

# Public Document Pack



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

Mr Dylan Williams  
Prif Weithredwr – Chief Executive

CYNGOR SIR YNYS MÔN  
ISLE OF ANGLESEY COUNTY COUNCIL  
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<b>RHYBUDD O GYFARFOD</b>	<b>NOTICE OF MEETING</b>
<b>PWYLLGOR GWAITH</b>	<b>THE EXECUTIVE</b>
<b>DYDD IAU 2 MAWRTH, 2023 10.00 o'r gloch</b>	<b>THURSDAY, 2 MARCH 2023 10.00 am</b>
<b>CYFARFOD HYBRID – YN SIAMBR Y CYNGOR AC YN RHITHWIR</b>	<b>HYBRID MEETING – VIRTUAL AND IN THE COUNCIL CHAMBER</b>
Swyddog Pwyllgor	<b>Ann Holmes</b> 01248 752518 Committee Officer

## **AELODAU/MEMBERS**

### **Plaid Cymru/The Party of Wales**

Carwyn E Jones, Llinos Medi, Gary Pritchard, Alun Roberts, Nicola Roberts, Robin Wyn Williams

### **Y Grŵp Annibynnol/The Independent Group**

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 HIS APPOINTED OFFICER**

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

**3 MINUTES (Pages 1 - 4)**

To submit for confirmation, the draft minutes of the meeting of the Executive held on 14 February 2023.

**4 REVENUE BUDGET MONITORING - QUARTER 3, 2022/23 (Pages 5 - 28)**

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

**5 CAPITAL BUDGET MONITORING - QUARTER 3, 2022/23 (Pages 29 - 46)**

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

**6 HOUSING REVENUE ACCOUNT BUDGET MONITORING - QUARTER 3, 2022/23 (Pages 47 - 56)**

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

**7 TREASURY MANAGEMENT MID-YEAR REVIEW 2022/23 (Pages 57 - 74)**

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

**8 TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24 (Pages 75 - 116)**

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

**9 MINIMUM REVENUE PROVISION POLICY (Pages 117 - 160)**

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

**10 COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES 2023/24 FEES AND CHARGES (Pages 161 - 166)**

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

- 11**     **LOCAL AUTHORITY HOMES FOR OLDER PEOPLE - SETTING THE STANDARD CHARGE 2023/24** (Pages 167 - 170)  
To submit a report by the Head of Adults' Services.
- 12**     **FEES AND CHARGES 2023/24** (Pages 171 - 214)  
To submit a report by the Director of Function (Resources)/Section 151 Officer.
- 13**     **MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24** (Pages 215 - 230)  
To submit a report by the Director of Function (Resources)/Section 151 Officer.
- 14**     **CAPITAL STRATEGY** (Pages 231 - 260)  
To submit a report by the Director of Function (Resources)/Section 151 Officer.
- 15**     **CAPITAL BUDGET 2023/24** (Pages 261 - 272)  
To submit a report by the Director of Function (Resources)/Section 151 Officer.
- 16**     **COUNCIL PLAN 2023-2028** (Pages 273 - 304)  
To submit a report by the Head of Profession – HR and Transformation.
- 17**     **JOB SHARING ON THE EXECUTIVE** (Pages 305 - 322)  
To submit a report by the Director of Function (Council Business)/Monitoring Officer.

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## THE EXECUTIVE

### Minutes of the hybrid meeting held on 14 February, 2023

- PRESENT:** Councillor Llinos Medi (Chair)
- Councillors Gary Pritchard, Alun Roberts, Nicola Roberts, Dafydd Rhys Thomas, Ieuan Williams, Robin Williams.
- IN ATTENDANCE:** Chief Executive  
Deputy Chief Executive  
Director of Function (Resources)/Section 151 Officer  
Director of Function (Council Business)/Monitoring Officer  
Director of Social Services  
Director of Education, Skills and Young People  
Head of Democracy  
Head of Adults' Services  
Committee Officer (ATH)
- APOLOGIES:** Councillor Carwyn Jones, Mrs Carys Edwards (Head of Profession (HR) and Transformation)
- ALSO PRESENT:** Councillors Trefor Lloyd Hughes, MBE, Aled M. Jones, R. Llewelyn Jones, Derek Owen, Pip O'Neill, Dafydd Roberts, Ken Taylor, Alwen Watkin, Arfon Wyn.
- 

#### 1. DECLARATION OF INTEREST

No declaration of interest was received.

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

The Chief Executive provided an update on the position with regard to the proposed closure of the 2 Sisters poultry plant in Llangefni and confirmed that the consultation with the factory's staff is ongoing and is not due to end until the beginning of March. In the meantime the Council is in contact with the site owners as well as the 2 Sisters Food Group and is working closely with the UK and Welsh Governments along with the Trade Unions. A temporary Job Centre could be set up in the Council's Business Centre to give staff easy access to advice and support and it is also the intention to provide all staff with a handbook containing the necessary information and contact details with regard to employment and social and welfare support. The Council also held a drop-in session in its reception last week in its role as a large scale local employer. While it is difficult to make any definite plans until the company confirms its intentions for the plant, it is encouraging to report that some of the workforce have secured employment with companies elsewhere within the sub region which testifies to the value of the skills acquired at the Llangefni site. The Chief Executive said that the situation will become clearer when the consultation with staff has concluded.

#### 3. MINUTES

The minutes of the previous meeting of the Executive held on 24 January, 2023 were presented for confirmation.

**It was resolved that the minutes of the previous meeting of the Executive held on 24 January, 2023 be approved as correct.**

#### **4. THE EXECUTIVE'S FORWARD WORK PROGRAMME**

The report of the Head of Democracy incorporating the Executive's Forward Work Programme for the period from March to October, 2023 was presented for confirmation.

The Head of Democracy updated the Executive with regard to new items on the Work Programme which were item 6 (Changes to the Minimum Revenue Provision Policy) and item 13 (Council Plan 2023-28) to be considered at the 2 March, 2023 meeting of the Executive and item 18 (Schools Modernisation – Changing the Implementation date of the Statutory Notice for Ysgol y Graig and Ysgol Talwrn) to be considered at the 21 March, 2023 meeting of the Executive.

**It was resolved to confirm the Executive's updated Forward Work Programme for the period March to October, 2023 with the changes outlined at the meeting.**

#### **5. ANGLESEY FURTHER EDUCATION TRUST ANNUAL REPORT AND ACCOUNTS 2021/22**

The report of the Director of Function (Resources)/Section 151 Officer incorporating the David Hughes Charitable Estate and Anglesey Further Education Trust Annual Report and Accounts 2021/22 was presented for the Executive's consideration. The report provided an overview of the background of the Anglesey Further Education Trust along with a summary of the Trust's financial performance in 2021/22. The report also included an update on the progress made to distribute more of the Trust's funds to meet the charitable purposes of the Trust.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience presented the report saying that the David Hughes Endowment dates back to 1608 and consists of several plots of smallholding land and cottages and other investments. The fund collects rents from its investment property and dividends and interest on its investment Fund investments, and after the management, financial and administration costs of the estate are deducted from the rents received the net income for the year can be distributed as outlined in the report. In 2019 the Executive approved a programme of work that would enable the Trust funds to be distributed more effectively to a greater number of beneficiaries in Anglesey's secondary schools and further/higher education. Councillor Robin Williams said that further work needs to be done to promote utilisation of the Trust funds among Anglesey's secondary schools and this matter will be raised at a meeting on 15 February between the schools, the Section 151 Officer, and the Portfolio Members for Finance and Education. In addition, he believed the Trust should be reviewed with the aim of bringing it up to date and making it more relevant to current educational conditions and requirements. The wording of the Trust's scheme of operation and documentation are antiquated and need to be amended and modernised. He could not guarantee that changes would be made as that would depend on the legal advice received but he thought that a review was timely and is needed. He therefore proposed that that intention be formalised by a resolution by the Executive.

Councillor Gary Pritchard, Portfolio Member for Children (Social Services) and Youth Services welcomed the proposed review of the Trust if that means more young people in education on Anglesey could potentially benefit from it especially as times are difficult and likely to remain so for a while yet.

**It was resolved –**

- To approve the draft Annual Report and Accounts for the Anglesey Further Education Trust for the year 2021/22.
- To delegate to the Director of Function (Resources)/Section 151 Officer the authority to sign the final Annual Report and Accounts and file with the Charity Commission upon satisfactory completion of the audit.
- To instigate a review of the Anglesey Education Trust with the aim of updating and modernising the Trust in order to maximise the educational benefits to the young people of Anglesey deriving from it.

## 6. INDEPENDENT SECTOR CARE HOME FEES FOR 2023/24

The report of the Head of Adults' Services which sought the Executive's approval to set the level of independent sector care home fees for 2023/24 in line with national policy was presented.

Councillor Alun Roberts, Portfolio Member for Adults' Services confirmed that the Authority will continue to use the Regional Fee Methodology for Standard Residential and Standard Nursing fees but proposes to apply a higher rate fee for Residential EMI and Nursing EMI provision. The Authority will consider individual submissions from providers regarding fees and if it can be shown that the fee set is not sufficient in any individual case, the Authority will consider exceptions to the fee rates in accordance with the process proposed in the report.

The Head of Adults' Services advised that due to the nature of the demand for EMI beds on the Island and to encourage further provision the service is recommending that the EMI fees remain higher than the North Wales Methodology rate. The Authority undertook a mid-year review of fees in July 2022 whereby the revised fees for Residential EMI and Nursing EMI for 2022/23 were increased further and it is proposed that those changes be maintained.

**It was resolved –**

- **To 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 2023/24 (as per Table 1 of the report).**
- **To approve the recommendation to increase the fee levels as follows:**
  - **Residential Care (Adults) - £711.83**
  - **Residential (EMI) - £796.46**
  - **Nursing Care (Social Care element) - £774.54 + Local Authority FNC element (TBC)**
  - **Nursing (EMI) (Social Care element) - £915.37 + Local Authority FNC element (TBC)**
- **To authorise Social Services and the Finance Service 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' Services from within current budgets.**

## **7. ESTABLISHING A NEW PLANNING POLICY COMMITTEE FOR THE ISLE OF ANGLESEY COUNTY COUNCIL**

The report of the Head of Regulation and Economic Development setting out proposed governance arrangements for the planning policy work of the Isle of Anglesey County Council was presented for the Executive's consideration.

Councillor Nicola Roberts, Portfolio Member for Planning, Public Protection and Climate Change presented the report and said that the decision by the Isle of Anglesey County Council and Cyngor Gwynedd to terminate the collaboration agreement on planning policy issues on 31 March, 2023 means that the existing Joint Planning Policy Committee will have to be dissolved and new arrangements made by the respective authorities to contribute to the creation of a new Local Development Plan and associated planning policy work. The report therefore proposes that a new Planning Policy Committee be created for the Isle of Anglesey County Council and it sets out what will be the functions of the committee and the arrangements by which it will be governed.

The Chair highlighted that the decision to end the joint working arrangement between the two councils was made in July 2022 and the rationale for taking that course was explained at the time; this report is part of the process of disengagement and establishing a new separate planning policy service for Anglesey. However, the working relationship between the councils in terms of sharing information and monitoring the current Joint Local Development Plan will continue.

**It was resolved to recommend to the Full Council –**

- **That a new Planning Policy Committee be established for Anglesey County Council.**
- **That the Constitution be amended to dissolve the Joint Planning Policy Committee and powers be delegated to the Monitoring Officer to implement these changes.**

**Councillor Llinos Medi  
Chair**

<b>Isle of Anglesey County Council</b>	
Report to:	<b>EXECUTIVE</b>
Date:	<b>2 MARCH 2023</b>
Subject:	<b>REVENUE BUDGET MONITORING, QUARTER 3 2022/23</b>
Portfolio Holder(s):	<b>COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER – FINANCE, CORPORATE BUSINESS &amp; CUSTOMER EXPERIENCE</b>
Head of Service / Director:	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b>
Report Author:	<b>CLAIRE KLIMASZEWSKI, FINANCE MANAGER</b>
Tel:	
E-mail:	<b>ClaireKlimaszewski@ynysmon.llyw.cymru</b>
Local Members:	<b>N/A</b>

## **A –Recommendation/s and reason/s**

1. On 10 March 2022, the Council set a net budget for 2022/23 with net service expenditure of £158.365m, to be funded from Council Tax income, NDR and general grants. This includes a total for general and other contingencies amounting to £3.110m. The budget for the Council Tax Premium was increased by £0.436m, to £1.950m. A balanced budget was set with the agreed Council Tax rise of 2.00%.
  
2. As for the previous year, the budget for 2022/23 does not include any requirements on the services to make savings. The increase of 9.2% in funding from Welsh Government was a welcome increase but did require the Council to commit to budget increases in a number of areas, including social care and homelessness. In addition, the support from Welsh Government in respect of Covid related expenditure ended and any such costs are funded from the Council's core budgets. This report sets out the financial performance of the Council's services at the end of quarter 3, 31 December 2022, along with the forecasted outturn to the end of the financial year.
  
3. The report takes into account the cost of the final pay settlements for NJC staff and teachers and also the increase in the Council's energy price contracts, effective from 1 October 2023. As this report summarises the position to the end of the third quarter, the majority of the costs become actual costs rather than forecasted and the final reported position can be made with a higher degree of certainty, compared to previous quarters. In addition, the winter period can cause unexpected increases in costs due to sickness of clients placing more demand on services, sickness of staff increasing pay costs and weather related incidents increasing costs for the Highways service. As the majority of the winter has passed, it adds to the increase in the certainty of the forecasted year end position, however, that is not to say that unexpected events will not happen that can still change the final position.
  
4. The overall projected financial position for 2022/23, including Corporate Finance and the Council Tax fund, is a projected underspend of £1,970m. This is 1.24% of the Council's net budget for 2022/23. Both Adult and Children's Social Care budgets remain under pressure, but this is offset by underspending in other services, notably Waste Collection and Disposal. More information is provided in the detailed report attached.
  
5. The forecasted underspend is in the main down to three factors:-
  - i. Increased returns on cash investments due to significant rises in interest rates;
  - ii. No call on contingency budgets;
  - iii. Better than anticipated levels of Council Tax income, mainly due to the premium on second and empty homes being higher than the budget;

6. It is recommended:-

- (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 2022/23;
- (ii) To note the summary of Contingency budgets for 2022/23, detailed in Appendix C;
- (iii) To note the monitoring of agency and consultancy costs for 2022/23 in Appendices CH, D and DD;
- (iv) To recommend to the Isle of Anglesey County Council that full Council approve funding of £1.074m from the Council Fund general balances to the delegated schools budget, to cover the additional pay costs above those originally allowed for in the 2022/23 revenue budget;
- (v) To approve the transfer of the net underspend on homelessness and homelessness prevention, estimated at £260k, to an earmarked reserve for homelessness and homelessness prevention in future years. This has occurred due to Welsh Government announcing a significant uplift of £273k to the No One Left Out grant.

**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 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.	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

<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	Chief Executive / Leadership Team (LT) (mandatory)	The report has been considered by the Leadership Team 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 Leadership Team
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 3 was reviewed by the Finance Scrutiny Panel at its meeting on 15 February 2023.
9	Local Members	N/A
<b>F – Appendices:</b>		
<ul style="list-style-type: none"> <li>• Appendix A – Provisional Revenue Outturn Report for 2022/23</li> <li>• Appendix B – Table of Provisional Outturn 2022/23</li> <li>• Appendix C – Summary of Contingency Budgets position for 2022/23</li> <li>• Appendix CH – Information regarding monitoring of Agency Staff 2022/23</li> <li>• Appendix D – Information regarding monitoring of Consultants 2022/23</li> </ul>		
<b>Ff – Background papers (please contact the author of the Report for any further information):</b>		
2022/23 Revenue Budget (as recommended by this Committee on 3 March 2022 and adopted by the County Council on 10 March 2022).		

