

CORPORATE SCRUTINY COMMITTEE

Minutes of the virtual meeting held on 28 February 2022

- PRESENT:** Councillor Aled Morris Jones (Chair)
Councillor Dylan Rees (Vice-Chair)
- Councillors John Griffith, Bryan Owen, Gary Pritchard, Alun Roberts, J. Arwel Roberts
- Co-Opted Member: Mr Keith Roberts (The Catholic Church)
- Portfolio Members**
- Councillors Llinos Medi Huws (Leader and Portfolio Member for Social Services), Richard Dew (Portfolio Member for Planning and Public Protection), Carwyn Jones (Portfolio Member for Major Projects and Economic Development), R. Meirion Jones (Portfolio Member for Education, Libraries, Culture and Youth), Alun Mummery (Portfolio Member for Housing and Supporting Communities), R.G. Parry, OBE, FRAgS (Portfolio Member Highways, Waste and Property), Dafydd Rhys Thomas (Portfolio Member for Corporate Business), Ieuan Williams (Portfolio Member for Transformation and the Welsh Language), Robin Williams (Portfolio Member for Finance)
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Function (Resources)/Section 151 Officer
Acting Director of Function (Council Business)/Monitoring Officer
Director of Education, Skills and Young People
Head of Adults' Services
Housing Development Manager (TE)
Programme, Business Planning and Performance Manager (GM)
Climate Change Manager (RAW)
Business Manager (Highways) (GP)
Senior Engineer (Strategic and Sustainable Transport) (DLIJ)
Scrutiny Manager (AGD)
Committee Officer (ATH)
- APOLOGIES:** Councillors Richard Griffiths and Richard Owain Jones
- ALOS PRESENT:** Councillor Dafydd Roberts (Chair of the Finance Scrutiny Panel)

The Chair after welcoming everyone to the meeting, referred with sadness to the situation in the Ukraine saying that the Committee's thoughts were with those families fleeing the war. A moment's silence and reflection was held for all those caught up in the conflict.

1 DECLARATION OF INTEREST

No declaration of interest was received.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Corporate Scrutiny Committee held on 24 January, 2022 were presented and were confirmed as correct.

3 2022/23 REVENUE BUDGET SETTING - FINAL DRAFT PROPOSALS

The report of the Scrutiny Manager was presented for the Committee's consideration. Attached to the report was the report of the Director of Function (Resources) and Section 151 Officer to be presented to the Executive on 3 March, 2022 on the final draft proposals for the 2022/23 revenue budget (the Corporate Scrutiny Committee having scrutinised the initial draft revenue budget proposals at its meeting on 24 January, 2022).

Councillor Robin Williams, Portfolio Member for Finance in presenting the report confirmed that the Executive's initial draft proposals had been out to public consultation which due to the limited time available as a result of the late announcement of the provisional settlement, only ran for a period of a fortnight between 26th January, and 9th February, 2022. The consultation set out the Council's financial position, the financial risks and issues which the Council faces and sought the views of Anglesey taxpayers on the Executive's proposal to address those risks through re-investment in services partly funded by 2% increase in Council Tax. The outcome of the process is analysed in detail in the report but in summary it can be reported that 115 responses were received of which 31% agreed with the proposed 2% increase in the Council Tax and 69% did not agree. Due to the delays in receiving the provisional and final settlements, the budget timetable for 2022/23 has had to be condensed to enable the Council to set the Council tax within the timeframe set out by law meaning that the time available for the public consultation has been short raising the question of the effectiveness of the process. The final draft budget proposal remains unchanged from the initial proposal put forward in January, 2022 namely a net budget for the County Council of £158.365m and resulting increase of 2% in the Council Tax which is the lowest increase in North Wales and places Anglesey eighteenth out of the twenty-two local authorities in Wales.

