.2.3 Band B was previously estimated to be £36m. This is now a reduced programme of £19m which will cover projects running from 2018/19 to 2027/28.

6.2.4 Band A of the Sustainable Communities for Learning programme is funded by 50% additional funding from the Welsh Government and 50% via unsupported borrowing. The Welsh Government's 50% funding is partly grant funding (67% of the 50%) and partly supported borrowing (33% of the 50%). The Welsh Government has announced that the intervention rate for Band B has increased to 65%.

6.2.5 The Welsh Government has also introduced a mutual investment model for Band B (MIM), where the capital cost of the project is funded by the private sector and the Council then pays a rental fee to the investor for a prescribed period (expected to be 25 years). Welsh Government make a contribution to the rental fee each year (expected to be at least 70%).

6.2.6 The Council's Strategic Outline Programme for Band B was submitted to Welsh Government in July (approved by the Executive 17 July 2017). The table below shows the estimated expenditure and funding for 2022/23:-

Estimated Funding for 2022/23 for Band A and Proposed Band B Projects				
Band	**Region**	**Self-funded Element £'m**	**Welsh Government Support £'m**	**Total £'m**
	TOTAL BAND A	**3.8**	**-**	**3.8**
	TOTAL BAND B	**1.5**	**3.3**	**4.8**

6.2.7 It is assumed that all of the unsupported and supported borrowing would be undertaken through new PWLB loans over a length of time which matches the expected life of the asset (50 years).

6.2.8 Additional supported or unsupported borrowing will increase the Council's CFR which, in turn, will increase the annual MRP charge to the revenue account, and will result in additional annual interest payments.

6.2.9 The additional unsupported borrowing for Band B (based on a 50 year repayment period and annual interest at 3.2%) would result in additional capital financing charges to the revenue budget of £0.341m per annum (£0.210m interest payable and £0.131m MRP) once the Programme is completed in full. In practice, these costs would be phased in as each project commences and once the loans are taken out to carry out the work. MRP would be charged once the schools become operational.

6.2.10 It should be noted that the delivery of the Band B projects will eliminate the need to undertake backlog maintenance work at the various schools.

6.3 Funding Sources – the Capital Programme is funded from the following sources:-

- **General Capital Grant** – This is a sum of money which is provided by the Welsh Government as part of the annual settlement. The Council is free to use the capital grant on any capital project it wishes. This must be spent by 31 March of the financial year it relates to.
- **Supported Borrowing** – The Council will borrow from the Public Works Loans Board (PWLB) to fund the expenditure. The revenue costs arising from the borrowing (Interest Costs and Minimum Revenue Provision) are funded by the Welsh Government through the annual revenue settlement, hence the term "Supported Borrowing".
- **Unsupported Borrowing** – Again, the Council borrows the funding from the PWLB or elsewhere, but is required to finance the revenue costs from its own resources. Projects funded by means of unsupported borrowing tend to be projects which deliver revenue savings, and it is these savings that are used to meet the additional revenue costs arising from the borrowing.
- **Specific Capital Grants** – The Council will be awarded capital grants which partly or fully fund the cost of a project. Capital grants usually come with restrictions surrounding the expenditure which can be funded and by when the expenditure must be incurred.
- **Revenue Contribution** – Services can make a contribution from their revenue budgets to fund projects. These contributions tend to be as a match funding to a project which is mainly funded from a specific capital grant.
- **Capital Receipts** – The funds generated from the sale of assets can be used to contribute to the funding of the capital programme. These are usually generated from the sale of surplus assets (normally land or buildings).
- **Reserves** – Funding held in reserve, e.g. unapplied capital receipts, can be used to support the capital programme.

6.4 Impact of differing capital

6.4.1 Funding that is received in the form of grants (general or specific) does not have any impact on the long term financial position of the Council as any grant received is used to fund the capital expenditure. There may be timing differences which can lead to grants being unapplied and carried from one year to the next via the Council's balance sheet.

6.4.2 Capital receipts result in surplus assets being converted into cash which, in turn, results in the creation of a new asset. Again, this type of funding has little long term impact on the Council's financial position, but there will come a point where all surplus assets have been disposed of and the level of funding available through capital receipts will fall.

6.4.3 The Housing Revenue Account uses the surplus on the HRA account (excess of rental income over expenditure) to fund capital expenditure. This is reflected in the HRA business plan and does not impact on the Council Fund.

6.4.4 The use of revenue funding will reduce the value of funds held in reserves or the sum transferred to the general Council balances at the year end, i.e. it converts surplus cash into a new asset.

6.4.5 Both supported and unsupported borrowing impacts on the Council's Capital Financing Requirement (CFR) which, in turn, has implications on the Revenue budget in the form of increased Minimum Revenue Provision (MRP) and annual interest payments.

6.4.6 Although the Housing Revenue Account operates separately from the Council Fund, the Council does not borrow separately for Council Fund and HRA expenditure, all borrowing is combined and the costs apportioned to the two funds based on the level of expenditure funded from borrowing for the two funds. The apportionment method is kept under review to ensure that it remains the most equitable method.

6.5 Funding Constraints

6.5.1 The uncertain financial context the Council continues to operate within is discussed in section 5, and highlights that there are limitations on the Council's funding of capital expenditure. One of the main priorities for the Council is to reduce revenue expenditure in order to deliver a balanced budget, whilst minimising the reduction in service budgets. It is reasonable for the Council to minimise the increase required to the capital financing budget. It will be necessary to provide additional capital funding, but this should be maintained at a level that is funded through the settlement (general capital grant and supported borrowing) so that the increase in the capital financing costs is funded through capital receipts and any specific grants that are available.

6.5.2 Unsupported borrowing (outside the Sustainable Communities for Learning programme) should only be considered where the relevant service budget can be reduced by a sum greater than the MRP and interest costs or to fund the Council's share of a scheme which is funded predominately from external grant.

6.5.3 It has been Welsh Government's policy over a number of years to maintain the level of general capital grant and supported borrowing on or about the level in previous years, with additional capital funding being directed to schools, road improvements etc. The general grant funding was increased for 2019/20, 2020/21 and 2021/22. The capital funding has been reduced to original levels in the provisional settlement for 2022/23. However, additional general capital grant was awarded in February 2022 for all local authorities in Wales. The Isle of Anglesey County Council's share of the additional funding is forecast to be £1.7m, which can be carried over to 2022/23, which is a significant increase for the year.

6.5.4 The Council, as a landlord of housing stock, will also receive a major repair allowance following the submission and approval of the 30 year business plan for the Housing Revenue Account. Capital expenditure on the HRA is supplemented with the use of the HRA reserve and by the borrowing powers which the HRA can utilise.

6.5.5 Specific grants which have been approved, likely to be approved or that result from successful bids, will also be available to fund capital schemes. In some cases, it may be necessary for the Council to contribute a sum of its own capital funding as match funding to enable the grant funding to be drawn down. The grants and contributions which have been currently identified as sources of funding for 2022/23 amount to £8m, including the general capital grant. The Council has received substantial funding in previous years from the EU. This source of funding will not be available from 2022/23 and onwards, but the Council will seek to identify alternative sources of grant funding where possible.

6.5.6 As stated previously, any unsupported borrowing must generate additional income / revenue expenditure savings to fund the additional capital financing costs (MRP and interest charges) which will be charged to the revenue account. Any proposed schemes funded by unsupported borrowing will be assessed on a scheme-by-scheme basis.

6.5.7 In addition to the sources of funding noted above, the Council holds a capital funding reserve, the balance on this reserve at 31 March 2021 was £1.207m, and this includes revenue contributions which have not yet been applied.

6.5.8 Unallocated capital receipts are held in a reserve. The balance of the reserve at 31 March 2021 was £0.767m. These receipts will be used as a funding source for the 2021/22 programme, or will help fund slipped expenditure in 2022/23 and beyond, as needed.

6.5.9 In summary, the funding for new capital projects in 2022/23 should be limited to the level of general capital grant (£1.486m), supported borrowing (£2.157m) and any unallocated capital receipts generated in the year. This would give a total budget available in the region of £3.643m, excluding grants, Sustainable Communities for Learning funding and HRA funding. This principle will be applied into the medium term and longer term to ensure the capital programme is affordable, particularly in the context of continual funding cuts.