## REVENUE BUDGET MONITORING – QUARTER 3

## 1. General Balance

The Council Fund held £23.181m of earmarked reserves and school reserves amounting to £7.827m at the start of the financial year. The draft outturn for 2021/22 resulted in a general balance at the start of the current financial year of £12.050m. The audit of the 2021/22 accounts has been completed and one adjustment was identified which affected outturn and the Council general balance. Audit recommended that £228k of the long-term provision for Penhesgyn landfill site should be returned to revenue so that the provision matched the figure recommended in the consultant's report, which outlined the outcome of tests at the site and advised on the level the provision should be at 31 March 2022. This resulted in a final Council Fund general balance of £12.278m.

The position of general balances at the end of the quarter is as follows:–

Table 1

	Amount £'m	Purpose
Final Opening Balance	(12.278)	Final audited general reserve at 31 March 2022.
Additional Funding for Highway Maintenance	0.500	As per Executive decision 3 March 2022
Transfer of funding to specific service reserves	0.261	As per Service Reserves policy approved in 2019/20.
50% funding of £69,732 to establish and operate a new planning policy team for Anglesey	0.035	As per Executive report 27 September 2022.
Additional funding to cover additional Teachers' pay award 2022/23	1.074	See recommendation paragraph 2 below.
<b>Revised Council Fund General Balance at 31.12.2022</b>	<b>(10,408)</b>	

The current predicted outturn for 2022/23 is an estimated underspend of £1,970m, which would result in the Council General Balance increasing to £12.378m by the year-end unless there are additional items funded from the general reserve during the final quarter. The Executive set the minimum level of general balances at £7.9m, for 2022/23, which equates to 5% of the 2022/23 net revenue budget. The level of general balances above this figure provides a higher level of financial resilience should the financial position worsen during the final quarter of the year and allows for the use of £1.78m of reserves to help with the budget position in 2023/24.

## 2. Additional Budget Pressures During the Remainder of the Financial Year

The 2022/23 budget was set prior to the significant increase in the level of general inflation and the subsequent pressure to increase pay higher than the sum that was allowed for in the budget. An earmarked reserve of £2.25m was created to provide additional funding to meet rising costs, but this reserve is insufficient to meet the rising cost pressures.

The original budget allowed for approximately £2.3m to cover the pay awards for teaching and non-teaching staff. The final pay award for non-teaching staff of £1,925 to each employee (agreed November 2022), results in an average pay increase of 7.5% and this increases the non teaching pay costs by £3.8m. The local government officers non-schools pay award has been funded by use of £1.144m from the Inflation earmarked reserve and £1m from contingency budgets.



The pay award to teachers of 5% from September 2022 will increase the teaching pay bill by £926k, which is £473k higher than was allowed for in the budget, although it should be noted that teaching unions are taking industrial action as they seek an increase in the pay award. The funding position for delegated schools budgets are summarised in Table 3 below, and requires an additional £1.074m to fund the increased costs.

The UK Government has announced a reversal of the increase in national insurance contributions, which came into effect in April 2022. This will result in £260k of reduced national insurance costs which has been factored into the figures shown in Table 2 and Table 3 below.

**Table 2 – Funding the 2022/23 Pay Awards**

	<b>Non Teaching £</b>	<b>Teachers £</b>	<b>Total £</b>
Total Cost of the Pay Award for Schools	3,853,230	925,930	4,779,160
Inflation allowed for in the 2022/23 Budget	(1,946,986)	(354,860)	(2,301,846)
Reduction in Employer NI Contributions	(162,670)	(97,380)	(260,050)
<b>Shortfall in Budget</b>	<b>1,743,574</b>	<b>473,690</b>	<b>2,217,264</b>

At the end of the 2022/23 financial year, school balances had risen to £7.83m and although schools have used £1.65m to balance their budgets and have used or plan to use an additional estimated £2.88m of reserves during 2023/24, this will leave a forecasted balance at the end of the financial year of £3.3m. Schools are now planning for the 2023/24 financial year and a significant number of schools will be using reserves to balance their budget, which will further reduce the overall level of school balances. This will leave a minority of schools with little or no balances and the remainder with significantly lower balances than has been seen over the past two financial years. It would, therefore be difficult for some schools to fund the additional pay costs from their own reserves without a further budget allocation.

The funding shortfall in school budgets for pay is shown in Table 3 below:-

**Table 3 – Pay Funding Shortfall in 2022/23 School Delegated Budgets**

	<b>Non Teaching £</b>	<b>Teachers £</b>	<b>Total £</b>
Total Cost of the Pay Award for Schools	707,575	921,690	1,629,265
Inflation allowed for in the 2022/23 Budget	(86,700)	(354,860)	(441,560)
Reduction in Employer NI Contributions	(16,690)	(97,380)	(114,070)
<b>Shortfall in Budget</b>	<b>604,185</b>	<b>469,450</b>	<b>1,073,635</b>

Given the extent of the shortfall in the budget and the reducing level of school balances, the Executive is asked to recommend that full Council fund £1.074m from the Council general reserve.

The Council's energy prices changed in October 2022, with gas tariffs rising between 238% and 271% and electricity tariffs rising between 75% and 108%. The daily standing charge also increased by 110% for gas and 165% for electricity. Although the increases are significant, there is sufficient underspending in other budget areas to allow the increased costs to be absorbed by Services without the need to release additional funding from the Council's general reserves.

### 3. Financial Performance by Service

3.1 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 overspend of £0.087m on services is predicted as at 31 March 2023. An underspend of £1.668m is estimated on Corporate Finance. In addition, an over achievement of income of £0.122m is forecast on the standard Council Tax debit, with a further over achievement of income of £0.266m on the Council Tax premium. The current total revenue forecast for 2022/23 is an underspend of £1.970m, which equates to 1.24% of the Council's total net revenue budget.

3.2 Table 4 below summarises the significant variances (**£100k or higher**): -

**Table 4**

Service	Over / Underspend £'000	Outturn as % of budget £'000
Adults	613	2.01%
Children's Services	996	8.09%
Highways	(239)	3.49%
Property	(222)	12.70%
Waste	(1,030)	11.30%
Transformation	(247)	3.79%
Other (total variances less than £100k)	(184)	<0.01%
Unbudgeted Uncontrollable - (bad debt provision / impairment loss allowance, capital pension costs, insurance, premium on historic refinancing	400	100%
<b>Total Service Budgets</b>	<b>87</b>	<b>0.06%</b>
Corporate Finance	(1,668)	14.07%
Funding	(389)	0.25%
<b>Total</b>	<b>(1,970)</b>	<b>1.24%</b>

3.3 The forecasted overspend for Services is £87k, but the underlying position is masked by a number of one off items and additional funding that has contributing to a significant reduction. These items are shown in Table 5 below:-

**Table 5**

	£'000	£'000
<b>Forecasted Overspend on Service Budgets</b>		<b>87</b>
<b>One Off Items and Additional Funding</b>		
Vacant Posts	2,592	
Additional Non Recurring Income	700	
Additional Non Recurring Grant Funding	864	
Use of Reserves	1,010	5,166
<b>Underlying Overspend on Service Budgets</b>		<b>5,253</b>

- 3.4 Without these items the true financial position of the Council's services would have significantly worse and would have weakened the Council's financial resilience considerably. The figure of £5.25m highlights the financial pressure which services are currently facing. In the 2023/24 budget proposal, the Executive have attempted to address these underlying financial pressures and the proposed increase of £14.2m in the 2023/24 net revenue budget is in part due to the underlying financial position of the Council's services.

#### 4. Explanation of Significant Variances

##### 4.1 Education, Skills and Young People

###### 4.1.1 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 position in respect of the delegated schools budget is discussed in paragraph 2 above.

###### Central Education

4.1.2 This service was underspent by £87k (11.43%) at the end of quarter 3, and is predicted to underspend by £64k (1.15%) at year-end. This is a small improvement on the estimated underspend of £78k for 2022/23 reported at quarter 2.

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

- School Transport (Taxis and Buses) – forecast an overspend of £536k. This is an increase of £36k from the overspend reported during quarter 2. This is demand led and due, to ever increasing demand for taxis, an overspend persists. An additional budget has been allocated to this financial year, but an overspend remains. Additionally, Taxi and Bus companies have been given additional support due to the increased cost in fuel, which has also contributed to the overspend. Following on from a new contract tender process for school buses that was undertaken over the summer, new bus contracts became operational from the 3<sup>rd</sup> of October at a significantly higher cost than the previous contracts.
- An underspend of £195k, is forecast for out-of-county placements, compared to a forecasted underspend of £118k at the end of quarter 2. This is due to two pupils no longer receiving out-of-county education and the service paying a reduced contribution in respect of another pupil's placement. There is still the possibility that the placements may increase before year-end, which will impact the forecasted underspend. However, an earmarked reserve of £500k is held to meet any additional costs incurred as a result of increased demand.
- The income target for Clwb Gofal Plant is forecasted to underachieve by £63k. This budget is, again, demand led and the numbers attending the clubs have not returned to pre pandemic levels.
- The estimated outturn for school meals is an overspend of £41k, which is an increase from the forecast underspend of £3k at the end of the 2<sup>nd</sup> quarter. This is as a result of a price increase by the catering contractor which will become effective after the February half term holidays.
- The Central Education budget is forecast to underspend by £510k, an increase from the underspend of £486k projected during quarter 2. This is mainly due to an underspend on the appointment of School Business Managers (allocated budget of £300k), with uncertainty if this will go ahead in this financial year. There is also a £51k underspend for a post which has been vacant since April, which has now been filled, and a forecast underspend on consultants (£14k).
- There are also other minor underspends across a number of budget headings.

#### 4.1.4 Culture

**4.1.4.1** This service was £183k (16.82%) underspent during the period, however, the service is predicted to underspend by £15k (1.12%) at the year-end. This is an improvement of £30k from a predicted overspend of £15k during quarter 2.

**4.1.4.2** The overspend forecast for Museums and Galleries is expected to increase from £65k in quarter 2 to £105k. This is due to a shortfall on fees and charges income of approximately £67k. The cost of utilities, repairs and maintenance could potentially add another £65k to the overspend, which is the main reason for the increased overspend. There are underspends on staffing which are mitigating the overspend within Museums and Galleries.

**4.1.4.3** An underspend of £95k is forecast on Libraries, mainly due to a number of vacant posts, including on the staffing of the mobile library service. This is an increase from the underspend of £55k in quarter 2.

#### 4.2 Adults Social Care

**4.2.1** This service was £1,025k (4.83%) overspent at the end of the 3<sup>rd</sup> quarter, compared to the profiled budget, but this is expected to reduce to an overspend of £613k (2.01%) for the year 2022/23. This is nearly double the forecasted overspend of £313k reported at the end of quarter 2. This is due to increased costs in services for people physical disabilities, learning disabilities and mental health, discussed below.

**4.2.2** The elements within the outturn variance are as follows: -

- Services for the Elderly: The service is expected to underspend by £65k after applying £200k from grant and £225k from the social care pressures reserve. There are underlying cost pressures which are being masked by this additional funding for the year. The Assessment and Care Management team is expected to underspend by £52k due to vacant posts, though £46k of agency staff costs reduces the underspend. An underspend of £168k is now expected on the residential care for older people, after a virement of £125k from the social care pressures reserve. Nursing care for older people has underlying budgetary pressures which are reduced to an overspend of £3k after allocating £100k from the social care pressures reserve and £200k from a social care grant. Home care budget pressures have increased, with an overspend of £148k. This is due to a significant increase in demand for this service.
- Physical Disabilities (PD): This service is forecast to overspend by £232k for the year, which is an increase of £97k on the overspend reported at quarter 2. This is due to a new residential care service user. This forecast is after allocating £332k from grant. However, the underlying overspend is much higher at £564k. Residential care costs are the main cause of the underlying overspend due to high-cost placements to meet specialist care needs. Home Support is expected to overspend by £176k due to increased demand.
- Learning Disabilities (LD): An overspend of £526k is predicted for the year. An increase from the overspend of £353k projected at quarter 2. However, there is a significant underlying overspend of £1,643k, which is reduced this year by applying eligible grant funding and funding from the social care pressures reserve. Residential care is forecast to overspend by £227k, after allocating £75k from the social care pressures reserve. The day care service is forecast to overspend by £117k for the year due to increased demand, an increase from the overspend of £86k reported previously. Home care is expected to breakeven by yearend, compared to a forecast overspend of £32k at quarter 2. This is after allocating £300k from the social care pressures reserve. It is the service's strategy to increase the number of clients receiving direct payments rather than commissioned home care, to empower service users and give them choice and control over their home care needs. Supported and other accommodation is forecast to overspend by £204k, after allocating £332k of grant funding and £410k from the social care pressures reserve. The underlying overspend is, therefore, £946k on supported and other accommodation.

- Mental Health (MH): This service is projected to overspend by £597k by 31 March 2023. This is a significant increase from the overspend of £153k reported for quarter 2. However, £200k of grant has been moved from this area to other areas within the Adults Service. The significant pressure for Mental Health services is residential care, which is projected to overspend by £568k. Two new service users have increased the costs for these services. It's a demand led service and is predominantly high cost, low volume placements. Community support is forecast to underspend by £149k for 2022/23, due to vacant posts. Supported living is projecting an overspend of £171k by year-end. £114k relates to a new client receiving 24 hour care at a supported living placement. The remainder of the overspend mainly relates to the cost for adult placements and echoes the service's aim for clients to be supported within their own homes in the community.
- Provider Unit and Management and Support: This area is forecasting an underspend of £491k at year-end. The forecast underspend in this area is, in large part, the result of various vacant posts, particularly in homecare area units (£421k). However, there are some cost pressures within the internal provider unit, with residential homes forecast to overspend by £126k by year-end, due to agency staff costs and under achieved income, and hostels are expected to overspend by £40k at year-end.

### 4.3 Children's Services

- 4.3.1 The service is overspent by £751k (6.71%) for the period and is forecast to be overspent by £996k, which is less than the overspend of £1,048k reported during quarter 2. This improvement is mainly the result of reduced expenditure on Children with Disabilities due to staffing vacancies. The more significant under and overspends are highlighted below. It appears that most budget headings within Children's Services have inherent overspends which might result in budget pressures beyond 2022/23.
- 4.3.2 The Looked After Children's (LAC) budget is overspent by £899k up to quarter 3 and the forecast presently for year-end is an overspend of £1,235k, which is mainly due to out-of-county placements (£813k). All other areas are also overspending, with the exception of non-standard placements (£88k underspend). Small group homes are forecast to overspend by £206k on staffing and agency costs. Foster care placements are also expected to overspend by £220k.
- 4.3.3 Commissioning and social work is forecast to underspend by £182k for the year due to reduced staffing costs arising from vacant posts and grant income. Family Support is expected to be overspent by £142k at year-end. This is mainly due to an overspend in the 'When I'm Ready' service, which is likely to increase further due to the school contract for taxis price increases. Integrated family support, however, is expected to underspend by £177k for the year, mainly due to staffing underspends. Reviewing and complaints are expected to overspend by £56k due to pressures in the out-of-hours team.