The Director of Function (Resources)/Section 151 Officer focused on the risks to the budget and their implications as well as factors that could mitigate those risks thereby lessening their impact. These risks were set out in detail in paragraph 5.3 of the report with the most prominent being the uncertainty around pay and price inflation during 2022/23. Other risks include movement in interest rate; reduction and/or withdrawal of grant funding; non-achievement of income targets; non-payment and/or avoidance of Council Tax premium; movement in the Council Tax base which may affect the Council Tax yield as well as lower collection rate because of the pandemic; and a change in demand for services. However, having considered all the risks and the mitigating actions, the Director of Function (Resources)/Section 151 Officer confirmed that it was his view that the budgets are robust and deliverable.

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. During the year, £4.5m of reserves have been put to the uses described in paragraph 6.5 of the report whereas earmarked reserves to the value of 643k have been transferred back into general balances meaning the revised level of reserves currently stands at £7.554m. £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 (due to the receipt of additional Welsh Government grant funding) with £2m being a conservative estimate. This will allow the general balances to be replenished bringing them

to around £8m at the end of the financial year which is around 5% of the net revenue budget for 2022/23 which is considered an acceptable level. Financial risks are also mitigated by holding Earmarked reserves which are held to mitigate specific risks or to fund specific projects. At the beginning of the year the Council held £15.455m as earmarked reserves part of which could be returned to the general balances should the Council's financial position worsen significantly during 2022/23. Having taken into consideration the level of the Council's general balances, school balances, earmarked reserves and contingency budgets, the Section 151 Officer is satisfied that the Council's financial position is sufficiently robust to withstand any difficulties that may arise during 2022/23 if the proposed budget is insufficient to meet the actual costs incurred by the Council during 2022/23.

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 has not had any impact on the final net budget requirement which remains at £158.365m funded by £114.549 AEF and £43.816m Council Tax. The Welsh Government will publish its final local government settlement on 2 March, 2022; whilst it is not anticipated that there will be any significant change between the provisional and final settlement, 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. The proposed level of Council Tax will remain unchanged even if the AEF differs from the figure shown in the provisional settlement.

Looking further ahead and based on initial indicative figures provided by Welsh Government it appears that there may be some scope for further re-investment in services in 2023/24 before the financial position worsens again in 2024/25. An updated Medium Term Financial Strategy will be presented to the Executive in September, 2022.

In response to questions by the Committee, Officers confirmed the following –

- That from the £43.816m Council Tax income in the 2022/23 around £1.5m is generated by the second homes premium and around £400k is generated by the empty homes premium. The number of properties being identified as self-catering accommodation and transferring to the business rates register has increased from 977 properties in February, 2021 to 1,000 properties in February, 2022, an increase of 83 properties. There is also a significant number of second homes on the Council Tax register. Whilst the Council keeps a record of properties paying the premium it is difficult to provide a narrative around the figures in terms of movements and transfers to business rates.
- That with regard to the public consultation process and the framing of questions in a way that is understood by the public with particular reference to those respondents who did not agree with the Council Tax increase but still wanted investment in services, the consultation asked whether the public agreed or not with the 2% Council Tax increase and if not, which services would they like to see being given priority.
- That the Council is likely protected in the short term from the adverse economic effects of world events and other factors. However, if after 2022/23, the national economy comes under pressure then that could have repercussions for both the funding allocation from Central Government to Welsh Government and the resulting settlement for local government in Wales. Continued high inflation will also affect the Council's contracts and subsequently its costs eventually; the Council will need to monitor how the wider situation evolves and prepare for the worst which could mean

planning for savings. There may also be demands on local government as a consequence of the situation in the Ukraine e.g. there may be a requirement to accommodate refugees which would result in additional demand for services. Whilst additional Government financial support could be provided in such an event, having a healthy level of general balances would help the Council meet any increase in demand.

- That the reduction in the Council's general reserves from £11.437m as at 31 March, 2021 to an estimated £8m at the end of financial year can be explained by the £3m allocated in the year to roof repairs at Canolfan Addysg y Bont; the transfer of £1.376m into specific service reserves and the use of £0.150m for other purposes. However, £0.643m of previously earmarked reserves have been transferred back into general balances meaning they currently stand at £7.554m. In addition, notwithstanding £1.681m of the general balances have been allocated to support the 2022/23 capital programme, it is anticipated that the 2021/22 budget will be underspent by at least £2m which sum can be used to replenish the general balances bringing them back to in the region of £8m.