6.6 Estimated Funding Profile 2022/23 to 2023/24

6.6.1 The external Welsh Government funding (excluding Sustainable Communities for Learning) for the period 2022/23 to 2024/25 is shown in the table below. It should be noted that the Council will also receive a number of minor capital grants.

Estimated Welsh Government Capital Funding 2022/23– 2024/25

	2022/23 £'m	**2023/24 £'m**	**2024/25 £'m**
General Capital Grant	1.486	1.783	1.783
Supported Borrowing	2.157	2.588	2.588
Major Repairs Allowance	2.660	2.660	2.660
Decarbonisation grant	-	0.500	0.500
Total Welsh Government Capital Funding	**6.303**	**7.531**	**7.531**

6.6.2 Most new projects proposed for 2022/23 will be funded from reserves due to the limited capital funding above. Unsupported borrowing is possible but, unless the projects generate revenue savings or significant grant funding, then the additional MRP charge and interest costs will increase the revenue budget which must be funded by increased Council Tax or by making revenue savings elsewhere. Therefore, the Council can ensure the capital financing costs are affordable and sustainable by limiting capital expenditure funded by unsupported borrowing to the Sustainable Communities for Learning Programme and capital projects which lead to revenue savings higher than the MRP and interest payable charges incurred from the capital funding. The Draft Capital Programme Report 2022/23, summarised below, proposes an affordable programme with limited use of unsupported borrowing.

7. The Draft Capital Programme 2022/23

7.1 The draft capital programme for 2022/23 will be presented alongside this capital strategy to the Executive on 3 March 2022 and full Council on 10 March 2022. The table below summarises the proposed capital programme, including funding sources. Additional detail is provided in Appendix 2.

Summary Draft Capital Programme 2022/23

	Ref	£'000
2021/22 Schemes Brought Forward	Para 4.1 & Table 2	1,322
Refurbishment / Replacement of Assets	Para 4.2	5,042
New One Off Capital Projects	Para 5.2 & Table 3	1,432
New One Off Capital Projects (Funded from Reserves and Unsupported Borrowing)	Para 5.3 & Table 4	783
21st Century Schools	Para 6	8,598
Housing Revenue Account	Para 7	18,784
Total Recommended Capital Programme 2022/23		**35,961**
Funded By:		
General Capital Grant		1,486
Supported Borrowing General		2,157
General Balances		1,681
21st Century Schools Supported Borrowing		1,168
21st Century Schools Unsupported Borrowing		5,261
HRA Reserve & In Year Surplus		10,099
HRA Unsupported Borrowing		6,000
Capital Receipts		600
External Grants		4,854
Earmarked Reserves		1,195
General Fund Unsupported Borrowing		138
2021/22 Funding Brought Forward		1,322
2022/23 Total Capital Funding		**35,961**

7.2 Longer term Capital Expenditure Plans

7.2.1 The below capital programme provides a forecast which is in line with the Medium Term Financial Plan and the projects listed in Council Transitional Plan 2022/23, operational plan and Treasury Management Strategy Statement. This capital strategy also communicates the long term intentions with regard to the Sustainable Communities for Learning Programme Band B. It is difficult to know whether longer term projects will be funded as part of the new focus of the Sustainable Communities for Learning. The revised programme will be published after the elections in May 2022, however, the website does indicate that it is for long-term funding of school improvements. It is also difficult to produce longer term plans as part of this strategy while Covid-19 still has a significant impact. Longer term plans will be outlined in the Capital Strategy 2023/24. The HRA has a clear long-term plan of investment in Council housing as part of the rolling 30 year business plans. A long term programme for refurbishing existing assets is also needed.

8. Non-Treasury Management Investment Strategy

8.1 The Treasury Management Investment Strategy is included in the TMSS discussed below. In addition, the Council holds a number of non-treasury management investments. These are the investment properties from which the Council earns rental income. These help provide a long term revenue stream for the Council. The investment property portfolio held approximately 70 properties at 31 March 2021, which were valued at £6.2m. These include retail properties, office units and commercial units. In 2020/21, £340k of rental income was collected from investment properties. Costs of £111k were spent on maintenance etc., which resulted in a net operational income of £262k from rental income and other income. In terms of future plans for the investment properties, the buildings will continue to be maintained to legal standards. In addition, a new industrial unit complex was recently constructed and is operational in Llangefni. The Council is also working in partnership with Welsh Government on the construction of Industrial Units at Penrhos, Holyhead. These are likely to become operational in 2022/23. This project has been extended to build additional units at Holyhead and the new scheme for additional units in Llangefni, as stated in the Transitional Plan.

8.2 Local Authorities have the power to purchase or develop properties as investments in order to improve the economic activity within the Council area or as a means of generating additional income for the Council. At present, the Council has no plans to use these powers more widely than on the plans detailed above, but the use of these powers remains an option and the Strategy allows the Council to incur expenditure on investment properties in order to meet key Council objectives or to take advantage of any significant external funding which may become available.

9 Borrowing and Treasury Management

9.1 The Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) provide the framework to ensure there is sufficient cash to pay suppliers, ensure that any surplus cash is invested safely and that borrowing to fund the capital programme 2022/23 is affordable. The TMSS will be presented to the full Council on 10 March 2022.

9.2 Appendix 11 of the TMSS 2024/25 provides the prudential and treasury indicators for the periods 2020/21 to 2023/24, which help determine whether borrowing plans are affordable.

9.3 A measure of affordability is the ratio of financing costs to net revenue streams. The estimated ratio of financing costs to net revenue streams are as follows:-

2020/21 (Actual)	6.12%
2021/22 (Projected)	5.08%
2022/23(Projected)	5.42%
2023/24 (Projected)	5.57%
2024/25 (Projected)	5.56%

Based on the above, the proposed capital programme remains affordable in terms of the revenue implications.

9.4 In 2018/19, the Council revised its Minimum Revenue Provision (MRP) policy and was able to back-date the changes. The revision of the policy was designed to ensure a prudent provision is charged to the revenue account each year. However, a consequence of this change was that it identified an over-provision in previous years and this over provision can be used in future years to ensure that the annual financing costs remain affordable. The Section 151 Officer will take this into account when determining the annual MRP charge.

9.5 The Treasury Management Strategy aims to utilise the Council's internal cash balances, wherever possible, in place of external borrowing. In determining the level of internal borrowing, sufficient cash balances must be maintained to meet the daily cash needs of the Council i.e. paying staff, suppliers etc.

9.6 Treasury Management Investments, 10 February 2022

Bank	Amount Invested	Interest Rate
Santander	£7,406,043	0.02%
Bank of Scotland	£7,206,584	0.01%
Royal Bank of Scotland	£1,673	0.01%
NatWest	£30,000,505	0.01%
Goldman Sachs	£7,500,000	0.765%
Total	**£52,114,805**	

The Treasury Management team are currently in the process of arranging two more fixed term accounts which have significantly higher interest rates, in addition to the recent deposit in Goldman Sachs above.

10. Potential Risks arising from the Capital Strategy

10.1 The biggest challenge and risk is the uncertainty about future funding for revenue and capital. The Council has underspent considerably in 2020/21, and is likely to underspend in 2021/22, which helps provide a safety net which is shown by the healthy investments in banks shown above.

10.2 The Council's Capital Strategy is based on an assumed level of funding from Welsh Government and via external grants. Given the continued uncertainty over budgets and the loss of substantial grant funding currently received from the European Union, there is a risk that this assumed level of grant funding may not be received as set out in the strategy. Any changes to funding will require a reassessment of the capital strategy and annual capital programme.

10.3 The strategy acknowledges the importance of maintaining existing Council assets. There is a risk that the replacement programme is not sufficient and that the standard of the assets falls to such a point that a greater level of investment is required in order to maintain services. This additional investment may not be affordable or it will require other new projects to be removed from the programme.

10.4 The Sustainable Communities for Learning Programme is such an aspirational and substantial programme there is a risk that the Council will not be able to afford the programmes post Band B, though the increased usable cash backed reserves will help with investment in schools.