### 4.4 Housing (Council Fund)

- 4.4.1 This service was underspent by £37k (1.78%) at the end of quarter 3, but is forecast to be overspent by £10k (0.51%) at outturn. This is a reduction of £20k on the overspend of £30k forecast during quarter 2.
- 4.4.2 Homelessness is the biggest area of concern as an underlying budget pressure, however, the service has been successful at recovering housing benefit repayments for service users placed in emergency accommodation. In addition, Welsh Government has recently increased the Homelessness Grant, which results in an increase in the underspend of £300k. However, the service is forecasting a balanced budget on homelessness as approximately £260k of the additional grant is requested to be transferred to an earmarked reserve to use in future years, when the grant is expected to reduce.

- 4.4.3** Homelessness prevention is forecast to achieve a balanced budget by year-end, compared to an overspend of £60k reported during quarter 2 due to the extra funding. While the underlying overspend is cause for concern, these costs have helped service users to avoid being made homeless, which is a better outcome for them and reduces expenditure on emergency accommodation.

## **4.5 Regulation and Economic Development**

### **4.5.1 Economic and Community (includes Destination and Leisure)**

- 4.5.1.1** The service was overspent by £112k (6.51%) at the end of the third quarter, and is forecast to overspend by £94k (3.91%) at 31 March 2023. This is a small increase of £8k from that reported for quarter 2.

- 4.5.1.2** The Economic Development element of the service is expected to be overspent by £32k at year end, compared with £46k at quarter 2. There is a historic shortfall due to income targets being no longer achievable for projects such as Wylfa Newydd and National Grid. Other budget pressures include centre facilities (£20k), graphic design income shortfall (£10k) and subscriptions (£20k). An underspend of £85k is forecast on a management restructure and other vacant posts.

- 4.5.1.3** The Destination section is forecasted to be underspent by £90k by year-end, compared with £48k reported for quarter 2. Visitor numbers to the Island appear to have dropped from the exceptional highs of last year. This has resulted in recruiting less seasonal staff than first expected, and there are delays in the recruitment of posts within the maritime service. Therefore, an underspend of £60k is expected on staffing budgets. There are other small over and underspends.

- 4.5.1.4** The Leisure service is forecast to overspend by £152k for the year, this is an increase of £54k from quarter 2. This is due to increased staffing costs and significantly higher electricity costs. Leisure centre direct debit income has recovered to pre-pandemic levels, and it is likely that income targets will be achieved, though the cost of living crisis might start to impact on leisure memberships.

### **4.5.2 Planning and Public Protection**

- 4.5.2.1** This service is £249k underspent (12.83%) for the period, but is forecasted to be underspent by £175k (6.93%) at outturn. This is an increase of £90k on the forecasted underspend of £85k reported at quarter 2. This is due to reduced staffing costs for various reasons in Public Protection and vacancies and increased income in Planning.

- 4.5.2.2** Public Protection is forecast to underspend by £100k for the year, compared with an underspend of £40k predicted for quarter 2 for 2022/23, mainly as a result of reduced staffing costs. There are no significant areas of concern within the Public Protection service with both small levels of under and overspending across the various elements of the Service.

- 4.5.2.3** The Planning Service is expected to be underspent by £75k at year-end, compared with an expected underspend of £45k at quarter 2. Similar to Public Protection, there are underspends on staffing which are masking overspends on non-pay expenditure, particularly in IT and software and consultancy.

## 4.6 Highways, Waste and Property

### 4.6.1 Highways

**4.6.1.1** This service was £839k (12.17%) underspent for the period. However, the forecasted position at year end is an underspend of £239k (3.49%). This is a similar underspend to the underspend at quarter 2. Pressure continues on the Fleet budget, with an overspend of £200k forecast for the year, due to less usage and increased fuel prices, and the works budget is under pressure as suppliers pass on increased prices. There are notable underspends on Departmental Control, Car Parks, Development Control and Street Works, as income is higher than estimated in quarter 2. They are expected to exceed their annual targets, but at a decreasing rate by the end of the financial year. Expenditure on the works budget is underspent by £323k at quarter 3, but this expected to correct itself by the end of the financial year, when an overspend of £260k is expected. Street works is underspent by £210k, and is expected to underspend by £240k by year-end. There are several other smaller under and overspends which seem to offset each other.

### 4.6.2 Waste

**4.6.2.1** The Waste service was £868k (13.37%) underspent for the period, and the service is predicted to have an outturn position of £1,030k underspend by year-end (11.3%). This is an increase of £65k higher than the underspend of £965k reported in quarter 2. The main cause of this improvement is due to waste disposal reduced costs, resulting in an estimated underspend of £125k, compared with an expected underspend of £40k during quarter 2.

**4.6.2.2** The forecast for the year end includes overspends and compensating underspends within different sections of the department. The most notable of the variances include a £300k underspend on the Waste Collection service, where subscription income from the green garden waste service, the sale of black bins and the bulky waste collection service are all exceeding the target budget. The Recycling section is also expected to be underspent at year end, the amount forecasted is £400k, this is due to its achieving more than its target income as the price for recycled waste continues to be high.

### 4.6.3 Property

**4.6.3.1** The service's position for the period is a £395k (39.34%) underspend, with a forecast for the year end position being underspent by £222k (12.70%). This is an improvement on the overspend of £8k forecast for quarter 2, which is the result of a reorganisation of the cleaning service which is estimated to be £100k underspent at yearend. There is also £120k underspend predicted on employees, including part-year vacant posts and including Ash Die Back staff and consultancy.

**4.6.3.2** The position for a number of budget headings varies, with some showing an overspent position, whilst others are underspending. However, capitalised salaries are likely to be underachieved by £48k in 2022/23 due to staff working on a non-fee project at Canolfan Addysg y Bont.

## 4.7 Transformation

**4.7.1** The Transformation function underspent by £90k (1.8%) at the end of the period, however, it is forecasting to be £247k (3.79%) underspent at outturn. This is an increased underspend on the £232k reported for quarter 2.

**4.7.1.1** The HR function was underspent by £12k (0.89%) for the period, and is projected to be £75k (4.77%) underspent at year-end. The projected underspend is derived from the central training budgets, which is predicted to underspend by £50k, which was also forecast during quarter 2. Demand for training is still low and expenditure is still lower than at the same point last year. The remainder of the underspend relates to staff vacancies.

**4.7.1.2** The ICT section was overspent by £32k (1.06%) for the period, however, the forecast for outturn is an underspend of £55k (1.46%), similar to the underspend reported during quarter 2. There is a significant underspend on staffing, which is projected to underspend by £455k at year-end. There is also an underspend of £17k on telephones contract income. Software licensing is overspent by £85k, and centralised software is significantly overspending by £332k. This is an increase of £103k since quarter 2. This is due to substantial one-time costs of moving to new systems.

**4.7.1.3** The Corporate Transformation Section was underspent by £110k (13.52%) for the period, and is expected to be underspent at the year-end by £117k (9.86%). This is slightly higher than the underspend in quarter 2. Corporate Transformation is predicting an underspend of £79k, which is an underspend of £71k on staffing and £8k on supplies and services. Cyswllt Môn is expected to underspend by £32k, though a small decrease on that reported at quarter 2. This is due to underspends on the staffing budget.

#### **4.8 Resources (excluding Benefits Granted)**

**4.8.1** The Resources function budget is £20k (0.68%) overspent for the period, but the projection for the outturn is an underspend of £70k (1.94%). This is a reduction in the estimated underspend which was £98k for quarter 2. This reduction is due to increased costs in the revenues and benefits team.

**4.8.2** There are under and overspends in the various elements of the service, mainly due to staff vacancies in some areas and the additional use of agency staff within Revenues and Benefits, as the service continues to deal with processing grants relating to the cost of living crisis.

#### **4.9 Council Business**

**4.9.1** The function was £33k (2.21%) underspent for the period, with the forecast for the year-end position being a £56k (2.75%) underspend. This is an increased underspend of £12k from the underspend of £44k forecast for quarter 2. There is an expected underspend of £88k on staffing, particularly in Committee Services Team, due to ongoing vacancies and other staff charges, though these are partially offset by increased expenditure on agency staff to cover vacancies.

**4.9.2** Legal Services are expected to be overspent by £26k at year end. The overspend has increased from £4k in quarter 2. This is due to legal agency staff employed to cover staff vacancies / absences, and no budget for the trade union post.

#### **4.10 Corporate and Democratic Costs**

**4.10.1** The function was overspent by £199k (11.97%) for the period though the forecast year-end position is an overspend of £92k (4.91%). This is an improvement on the overspend of £200k reported at quarter 2. This improvement is on corporate other costs though this area is forecast to overspend by £69k compared with an overspend of £189k forecast during quarter 2. This is due to an accrual for 2017/18 and 2018/19 audit fees which are no longer expected to be paid. There is a £50k increase on the overspend for the secondary pension contribution linked to the Local Government officers' pay award for 2022/23, with the total overspend of £81k on these costs. Members Support & Expenses and civic expenditure are forecasting a balanced budget.

**4.10.2** Budget pressures remain in these areas, with Coroners' fees causing an overspend of £20k and the apprenticeship levy is expected to be overspent by £16k.

#### **4.11 Corporate Management**

**4.11.1** The function was £4k (0.62%) underspent for the period, and it is forecast to achieve a balanced budget at outturn.



## **5. Corporate Finance (including Benefits Granted)**

- 5.1** Corporate Finance, including Benefits Granted, is expected to underspend by £3,733k at year-end (9.05%), compared to an underspend of £750k reported during quarter 2. This change is due an increase in interest receivable on treasury management investments (£627k) due to investing in higher interest fixed term deposits. These are at higher interest rates than instant access deposits, as well as the interest rates on these increasing with each base rate increase. When the fixed term investments have expired, these are then reinvested on the higher interest rates.
- 5.2** The budget for 2022/23 included some items retained centrally as contingency budgets, these amounted to £3,110k. During the year, funding is transferred in and out of these budgets to / from service budgets. During 2022/23, a net transfer of £347k into the contingency budgets has occurred, raising the level of contingency budgets to £3.457m. It is forecast that £172k will need to be utilised during the final quarter and £2.577m will be transferred into earmarked reserves at the end of the financial year to fund known costs in 2023/24. The remaining £708k will not be required and contributes to the overall forecasted underspend.
- 5.3** The budget to meet the Council's contribution to Benefit payments is forecast to underspend by £209k at year-end. This is similar to the projected underspend during quarters 1 and 2.

## **6. Collection of Council Tax**

- 6.1** 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 2021. 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. The cost of living crisis is starting to impact on the collection of Council Tax and an increase in the bad debt provision has been made to reflect this impact, and it may result in higher collection losses in future years. The current core Council Tax income is forecasted to be £122k above the budget, but this is a reduction from the predicted underspend of £372k during quarter 2.
- 6.2** 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 £266k at the end of the financial year. The total surplus income on Council Tax including the Council Tax Premium, is therefore, estimated to be £388k which is a significant reduction on the underspend of £763k reported in quarter 2, but follows the pattern seen in previous years and is, therefore, not unexpected.

## **7. Budget Savings 2022/23**

- 7.1** No Budget Savings were required by the services for the financial year 2022/23.

## **8. Agency and Consultancy Costs**

- 8.1** During the quarter, £1,014k was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £579k related to staff cover for vacant posts. Children's Services spent £280k on agency staff to the end of quarter 3, with the Adults Services incurring £241k on agency staff. The Waste Service spent £254k for site agents at the recycling centres. The full details can be seen at Appendix CH.

8.2 A total of £711k was spent on Consultancy during the period April to December 2022, with £145k funded through grant or external sources. Most services spend modest amounts on consultancy. Economic and Regeneration incurred £75k during quarter 3 on consultancy, though much of this was funded by external sources of income. Highways spent £54k on consultancy, with £38k of these on the Holyhead Hydrogen Hub which is funded by grant. A summary of expenditure per service is shown in Appendix D, and additional details of the expenditure can be seen at Appendix DD.

## 9. Welsh Government Covid-19 Grant Funding to date

9.1 The Welsh Government has provided significant financial support to the Welsh local authorities on Coronavirus related additional costs, although this has now ended. However, the Council is still making payments to individuals and recovering the costs from the Welsh Government through the Hardship Fund mechanism. Table 5 below shows that the Council claimed £1.352m for additional costs arising from the pandemic for this financial year:-

**Table 6 Covid-19 related expenditure April to December 2022 funded by Welsh Government**

	<b>Free School Meals £</b>	<b>Self Isolation £</b>	<b>Winter Fuel £</b>	<b>SSP Enhancement £</b>	<b>Total £</b>
<b>SUMMARY</b>					
Claimed	598,831	181,210	486,092	121,589	1,387,722
Disallowed	35,478	-	-	-	35,478
<b>Balance Due</b>	<b>563,353</b>	<b>181,210</b>	<b>486,092</b>	<b>121,589</b>	<b>1,352,244</b>
Paid	472,015	181,210	207	121,590	775,022
<b>Balance Outstanding</b>	<b>91,338</b>	<b>-</b>	<b>485,885</b>	<b>- 1</b>	<b>577,222</b>

## 10. Conclusion

10.1 The projection at the end of the third quarter is that the budget will be underspent by £1.970m for the year ending 31 March 2023.

10.2 The main areas of concern relate to:-

- i. There are significant underlying overspends which are of concern and difficult to manage, as they are demand led statutory services. Adult Services is expected to overspend by £613k, but this masks significant underlying overspends which are currently funded by grant and the social care pressures reserve for 2022/23. Without these sources of funding, the service would be overspent by more than £3m. Children's services is expected to overspend by £996k, mainly due to out-of-County placements and other services for Looked after Children. Both social care services have had significant budget increases in more recent years, but the demand continues to increase.
- ii The cost of living crisis will ultimately result in an increase in the demand for Council services (Homelessness, Debt Advice, Mental Health Support, Children's Service) and may lead to a reduction in income in services such as leisure, culture, planning, parking fees, as people reduce their spending on non-essential items. These potential changes in demand for services may have a negative impact on the Council's financial position.

**10.3** Although the overall position for services is a forecasted small overspend, the underlying position is masked by the use of reserves and the receipt of one off grants and by temporary factors such as vacant posts and income exceeding targets, and these factors may not appear in 2023/24. Without these items, it is likely that service budgets would be significantly overspent in 2022/23. The current forecasted position has been taken into account when setting the 2023/24 budget and, where possible, additional funding has been put into the budget to cover rising demand for services. However, as is detailed in the 2023/24 revenue budget report, there are a number of financial risks facing the Council in 2023/24 which would require the further use of the Council's general balances to fund. The fact that the Council has a healthy level of general balances helps to mitigate those risks significantly.