Having considered the information presented both written and verbally at the meeting, it was resolved to endorse the final draft proposed revenue budget for 2022/23 to include a Council Tax increase of 2% and to recommend the same to the Executive.

(Councillors Aled Morris Jones and Bryan Owen abstained from voting)

4 2022/23 CAPITAL BUDGET SETTING - FINAL DRAFT PROPOSALS

The report of the Scrutiny Manager was presented for the Committee's consideration. Attached to the report was the report of the Director of Function (Resources)/Section 151 Officer on the initial proposals for the 2022/23 capital budget which was presented to the Executive on 24 January, 2022.

Councillor Robin Williams, Portfolio Member for Finance confirmed that as reported to this Committee at its 24 January, 2022 meeting a capital programme of £35.961m is proposed for 2022/23 there having been no changes since the provisional capital programme was presented for scrutiny to the January meeting. As also reported then, a shortfall in the funding required to deliver the proposed capital programme as a result of a reduced General Capital Grant from Welsh Government is to be made up by £1.168m from General Balances.

The Director of Function (Resources)/Section 151 highlighted that regrettably it had not been possible to present the final draft capital proposals report in time for this meeting of the Scrutiny Committee due to the pressures on the Finance Service in having to prepare a suite of budget related reports to enable the Executive to formulate its final budget proposals at its 3 March, 2022 meeting. However, he affirmed that there have been no changes made to the proposed capital budget since it was presented to the Corporate Scrutiny Committee on 24 January, 2022. The draft Capital Budget for 2022/23 which includes the Housing Revenue Account, takes into account the principles set out in the Capital Strategy approved by Full Council in March, 2021 and also meets the principles of the Draft Capital Strategy 2022/23 which will be considered alongside the Capital programme and will be presented to Full Council on 10 March, 2022.

There were no questions by the Committee with regard to the final draft capital budget proposals for 2022/23.

Having considered the information presented both written and verbally at the meeting, it was resolved to endorse the final draft proposed Capital Budget of £35.961m for 2022/23 and to recommend the same to the Executive.

(Councillors Aled Morris Jones and Bryan Owen abstained from voting)

5 FINANCE SCRUTINY PANEL - PROGRESS UPDATE

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel updated the Committee on the Panel's discussions from its meeting held on 14 February, 2022 and highlighted the following points –

- The Panel considered the final draft proposals for the 2022/23 budget and in doing so focused its attention on the investment proposals to address service issues and risks based on a long list of 21 bids put forward by Heads of Service and Service Directors. These had been evaluated against a scoring and value for money matrix. The Panel had scrutinised 5 bids in particular for posts in Education and Highways and following the provision of further information by the Section 151 Officer and Portfolio Member for Finance, the Panel had been assured that these posts would add value to the service.
- The Panel had further noted that many of the service funding bids were based on creating additional posts and had sought assurance regarding the sustainability of these posts and whether they would in the long-term put pressure on the Council Tax. The Panel was provided with detailed clarifications and on that basis was satisfied and was prepared to recommend the final budget proposals.
- The Panel had highlighted the need to invest in the provision of professional expertise and support for the Standing Advisory Council for Religious Education (SACRE - a statutory committee) to bring the Council into line with the course taken by other North Wales authorities with regard to supporting their SACRE bodies.
- The Panel in noting the limited response to the public consultation process on the 2022/23 Budget proposal acknowledged the very tight timescale in which the consultation had had to be held and it hoped that moving forward, alternative more effective ways can be found to engage with the public not only on the annual budget process but also with regard to the significant longer term strategic funding decisions that are taken by the Council.

As this had been the final meeting of the Scrutiny Finance Panel during the current Administration, Councillor Dafydd Roberts took the opportunity to thank the Panel's members for their work and commitment to the Panel and the Officers for the support and expertise they had provided throughout.

Councillor Aled Morris Jones, Chair likewise thanked Councillor Dafydd Roberts for his chairmanship of the Panel and regular reporting to the Scrutiny Committee.