10.5 External borrowing results in a significant interest cost each year. The majority of the Council's loans are fixed and are not affected by any interest rate rises. However, any sharp rise in interest rates may impact on the affordability of future projects which are funded from borrowing. Steps are outlined in the Treasury Management Strategy which mitigate this risk to some extent. The current small stepped increases in the Base Rate will increase PWLB borrowing rates, though currently these are all well below many of the fixed rates on current loans.

11. Knowledge and Skills

11.1 The Resources accounting team has four qualified accountants, including the Director of Function (Resources) / Section 151 Officer, who look after the capital programme and treasury management function. There is also a qualified accounting technician who has substantial experience in capital and treasury management. The team attend CIPFA courses on capital and treasury management and have a sound knowledge of this specialised accounting area. There is also a team of professionals within services such as architects, project managers, engineers, which support the Council with delivering the Capital Programme. The Council also commissions specialist advice from Link Asset Services. This service is currently being retendered in line with procurement rules. The decision-makers of the Council receive regular reports on capital and treasury management and Members are offered treasury management training. The governance arrangements are outlined in the Constitution and the Treasury Management Strategy Statement.

Appendix 2
Proposed Capital Programme 2022/23

SCHEME	BUDGET 2022/23 £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000	Earmarked Reserve £'000	General Balances £'000
			FUNDED BY						
2021/22 Committed schemes b/f									
Penrhos Phase II	**493**	493							
Llangefni Joint Venture	**119**	119							
Tourism Gateway	**170**	170							
Holyhead Landscape Partnership	**190**	190							
Holyhead Regeneration (THI Phase II)	**350**	350							
TOTAL 2020/21 Committed schemes b/f	**1,322**	**1,322**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Refurbishment / Replacement of Assets									
Disabled Facilities Grants	**750**		750						
Refurbishment of Schools	**1,000**			1,000					
Refurbishment of Non School Buildings	**700**		450					250	
Highways	**2,000**		14	876					1,110
Vehicles	**300**		100					200	
I.T Assets	**292**						292		
TOTAL Refurbishment / Replacement of Assets	**5,042**	**-**	**1,314**	**1,876**	**-**	**-**	**292**	**450**	**1,110**

SCHEME	BUDGET 2022/23 £'000	External Grants £'000	FUNDED BY General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000	Earmarked Reserve £'000	General Balances £'000
New One Off Capital Projects									
Flood Relief Schemes	**281**			281					
Econ Dev - Match Funding pot	**100**		100						
Upgrade of Public Conveniences	**480**		72				308	100	
External Canopies (3 secondary schools)	**371**								371
Maritime Infrastructure	**200**								200
TOTAL New One Off Capital Projects	**1,432**	**-**	**172**	**281**	**-**	**-**	**308**	**100**	**571**
New One Off Capital Projects (Earmarked & Service Reserves & Unsupported borrowing)									
Visitor Infrastructure	**200**							200	
Repairs to Melin Llynnon	**103**				38			65	
Recycling Equipment	**380**							380	
Fitness Equipment (David Hughes Leisure Centre)	**100**				100				
TOTAL New One Off Capital Projects (Earmarked & Service Reserves & Unsupported borrowing)	**783**	**-**	**-**	**-**	**138**	**-**	**-**	**645**	**-**
Sustainable Communities for Learning									
Band A	**3,768**	-		-	3,768				
Band B	**4,830**	2,169		1,168	1,493				
TOTAL	**8,598**	**2,169**	**-**	**1,168**	**5,261**	**-**			**-**
TOTAL GENERAL FUND	**17,177**	**3,491**	**1,486**	**3,325**	**5,399**	**-**	**600**	**1,195**	**1,681**

SCHEME	BUDGET 2022/23 £'000	External Grants £'000	FUNDED BY General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000	Earmarked Reserve £'000	General Balances £'000
Housing Revenue Account									
WHQS Traditional Planned Maintenance Programme	**9,555**	2,685				6,870			
New Developments and re-purchase of RTB properties	**9,229**				6,000	3,229			
TOTAL HOUSING REVENUE ACCOUNT	**18,784**	**2,685**	**-**	**-**	**6,000**	**10,099**	**-**	**-**	**-**

TOTAL CAPITAL PROGRAMME 2022/23	**35,961**	**6,176**	**1,486**	**3,325**	**11,399**	**10,099**	**600**	**1,195**	**1,681**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE COMMITTEE**
Date:	**3 MARCH 2022**
Subject:	**FINAL CAPITAL BUDGET 2022/23**
Portfolio Holder(s):	**COUNCILLOR R WILLIAMS**
Head of Service / Director:	**MARC JONES**
Report Author: Tel: E-mail:	**MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER** **01248 752601** **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 2022/23, which will be presented to full Council for approval at its meeting on 10 March 2022.

2. RECOMMENDATIONS

2.1 To recommend to the full Council the following capital programme for 2022/23:-

	Ref (within draft Capital Budget Report 2022/23, Executive 24 January 2022)	**£'000**
2021/22 Schemes Brought Forward	Para 4.1 & Table 2	1,322
Refurbishment / Replacement of Assets	Para 4.2.	5,042
New One Off Capital Projects	Para 5.2 & Table 3	1,432
New One Off Capital Projects (Funded from Reserves and Unsupported Borrowing)	Para 5.3 & Table 4	783
21st Century Schools	Para 6	8,598
Housing Revenue Account	Para 7	18,784
Total Recommended Capital Programme 2022/23		**35,961**
Funded By:		
General Capital Grant		1,486
Supported Borrowing General		2,157
General Balances		1,681
21st Century Schools Supported Borrowing		1,168
21st Century Schools Unsupported Borrowing		5,261
HRA Reserve & In Year Surplus		10,099
HRA Unsupported Borrowing		6,000
Capital Receipts		600
External Grants		4,854
Earmarked Reserves		1,195
General Fund Unsupported Borrowing		138
2021/22 Funding Brought Forward		1,322
2022/23 Total Capital Funding		**35,961**

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.
C – Why is this a 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 – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The capital budget ensures funding to maintain the Council's assets and forms part of the strategy to meet the objectives set out in the Council's corporate plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Continued maintenance of the Council's assets will prevent larger costs in the future.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Capital projects in respect of 21st Century Schools and the HRA are aligned to priorities set out by the Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The capital budget has been subject to a formal budget consultation prior to final approval by the Council in March 2022.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The capital budget ensures funding to maintain the Council's assets and forms part of the strategy to meet the objectives set out in the Council's corporate plan.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	None identified.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.

E -	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)	The Monitoring Officer is a Member of the SLT and any comments made have been taken into account in discussions on this report in the SLT.
4	**Human Resources (HR)**	Any proposals which impact on staff will have been identified and discussed with the HR Team
5	**Property**	Any proposal which impacts on the Council's property and related budgets will have been discussed with the Property Team.
6	**Information Communication Technology (ICT)**	Any proposal which impacts on the Council's information technology systems and related budgets will have been discussed with the ICT Team.
7	**Scrutiny**	TBC
8	**Local Members**	Proposals are applicable to all Members.
9	**Any external bodies / other/s**	

F - Appendices:

Appendix 1 – Report on the Capital Budget 2022/23
Appendix 2 – Final Proposed Capital Budget 2022/23

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

Capital Strategy Report – full Council 9 March 2021
Capital Budget 2021/22 – full Council 9 March 2021

APPENDIX 1

1. INTRODUCTION

1.1. At its meeting on 24 January 2022, the Executive recommended to approve the following provisional Capital Programme for 2022/23, as shown in Table 1 below. The draft Capital Budget for 2022/23, set out below in Table 1, takes into account the principles set out in the Capital Strategy, which was approved by the Executive in March 2021 and the full Council in March 2021. It also meets the principles of the Draft Capital Strategy 2022/23, which will be considered alongside this Capital Programme and will be presented to full Council on 10 March 2022.