**Projected Revenue Outturn for the Financial Year ending 31 March 2023- Quarter 3**

<b>Gwasanaeth/Swyddogaeth Service/Function</b>	<b>2022/23 Cyllideb Blynyddol Annual Budget</b>	<b>2022/23 Ch3 Cyllideb hyd yma Q3 Budget Year to Date</b>	<b>2022/23 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual &amp; Committed spend</b>	<b>2022/23 Ch3 Amrywiad Q3 Variance</b>	<b>2022/23 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual &amp; Committed Spend</b>	<b>Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2023 Estimated Expenditure to 31 March 2023</b>	<b>Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2023 over/(under)</b>	<b>2022/23 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget</b>	<b>Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2023 over/(under)</b>	<b>Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2022 over/(under)</b>	<b>2021/22 Gor/(Tan) Wariant Drafft Draft Over/ (underspend)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Addysg, Sgiliau a Phobl Ifanc</u></b> <b><u>Education, Skills and Young People</u></b>											
Cyllideb Datganoledig Ysgolion <i>Delegated Schools Budget</i>	50,821	35,934	35,934	0	0.00%	50,821	0	0.00%	0	0	0
Addysg Canolog <i>Central Education</i>	5,544	(764)	(852)	(87)	11.43%	5,480	(64)	-1.15%	(78)	81	(150)
Diwylliant <i>Culture</i>	1,344	1,089	906	(183)	-16.82%	1,329	(15)	-1.12%	15	(13)	(105)
<b><u>Gwasanaethau Oedolion</u></b> <b><u>Adult Services</u></b>	30,493	21,229	22,254	1,025	4.83%	31,106	613	2.01%	313	753	(283)
<b><u>Gwasanaethau Plant</u></b> <b><u>Children's Services</u></b>	12,312	11,193	11,944	751	6.71%	13,308	996	8.09%	1,048	755	(370)
<b><u>Tai</u></b> <b><u>Housing</u></b>	1,971	2,088	2,051	(37)	-1.78%	1,981	10	0.51%	30	85	(128)
<b><u>Priffyrdd, Gwastraff ac Eiddo</u></b> <b><u>Highways, Waste &amp; Property</u></b>											
Priffyrdd <i>Highways</i>	6,856	6,898	6,059	(839)	-12.17%	6,617	(239)	-3.49%	(213)	(54)	(55)
Eiddo <i>Property</i>	1,748	1,003	608	(395)	-39.34%	1,526	(222)	-12.70%	8	48	(17)
Gwastraff <i>Waste</i>	9,114	6,494	5,626	(868)	-13.37%	8,084	(1,030)	-11.30%	(965)	(795)	(1,206)
<b><u>Rheoleiddio a Datblygu Economaidd</u></b> <b><u>Regulation &amp; Economic Development</u></b>											

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Gwasanaeth/Swyddogaeth Service/Function	2022/23 Cyllideb Blynyddol Annual Budget	2022/23 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2022/23 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2022/23 Ch3 Amrywiad Q3 Variance	2022/23 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2023 Estimated Expenditure to 31 March 2023	Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2023 over/(under)	2022/23 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2023 over/(under)	Ch1 : Q1 Amcangyfrif o Alldro 31 Mawrth 2023 gor/(tan) wariant Estimated Outturn 31 March 2022 over/(under)	2021/22 Gor/(Tan) Wariant Drafft Draft Over/ (underspend)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000	£'000	£'000
Datblygu Economaidd <i>Economic Development</i>	2,407	1,714	1,825	112	6.51%	2,501	94	3.91%	86	27	(157)
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,527	1,943	1,693	(249)	-12.83%	2,352	(175)	-6.93%	(85)	(77)	(545)
<b><u>Trawsnewid Transformation</u></b>											
Adnoddau Dynol <i>Human Resources</i>	1,572	1,303	1,292	(12)	-0.89%	1,497	(75)	-4.77%	(70)	(62)	(54)
TGCh <i>ICT</i>	3,766	2,996	3,027	32	1.06%	3,711	(55)	-1.46%	(53)	(176)	(149)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,187	811	701	(110)	-13.52%	1,070	(117)	-9.86%	(109)	(59)	(185)
<b><u>Adnoddau Resources</u></b>	3,602	2,922	2,942	20	0.68%	3,532	(70)	-1.94%	(98)	(144)	(252)
<b><u>Busnes y Cyngor Council Business</u></b>	2,035	1,494	1,461	(33)	-2.21%	1,979	(56)	-2.75%	(44)	(33)	(64)
<b><u>Costau Corfforaethol a Democrataidd Corporate &amp; Democratic costs</u></b>	1,873	1,667	1,867	199	11.97%	1,965	92	4.91%	200	215	(327)
<b><u>Rheolaeth Corfforaethol Corporate Management</u></b>	756	569	572	4	0.62%	756	0	0.00%	0	(1)	(10)
-											
Costau heb gyllideb, ac na ellir eu rheoli: yswiriant, costau pensiwn a dileu drwg ddyledion / lwfansau <i>Unbudgeted, uncontrollable costs: insurances, pension costs and bad debt write offs / impairment allowances on services' income</i>						400	400	0.00%	400	200	1,386

<b>Cyfanswm Cyllideb Gwasanaethau</b> <b>Total Service Budgets</b>	139,929	100,580	99,910	(670)	-0.67%	140,016	87	0.06%	385	750	(2,671)
Ardollau <i>Levies</i>	3,957	3,919	3,919	0	0.00%	3,957	0	0.00%	0	0	(2)
Rhyddhad Trethi Dewisol <i>Discretionary Rate Relief</i>	72	0	0	0	0.00%	72	0	0.00%	0	(1)	0
Cyllido Cyfalaf <i>Capital Financing</i>	5,338	3,112	2,732	(380)	0.00%	4,587	(751)	-38.04%	(501)	(45)	(390)
Arian wrth Gefn Cyffredinol ac Eraill <i>General &amp; Other Contingencies</i>	3,457	3,457	2,992	(464)	-13.43%	2,749	(708)	-50.85%	(48)	(50)	(567)
Arian wrth Gefn Cyffredinol Y Cyngor <i>Council's General Reserves</i>	0	0	0	0	0.00%	0	0	0.00%	0	0	300
Cyfraniad CRT y Gwasanaethau Cefnogol <i>Support Services contribution HRA</i>	(800)	0	0	0	0.00%	(800)	0	0.00%	0	0	(97)
Budd-daliadau a Roddwyd <i>Benefits Granted</i>	6,413	22	22	(0)	-0.01%	6,204	(209)	-3.27%	(201)	(211)	178
Na ellir ei reoli <i>Uncontrollable</i>											
<b>Cyfanswm Cyllid Corfforaethol</b> <b>Total Corporate Finance</b>	18,438	10,510	9,666	(844)	-8.03%	16,770	(1,668)	-9.05%	(750)	(307)	(578)
<b>Cyfanswm 2022/23</b> <b>Total 2022/23</b>	<b>158,367</b>	<b>111,089</b>	<b>109,575</b>	<b>(1,514)</b>	<b>-1.36%</b>	<b>156,786</b>	<b>(1,581)</b>	<b>-1.00%</b>	<b>(365)</b>	<b>443</b>	<b>(3,249)</b>
<b>Cyllido</b> <b>Funding</b>											
Trethi Annomestig <i>NDR</i>	(25,493)	(19,610)	(19,610)	(0)	0.00%	(25,493)	0	0.00%	0	0	0
Y Dreth Gyngor <i>Council Tax</i>	(41,866)	0	0	0	0.00%	(41,988)	(122)	0.29%	(372)	(573)	172
Premiwm y Dreth Gyngor <i>Council Tax Premium</i>	(1,950)	0	0	0	0.00%	(2,217)	(266)	13.66%	(391)	(414)	(332)
Grant Cynnal Refeniw <i>Revenue Support Grant</i>	(89,058)	(68,506)	(68,506)	0	0.00%	(89,058)	0	0.00%	0	0	(1,389)
<b>Cyfanswm Cyllid 2022/23</b> <b>Total Funding 2022/23</b>	<b>(158,367)</b>	<b>(88,116)</b>	<b>(88,116)</b>	<b>(0)</b>	<b>0</b>	<b>(158,756)</b>	<b>(388)</b>	<b>0.25%</b>	<b>(763)</b>	<b>(987)</b>	<b>(1,549)</b>
<b>Cyfanswm yr alldro yn cynnwys effaith y cyllido</b> <b>Total outturn including impact of funding</b>	<b>0</b>	<b>22,973</b>	<b>21,459</b>	<b>(1,514)</b>	<b>-6.59%</b>	<b>(1,970)</b>	<b>(1,970)</b>	<b>-1.24%</b>	<b>(1,128)</b>	<b>(544)</b>	<b>(4,798)</b>

**Summary of the Outturn Position on Contingency Budgets 2022/23**

	<b>Original Budget</b>	<b>Virements (to / from)</b>	<b>Amended Budget YTD</b>	<b>Forecasted Year End</b>	<b>Transfer to Earmarked Reserves</b>	<b>Forecasted Year End Variance</b>
	£	£	£	£	£	£
General Contingency	405,734	27,690	433,424	43,048	0	(390,376)
Salary and Grading	100,000	(1,040)	98,960	114,336	0	15,376
County Elections	200,000	(152,265)	47,735	0	0	(47,735)
Children's Services Additional Demands	316,830	(316,830)	0	0	0	0
Schools IT Hardware	300,000	0	300,000	0	300,000	0
Covid Costs	300,000	0	300,000	15,000	0	(285,000)
Pay Inflation	1,000,000	1,065,000	2,065,000	0	2,065,000	0
North Wales Economic Ambition Board – Growth Bid	97,000	(97,000)	0	0	0	0
Trainee Scheme	340,000	(178,420)	161,580	0	161,580	0
Climate Change	50,000	0	50,000	0	50,000	0
<b>Total General and Other Contingencies</b>	<b>3,109,564</b>	<b>347,135</b>	<b>3,456,699</b>	<b>172,384</b>	<b>2,576,580</b>	<b>(707,735)</b>

**Agency costs October to December 2022**

Service	Amount £	Source of Funding (Specific Core Budget / Un-utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	21,985	Grant	Temporary	To back fill officers dealing with Covid
	13,859	Grant	Temporary	To back fill officers dealing with export health certificates
	<b>35,845</b>			
Schools	31,451	Core	Temporary	Supply staff to cover specialised subjects
	<b>31,451</b>			
Waste	253,539	Specific Core Budget	Temporary	Additional tasks required short term
	<b>253,539</b>			
Children Services	280,417	Core Budget/ Agency staff Reserve	Temporary	To cover vacant posts
	<b>280,417</b>			
Adult Services	204,277	Core Budget	Temporary	To cover vacant posts
	36,524	Grant funded	Temporary	Cover additional work re Covid and vacant posts
	<b>240,801</b>			
Resources	40,906	Grant	Temporary	Housing Benefit Subsidy Work
	35,978	Grant	Temporary	Additional work from administering WG Cost of Living Grants
	94,625	Un-utilised staffing budget	Temporary	To cover vacant posts
	<b>171,509</b>			
<b>Total</b>	<b>1,013,562</b>			



### Summary Consultancy Expenditure Q3 2022/23

Summary Consultancy Expenditure per Service				
Service	Quarter 1 £	Quarter 2 £	Quarter 3 £	Total 2022/23 £
Central Education	834	12,469	0	13,302
Culture	4,925	1,500	13,150	19,575
Economic & Regeneration	39,147	204,352	74,577	318,076
Property	0	4,832	0	4,832
Highways	11,376	72,418	54,344	138,138
Schools	0	0	0	0
Waste	4,431	13,347	7,856	25,634
HRA	0	0	0	0
Housing	0	0	0	0
Corporate & Democratic	0	0	0	0
Adult Services	0	0	0	0
Children Services	200	6,093	10,000	16,293
Corporate	0	0	0	0
Transformation	9,157	20,026	11,698	40,880
Council Business	7,279	37,968	23,827	69,074
Resources	20,278	24,770	19,803	64,850
<b>Total</b>	<b>97,627</b>	<b>397,774</b>	<b>215,254</b>	<b>710,655</b>
Funded by:				
Core Budget	63,016	160,418	70,226	293,660
Grant	33,321	199,734	145,028	378,083
External Contribution	0	34,972	0	34,972
Reserves	1,290	2,650	0	3,940
<b>Total</b>	<b>97,627</b>	<b>397,774</b>	<b>215,254</b>	<b>710,655</b>

## Detailed Analysis of Consultancy Costs Q3, 2022/23

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
<b>Total Q1 April - June</b>	<b>97,627</b>					
<b>Total Q2 July - September</b>	<b>397,774</b>					
Page 26 Culture	6,050			✓	Specific Core Budget	Consultation- support for the tendering of the Oriel Môn café concession
	1,700			✓	Grant	Creative writing and publishing taster courses - marketing promotion and social media campaign
	300			✓	Grant	2 day Dry Stone Walling course
	200			✓	Grant	Foraging event
	900			✓	Grant	2 day Stock Fencing course
	4,000			✓	Grant	Session in the field of art and design - intended to present possible careers in the creative field
<b>Total Culture</b>	<b>13,150</b>					
Economic & Regeneration	184	✓			Specific Core Budget	SharePoint Online (Plan 1) CSP Annual Renewal
	1,052	✓			Specific Core Budget	Annual Coretime Support and Licences Premium Support
	33,891			✓	Grant	UK CRF Project Evaluation Support Work
	10,000			✓	Grant	Adfywio Môn UKCRF - Monitoring and Evaluation
	22,436			✓	Grant	IoACC Heritage Landscape Project
	5,544			✓	Grant	Engage three community councils on Ynys Cybi
	720			✓	Specific Core Budget	Agricultural appraisal for Rural Workers Dwelling
750	✓	✓	✓	Specific Core Budget	Portal Consultancy for Holyhead Border Control Point	
<b>Total Economic &amp; Regeneration</b>	<b>74,577</b>					

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Highways	38,091			✓	Grant funded	Holyhead Hydrogen Hub
	259			✓	Specific Core Budget	PCN Charges
	2,622			✓	Specific Core Budget	Levy contribution FAO Parking Services
	296			✓	Grant funded	Annual compliance monitoring fee for high risk reservoirs
	1,156			✓	Specific Core Budget	Research in Public Record Office relating to Trewan Sands railway crossing
	8,560			✓	Specific Core Budget	Produce a feasibility report to assess improvements for pedestrian
	3,360			✓	Grant funded	Llangefni Hydraulic Modelling
<b>Total Highways</b>	<b>54,344</b>					
Waste	2,141	✓		Specific Work	Specific Core Budget	Penhesgyn Landfill Gas Technical Support
	850	✓		Specific Work	Specific Core Budget	Penhesgyn Culvert - Fee Proposal for Engineering Consultancy Services
	1,605	✓		Specific Work	Specific Core Budget	Penhesgyn Gors Landfill Environmental Survey
	975	✓		Specific Work	Specific Core Budget	Site Audit & Risk Assessment
	2,285	✓		Specific Work	Specific Core Budget	Penhesgyn IVC Composting Facility
<b>Total Waste</b>	<b>7,856</b>					
Children Services	10,000			✓	Grant	External evaluation of Môn Ymlaen for CRF
<b>Total Children Services</b>	<b>10,000</b>					
Transformation	4,878			✓	Specific Core Budget	Project management charges - ResourceLink migration to the hybrid cloud
	4,750			✓	Specific Core Budget	iShare support consultancy
	2,070	✓			Grant	Assessor - Trainee Social Workers
<b>Total Transformation</b>	<b>11,698</b>					

	Amount £	Category - Reason Appointed			Source of Funding (Specific Core Budget / Unutilised staffing budget / Grant / External Contribution)	Description of work undertaken
		Ongoing to cover specific skill set that doesn't require Permanent Post	Volume of Work	Specific Work / One Off Project		
Council Business	23,827			✓	Unutilised staffing budget	Locum
<b>Total Council Business</b>	<b>23,827</b>					
Resources	7,563	✓			Specific Core Budget	Treasury Services Retainer Contracts
	12,240			✓	Grant	Eligibility assessments for WG cost of living grants
<b>Total Resources</b>	<b>19,803</b>					
<b>Total Q3 October - December</b>	<b>215,254</b>					
<b>Cumulative Total April - December</b>	<b>710,655</b>					

ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	<b>EXECUTIVE</b>	
<b>Date:</b>	<b>02 MARCH 2023</b>	
<b>Subject:</b>	<b>BUDGET MONITORING REPORT THIRD QUARTER 2022/23 - CAPITAL</b>	
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER FINANCE, CORPORATE BUSINESS &amp; CUSTOMER EXPERIENCE</b>	
<b>Head of Service / Director:</b>	<b>MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) &amp; SECTION 151 OFFICER (EXT. 2601)</b>	
<b>Report Author:</b> E-mail:	<b>JEMMA ROBINSON</b> <a href="mailto:JemmaRobinson@ynysmon.llyw.cymru">JemmaRobinson@ynysmon.llyw.cymru</a>	
<b>Local Members:</b>	n/a	
<b>A –Recommendation/s and reason/s</b>		
It is recommended that the Executive :-		
<ul style="list-style-type: none"> <li>• Note the progress of expenditure and receipts against the capital budget 2022/23 at quarter 3.</li> </ul>		
<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>		
n/a		
<b>C – Why is this a decision for the Executive?</b>		
<ul style="list-style-type: none"> <li>• This report sets out the financial performance of the Capital budget for the third quarter of the financial year.</li> <li>• Budget monitoring is a designated Executive function.</li> </ul>		
<b>CH – Is this decision consistent with policy approved by the full Council?</b>		
Yes		
<b>D – Is this decision within the budget approved by the Council?</b>		
Setting of the annual Capital Budget.		
<b>DD – Who did you consult? What did they say?</b>		
<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT) (mandatory)</b>	Report has been reviewed by the Senior Leadership Team and comments incorporated into the final report.
<b>2</b>	<b>Finance / Section 151(mandatory)</b>	n/a – this is the Section 151 Officer's report.
<b>3</b>	<b>Legal / Monitoring Officer (mandatory)</b>	The Monitoring Officer is part of the Senior Leadership Team and comments made have been considered.
<b>4</b>	<b>Human Resources (HR)</b>	
<b>5</b>	<b>Property</b>	
<b>6</b>	<b>Information Communication Technology (ICT)</b>	
<b>7</b>	<b>Procurement</b>	
<b>8</b>	<b>Scrutiny</b>	
<b>9</b>	<b>Local Members</b>	

<b>E – Impact on our Future Generations(if relevant)</b>		
<b>1</b>	<b>How does this decision impact on our long term needs as an Island</b>	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.
<b>2</b>	<b>Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-</b>	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.
<b>3</b>	<b>Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:</b>	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
<b>4</b>	<b>Have Anglesey citizens played a part in drafting this way forward? Please explain how:-</b>	The Council's Corporate Plan and Capital Programme 2022/23 have been subject to a consultation process with Anglesey citizens.
<b>5</b>	<b>Outline what impact does this decision have on the Equalities agenda and the Welsh language</b>	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.
<b>F - Appendices:</b>		
<p>Appendix A - Capital Budget Monitoring Report – Quarter 3 2022/23  Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End  Appendix C - Changes to budgets / additional schemes added since budget setting</p>		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• 2022/23 Capital Budget, as approved by the full Council on 10 March 2022;</li> <li>• 2022/23 Treasury Management Strategy Statement, approved by the full Council on 10 March 2022;</li> <li>• 2021/22 Capital Outturn Report, presented to this Committee on 28 June 2022; and</li> <li>• 2022/23 Capital Budget Monitoring Quarter 1, presented to this Committee on 27 September 2022 and 2022/23 Capital Budget Monitoring Quarter 2, presented to this Committee on 29 November 2022</li> </ul>		

## 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 2022, the Council approved a Capital Programme for non-housing services of £17.177m for 2022/23, and a Capital Programme of £18.784m for the Housing Revenue Account (HRA). In addition, in June 2022, the Executive approved Capital Slippage of £11.242m to be brought forward from 2021/22, bringing the Capital Programme for non-housing services to £28.419m, and £18.784m 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 £10.837m, along with the HRA budget being reduced by £3.750m. This brings the total Capital budget for 2022/23 to £54.290m. This is illustrated in the table below:-

<b>Funded By:</b>	<b>Original 22/23 budget as approved by Full Council £'000</b>	<b>Slippage as approved in Q4 21/22 outturn £'000</b>	<b>HRA reduction £'000</b>	<b>Additional schemes since budget setting £'000</b>	<b>TOTAL £'000</b>
Grant	7,662	4,426		9,704	21,792
Supported Borrowing	3,325	3,816		(73)	7,068
Unsupported Borrowing	11,399	200	(3,750)	(1,107)	6,742
Revenue Contribution	10,099			267	10,366
Capital Receipts	600	251		287	1,138
Reserves	2,876	2,472		1,759	7,107
Loan		77			77
<b>TOTAL</b>	<b>35,961</b>	<b>11,242</b>	<b>(3,750)</b>	<b>10,837</b>	<b>54,290</b>

Please refer to Appendix C for details of changes to budgets / additional schemes added since the budget setting process.

## 2. PROGRESS ON EXPENDITURE 2022/23

- 2.1 Below is a summary table of the Capital expenditure to 31 December 2022, the profiled budget to 31 December 2022 and the proposed funding of the Capital Programme for 2022/23:-

<b>Service</b>	<b>Annual Budget £'000</b>	<b>Profiled Budget £'000</b>	<b>Actual Expenditure £'000</b>	<b>Committed Expenditure £'000</b>	<b>Total Expenditure £'000</b>	<b>Profiled Budget Spend %</b>	<b>Annual Budget Spent %</b>
Housing General Fund	1,667	380	399	0	399	105	24
Housing HRA	15,034	11,283	5,926	849	6,775	60	45
Lifelong Learning	18,008	10,214	9,574	656	10,230	100	57
Economic and Regeneration	7,620	5,466	4,395	878	5,273	96	69
Highways	7,197	3,662	3,011	464	3,475	95	48
Waste Management	451	76	55	26	81	107	18
Property	1,717	370	369	0	369	100	21
Transformation	711	468	438	28	466	100	66
Adult Services	1,885	146	148	6	154	105	8
<b>Total</b>	<b>54,290</b>	<b>32,065</b>	<b>24,315</b>	<b>2,907</b>	<b>27,222</b>	<b>85</b>	<b>50</b>
<b>Funded By:</b>							
Capital Grant	21,792						
Capital Receipts	1,138						
Supported Borrowing	7,068						
Unsupported Borrowing	6,742						
Revenue Contribution	10,366						
Reserves	7,107						
Loan	77						
<b>Total Funding</b>	<b>54,290</b>						

- 2.2** The profiled budget spent to the end of the third quarter for the general fund is 98%, however, only 52% 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. Some capital schemes are underway, with the majority of the profiled budget for quarter 3 being spent, schemes such as the Canolfan Addysg y Bont roofing works, capital works to Education buildings, Leisure schemes, Penrhos Phase 2 and 3 and the Llangefni Gateway schemes. Some capital schemes have yet to commence, or the majority of their budget is profiled in the next quarter or towards the latter part of the financial year, such as the Enable Grant scheme, the Melin Llynonn scheme, small scale grants flood schemes and the social care funding. These schemes and their profiles can be seen in Appendix B. There are a number of Capital Grants schemes in 2022/23 and an update on these is provided in Section 3.1 of this report.
- 2.3** The HRA has spent 60% of its profiled budget and 45% 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. For further information on the HRA capital expenditure and projected spend, please refer to the HRA quarter 3 budget monitoring report, presented to this Committee on 02 March 2023.

### **3. FUNDING**

#### **3.1 Capital Grants**

**3.1.1** There are a number of Capital Grant schemes in the Capital Programme for 2022/23, most of which are underway and progressing, with a brief update on the schemes provided below:-

- **Sustainable Communities for Learning** - the new Ysgol Corn Hir building is complete, with highway works ongoing, to be completed in March 2023. . External works on site will continue until Easter. New Foundation Phase Unit at Ysgol y Graig – works have commenced on site. Experiencing a delay at present due to extremely wet ground conditions. The Structural Timber Frame is under construction off-site.
- **Welsh Medium Capital Grant** - £0.784m has been offered to complete a childcare unit at Ysgol Llanfawr. Sub-contractors are due to be appointed and the unit is to be manufactured off-site for delivery end of February. The grant funding will be drawn down in full this financial year in line with the grant conditions.
- **Holyhead Townscape Transformation (Phase II Townscape Heritage Initiative (THI))** – The UK Government has delayed the much anticipated Levelling Up Fund Round 2 decisions until the New Year. The works at the Swift Square Public Conveniences and the viewing platform for the North East Tower of Caergybi Roman Fort are progressing. Options to accelerate the works are being explored in order to ensure project completion by the end of March 2023, prior to the Easter bank holiday weekend.
- **The Holy Island Landscape Partnership** – the Landscape Partnership has secured funding from the National Lottery Heritage Fund (NLHF) to deliver a range of projects which focus on the natural environment of Holy Island. Additional funding has been secured through the Shared Prosperity Fund and the Levelling Up Fund. Further small amounts have been secured through the Sustainable Development Fund. Progress on projects which are jointly funded through the ERDF include:-
  - Conserving our Heritage – Contractors have been appointed to carry out works on Ffynnon y Wrach, Twr Ellin and the Lookout above South Stack. These works should be completed by the end of February. Consultants have also prepared outline procurement documents for the remaining structures which are part of the project.



- **Hwb In-Schools Infrastructure Grant Scheme** – Screens have been allocated to schools following an evaluation of the condition survey results and are currently being installed by the sub-contractors of the re-seller appointed to the HWB dynamic purchasing scheme.
- **Tourism Gateway** – the Breakwater Country Park visitor centre: the main contractor has been appointed and works commenced on site early July. Completion of the work on the new visitor centre is now expected by mid-February 2023. Works on the toilets and kiosk have now been completed. Deliverability by the deadline is currently expected and will be constantly reviewed, and any changes will be reported to Visit Wales.
- **Penrhos Phase 2 project** - the aim of this scheme is to construct seven new business units on the Penrhos Industrial Estate. Works on the units have now been completed with only installation of the substation and commissioning required to be undertaken. This is likely to be completed in quarter 4. Expectation that marketing of these units will commence in spring 2023.
- **Penrhos Phase 3 project** – £3.1m funding secured from ERDF. The intention is to construct 6 business units on final parcel of land in Council ownership. Procurement commenced in October 2022 utilising the North Wales construction Partnership framework. In December 2022 contractors were appointed with works on-site to commence during quarter 4 and are scheduled to be completed end of quarter 1 2023/24.
- **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)** – Marketing of the completed units were undertaken during quarter 3 with all units offered to applicant by end of quarter 3. It is anticipated that all tenants will have occupied these units during quarter 4 subject to legal agreements.
  - **Gateway Joint Venture** – the aim of the Gateway Joint Venture is to undertake enabling works on the remaining plots of the Tregarnedd Business Park (Gateway Site). Archaeological and ecological works have been completed and further issues arising. Number of plots to be available to sell will be 3, rather than 6, due to archaeological constraints. Final preparatory works ongoing to enable final plots to be ready for marketing.
- **Holyhead and Amlwch Drainage schemes** - these studies are currently ongoing. In Holyhead, the hydraulic modelling is complete and the long list of options is being refined. In Amlwch, the river surveys have been completed and the long list of options are being considered. Both these studies continued in quarter 3, and will continue throughout this financial year and into 2023/24.
- **Small Scale Grants Work** - Six schemes have now been completed, with the remaining being programmed for completion by year end, with the revised grant funding being drawn down in full.
- **Llanfair PG, Menai Bridge and Valley Full Business Case (FBC) and Valley Construction** - Llanfair PG - Following legal advice, the current commission will come to an end and the Council will look to retender this commission and appoint a new consultant. The Valley construction scheme is now complete. Menai Bridge – the planned preferred option has been proven not to address the flooding issue sufficiently. Consequently, a hybrid scheme involving other interventions is being considered.

- **Mill Lane - Structure & Natural Flood Management (NFM)** – Structure – there has been a failure of the sensor which controls automatic operation and consultants are currently working on revisions to the sensor arrangement to overcome this issue. NFM - The negotiations are still continuing with the landowner on the NFM aspect, albeit slowly. It will only be the design element that will be completed within this financial year, with the construction element resubmitted for next financial year when it is expected that a new NFM programme will be available.
- **Dwyran Ordinary Watercourse Natural Flood Management (NFM)** – the snagging issues have been dealt with and the telemetry to allow monitoring of the effectiveness is ongoing. The telemetry data is now being collected and analysed. This will continue for some years.
- **Active Travel** - £0.538m of Welsh Government (WG) Grant has been secured to promote and increase levels of active travel, improve health & well-being, reduce carbon emissions and improve active travel for employment, education and key services, destinations and public transport. £0.486m is for core works covering a number of scheme proposals, and £0.052m has been awarded for Llanfairpwll & Menai Bridge (main artery improvements). Progress in quarter 3 includes:-
  - Re-Profiled the budget and outputs – still on-track to aim for full spend of the budget by end of March 2023.
  - Pre-Scheme Development Activities and Welsh Transport Appraisal Guidance (WelTAG) Studies are continuing to progress at Lôn Graig-Lon Refail Llanfairpwll, Benllech, Pont Marquis-Newborough, Amlwch-Amlwch Port, and Holyhead Train Station to Trearddur Bay.
  - In relation to the main bid that was awarded to Llanfairpwll & Menai Bridge (main artery improvements) this has included a continuation of the WelTAG process on Pentraeth Road, Menai Bridge and the A5025 to connect to Llanfairpwll Park and Share. In addition, concept designs has been completed to enable safer active travel routes to connect the community to Llanfairpwll Primary School as well as detailed design work to overcome a critical failure on the network at A5/Ffordd Penmynydd
  - Designs completed and programme agreed for the Minor Works Packages (critical fail routes at Llangefni and Amlwch);
  - Scope of works and surveys agreed to continue assessment of proposed formal crossing at Valley);
  - Monitoring and Evaluation activities continue to progress include: arrangement of public consultations, updating the Council website and updates to Data Map Wales, ordering of permanent user-counters etc.
- **Resilient Roads Fund** – the Council has been successful in obtaining funding under this grant to undertake a Stage 3 Welsh Transport Appraisal Guidance (WelTAG) study into what resilience measures could be implemented on the B5109 road to Beaumaris. This road has a history of closures in times of adverse weather, and increased storminess associated with climate change will only worsen the situation. The WelTAG Stage 3 study commenced in quarter 3 with initial site investigations and environmental studies undertaken. Works are still on course to complete before the end of the financial year and current estimates predict a slight underspend (circa. £20k)
- **Ultra Low Emission Vehicle Transformation Fund** - £0.114m was awarded in December 2022 to undertake enabling works and project development activities to facilitate electric vehicle charging points on the Island in alignment with the Welsh Government's EV Charging Strategy. Welsh Government have agreed a time-extension until end of June 2023 (based on all orders raised by end of March 2023).