The Committee noted the Panel's comments and feedback and thanked the Panel for its scrutiny work.

6 EXTRA CARE DEVELOPMENT - TYDDYN MOSTYN, MENAI BRIDGE

The report of the Head of Housing Services setting out a proposal to develop an Extra Care scheme on Council owned land at Tyddyn Mostyn, Menai Bridge was presented for the Committee's consideration and comment.

The Council Plan has identified the need for an Extra Care scheme in the South of the Island. This scheme will help address this need by providing 40 apartments with the potential to include 15 registered specialist residential care rooms, as well as space to locate a Community Resource Team which includes health and social care staff to serve the south of the Island. This plan would support the achievement of one of the objectives identified within the Corporate Plan, which is to support vulnerable adults and families and keep them safe, healthy and as independent as possible. The scheme would expand the community resource to support independent living opportunities. A site on Council owned land near Tyddyn Mostyn, Menai Bridge has been identified as the best location out of six sites that were considered and were assessed against a set of specific criteria.

The Head of Adults' Services reported that to date two Extra Care schemes have been developed, the one at Penucheldre, Holyhead and the other at Hafan Cefni, Llangefni. Those developments are continuously appraised and the feedback from the residents has been extremely positive. The Council is keen to develop another such scheme in the south of the Island drawing on the aspects that have worked well in the previous schemes and learning from aspects that could be done differently, and to this end a suitable site in Menai Bridge has been identified. The development if approved, would be Council owned. The Housing Learning and Improvement Network, commissioned by the Welsh Government's Housing Directorate identifies current provision and future demand up to 2035 for different types of specialist housing/ accommodation for older people on Anglesey and confirms the need for an additional 127 housing with care places by 2035. The proposed scheme will help address this gap especially as the Penucheldre and Hafan Cefni facilities are fully occupied and have a waiting list of potential occupants. These schemes have been successful in allowing individuals to live independently which is in keeping with the mission of the Council's Strategy for Older People. The proposal has been evaluated for affordability according to the financial model used to assess the financial viability of housing schemes – the initial model shows the scheme to be viable and compliant with the Authority's guidance on new housing schemes. The Council has secured a Welsh Government HCF fund grant towards the cost of the project and may be able to apply for further grants; the remainder of any costs would then be funded by the Council through the Housing Revenue Account.

In welcoming the scheme which it supported, the Committee sought clarification of who would be responsible for providing the care – the Adults' Services Manager confirmed that options would be considered and would be agreed as the project is developed.

It was resolved to recommend to the Executive that it approve the development of an Extra Care Scheme on Anglesey County Council land at Tyddyn Mostyn, Menai Bridge.

7 TOWARDS A NET ZERO PLAN

The report of the Deputy Chief Executive incorporating the Isle of Anglesey Toward Net Zero Plan 2022-25 Council Toward Net Zero Plan was presented for the Committee's consideration and scrutiny.

Councillor Dafydd Rhys Thomas, Portfolio Member for Corporate Business said that he was pleased to present the Towards Net Zero Plan which represents the first step on the Council's journey to transition into a net zero carbon organisation by 2030. To achieve this objective and to meet the challenge and implement what is a significant change, it is essential to have in place a clear plan and corporate approach that addresses all aspects of the Council's work. As well as building on recent successes and co-ordinating schemes already in place, the proposed Plan will implement new projects that will lead to a reduction in the Council's carbon emissions. To deliver the plan, an annual delivery plan, targets and

a monitoring and reporting framework will be adopted. The next step will be to establish a full and detailed baseline, with data management systems. Given the requirements in terms of finance and personnel to deliver the changes will be considerable over the period ahead, the Council will have to take advantage of any funding opportunities available to progress schemes and programmes in future years.