Table 1

Summary Recommended Capital Programme 2022/23
Recommended at the Executive 24 January 2022

	Ref (within draft Capital Budget Report 2022/23, Executive 24 January 2022)	**£'000**
2021/22 Schemes Brought Forward	Para 4.1 & Table 2	1,322
Refurbishment / Replacement of Assets	Para 4.2.	5,042
New One Off Capital Projects	Para 5.2 & Table 3	1,432
New One Off Capital Projects (Funded from Reserves and Unsupported Borrowing)	Para 5.3 & Table 4	783
21st Century Schools	Para 6	8,598
Housing Revenue Account	Para 7	18,784
Total Recommended Capital Programme 2022/23		**35,961**
Funded By:		
General Capital Grant		1,486
Supported Borrowing General		2,157
General Balances		1,681
21st Century Schools Supported Borrowing		1,168
21st Century Schools Unsupported Borrowing		5,261
HRA Reserve & In Year Surplus		10,099
HRA Unsupported Borrowing		6,000
Capital Receipts		600
External Grants		4,854
Earmarked Reserves		1,195
General Fund Unsupported Borrowing		138
2021/22 Funding Brought Forward		1,322
2022/23 Total Capital Funding		**35,961**

2. OUTCOME OF PUBLIC CONSULTATION PROCESS

2.1. A number of comments relating to the Draft Capital Programme 2022/23 were received during the budget consultation 2022/23, which closed on 9 February 2022.

2.1.1 Many people questioned the amount to be spent on upgrading public conveniences, while others were in agreement that this was a priority.

2.1.2 Repairs to Melin Llynnon were generally not supported, specifically due to using education reserves to fund the repairs.

2.1.3 Some people were keen to see an investment in visitor facilities, embracing tourism and the provision and improvement of car parking facilities for tourists.

2.1.4 Respondents would like to see an improvement in the state of Council houses and garages that already exist.

2.1.5 A significant number of the responses received wanted to see an improvement to their roads and an investment in the roads network, not just by filling potholes.

2.1.6 A number of people questioned the need to build external canopies at schools and whether the money would be better being spent on education resources and equipment. In general, more education resources was suggested.

2.1.7 Respondents suggested an improvement to Home Care and care for the elderly to prevent unnecessary hospital stays, and a general investment in Care Homes to provide better facilities.

2.1.8 Decarbonisation was mentioned and tackling the challenge of decarbonising the local authority's activities and assets for future generations.

3. UPDATING THE CAPITAL PROGRAMME SINCE DRAFT CAPITAL BUDGET WAS PRESENTED IN JANUARY 2021

3.1 There have been no changes made to the proposed capital budget since it was last presented to this Committee on 24 January 2022.

4. 2021/22 SLIPPAGE

4.1 There is a forecast underspend of £26.17m on the current Capital Programme for 2021/22 schemes (£12.169m HRA and £14.001m General Fund). This figure is based on the projected outturn position at the end of quarter 3. The actual outturn position at the end of quarter 4 will be presented to this Committee in a separate capital outturn report, and any slippage amounts requested to be carried forward to 2022/23 will be subject to this Committee's approval at that stage. Committed schemes that are due to run for a number of years, from the current year and beyond, have been factored in to this programme due to new budgets being required.

APPENDIX 2

FINAL PROPOSED CAPITAL BUDGET 2022/23

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000	Earmarked Reserves £'000	General Balances £'000
2021/22 Committed schemes b/f									
Penrhos Phase 2	493	493	0	0	0	0	0	0	0
Llangefni Gateway Joint Venture	119	119	0	0	0	0	0	0	0
Tourism Gateway	170	170	0	0	0	0	0	0	0
Holyhead Landscape Partnership	190	190	0	0	0	0	0	0	0
Holyhead Regeneration (THI Ph II)	350	350	0	0	0	0	0	0	0
Total 2021/22 Committed Schemes	**1,322**	**1,322**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Refurbishment / Replacement of Assets									
Disabled Facilities Grant	750	0	750	0	0	0	0	0	0
Refurbishment of Schools	1,000	0	0	1,000	0	0	0	0	0
Refurbishment of Non School Buildings	700	0	450	0	0	0	0	250	0
Highways Resurfacing	2,000	0	14	876	0	0	0	0	1,110
Vehicles	300	0	100	0	0	0	0	200	0
IT Assets	292	0	0	0	0	0	292	0	0
Total Refurbishment / Replacement of Assets	**5,042**	**0**	**1,314**	**1,876**	**0**	**0**	**292**	**450**	**1,110**
New One Off Capital Projects									
Flood Relief Schemes	281	0	0	281	0	0	0	0	0
Economic Dev – Match Funding	100	0	100	0	0	0	0	0	0
Upgrade of Public Toilets	480	0	72	0	0	0	308	100	0
External Canopies (3 Secondary Schools)	371	0	0	0	0	0	0	0	371
Maritime Infrastructure	200	0	0	0	0	0	0	0	200
Total New One Off Capital Projects	**1,432**	**0**	**172**	**281**	**0**	**0**	**308**	**100**	**571**
Other One Off Capital Projects (Funded from Earmarked Reserves, Service Reserves & Unsupported Borrowing)									

Scheme	Budget £’000	External Grants £’000	General Capital Grant £’000	Supported Borrowing £’000	Unsupported Borrowing £’000	HRA Reserve £’000	Capital Receipts Reserve £’000	Earmarked Reserves £’000	General Balances £’000
Coastal Infrastructure	200	0	0	0	0	0	0	200	0
Repairs to Melin Llynnon	103	0	0	0	38	0	0	65	0
Upgrade Waste Recycling Equipment	380	0	0	0	0	0	0	380	0
Fitness Equipment – David Hughes LC	100	0	0	0	100	0	0	0	0
Total Other One Off Capital Projects	**783**	**0**	**0**	**0**	**138**	**0**	**0**	**645**	**0**
21st Century Schools									
Band A	3,768	0	0	0	3,768	0	0	0	0
Band B	4,830	2,169	0	1,168	1,493	0	0	0	0
Total 21st Century Schools	**8,598**	**2,169**	**0**	**1,168**	**5,261**	**0**	**0**	**0**	**0**
TOTAL GENERAL FUND	**17,177**	**3,491**	**1,486**	**3,325**	**5,399**	**0**	**600**	**1,195**	**1,681**
Housing Revenue Account									
WHQS Planned Maintenance Programme	9,555	2,685	0	0	0	6,870	0	0	0
New Developments & Re-Purchase of Right to Buy Properties	9,229	0	0	0	6,000	3,229	0	0	0
TOTAL HOUSING REVENUE ACCOUNT	**18,784**	**2,685**	**0**	**0**	**6,000**	**10,099**	**0**	**0**	**0**
TOTAL CAPITAL PROGRAMME 2022/23	**35,961**	**6,176**	**1,486**	**3,325**	**11,399**	**10,099**	**600**	**1,195**	**1,681**

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	**EXECUTIVE**
Date:	**3 MARCH 2022**
Subject:	**COUNCIL TAX DISCRETIONARY RELIEF POLICY**
Portfolio Holder(s):	**COUNCILLOR ROBIN W WILLIAMS**
Head of Service / Director:	**MARC JONES – HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER**
Report Author: Tel: E-mail:	**LLINOS MAIR ROBERTS - REVENUES AND BENEFITS SERVICE MANAGER (EXT:2651)** **Llinosmairroberts5@ynysmon.gov.uk**
Local Members:	**Not applicable**

A –Recommendation/s and reason/s

Recommendations

The Executive to recommend to the Council that the following amendments are made to the Council Tax Discretionary Relief Policy as highlighted in **Appendix A** from 1 April 2022/23:

- **<u>Section 1</u>**

A. Section13A (1) (c) discretionary relief for class of persons

1. Eligible person(s) care leavers

That the age of the person who has left care is extended from **21** to aged **24 and under,** in line with **The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2019** effective from 1st April 2019 (Class X). This supports Anglesey Council Care Leaver Pathway Plan and forms part of an overall package of support offered to prepare care leavers for independence and support them in the successful transitioning into adulthood.