- **Local Transport Fund** – infrastructure enhancements - £0.750m was awarded in 2021/22 to facilitate Infrastructure Enhancements on Anglesey to support bus network delivery work (North Wales Metro) on behalf of Transport for Wales. Time extension was secured and agreement obtained from Welsh Government to claim the grant in full. In quarter 3, software contents were confirmed for the totem infrastructure that is bespoke to Isle of Anglesey County Council, completion of all e-ink solar sites (installation in quarter 4), completion of 1st phase of civil works associated with the 21.5” infrastructure. Remaining outstanding civil works and installation of all RTI is aimed for completion during quarter 4 (depending on weather conditions etc.)
- **Local Transport Fund** - £0.630m has been awarded for 2022/23 in relation to bus infrastructure enhancements which relate to re-developing the bus stop environment at key bus interchange sites (i.e. new bus shelters / introducing public realm improvements etc.). A revised offer letter has now been accepted for £0.493m to deliver the above activities at x4 sites (rather than x6). It also has been agreed for a time-extension until end of June 2023 (based on orders raised by end of March 2023). During quarter 3, all design works have been reviewed and amended following discussions with main contractor and a works order process has commenced to confirm budgets and programme for the delivery for each site (and for the overall programme delivery). All approvals obtained from the relevant Town Councils to confirm support towards the scheme design.
- **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. 90% expenditure was achieved on both grant awards, and agreement from WG was obtained to carry forward the remainder of the grant award to financial year 2022/23 for completion in quarter 2 2022/23. Works in Moelfre Primary School are now complete. Planning permission has been granted for the works to continue in the Council Offices. Although the original schedule estimated completion of works at the Council Offices by quarter 2, works were significantly delayed after receiving planning permission due to a main engineering contractor going in to liquidation. Work is now progressing on site and is anticipated to be completed in quarter 4.
- **Amlwch 3G pitch** - £0.075m grant funding has been secured towards the delivery of the Amlwch 3G pitch, with the remainder of the budget being funded from the leisure improvements capital reserve. The project is now complete.
- **Môn Coastal Gateway** – The tender came in higher than the original funding and as such, £50k was approved to move from the County Council's capital budget for toilet improvements to cover the additional costs. The full budget is expected to be spent this financial year, in line with the grant conditions. Works in quarter 3 is as follows:
  - Bae Trearddur - Building striped out, new partition walls erected and first fix plumbing completed. Ready for new flooring system which is to be laid start of February.
  - Porthdafarch - Building striped out and first fix plumbing work completed. Ready for new flooring system which is to be laid start of February.
  - Porth Swtan; - Building striped out, asbestos ceilings removed and first fix plumbing completed. Ready for new flooring system which is to be laid start of February. Existing timbers to the roof void being treated for woodworm in January and work of installing UPVC ceiling starting following completion of treatment.
  - Benllech; - Building striped out, new partition walls and openings formed last week and first fix plumbing started. Ready for new flooring system which is to be laid start of February. Work of installing UPVC ceiling starting in February.

- **Community Focused Schools (CFS) grant** - £0.476m of grant funding has been awarded by Welsh Government (WG) to support small and medium scale practical projects to open schools outside the traditional hours, specifically to safely adapt and effectively open schools outside traditional hours, to enable community use of the existing facilities. There has been no expenditure to date on the scheme, however, there is now a schedule in place for expenditure this financial year, with tenders for work going out in quarter 4. It is envisaged that the grant will not be utilised in full this financial year, which has been discussed at length with WG and agreement has been obtained from WG to carry any unutilised funding to financial year 23/24 for completion of the activities planned.
- **Additional Learning Needs (ALN) grant** - £0.476m of grant funding has been awarded by Welsh Government (WG) to support learners with ALN. The aim of the grant is to optimise pre-16 learning environments for those with ALN and increase accessibility to promote inclusive practice, support learning and pupil wellbeing. This will support the implementation of the ALN and Education Tribunal Act Wales 2018 and Curriculum for Wales. There has been no expenditure to date on the scheme, however, there is now a schedule in place for expenditure this financial year, but due the nature of some of the work (having to be completed outside of term time to minimise disruption), it is envisaged that the grant will not be utilised in full this financial year, which has been discussed at length with WG. Agreement has been obtained from WG to carry any unutilised funding to financial year 23/24 for completion of the activities planned.
- Social care funding has been awarded from the Regional Partnership Board from a number of different funding streams as follows:
  - **Integrated Care Fund (ICF)** - £0.852m was claimed through the ICF in the prior year and through displaced funding, for the projects to slip into 2022/23 to be completed. There are 4 projects included in the program managed monies which are:
    - Specialist small group homes – The funding will be used to invest in our residential homes for children and outreach into schools to support well-being and technology.
    - Extra Care south of the island – This funding will fund initial cost with preparing the site, architect, and planning costs.
    - Disabled Friendly Investment – This funding will be all used in 2022/23 to complete disabled friendly investments in Plas Arthur and Holyhead leisure centres.
    - Learning Disability Enabling Accessibility – This project will fund an investment into supported living and community opportunities for individuals with a learning disability.

It is currently envisaged that some of the projects will continue in 2023/24 and it has been agreed with the regional team that the funding can be carried forward to fund completion in 2023/24.

- **Discretionary capital Projects (DCP)** - £0.147m of capital funding has been granted through DCP and will be used to support the following two projects:
  - Small group homes – The funding will be supporting the build costs refurbishment of a children's day respite centre.
  - Supported Living for individuals with LD – The funding will be spent on advanced technologies to promote inclusion and develop skill sets.

It is envisaged that the funding will be spent in full this financial year as per the grant conditions.

- **Integrated and rebalancing community fund (IRCF)** – £0.244m of capital funding has been granted through IRCF to fund:-
  - Amlwch wellbeing HUB – The funding will be utilised to support accessibility for individuals accessing activities. Some of the funding will also invest in a well-being space and touch down base for local authority and third sector staff to hold meetings or events with individuals, families, and carers.
  - Dementia Friendly Care Homes – The funding will be used to create a 3<sup>rd</sup> secure unit at Garreglwyd care home to support an increased specialised local dementia support.

It is envisaged that the funding will be spent in full this financial year as per the grant conditions but due to the late award of the funding from Welsh Government, discussions will be held in regard to the ability to spend on time.

- **Housing with Care Fund (HCF)** – £1.1m of capital funding has been granted through HCF for 2022/23 and 2023/24 to support the Small Group Homes project and fund the renovations of two homes and potentially invest in a night respite unit on one site. It is envisaged that £0.5m of this funding will be spent in full this financial year and the remaining £0.6m in 2023/24.

## 3.2 Capital Receipts

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

	Budget 2022/23 £'000	Received to 31-Dec-22 £'000	Projection to 31-Mar-23 £'000
<b>Council Fund:</b>			
Smallholdings	0	0	0
General	0	182	182
Industrial	0	0	0
Schools	672	146	146
<b>Total</b>	<b>672</b>	<b>328</b>	<b>328</b>

3.2.2 The projected Capital Receipts at 31 March 2023 is £0.328m, with £0.328m being received at 31 December 2022 (100%). This projected figure differs somewhat to what was reported at quarter 2. This is now in light of further information that some of the properties that were expected to sell in 2022/23 have experienced a delay and are now expected to sell in 2023/24.

3.2.3 Although the projected Capital Receipts is £0.328m, there is £2.709m of Capital Receipts available to fund the Capital Programme as £2.381m of Capital Receipts were brought forward from 2021/22 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 2022/23

4.1 Below is a table with projected Expenditure at 31 March 2023 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000	Variance %
Housing General Fund	1,667	780	(887)	(53)
Housing HRA	15,034	10,143	(4,891)	(33)
Lifelong Learning	18,008	13,216	(4,792)	(27)
Economic and Regeneration	7,620	7,093	(527)	(7)
Highways	7,197	5,046	(2,151)	(30)
Waste Management	451	233	(218)	(48)
Property	1,717	758	(959)	(56)
Transformation	711	644	(67)	(9)
Adult Services	1,885	1,154	(731)	(39)
<b>Total</b>	<b>54,290</b>	<b>39,067</b>	<b>(15,223)</b>	<b>(28)</b>
Funded By:	Annual Budget £'000	Projected Funding £'000	Variance £'000	Variance %
Capital Grant	21,792	18,587	(3,205)	(15)
Capital Receipts	1,138	587	(551)	(48)
Supported Borrowing	7,068	2,792	(4,276)	(60)
Unsupported Borrowing	6,742	5,450	(1,292)	(19)
Revenue Contribution	10,366	6,435	(3,931)	(38)
Reserves	7,107	5,139	(1,968)	(28)
Loan	77	77	0	0
<b>Total Funding</b>	<b>54,290</b>	<b>39,067</b>	<b>(15,223)</b>	<b>(28)</b>

4.2 As can be seen from Table 4.1 (above), the forecast underspend on the Capital Programme for 2022/23 is £15.223m, with this being potential slippage into the 2023/24 Capital Programme. The funding for this slippage will also slip into 2023/24 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2023/24.

The main contributor to the forecast underspend can be seen within HRA and Lifelong Learning, where there is a significant underspend forecast. For further detail on the HRA, please refer to the HRA quarter 3 budget monitoring report.

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

#### **Disabled Facilities Grant (DFG)**

A significant underspend is now forecast against this budget. DFG works and the budget is demand led and the service has not seen the level of activity anticipated in connection with applications and approvals during 2022/23 to date.

## **Economic & Regeneration**

The Maritime Infrastructure and Visitor Infrastructure schemes are going to slip into the next financial year as reported in the quarter 2 budget monitoring report. Regarding the Maritime Infrastructure scheme - the work in Amlwch is being prioritised and, while background work has begun and consultants have been appointed, the full budget is still required and the majority of the work will take place next financial year. There has been little expenditure to date on the Visitor Infrastructure scheme, with some expenditure anticipated in quarter 4, however, with discussions underway with the Highways department regarding the works required, the scheme will not be completed this financial year and the slippage is already anticipated. The Amlwch Leisure Centre flooring scheme will commence this financial year, with minimal expenditure from the budget. The remaining budget is estimated to be completed within quarter one of financial year 2023/24. The service has secured a £90k grant from Sport Wales to contribute towards the scheme, with the remaining budget funded from the Leisure capital fund.

## **Waste Management**

The budget for the Recycling Equipment will not be spent in its entirety and an underspend is still anticipated. This is due to the lead times of certain plant / machinery which, following procurement enquiries, will not be delivered before year end. The budget is committed in full and will require slippage into the next financial year.

## **Property**

The Upgrade of Public Conveniences scheme budget will not be spent in full, and it is now estimated that there will be no spend from the budget this financial year. The service is in the process of developing a public conveniences improvement plan which will give a better idea of the capital requirements in the next financial years. It is also envisaged that further grant funding for capital works to public conveniences may be forthcoming in the next financial year, and part of this budget could again be used as match funding if the opportunity arises. The capital budget for works to Council Buildings is now estimated to underspend in the year. The service has advised that some of the projects are behind schedule due to a shortfall in capacity to deliver. Specifically, £350k has been allocated to works to Amlwch Leisure Centre, with a proportion anticipated to be completed this financial year and the remaining to roll over to 2023/24. This is similar to the £250k allocated to Holyhead Leisure Centre, which again will roll over to next financial year. Other factors will also determine the progress of these schemes, with it being roofing works which are weather dependant.

## **Lifelong Learning**

At the end of quarter 2, it was envisaged that disabled adaptations in education buildings budget would be spent in full as part of wider works happening with additional grant funding from Welsh Government (WG). As at quarter 3, this budget, along with the Community focused Schools and Additional Learning Needs grant will not be spent in full this financial year. As explained in 3.1.1 agreement has been obtained from WG to carry any unutilised grant funding to financial year 2023/24 for completion of the activities planned. Therefore the budgets are committed in full, but due to various reasons as communicated with WG, the budgets are now planned to be spent in full by quarter 2 of 2023/24 financial year.

In addition to the above schemes, the refurbish education buildings capital budget is now forecasting a significant underspend. This is due to £1.189m of grant funding being awarded for school Capital maintenance works. The grant funding will be used in 2022/23, replacing funding from the Authority's own resources. As a condition of the grant the core funding not utilised in this financial year, as a result of receiving the additional grant, will now be used to fund school capital works in 2023/24.

The original budget set for Canoflan Addysg y Bont roofing works contained a contingency sum to cover any unforeseen works. The works are now concluding, with minimal additional expenditure after quarter 3, therefore the expenditure is showing as an underspend of £826k when compared to the original budget. Any underspend will be returned to the Council's general balances once the final costs are calculated.

As explained in 3.1.1 a delay is being experienced at present due to extremely wet ground conditions regarding the New Foundation Phase Unit at Ysgol y Graig. This will have an effect on the expenditure and the remaining budget and expenditure will be re-profiled for next financial year.

### **Highways Schemes**

The underspend forecast in the Highways schemes are in relation to various flood schemes, mainly due to projects straddling two financial years and some overlapping into financial year 2023/24 for completion. Some other Local Transport Fund grants have been offered late in the financial year and although relating to 2022/23, agreement has been obtained from Welsh Government to extend the grants to June of 2023/24 for completion of these schemes. The vehicles budget is now forecasting an underspend. The budget has been committed in full, but due to lead times on vehicles, not all the vehicles will be delivered this financial year. Funding will also slip into the next financial year, and no funding will be lost.

### **Adult Services**

As explained in 3.1.1 the budget for Integrated Care Fund (ICF) is forecasting an underspend. This is displaced funding from prior year and has been agreed with the regional team relating to ICF that the schemes can be completed in the next financial year. The funding will therefore carry forward and no funding will be lost.

- 4.3** The Capital Finance Requirement forecasted at 31 March 2023 is £144.667m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £123.964m, meaning the Authority essentially needs to borrow £20.703m 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 2022/23 Treasury Management Strategy Statement (Appendix 11).

## **5. FUTURE YEARS**

- 5.1** The Capital Strategy recommended that the 2022/23 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 2023/24 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 funding available for the resurfacing of roads and 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 used to fund new capital schemes, with priority given to projects which contribute to the Council's objectives, as set out in the 2022 – 2027 draft corporate plan, and any schemes which can generate future revenue savings or generate additional income.

The final proposed Capital Budget is on the agenda of this Committee, with the final budget presented to full Council for approval on 9 March 2023. The Capital Strategy for 2023/24 will also be presented to this Committee and the Full Council on 9 March 2023.



## **6. CONCLUSION**

**6.1** The results at the end of quarter 3, and the associated projected expenditure, shows that the majority of projects are on target to be completed within budget, albeit slipping into next financial year for a number of schemes. The Council has secured many different external grants and work is progressing well, or expected to, on most of these schemes. The Council is also expecting to receive £0.328m of Capital Receipts in 2022/23 to contribute towards the funding of the Capital Programme.