The Deputy Chief Executive highlighted that the Council has already achieved a great deal towards becoming a net zero carbon organisation especially with regard to reducing the carbon footprint of its property estate. What has changed is the prominence and importance of climate change and carbon reduction which is a priority for the Council, for communities and for individuals. The Council is responding by showing strong leadership. Whilst the Plan is clear and short term it is not meant to be static and will be adapted as the Council moves forward. It has been developed within a national context ensuring that it is consistent with the role envisaged by Welsh Government for local authorities. Further work is needed to create a full and detailed baseline, targets set and a monitoring system established so that stakeholders can see the progress being made. While some difficult decisions will have to be made it will be essential for the Council to be able to measure the environmental impact of its decisions. The Council will also have to be able to demonstrate the environmental benefits that flow from investment and for that to become part of wider decision making. To achieve its objective the Council needs to be ambitious and courageous and it is hoped the Plan fulfils both those needs as well as being realistic, achievable and affordable; it is the first step towards a culture change and builds on the work already undertaken to support the journey towards the end target of becoming zero carbon by 2030.

The Climate Change Manager agreed that although the Council is not starting from scratch having achieved much already, there is further work to be done and the Plan is a step on the way to delivering the change.

It was resolved to endorse the Towards Net Zero Plan and to recommend the Plan to the Executive.

8 ISLE OF ANGLESEY VEHICLE CHARGING POINT PLAN

The report of the Head of Highways, Waste and Property setting out the Council's long term plan to develop and fund Electric Vehicle charging infrastructure across the Island was presented for the Committee's consideration and comment. The report provided an overview of the Isle of Anglesey EV Charging Point Action Plan.

Councillor Bob Parry, OBE, FRAGS, Portfolio Member for Highways, Waste and Property presented the report stating that the Plan will develop new modern EV charging points infrastructure across the Island, available for use by Council staff, resident and visitors. The type and speed of charging infrastructure – Rapid/Ultra; Fast or Slow will vary across different locations. The Council has already started the roll-out of EV Charging Points with such infrastructure available at the Anglesey Business Centre and Canolfan Byron. There are also EV charging points for a limited number of fleet vehicles at the main Council Offices in Llangefni. Further development work has also taken place with plans to install rapid public charging at Amlwch, Llangefni, Holyhead and Menai Bridge in 2022 via Welsh Government ULEV funding. There remains a great deal of work to do to provide the range of charging facilities to meet requirements and the Action Plan represents the start of the journey to install EV infrastructure at key locations.

The Highways Service Business Manager confirmed that the Action Plan puts the Council in a strong position to apply for Welsh Government funding to develop the EV charging point infrastructure network across the Island.

In response to questions by the Committee, the Officers clarified the following –

- Confirmed that there is a project to create a hydrogen hub in Holyhead to develop hydrogen technology in Anglesey. In a comparison of electric cars and hydrogen cars, research has shown that battery powered electric vehicles are more suitable in the case of cars and smaller vans whereas hydrogen technology is more appropriate for powering heavy good vehicles or refuse vehicles for example; factors such as these need to be considered in trying to find a balance between electric and hydrogen powered vehicles. These are new technologies which will have to be monitored as both are developed over the course of time.
- Confirmed that consideration will need to be given to different fee models for public use of the EV charging points as well as how any income would then be used /invested; the discussion will be informed by a study that is being conducted.
- Clarified that consideration needs also to be given to the enforcement approach in the case of drivers who overstay charging time limits and leave their car charged and plugged in.

It was resolved to endorse the recommendations of the report as follows and to recommend their approval by the Executive –

- **Approve the Isle of Anglesey EV Charging Plan Summary**
- **Endorse the development and submission of external funding applications to progress delivery**
- **Endorse consideration of EV charging infrastructure requirements in the Council's new Capital Strategy (to be developed) and on a case by case basis when capital infrastructure projects are developed and implemented (including housing, business units, school modernisation, extra care provision, town centre regeneration and coastal/tourism infrastructure etc.)**

9 FORWARD WORK PROGRAMME

The report of the Scrutiny Manager incorporating the Committee's updated Forward Work Programme to March, 2022 was presented for consideration.

It was resolved –

- **To agree the current version of the forward work programme for 2021/22**
- **To note progress thus far in implementing the forward work programme.**

Councillor Aled M. Jones
Chair