- **<u>Section 1</u>**

B. Section 13a (1) (c) discretionary relief for class of dwelling

1. Eligible dwelling(s) – unoccupied long term dwellings that are undergoing major repair or structural work to render them habitable

That the policy is amended to support first time buyers with an Anglesey connection if they were to purchase an unoccupied long-term dwelling that is undergoing major repair or structural work to render it habitable. The policy as it stands stipulates:-

“The Council may not charge the Council Tax premium (as determined for the relevant period by the Council) for designated dwellings who meet the following criteria:-

- *The dwelling is being treated as an Exempt Class A dwelling under The Council Tax (Exempt Dwelling) Order 1992 SI 558, as amended by The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2000 SI 1025 (W.61).*

- *The dwelling is undergoing major repair work to render it habitable which are structural in nature.*

- *The dwelling has been vacant i.e. not occupied as a sole or main residence, for a period of not more than 24 months."*

Under Council Tax legislation, an empty dwelling undergoing major repair or structural work is exempted from Council Tax for up to 12 months. From 1 April 2017, full Council decided that a 25% premium would also apply after 12 months and from 1 April 2019, a premium of 100% would apply. The aim being to bring such long term empty property back into use.

In 2018, following representation from taxpayers who had purchased long term empty properties (that had been empty over 12 months already) and had started to undertake work to bring the property back into use as their future home, but who were subject to the premium, the full Council passed to provide discretionary relief from the premium, as per the policy extract above, for a 24 months period from the date it was deemed the property required such work and, also, that the work is currently being undertaken.

However, following further representation from taxpayers, in certain circumstances the policy provided inadequate support to first time buyers. If the dwelling had *been vacant i.e. not occupied as a sole or main residence,* for a period longer than 24 months, the new buyer of the property would still be subject to the premium. In order to support first time buyers in their pursuit to bring empty properties back to use as their sole or main residence, the Executive is asked to recommend to the full Council that the wording of the above extract is amended and an additional clause included specific to first time buyers:-

1. *"If a property is undergoing major repairs or structural work to render it habitable, the dwelling is to be treated as an Exempt Class A dwelling under The Council Tax (Exempt Dwelling) Order 1992 SI 558, as amended by The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2000 SI 1025 (W.61), from the agreed date.*

2. *At the end of the 12 month period, when the Class A exemption comes to an end, the taxpayer may be granted a further exemption from paying the empty property premium for a further period of up to 12 months, provided that:-*

   a. *The major repair work / structural work is on-going and progressing;*

   b. *The property is still considered to be subject to major repair work / undergoing structural work to render it habitable. (If the work on the property has been completed but the property still remains empty, the premium would then be applicable from the date of the completion of the work, provided that no other exemption is applicable.)*

Please see Appendix A for examples of how such exemption may be applied.

3. *If a first time buyer* with a local connection** purchases an unoccupied long term dwelling, with the intention of renovating the property to make it their sole or main residence once all work is completed, they may request to be granted exemption from paying the Council Tax on the property for the first 12 months from the date of purchase (as per Class A) and a further exemption from the empty property premium for up to a further 24 months provided that the work is ongoing, progressing and has not been completed. (Conditions apply for the Class A exemption to be awarded).*

Definitions

- ***Applicants must be absolute first time buyers****
  (Absolute first time buyer(s) are people who have never owned a property in the past, either on their own or as a couple.)

- ***Applicants must have a local connection*****
  Local connection means that the applicant, or at least one of the applicants has:-

  - *Lived or worked on Anglesey for a continuous period of five years or more immediately before submitting the application; or*
  - *Lived on Anglesey for a continuous period of five years or more at some time in the past.*

- **Section 2**

C. Section 13a (1) (c) discretionary relief for persons or class of dwelling other than those designated in Section 1 of this policy

a) Exceptional financial hardship

That the policy is amended to remove:-

"Applications will be accepted under the Council Tax Discretionary Relief Policy for people who have qualified for support under the Council Tax Reduction Scheme. All taxpayers can, however, apply but, initially, the Council will normally expect a taxpayer to ascertain if eligibility for a Council Tax Reduction will apply."

And replace with:-

"All taxpayers may apply but, initially, the Council will normally expect a taxpayer to ascertain if eligibility for a Council Tax Reduction will apply."

The Executive is asked to recommend the above amendment to the full Council as the current wording of the policy suggests that applications from people who have qualified for support under the Council Tax Discretionary Relief Policy would automatically be accepted. All taxpayers who are experiencing exceptional financial hardship should be able to apply, however, it would be expected that taxpayers would have ascertained eligibility for a Council Tax Reduction in the first instance.

That the policy is amended to include the highlighted sentence below:-

"*The taxpayer has no access to assets that could be realised and used to pay the Council Tax.* ***The taxpayer should read the Council's Privacy Policy prior to making an application for discretionary relief due to exceptional financial hardship".***

In determining financial hardship, the Council may access third party information to establish current financial circumstances. All applicants should be made aware of the need to read the Council's Privacy Policy prior to making an application.

- **Section 2**

C. Section 13a (1) (c) discretionary relief for persons or class of dwelling other than those designated in Section 1 of this policy

D. Duties of the applicant and the applicant's household

That the policy is amended to include :-

"Continue to make payments as per statutory obligation until a final decision has been made with regards to assistance under the discretionary policy."

It is recommended that all applicants should be made aware of the need to continue to make payments as per statutory obligation whilst waiting for a final decision with regards to assistance under the discretionary policy, as failing to do so may commence recovery proceedings and place the taxpayer in detriment.

- **<u>Section 2</u>**

C. Section 13a (1) (c) discretionary relief for persons or class of dwelling other than those designated in Section 1 of this policy

DD. The award and duration of the reduction in liability

That the policy is amended to include:-

"Both the amount and the duration of the award will be determined at the discretion of the Council and will be done so on the basis of the evidence supplied and the circumstances of the claim."

And remove:-

"The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given unless specific cases in Section 1 of this policy state otherwise".

The above stipulation may create inequity. If a taxpayer is to apply in April of the financial year, assistance under the policy may last for 12 months. If a taxpayer were to apply for assistance in January, assistance under the policy may only last for 3 months. Each application should be assessed and determined at the discretion of the Council and done so on the basis and circumstances of each individual application.

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

C – Why is this a decision for the Executive?

The current policy was agreed by the Executive in February 2018 and voted on by the full Council in March 2018. Therefore amendments to the current policy must be agreed by the Executive and voted on by full Council.

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

N/a

D – Is this decision within the budget approved by the Council?		
Such amendments may have financial implications but are not considered to be significant given the overall budget for Council Tax and the cost will be reflected in the variation against the budget which is reported to the Executive on a quarterly basis.		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The amendments to the policy may increase the number of applications. By providing assistance to first time buyers with a local connection to purchase their first home and bring long term empty properties back to use, it will address issues which affect the Island, such as housing need and housing stock.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	By supporting first time buyers to bring empty properties back to use, it will increase the housing stock and also offer alternative ways for local people to access affordable housing. This, in turn, may relieve demand on social housing.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	N/A
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	Yes, through representations by individual taxpayers and local Members.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The decision does not impact directly on any groups protected under the Equality Act 2020.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The discretionary policy is, in part, designed to provide additional support to those experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	By supporting first time buyers with an Anglesey connection, it may affect the number of local people purchasing properties on the Island and, in turn, it may allow for further development of Welsh language communities.
E-	**Who did you consult?**	**What did they say?**
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	
2	**Finance / Section 151** (mandatory)	The Section 151 Officer was agreeable to all amendments.
3	**Legal / Monitoring Officer** (mandatory)	
4	**Human Resources (HR)**	N/A
5	**Property**	N/A
6	**Information Communication Technology (ICT)**	N/A
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	N/A
F - Appendices:		
Appendix A - Amended Discretionary Relief Policy		
FF - Background papers (contact the author of the Report for any further information):		

COUNCIL TAX DISCRETIONARY RELIEF POLICY

Background

Section 13A, subsections (1) (c); (6) and (7), of the Local Government Finance Act (LGFA) 1992 (as inserted by Section 10 of the Local Government Act 2012) gives power to a billing authority to reduce the amount of tax payable as follows:-

(1)(c) In any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit;

(6) The power under subsection (1) (c) includes power to reduce an amount to nil; and

(7) The power under subsection (1) (c) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

This means that the Isle of Anglesey County Council can apply a discretionary relief in respect of any amount of council tax liability, even if the Council has already awarded a reduction under its Council Tax Reduction Scheme by virtue of Section 13A (1) (b).