APPENDIX B

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

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 (%)
<b>Housing General Fund</b>											
Disabled Facilities Grants	845,226	200,000	214,396	0	214,396	14,396	107	25	450,000	(395,226)	(47)
Enable Grant	139,786	30,000	34,500	0	34,500	4,500	115	25	139,786	0	0
Residential Site for Gypsies and Travellers	490,841	0	0	0	0	0	0	0	0	(490,841)	(100)
Compulsory Purchase Scheme	160,000	150,000	150,505	0	150,505	505	100	94	160,000	0	0
Affordable Housing	30,650	0	0	0	0	0	0	0	30,650	0	0
<b>TOTAL</b>	<b>1,666,503</b>	<b>380,000</b>	<b>399,402</b>	<b>0</b>	<b>399,402</b>	<b>19,402</b>	<b>105</b>	<b>24</b>	<b>780,436</b>	<b>(886,067)</b>	<b>(53)</b>
<b>Housing HRA</b>											
Central Heating Contract	800,000	600,000	560,316	172	560,488	(39,512)	93	70	800,000	0	0
Housing Maintenance Unit Vehicles	27,383	27,383	27,383	0	27,383	(0)	100	100	27,383	0	0
Planned Maintenance Contract	3,955,000	2,966,250	1,191,236	89,947	1,281,183	(1,685,067)	43	32	2,000,000	(1,955,000)	(49)
Energy Performance Improvement	1,000,000	750,000	52,178	25,267	77,445	(672,555)	10	8	77,445	(922,555)	(92)
Environmental Works	870,667	653,000	82,433	31,320	113,753	(539,247)	17	13	200,000	(670,667)	(77)
Acquisition of Existing Properties and Development of new properties	5,479,000	4,109,250	3,017,870	467,404	3,485,274	(623,976)	85	64	4,936,888	(542,112)	(10)
Public Sector Adaptations	400,000	300,000	152,205	96,780	248,985	(51,015)	83	62	400,000	0	0
Fire Risk	600,000	450,000	30,942	138,034	168,976	(281,025)	38	28	400,000	(200,000)	(33)
Contaminated Land	1,950	975	975	0	975	0	100	50	1,950	0	0
WHQS	1,900,000	1,426,463	810,207	0	810,207	(616,256)	57	43	1,299,025	(600,975)	(32)
<b>TOTAL</b>	<b>15,034,000</b>	<b>11,283,321</b>	<b>5,925,744</b>	<b>848,924</b>	<b>6,774,668</b>	<b>(4,508,653)</b>	<b>60</b>	<b>45</b>	<b>10,142,691</b>	<b>(4,891,309)</b>	<b>(33)</b>
<b>Lifelong Learning</b>											
Disabled Access in Education Buildings	144,512	7,500	7,242	2,937	10,179	2,679	136	7	37,242	(107,270)	(74)
Refurbish Education Buildings	4,036,042	2,400,000	2,340,610	9,424	2,350,034	(49,966)	98	58	2,600,000	(1,436,042)	(36)
School Safety	136,792	25,000	24,922	0	24,922	(78)	100	18	40,000	(96,792)	(71)
Canolfan Addysg y Bont - Roof	2,490,852	1,650,000	1,646,706	1,896	1,648,602	(1,398)	100	66	1,665,000	(825,852)	(33)
Canolfan Addysg y Bont - Classroom	90,000	90,000	90,000	0	90,000	0	100	100	90,000	0	0
Resurfacing Play Area	18,756	6,000	6,360	0	6,360	360	106	34	18,756	0	0
Flying Start Capital Grant	50,000	25,000	22,044	0	22,044	(2,956)	88	44	50,000	0	0
Free School Meals Grant	1,379,380	700,000	671,102	0	671,102	(28,898)	96	49	1,379,380	0	0
External Canopies	371,000	260,000	229,662	33,625	263,287	3,287	101	71	371,000	0	0
Community Focused Schools Grant	475,530	0	0	0	0	(0)	0	0	135,650	(339,880)	(71)
Additional Learning Needs Grant	475,530	0	0	0	0	(0)	0	0	108,000	(367,530)	(77)
Increasing Capacity for Childcare Grant (PM costs and grant scheme)	362,907	100,000	77,843	17,615	95,458	(4,542)	95	26	362,907	0	0
Childcare Unit - Llanfawr	784,350	500,000	3,735	492,843	496,578	(3,422)	99	63	784,350	0	0
Completion of Band A Programme	4,973,892	4,000,000	4,035,174	82,798	4,117,972	117,972	103	83	4,973,892	0	0
Commencement of Band B Programme	2,218,342	450,000	418,182	14,715	432,896	(17,104)	96	20	600,000	(1,618,342)	(73)
<b>TOTAL</b>	<b>18,007,885</b>	<b>10,213,500</b>	<b>9,573,581</b>	<b>655,853</b>	<b>10,229,434</b>	<b>15,933</b>	<b>100</b>	<b>57</b>	<b>13,216,177</b>	<b>(4,791,708)</b>	<b>(27)</b>

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 (%)
<b>Economic and Regeneration</b>											
Leisure Improvements	80,612	0	0	0	0	(0)	0	0	80,612	0	0
Amlwch Fitness Suite	13,845	11,000	10,818	0	10,818	(182)	98	78	13,845	0	0
David Hughes Fitness Suite	118,000	121,000	120,830	0	120,830	(170)	100	102	121,000	3,000	3
Amlwch 3G Pitch	138,110	138,110	138,784	0	138,784	674	100	100	138,784	674	0
Amlwch Flooring	135,000	4,300	0	4,300	4,300	0	100	3	4,300	(130,700)	(97)
Tourism Gateway	50,000	15,000	4,987	880	5,867	(9,133)	39	12	50,000	0	0
Breakwater Park	525,000	400,000	258,163	85,743	343,906	(56,094)	86	66	525,000	0	0
Penrhos Phase 2	2,556,838	2,556,838	2,012,092	544,746	2,556,838	0	100	100	2,556,838	0	0
Penrhos Phase 3	325,000	325,000	219,807	104,787	324,594	(406)	100	100	325,000	0	0
Economic Development & Environmental Wellbeing	109,600	0	0	0	0	(0)	0	0	109,600	0	0
Porth Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	(0)	0	0	0	(30,000)	(100)
Newry Community Centre	200,000	180,000	126,134	47,776	173,909	(6,091)	97	87	200,000	0	0
Gateway Units (ERDF)	1,067,908	1,000,000	906,072	6,006	912,079	(87,921)	91	85	1,067,908	0	0
Gateway Site JV	261,069	180,000	135,535	42,379	177,915	(2,085)	99	68	261,069	0	0
Holyhead Landscape Partnership	100,000	10,000	8,705	0	8,705	(1,295)	87	9	100,000	0	0
Holyhead Regeneration (THI Phase II)	950,000	400,000	369,583	0	369,583	(30,417)	92	39	850,000	(100,000)	(11)
Maritime Infrastructure	200,000	50,000	17,100	33,960	51,060	1,060	102	26	51,060	(148,940)	(74)
Visitor Infrastructure	200,000	1,500	0	1,284	1,284	(216)	86	1	75,000	(125,000)	(63)
Melin Llynnon	185,000	50,000	44,697	6,175	50,872	872	0	27	185,000	0	0
Transforming Towns Covid Grant	10,064	0	0	0	0	(0)	0	0	10,064	0	0
Môn Coastal Gateway	360,000	15,000	14,320	460	14,780	(221)	99	4	360,000	0	0
Amlwch Port Grant	3,836	7,850	7,850	0	7,850	0	100	205	7,850	4,014	105
<b>TOTAL</b>	<b>7,619,882</b>	<b>5,465,598</b>	<b>4,395,478</b>	<b>878,497</b>	<b>5,273,974</b>	<b>(191,624)</b>	<b>96</b>	<b>69</b>	<b>7,092,930</b>	<b>(526,952)</b>	<b>(7)</b>
<b>Highways</b>											
Upgrade Pay and Display Machines in Car Parks	4,533	5,500	0	5,469	5,469	(32)	99	121	5,500	967	21
Vehicles	573,745	200,000	34,854	37,000	71,854	(128,146)	36	13	71,854	(501,891)	(87)
Highways Resurfacing	2,000,000	1,500,000	1,517,926	0	1,517,926	17,926	101	76	2,000,000	0	0
Holyhead & Amlwch Drainage Studies	65,420	15,000	13,678	0	13,678	(1,322)	91	21	50,000	(15,420)	(24)
Red Wharf Bay Flood Scheme	23,933	6,000	5,997	0	5,997	(3)	100	25	10,000	(13,933)	(58)
Llanfair Flood Scheme	397,649	2,000	266	1,750	2,016	16	101	1	15,000	(382,649)	(96)
FBC Menai Flood Scheme	167,271	40,000	32,412	10,000	42,412	2,412	106	25	53,000	(114,271)	(68)
FBC Valley Flood Scheme	41,349	10,000	11,889	0	11,889	1,889	119	29	15,000	(26,349)	(64)
Valley Construction	472,841	400,000	388,619	13,476	402,095	2,095	101	85	472,841	0	0
Flood Relief Schemes (Match Funding)	135,800	0	0	0	0	(0)	0	0	0	(135,800)	(100)
Traeth Coch (Match Funding)	235,000	0	0	0	0	(0)	0	0	0	(235,000)	(100)
Mill Lane Structure	42,258	60,000	61,584	5,000	66,584	6,584	111	158	66,584	24,326	58
Dwyran Ordinary Watercourse NFM	21,528	20,000	17,422	0	17,422	(2,578)	87	81	21,528	0	0
Mill Lane - NFM	241,640	0	0	0	0	(0)	0	0	70,000	(171,640)	(71)
Invest to Save - Vehicles	5,068	0	0	0	0	(0)	0	0	5,068	0	0
Small scale grants work	539,288	220,000	167,157	49,950	217,107	(2,893)	99	40	539,288	0	0
Active Travel	537,500	270,000	132,244	142,820	275,064	5,064	102	51	537,500	0	0
Resilient Roads Fund	230,000	150,000	23,777	140,389	164,166	14,166	109	71	210,000	(20,000)	(9)
Bus Infrastructure 2021/22	451,902	451,902	349,846	0	349,846	(102,056)	77	77	451,902	0	0
Bus Infrastructure 2022/23	492,648	30,000	30,356	0	30,356	356	101	6	140,448	(352,200)	(71)
Vehicle Transformation Fund - Electric Vehicle Charge Points	127,797	128,000	128,010	0	128,010	10	100	100	128,010	213	0
Ultra Low Emission Vehicle (ULEV) Transformation Fund	114,108	4,000	0	3,604	3,604	(396)	90	3	32,971	(81,137)	(71)
Electric Vehicle Charging Infrastructure	275,527	150,000	94,700	54,349	149,049	(951)	99	54	150,000	(125,527)	(46)
<b>TOTAL</b>	<b>7,196,805</b>	<b>3,662,402</b>	<b>3,010,738</b>	<b>463,807</b>	<b>3,474,545</b>	<b>(187,858)</b>	<b>95</b>	<b>48</b>	<b>5,046,494</b>	<b>(2,150,311)</b>	<b>(30)</b>

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 (%)
<b>Waste Management</b>											
Roller Packer	28,750	28,750	28,750	0	28,750	0	100	100	28,750	0	0
Circular Economy Funding (265)	5,836	2,400	3,000	0	3,000	600	125	51	5,836	0	0
IVC Works	36,620	20,000	23,025	0	23,025	3,025	115	63	36,620	0	0
Recycling Equipment	380,000	25,000	0	25,749	25,749	749	103	7	161,319	(218,681)	(58)
<b>TOTAL</b>	<b>451,206</b>	<b>76,150</b>	<b>54,775</b>	<b>25,749</b>	<b>80,524</b>	<b>4,374</b>	<b>106</b>	<b>18</b>	<b>232,525</b>	<b>(218,681)</b>	<b>(48)</b>
<b>Property</b>											
Refurbish Existing Assets	1,058,926	300,000	298,087	0	298,087	(1,913)	99	28	468,000	(590,926)	(56)
Invest To Save Property	77,068	0	0	0	0	(0)	0	0	77,068	0	0
Low Carbon Heat Grant - Council Offices	120,563	0	0	0	0	(0)	0	0	120,563	0	0
Low Carbon Heat Grant - Moelfre Primary School	9,125	0	0	0	0	(0)	0	0	9,125	0	0
Smallholding Refurbishments	83,677	70,000	71,242	0	71,242	1,242	102	85	83,677	0	0
Upgrade Public Conveniences	368,000	0	0	0	0	(0)	0	0	0	(368,000)	(100)
<b>TOTAL</b>	<b>1,717,359</b>	<b>370,000</b>	<b>369,330</b>	<b>0</b>	<b>369,330</b>	<b>(671)</b>	<b>100</b>	<b>22</b>	<b>758,433</b>	<b>(958,926)</b>	<b>(56)</b>
<b>Transformation</b>											
ICT- Core Infrastructure	200,000	180,000	170,533	9,841	180,374	374	100	90	200,000	0	0
ICT - Desktop Refresh	250,000	240,000	239,400	0	239,400	(600)	100	96	250,000	0	0
ICT - Anglesey Connected (AC) to PSBA transition	72,708	15,000	0	15,682	15,682	682	105	22	25,000	(47,708)	(66)
ICT - Upgrade meeting rooms	50,000	3,000	2,643	0	2,643	(357)	0	5	30,000	(20,000)	(40)
Hwb IT	138,514	30,000	25,741	2,100	27,841	(2,159)	0	20	138,514	0	0
<b>TOTAL</b>	<b>711,222</b>	<b>468,000</b>	<b>438,317</b>	<b>27,623</b>	<b>465,940</b>	<b>(2,060)</b>	<b>100</b>	<b>66</b>	<b>643,514</b>	<b>(67,708)</b>	<b>(10)</b>
<b>Adult Services</b>											
Integrated Care Fund (ICF)	851,566	65,000	67,211	6,000	73,211	8,211	113	9	157,647	(693,919)	(81)
Discretionary Capital Projects (DCP)	146,970	35,000	35,255	0	35,255	255	101	24	146,970	0	0
Housing with Care Fund (HCP)	244,125	0	0	0	0	0	0	0	244,125	0	0
Integrated and Rebalancing Care Fund (IRCF)	500,000	0	0	0	0	0	0	0	500,000	0	0
Bryn Hwfa Community Hub	13,155	0	0	0	0	(0)	0	0	13,155	0	0
Plas Crigyll Refurbishment	45,535	45,535	45,535	0	45,535	(0)	0	100	45,535	0	0
Plas Mona Refurbishment	83,371	0	120	0	120	120	0	0	46,524	(36,847)	(44)
<b>TOTAL</b>	<b>1,884,722</b>	<b>145,535</b>	<b>148,121</b>	<b>6,000</b>	<b>154,121</b>	<b>8,586</b>	<b>106</b>	<b>8</b>	<b>1,153,956</b>	<b>(730,766)</b>	<b>(39)</b>
<b>TOTAL</b>	<b>54,289,584</b>	<b>32,064,508</b>	<b>24,315,485</b>	<b>2,906,453</b>	<b>27,221,938</b>	<b>(4,842,570)</b>	<b>85</b>	<b>50</b>	<b>39,067,156</b>	<b>(15,222,428)</b>	<b>(28)</b>

**Changes to budgets / additional schemes added since budget setting**

Scheme	Budget £	FUNDING					
		Grant £	Revenue Contribution £	Capital Receipts Reserve £	Capital Reserve £	Supported borrowing £	Unsupported borrowing £
Flying Start	50,000	50,000					
Active Travel	537,500	537,500					
Resilient Roads	230,000	230,000					
Small Scale Schemes	399,287	353,959				45,328	
Flood match pot	(49,500)					(49,500)	
Roller Packer	28,750				28,750		
IVC Capital Works	36,620			36,620			
Amlwch 3G	75,000	75,000					
Ysgol Y Bont Roof	1,500,000				1,500,000		
David Hughes Fitness overspend	18,000				18,000		
Penrhos Phase 3	600,000	600,000					
Compulsory Purchase	160,000			160,000			
Breakwater Park	525,000	525,000					
Penrhos Phase 2	582,948	582,948					
Mon Coastal Gateway	248,000	248,000					
Hwb IT	138,514	138,514					
Newry Community Centre	200,000				200,000		
Landscape Partnership	(90,000)	(90,000)					
Mill Lane Structure	15,000	12,750			2,250		
Holyhead & Amlwch Flood	50,542	50,542					
Bus Infrastructure 2021/22	(220,976)	(220,976)					
Bus Infrastructure 2022/23	492,648	492,648					
Community Focused Schools	475,530	475,530					
Additional Learning Needs	475,530	475,530					
Menai Bridge FBC	45,376	45,376					
Free School Meals	832,177	832,177					
Addysg y Bont - Classroom	90,000			90,000			
Melin Llynnon	82,000	82,000					
Valley Construction	98,885	84,052			14,833		
AONB Green Recovery	(237,774)	(237,774)					
Childcare capital scheme	(45,331)	(45,331)					
THI Phase II	525,000	525,000					
Visitor Gateway	(170,000)	(170,000)					
Gateway ERDF	196,073	196,073					
Band B Graig	(2,611,658)	(1,214,578)				(654,080)	(743,000)
Band A Corn Hir	1,205,892	1,569,495					(363,603)
ICF/DCP/HCF/IRCF	1,742,661	891,095	266,001			585,565	
Education capital Grant	1,188,824	1,188,824					
ULEV Transformation Fund	114,108	114,108					
Childcare capital grants scheme	320,000	320,000					
Llanfawr Unit	784,350	784,350					
Enable	139,786	139,786					
Amlwch Flooring	90,000	90,000					
Llansadwrn Flood Alleviation	(32,291)	(27,447)			(4,844)		
<b>TOTAL</b>	<b>10,836,471</b>	<b>9,704,151</b>	<b>266,001</b>	<b>286,620</b>	<b>1,758,989</b>	<b>(72,687)</b>	<b>(1,106,603)</b>