This policy sets out how the Isle of Anglesey County Council will consider and apply relief under Section 13A (1) (c).

Purpose of the policy

a) Section 1 of the policy detailing classes of cases which may be entitled to a reduction in accordance with Section 13A (1) (c);

b) Section 2 of the policy outlining the conditions that should be satisfied in order for the Council to consider relief under Section 13A (1) (c) for all other cases not covered in Section 1.

The policy is intended ultimately to enable the Council to provide relief in respect of Council Tax costs.

The Council already provides a Council Tax Reduction Scheme in accordance with Section 13A (1) (b) of the LGFA 1992. The Council's Council Tax Reduction Scheme can be downloaded at:-

https://www.anglesey.gov.uk/en/Residents/Council-tax/Reductions-and-exemptions/Council-Tax-Reduction-Scheme.aspx

This discretionary relief policy is separate and independent of the Council's Council Tax Reduction Scheme.

Section 1

A. Section 13A (1) (c) discretionary relief for class of persons

1. Eligible person(s) - care leavers – (THIS RELIEF APPLIES FOR PERIODS PRIOR TO 1 APRIL 2019 ONLY)

The Council may reduce to nil the council tax liability of care leavers who satisfy all of the following criteria:-

- The person is a former relevant care leaver and is a category 3 young person as defined by the Social Services and Well-being (Wales) Act 2014;
- The person is someone for whom the Isle of Anglesey County Council has acted previously as a corporate parent;
- The person has left care and is aged between 18 and 24 or under. The person resides in the Isle of Anglesey County Council area and is liable to pay council tax to the Isle of Anglesey County Council.

Where the care leaver is liable for more than one dwelling the discretionary relief will be awarded in respect of only one property – that being the person's sole or main residence.

Where the care leaver is the sole resident at a dwelling and is over 18 years of age, the council tax liability on the dwelling will be reduced to nil.

Where the care leaver resides with another person at the property but, by virtue of Section 6 (2) of the LGFA 1992 "hierarchy of liability", the care leaver is solely responsible for payment of the council tax (and joint and several liability does not apply), a 25% reduction will apply to the council tax liability on the dwelling.

Where the care leaver is jointly and severally liable with another care leaver, as husband or wife or as a partner, for a dwelling (and they are the only occupants 18 years of age or over), the council tax liability on the dwelling will be reduced to nil.

Where the care leaver is jointly and severally liable with a husband or wife or partner who is not a care leaver (and they are the only occupants 18 years of age or over), a 25% reduction will apply to the council tax liability on the dwelling.

Where a care leaver has a joint tenancy with another tenant (who is not a care leaver) and they are the only occupants 18 years of age or over, a 25% reduction will apply to the council tax liability on the dwelling.

Where a care leaver has a joint tenancy with another tenant (who is a care leaver) and they are the only occupants 18 years of age or over, the council tax liability on the dwelling will be reduced to nil.

Requesting relief

Requests for a reduction will normally be made by the Council's Children's Service. In which case, requests will:-

- Be submitted by email to the council tax team;
- Confirm that the care leaver has been informed of the intention to submit the request on their behalf and that information will be shared with the council tax team for this purpose and the care leaver has not objected to this;
- Confirm that the care leaver satisfies the requirements of entitlement;
- Confirm the care leaver's name, address and date of birth.

Eligible care leavers may submit requests in writing directly to the council tax team. Requests should include supporting evidence from the Council's Children's Service that the care leaver satisfies the requirements. Alternatively, requests should confirm the applicant's consent for the council tax team to obtain information directly from the Children's Service.

When making the decision the following will be assessed:-

- Whether the care leaver has applied for any national reliefs, exemptions or discounts they would be entitled to. These must be assessed before Care Leaver discretionary relief is awarded;
- Whether the care leaver applied for any Council Tax Reduction they would be entitled to. This should be assessed before Care Leaver relief is awarded;
- The date of the day before the care leaver's 25th birthday determines the last day of the period of award;
- Whether the Council's Children's Service or other public body or professional organisation have confirmed that the care leaver was in the care (being 'looked after');
- Which Council is the council tax billing authority to whom the care leaver is liable to make council tax payments?

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. "Decision making and appeals"** later on in this policy.

2. Eligible person(s) – foster carers

The Council will apply a 50% discount to designated foster carers' council tax liability. This discount is included in the fostering package for local authority foster carers and applies **only** to foster carers on the Council's register. The discount will be applied under the following circumstances:–

- The names and addresses of the foster carers are on the Council's register;
- The Council's Children and Families Services have confirmed that this is the case ;
- The Council's Children and Families Services will also advise of any amendements to the Register, providing the name and address and the effective date of the change;
- The discount will apply from 1 April 2019 onwards until it is amended or revoked;
- The 50% discount will apply **after** statutory exemptions/discounts have been applied and where relevant, the calculation of a Council Tax Reduction;
- Any balance owed will then be reduced by 50% under this class of eligible persons. If no balance is owed due to statutory exemptions/discounts or calculation of the Council Tax Reduction no foster carers discount can apply;
- The discount will apply to one property only for which the foster carer(s) is liable to pay the Council Tax to the Isle of Anglesey County Council i.e. the property address shown on the Council's register of foster carers and that property is also the sole or main residence of the foster carer(s).

Annually, in February, Council's Children and Families Services will submit a confirmation of the name and addresses currently on the Council's foster carers register and the Revenue Section will compare this to Council Tax records. Any discrepancies will then be resolved between both services.

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. "Decision making and appeals"** later on in this policy.

B. Section 13a (1) (c) discretionary relief for class of dwelling

1. **Eligible dwelling(s) – unoccupied long term dwellings that are undergoing major repair or structural work to render them habitable**

The Council may not charge the Council Tax premium (as determined for the relevant period by the Council) for designated dwellings who meet the following criteria:-

- The dwelling is being treated as an Exempt Class A dwelling under The Council Tax (Exempt Dwelling) Order 1992 SI 558, as amended by The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2000 SI 1025 (W.61).
- The dwelling is undergoing major repair work to render it habitable which are structural in nature.
- The dwelling has been vacant i.e. not occupied as a sole or main residence, for a period of not more than 24 months. REMOVE and REPLACE WITH:

1. If a property is undergoing major repairs or structural work to render it habitable, the dwelling is to be treated as an Exempt Class A dwelling under The Council Tax (Exempt Dwelling) Order 1992 SI 558 as amended by The Council Tax (Exempt Dwellings) (Amendment) (Wales) Order 2000 SI 1025 (W.61), from the agreed date.

2. At the end of the 12 month period, when the Class A exemption comes to an end, the taxpayer may be granted a further exemption from paying the empty property premium for a further period of up to 12 months, provided that:-

a. The major repair work/ structural work is on-going and progressing;

b. The property is still considered to be subject to major repair work / undergoing structural work to render it habitable. (If the work on the property has been completed but the property still remains empty, the premium would then be applicable from the date of the completion of the work, provided that no other exemption is applicable.)

Please see Appendix A for examples of how such exemption may be applied.

3. If a first time buyer* with a local connection** purchases an unoccupied long-term dwelling, with the intention of renovating the property to make it their sole or main residence once all work is completed, they may request to be granted exemption from paying the Council Tax on the property for the first 12 months from the date of purchase (as per Class A) and a further exemption from the empty property premium for up to a further 24 months provided that the work is ongoing, progressing and has not been completed. (Conditions apply for the Class A exemption to be awarded) INCLUDE

Definitions

- **Applicants must be absolute first time buyers***

  (Absolute first time buyer(s) are people who have never owned a property in the past, either on their own or as a couple.)

- **Applicants must have a local connection****

  Local connection means that the applicant, or at least one of the applicants has:-

  - Lived or worked in Anglesey for a continuous period of five years or more immediately before submitting the application or
  - Lived on Anglesey for a continuous period of five years or more at some time in the past.

Requesting relief

The owner of the designated dwelling may submit a request in writing directly to the council tax team. Requests should include supporting evidence of major repairs/ structural repair work that is being undertaken to render the dwelling habitable. The council tax team will carry out an inspection of the property to verify the current state of the property and the work being undertaking confirming whether it is structural in nature or not.

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. "Decision making and appeals"** later on in this policy.

Section 2

C. Section 13a (1) (c) discretionary relief for persons or class of dwelling other than those designated in Section 1 of this policy

1. Discretionary relief scheme

Section 13A (1) (c) allows the Council the discretion to provide assistance to council taxpayers where either the existing legislation does not provide a discount, exemption or reduction or in such circumstances where the Council feels that the level of discount, exemption or reduction is insufficient given the circumstances. When deciding on whether to grant a discretionary award, the Council will consider each application on its merits (apart from persons or dwelling meeting the criteria set out in Section 1 of this policy). Principles of reasonableness will apply in all cases with the Authority deciding each case on relevant merits.

Any decision made will be without reference to any budgetary considerations notwithstanding the fact that any awards must be balanced against the needs of local taxpayers who will, ultimately, pay for a reduction in Council Tax income. Likewise the period of any reduced liability will be considered in conjunction with the circumstances of the Council Taxpayer or dwelling. For the purposes of administration, the Council proposes that the discretionary power to grant any reduction in liability for Council Tax shall be considered within the following categories:-

a) Exceptional financial hardship

In accordance with Section 13A (1) (b) of the LGFA 1992, this Council has a Council Tax Reduction Scheme which provides support, through a reduction, to those who need assistance to meet their Council Tax costs. The scheme is designed to take account of the financial and specific circumstances of individuals through the use of applicable amounts, premiums and income disregards.

Applications will be accepted under the Council Tax Discretionary Relief Policy for people who have qualified for support under the Council Tax Reduction Scheme. All taxpayers can, however, apply but, initially, the Council will normally expect a taxpayer to ascertain if eligibility for a Council Tax Reduction will apply. REPLACE WITH:-

All taxpayers can apply but, initially, the Council will normally expect a taxpayer to ascertain if eligibility for a Council Tax Reduction will apply.

As part of the process of applying for a discretionary reduction in Council Tax, all applicants must be willing to undertake **all** of the following:-

- Make a separate application for assistance;
- Provide full details of their income and expenditure (a form will be provided for the purpose);
- The taxpayer is able to satisfy the Council that they are not able to meet their full council tax liability or part of their liability;
- Identify potential changes in payment methods and arrangements to assist the applicant;
- The taxpayer to assist the Council to minimise his/her liability by ensuring that all discounts, exemptions and reductions are properly been applied and granted; and
- The taxpayer has no access to assets that could be realised and used to pay the Council Tax. INCLUDE :-

  The taxpayer should read the Council's Privacy Policy prior to making an application for discretionary relief due to exceptional financial hardship.

The following factors will be considered when assessing the application under this policy:-

- Current household composition and specific circumstances including disability or caring responsibilities;
- Current financial circumstances;
- Determine what action(s) the applicant has taken to alleviate the situation;
- Consider alternative means of support that may be available to the applicant by:-

  i. Re-profiling council tax debts or other debts;
  ii. Applying for a Discretionary Housing Payment to meet rent costs (if applicable);
  iii. Maximising other benefits (by referring to welfare advice);
  iv. Determining whether, in the opinion of the decision maker, the spending priorities of the applicant should be re-arranged, having regard that Council Tax is a priority debt.

The process of making a decision and requests for decisions to be reconsidered will be considered in accordance with the provisions in the section headed **G. "Decision making and appeals"** later on in this policy.

b) Crisis – flood, fire etc.

The Council will consider requests for assistance from council taxpayers who, through no fault of their own, have experienced a crisis or event that has made their dwelling uninhabitable e.g. due to fire or flooding, where they remain liable to pay council tax and for which they have no recourse for compensation nor have recourse to any statutory exemptions or discounts.

All such requests must be made in writing detailing the **exact** circumstances of any reduction in the liability required and specifying when the situation is expected to be resolved.

The Council will consider applications on a case by case basis in consultation with other services or organisations as appropriate. Any reduction will be applied where they remain liable to pay council tax and for which they have no recourse for compensation not to any statutory exemptions or discounts or where the crisis or event is not covered by any insurance policy. The Council will not consider requests from taxpayers where devolved government guidance or policy provides for a reduction in liability in specific circumstances, for example flood relief schemes.

c) Other circumstances

The Council will consider requests from Council Taxpayers for a reduction in their liability based on other circumstances not specifically mentioned within this policy. However, the Council must be of the opinion that the circumstances relating to the application warrant further reduction in their liability for Council Tax having regard to the effect on other Council Taxpayers.

No reduction in liability will be granted where a statutory exemption or discount could be granted. No reduction in liability will be granted where it would conflict with any resolution, core priority or objective of the Council.

CH. Changes in circumstances

The Council may revise any discretionary reduction in liability granted under Section 1 and Section 2 where the applicant's circumstances have changed.

The taxpayer agrees that he/she must inform the Council immediately either by telephone, email or in writing about any changes in their circumstances which might affect the claim under this policy. Failure to do so may result in the withdrawal of the reduction granted for the year and the requirement to repay any outstanding amount to the Council. All changes in circumstances should be notified within 21 days.

D. Duties of the applicant and the applicant's household

A person claiming any discretionary reduction in liability must:-

- Provide the Council with such information as it may require to make a decision;
- Tell the Council of any changes in circumstances that may be relevant to their ongoing claim; and
- Provide the Council with such other information as it may require in connection with their claim.

INCLUDE
Continue to make payments as per statutory obligation until a final decision has been made with regards to assistance under the discretionary policy.

DD. The award and duration of the reduction in liability

Both the amount and the duration of the award will be determined at the discretion of the Council and will be done so on the basis of the evidence supplied and the circumstances of the claim.

The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given unless specific cases in Section 1 of this policy state otherwise. Take out

E. Payment

In line with legislation, any award shall be granted as a reduction in the liability of the Council Taxpayer and shown on their bill, thereby reducing the amount of Council Tax payable.

F. Reductions in Council Tax liability granted in error or incorrectly

Where a reduction in liability has been granted incorrectly or in error, either due to a failure to provide the correct information to the Council or inaccurate information being provided or some other circumstances, the amount will be recovered from the Council Taxpayer's account in the normal way.

FF. Notification of a reduction in liability

The Council will notify the outcome of each application in writing. The notification will include the reason for the decision and advise the applicant of their appeal rights.

G. Responsibility for decision making and appeals

Any relief granted in accordance Section 1 of this policy will be approved by an officer of Team Leader grade or above within Council Tax.

Any relief granted in accordance with Section 2 of this policy will be approved by the Head of Function (Resources)/Section 151 Officer or Revenues and Benefits Service Manager and an officer of Team Leader grade or above within Council Tax will submit a report to the Head of Function (Resources)/Section 151 Officer or Revenues and Benefits Service Manager for consideration when making the decision.

Taxpayers can request that the Council reviews a decision in respect of a discretionary relief. Requests for reconsideration should be made in writing within 21 days of notification of the original decision and should detail the reasons for the request.

Upon receipt of a request for reconsideration, decisions made with regard to Section 1 of the policy will be reviewed by a more senior officer within Council Tax/Resources. For decisions made with regard to Section 2 of the policy, dependant on who made the decision, this can be reviewed by the Head of Function (Resources)/Section 151 Officer or by any one of the Assistant Chief Executives. The Council will notify the taxpayer of its decision within 21 days of the request for reconsideration.

The Valuation Tribunal does not have jurisdiction to investigate a Council's decision in respect of Section 13A discretionary relief decisions under Section 2 of the policy in respect of individual cases. In such instances, the Valuation Tribunal's opinion is that the council taxpayer should make an application before the High Court for a judicial review.

Where the council taxpayer is aggrieved by the Council's refusal to abide by its own resolution to award a reduction regarding specific classes, further appeal may be made to a Valuation Tribunal.

Section 3

NG. Policy Review

This policy will be reviewed on a regular basis and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

Review Date - January 2022

INCLUDE

Appendix A

B. Section 13a (1) (c) discretionary relief for class of dwelling

1. Eligible dwelling(s) – unoccupied long-term dwellings that are undergoing structural work to render them habitable

Example 1

A property is purchased by a new owner who then decides to undertake major work – Class A is granted for the first 12 months and then the exemption from the premium is granted for up to a further 12 months, provided that the work is ongoing and progressing.

Example 2

A property is subject to a Class A exemption and is then sold to a new owner before the period of the Class A exemption ends. The new owner will benefit from the Class A exemption to the end of the 12 month period and then will receive an exemption from the premium for a further 12 months, provided that the work is ongoing and progressing. The end of the exemption from the premium would expire 2 years after the date of granting the original Class A exemption, and not 2 years from the date of purchase.

Example 3

A property is subject to a Class A exemption but this has subsequently expired. Work is not ongoing on the property and, as a result, the property is subject to the empty property premium. The property is then sold and the new owner applies for a Class A exemption. The exemption is refused on the grounds that the property has not been occupied for a period of 42 days since the original Class A has expired, but an exemption from the empty property premium is granted for a period of up to 12 months from the date of purchase, provided that the work is ongoing, progressing and has not been completed.

Example 4

A property is subject to a Class A exemption but this has subsequently expired. Work is ongoing at the property and an exemption from the empty property premium has been granted. The property is sold prior to the end of the exemption from the empty property premium. The new owner is granted the continuation of the exemption from the empty property premium to the end of the 12 months from when it was granted to the previous owner, provided that the work is ongoing, progressing and has not been completed. This may reduce the time that the new owner has to complete the work before the exemption ends, but the exemption is property based and not taxpayer based and has still allowed a period of 2 years for the work to be completed, even if that is for 2 different owners.

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Isle of Anglesey County Council	
Report to:	**Executive Committee**
Date:	**3rd March 2022**
Subject:	**The County Councils Potential Submission to the UK Government Levelling Up Fund**
Portfolio Holder(s):	**Cllr. Carwyn Jones**
Head of Service / Director:	**Christian Branch** **Head of Service – Regulation & Economic Development**
Report Author: Tel: E-mail:	**Tudur H. Jones** **2146** **tudurjones@anglesey.gov.uk**
Local Members:	**Relevant to all Elected Members**

A –Recommendation/s and reason/s

R1 – The Executive endorses the continued preparation of a Levelling Up Fund (LUF) application which focusses on Holyhead.

R2 – Due to application submission deadline uncertainty, the Executive delegates authority to authorise the final submission to the Senior Leadership Team (in consultation with the Leader).

1.0 What is the Levelling Up Fund?

The LUF is the latest funding mechanism by UK Government and forms part of their wider 'levelling up agenda'. The LUF focuses on interventions that have a visible impact on people and their communities. The first round of funding focused on three themes:

1. Transport investment
2. Regeneration and town centre investment
3. Cultural investment

The maximum value of any bid the County Council may submit is up to £20m.

Bids are then assessed against the four criteria, which are equally weighted.

1. Characteristics of the place – the priority level of the LA (so Priority 2 for IACC)
2. Strategic fit with local and LUF priorities
3. Value for money – Benefit Cost Ratio
4. Deliverability – Finance, management and commercial cases, and monitoring and evaluation

Support for the application from the Local MP is also a requirement.

2.0 The Expressions Of Interest (EOI) Process

During August 2021 an open call for projects across Anglesey was made by the County Council. A total of 11 (eleven) EOI's was received (these can be found in Annex A) and these were assessed by Officers in the Economic Development

A –Recommendation/s and reason/s

Function. As a result of this assessment it became clear that a strong bid could be submitted centred around Holyhead.

3.0 Potential Holyhead Bid

A total of 5 (five) EOI's were submitted from Holyhead. These included:

1. Môn CF
2. Church of Wales
3. Ucheldre Centre
4. Maritime Museum
5. County Council – Heritage Regeneration

Following review, expert external advice and guidance and informal engagement with UK Government Officials, there are a number of factors as to why a potential bid centred on a 'package' of Holyhead projects has the best possible opportunity to be successfully approved.

These include:

1. Holyhead has a critical mass of activity which could add up to the scale expected for LUF projects with statutory consents in place (or nearly in place), match funding (between 10-30% is required) and being able to deliver within the timeframe of March 2024.
2. There is a compelling narrative for the Holyhead schemes and ensuring a very strong alignment to a clear common LUF theme/ goal between elements of the projects is critical. This is vital in a Priority 2 Area, which Anglesey is. This makes it difficult to have multiple projects across various geographical areas Island wide.
3. Evidence of stakeholder support (local MP, private sector/ external organisations) is again critical. Extensive engagement in Holyhead is already of the scale/ commitment needed for a convincing bid.
4. There has been an oversubscription on generic 'regeneration' schemes in Round 1 (as an Island wide scheme would have to be), therefore Round 2 will prioritise projects with a focus on culture and heritage schemes which Holyhead can deliver.
5. Having a clear and coherent story is critical within a bid and should clearly define how all the components fit together and how they will form part of a longer journey to levelling up in the area.
6. Bids focussing on a sense of place scored highly and remains a prominent part of Ministers ambitions.
7. Any reservations around deliverability and risk are scored harshly – and applications will fail.
8. Cost/ benefit and value for money must have clear, integrated, defined outputs around a single goal.
9. The Local MP has endorsed and supported the Holyhead proposal.

4.0 Current Position

Following Senior Leadership endorsement, Officers – supported by external consultants – have been progressing and developing a potential bid centred on Holyhead. This has involved securing further information from each of the 5 EOI's

A –Recommendation/s and reason/s
and having detailed discussions with them to assess each projects maturity, viability and alignment to the LUF principles and requirements. **The process to develop and finalise the potential bid is ongoing and will not be completed until March. It is therefore not possible to provide the Executive with detail on its likely scope, value, risks and any potential liabilities.** However, Executive support is still required so that Officers can continue to progress and develop and submit a potential bid. As there is still uncertainty over when the window for bid submissions will be formally opened by UK Government, there is a high probability this could therefore fall within the pre/ post-election period. It could be required that the final bid submission will have to be approved and submitted to UK Government by the Senior Leadership Team, subject to all necessary sign-off procedures.

B – What other options did you consider and why did you reject them and/or opt for this option?
That the County Council does not submit a formal LUF bid – Officers recommend this is not an option. That the County Council submits a LUF application on an “Island wide” basis. Based on discussions with UK Government Officials, this option would not be successful as there are no other projects of a scale, with match funding and consents in place and deliverable within the 18 month window.

C – Why is this a decision for the Executive?
Securing the necessary endorsement and support of the Executive is important based on the potential value of any LUF application.

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. Development funding of £125,000 to support any potential bid has been received from UK Government.

Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	Areas of Holyhead suffer from deprivation and is amongst the highest in Wales. Securing Levelling Up Funding can deliver tangible improvements and benefit to the Town creating jobs and opportunities.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	It has the potential to prevent future costs/ dependencies on the Authority by stimulating economic growth and prosperity in Holyhead.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Yes – working with colleagues from UK Government and external organisations to the County Council. These include Mon CF; Church of Wales; Maritime Museum; Ucheldre Centre.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	Yes – we issued a 'call for projects' in August 2021 and a number of Expressions of Interests were received from external parties in Holyhead.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	We envisage that this has the potential to have potential positive impacts for all citizens through creating jobs and opportunities.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	We envisage that this has the potential to have potential positive impacts for all citizens especially considering that Holyhead suffers from deprivation and a number of its residents are at a socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Any potential successful bid will be delivered in both Welsh and English and we will ensure that the Welsh language is treated in exactly the same manner as English.

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Supportive – comments received and report updated accordingly.
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	Supportive – clarification re questions raised: as the LUF is a UK Government scheme, there is no formal role for Welsh Government and/ or the Senedd Member.
4	Human Resources (HR)	n/a

E – Who did you consult?		What did they say?
5	Property	n/a
6	Information Communication Technology (ICT)	n/a
7	Procurement	n/a
8	Scrutiny	n/a
9	Local Members	n/a

F - Appendices:

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

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