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<b>Isle of Anglesey County Council</b>	
Report to:	<b>EXECUTIVE COMMITTEE</b>
Date:	<b>2 MARCH 2023</b>
Subject:	<b>HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 3 2022/23</b>
Portfolio Holder(s):	<b>COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER FOR FINANCE, CORPORATE BUSINESS AND CUSTOMER EXPERIENCE</b>
Head of Service / Director:	<b>MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) &amp; SECTION 151 OFFICER</b>
Report Author:	<b>BETHAN HUGHES OWEN</b>
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Local Members:	<b>N/A</b>

## **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 2022/23.
  - (ii) The forecast outturn for 2022/23.
2. **Background**
  - (i) The report here shows the revenue budget with a budgeted surplus of £6,218k.
  - (ii) The capital budget for 2022/23 is £15,034k. This was to be part funded by grants (£2,688k).
  - (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £6,128k, which would be funded from the HRA reserve.
  - (iv) The HRA is ‘ring-fenced’, 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 1<sup>st</sup> April 2022 to 31<sup>st</sup> December 2022.
4. **Overview**
  - 4.1 The HRA revenue surplus / deficit at the end of Quarter 3 shows an overspend of £544k compared to the profiled budget. The forecast has been reviewed, and shows a forecast overspend of £951k for the year (compared to £958k at the end of Quarter 2). £298k of this overspend relates to the 2022/23 pay award which the HRA is required to fund in full. More detail is shown in Appendix A.
  - 4.2 The Capital expenditure is £4,509k below the profiled budget. The profiled budget assumes that much of the work is carried out in the second half of the year. The forecast expenditure for the year is £4,891k below budget (compared to £2,949k below budget at the end of Quarter 2) as explained below. More detail is shown in Appendix B.

- 4.3** The forecast deficit (combining both revenue and capital) is now £2,187k (£4,137k in Quarter 2), £3,940k less than budget, largely the result of lower than budgeted capital expenditure.

## **5. Income**

- 5.1** At the end of Quarter 3, the level of income received was £13k above the profiled budget, as noted below.
- 5.2** Rental income was marginally below the profiled budget at the end of Quarter 3. The forecast has been reviewed in the light of new properties being tenanted (49 new properties have recently become available for rent) and the forecast has been increased by a further £20k, to £19,472k (£19,452k in Quarter 2).
- 5.3** A similar review has taken place indicating that garage revenue is expected to be £7k better than budget (£5k in Quarter 2), and income from service charges are expected to be £8k below budget (£7k better than budget in Quarter 2) following a full review.
- 5.4** Provision for bad debt has been calculated at 1.5% of rent income, similar to last year. Currently, the total rent arrears stands at £977k, compared to £899k at the same period last year, an increase of £78k (8.68%). Given the uncertainty surrounding the rate of inflation and the long term effect it will have on the cost of living crisis, the forecast is unchanged at present, but will be kept under review and revised during the year if the level of arrears suggests that there is an increased risk of a greater level of arrears not being collected.
- 5.5** The overall forecast for income is an overachievement of £51k compared to the annual budget (£44k in Quarter 2).

## **6. Non Repairs and Maintenance Expenditure**

- 6.1** At the end of Quarter 3, non-repairs and maintenance expenditure was £122k below the profiled budget.
- 6.2** The Tenant Participation heading shows an underspend of £52k at the end of Quarter 3. The budget included allowance for additional staff, however, these vacant posts have not been filled, and it is not expected that they will be filled in the current financial year. Accordingly, the forecast has been revised to show a projected underspend of £70k.
- 6.3** The forecasted overspends on Rent Administration and Estate Management of £30k and £15k respectively are unchanged from Quarter 2, and are due to the effects of the pay award.
- 6.4** Other Revenue expenditure underspent by £100k up to Quarter 3 ICT software costs amounting to £62k and postage and stationary costs relating to rent increase notices amounting to £54k are expected to be incurred in Quarter 4. It is forecasted that Other Revenue expenditure will overspend £15k by year end due to the effects of the pay award.



## **7. Repairs and Maintenance**

- 7.1** The Housing Maintenance Unit (HMU) shows an overspend of £749k at the end of Quarter 3. The volume of work orders post Covid19 restrictions remains high, and Quarter 3 expenditure continues to demonstrate the increase in demand led, reactive maintenance works compared to the previous two years and also the number and extent of works required at change of tenancy, typically works underway at between 40 and 50 properties at any given time. This increase in demand is reflected in the increased use of subcontractors, expected to cost an extra £700k above the original budget. The effect of inflation on materials prices is also a cause of concern, with the additional cost of materials forecast to be over £100k higher, and utility bills a further £100k in addition. The effect of the 2022/23 pay award accounts for a further £100k. There is no indication that the level of work will decrease, therefore, the forecast is unchanged with expenditure expected to be £1,000k above the original budget by the end of the financial year.
- 7.2** Expenditure on Other Repairs and Maintenance is forecast to be £50k below budget by the end of the financial year, as additional costs arising from the repair of sewage treatment works has not been required.

## **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. It is expected that the recharge from the Housing Service will overspend by £32k, and the recharge from Central services will overspend by £30k due to the effect of the 2022/23 pay award.

## **9. Capital Expenditure**

- 9.1** The capital budget totals £15,034k, which was to be funded by the Major Repairs Allowance (MRA) (£2,688k) and a contribution from the HRA reserve (£12,346k). The forecast annual expenditure has been revised to £10,143k, £4,891k below budget, a further reduction of £1,943k since Quarter 2. The most significant variances are outlined below:-
- 9.2** The revised Capital budget for each new build / acquisition scheme, including the total number of new units per scheme, the expenditure to date, the forecast expenditure, the forecasted under or overspends per scheme and the anticipated completion date for the scheme are shown in Appendix C.

Works on the Clwb Cymdeithasol Biwmares site are running slightly behind schedule, due to delays owing to archaeological works. It is anticipated that these works will be completed early in the 2023/24 Financial Year. An underspend of £487k is forecast on this scheme in 2022/23.

The Ysgol Llanfachraeth project has run over budget to the value of £58k, this is mainly due to unforeseen drainage works encountered during the course of the contract. There is also a retention payment of £17k due in early 2023/24, which will take the overall project overspend to £75k.

It was initially anticipated that the purchase of 10 affordable dwellings from Clwyd Alyn at the Pentraeth site would have been completed in 2022/23, with forecasted expenditure of £750k included in our Quarter 2 forecast for the year, The original intention was to buy the land and pay towards the construction costs based on schedule of works completed. However, Welsh Government has stipulated that we are required to purchase 'completed' properties. Therefore, this scheme will slip into 2023/24, with the properties expected to be completed by September 2023.

The projects at Plas Alltran and Cae Braenar have both slipped into the 2023/24 financial year, the former due to planning delays and the latter due to higher than expected tenders for the work being received. The tendered prices were deemed excessive and did not pass the feasibility assessment, and this scheme will be retendered in the coming months. An underspend of £250k is forecast on the Plas Alltran project and an underspend of £456k on the Cae Braenar project in 2022/23.

Works on the Extra Care Facility and the Parc y Coed site is progressing ahead of schedule, with an overspend of £92k and £271k forecast on the respective schemes.

It is planned to buy back a further 3 properties in the current financial year, taking the overall number purchased in the year to 15, compared to the planned number of 12 properties. This results in an overspend of £349k on this scheme.

- 9.3** The WHQS project has been delayed whilst the design for the new kitchen programme is completed. This originally involved 135 properties. The programme now envisages 80 properties being completed in 2022/23, with the remainder slipping into 2023/24. Tender documentation has now been issued for the next phase of works, meaning that the works can be undertaken slightly ahead of the schedule that we anticipated in Quarter 2. It is expected that this Capital Project will underspend by £601k in 2022/23 (£900k in Quarter 2).
- 9.4** The Energy Performance budget relies on consultation with the District Network Operator (DNO) prior to installing Solar PV panels to generate renewable electricity. Unfortunately, gaining DNO approval to undertake large scale Solar PV work has, and continues to be, difficult due to a requirement to reinforce the network prior to installing Solar PV. Regrettably, there has been no progress with the approvals from the DNO, so it is likely that there will be no further significant expenditure this year, therefore, the forecast has been reduced by a further £173k compared to Quarter 2 to reflect the further delay in approvals.
- 9.5** The forecast underspend on traditional planned maintenance is £1,955k for the year. The primary reason is that the budget that was originally set for 2022/23 with the intention to undertake works at Cemaes Bay under one scheme scheduled to be tendered and awarded during Quarter 1. It was subsequently decided to undertake the work over two phases. Phase 1 is currently on site and progressing well, and Phase 2 will be tendered and awarded during Quarter 4. It was considered possible to award the phase 2 contract to the contractor undertaking phase 1 of the scheme, based on the schedule of rates submitted for phase 1. However, the Procurement and Legal Teams have advised that this would be contrary to the Council's procurement regulations and that the work must be tendered in the normal way. This has delayed commencement of the project and increases the forecasted underspend by £500k. A further scheme involving 10 properties at Menai Bridge, Llandegfan and Brynteg was tendered via sell2wales during Quarter 3. Tender evaluation and award will follow early during Quarter 4.

The Heating component of the project is progressing well and will be fully completed by the end of the year.

**9.6** The environmental budget allows for significant investment involving upgrading sewage disposal arrangements at Carreglefn, in order to comply with requirements set out by Natural Resources Wales (NRW). The proposed solution involves negotiations with a private land owner and securing a Permit for the scheme from NRW. Whilst the permit has been approved, discussions are still ongoing with the land owner and the contractor. Realistically, work is not expected to commence before the turn of the current financial year. In addition, Garage demolition forms a significant part of this capital programme in 2022/23. It was anticipated that these would have been completed by Quarter 4 2022/23, however, due to delays in serving demolition notices, awaiting scheme approvals and availability of the Authority's framework contractors, the scheme is expected to underspend by a further £300k in 2022/23. We are, therefore, forecasting an underspend of £671k at year end due to factors beyond our control.

**9.7** 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**

**10.1** The opening balance of the HRA reserve stood at £12,333k. The revised budget allowed for the use of £6,128k of this balance. However, the revised forecasts highlighted above will use only £2,187k. This will give a reserve balance of £10,146k 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 consults with its 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
<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	Chief Executive / Leadership Team (LT) (mandatory)	The report has been considered by the Leadership Team 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 Leadership Team
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
<b>F - Appendices:</b>		
<ul style="list-style-type: none"> <li>• Appendix A – Revenue expenditure and forecasts to end of Quarter 3 2022/23</li> <li>• Appendix B – Capital expenditure and forecast to end of Quarter 3 2022/23</li> <li>• Appendix C – New Build capital schemes</li> </ul>		
<b>Ff - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• HRA 30 Year Business Plan 2022/52 (as approved by this Committee in May 2022).</li> </ul>		

**APPENDIX A**

**HRA ACCOUNT 2022/23**

	<b>Annual Budget 2022/23</b>	<b>Profiled Budget to Month 9</b>	<b>Actual to Month 9</b>	<b>Variance to Month 9</b>	<b>Year End Forecast</b>	<b>Year End Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>REVENUE ACCOUNT</b>						
<b>Income</b>						
Dwellings	(19,420,000)	(14,471,784)	(14,471,536)	248	(19,472,000)	(52,000)
Garages	(223,000)	(166,181)	(170,821)	(4,640)	(230,000)	(7,000)
Service Charges	(201,000)	(149,786)	(146,491)	3,295	(193,000)	8,000
Other	(207,860)	(93,977)	(106,150)	(12,173)	(207,860)	0
Bad Debt Provision	296,000	0	0	0	296,000	0
<b>TOTAL INCOME</b>	<b>(19,755,860)</b>	<b>(14,881,728)</b>	<b>(14,894,998)</b>	<b>(13,270)</b>	<b>(19,806,860)</b>	<b>(51,000)</b>
<b>Non Repairs &amp; Maintenance Expenditure</b>						
Tenant Participation	260,653	195,418	143,260	(52,158)	190,653	(70,000)
Rent Administration	500,013	374,491	387,231	12,740	530,013	30,000
Estate Management	180,788	135,345	152,406	17,061	195,788	15,000
Other Revenue Expenditure	1,770,934	1,115,409	1,015,622	(99,787)	1,785,934	15,000
<b>Total Non R &amp; M Expenditure</b>	<b>2,712,388</b>	<b>1,820,663</b>	<b>1,698,519</b>	<b>(122,144)</b>	<b>2,702,388</b>	<b>(10,000)</b>
<b>Repairs and Maintenance</b>						
Housing Maintenance Unit (HMU)	3,795,464	2,846,127	3,595,069	748,942	4,795,464	1,000,000
Building Maintenance Staff (non HMU)	958,583	717,490	718,205	715	958,583	0
Other Repairs and Maintenance	793,655	664,839	595,032	(69,807)	743,655	(50,000)
<b>Total Repairs &amp; Maintenance</b>	<b>5,547,702</b>	<b>4,228,456</b>	<b>4,908,306</b>	<b>679,850</b>	<b>6,497,702</b>	<b>950,000</b>
<b>Year End Adjustments</b>						
Capital Financing Charges	3,674,000	0	0	0	3,674,000	0
Recharge from Housing Services	790,630	0	0	0	822,630	32,000
Recharge from Central Services	812,831	0	0	0	842,831	30,000
<b>Total Year End Adjustments</b>	<b>5,277,461</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,339,461</b>	<b>62,000</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>13,537,551</b>	<b>6,049,119</b>	<b>6,606,825</b>	<b>557,706</b>	<b>14,539,551</b>	<b>1,002,000</b>
<b>TOTAL REVENUE (SURPLUS) / DEFICIT</b>	<b>(6,218,309)</b>	<b>(8,832,609)</b>	<b>(8,288,173)</b>	<b>544,436</b>	<b>(5,267,309)</b>	<b>951,000</b>

	<b>Annual Budget 2022/23 £</b>	<b>Profiled Budget to Month 9 £</b>	<b>Actual to Month 9 £</b>	<b>Variance to Month 9 £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>
<b>CAPITAL EXPENDITURE ACCOUNT</b>						
2022/23 Expenditure	15,034,000	11,283,321	6,774,669	(4,508,652)	10,142,691	(4,891,309)
Major Repairs Allowance	(2,688,000)	0	0	0	(2,688,000)	0
Other Grants/Borrowing	0	0	0	0	0	0
<b>TOTAL CAPITAL (SURPLUS) / DEFICIT</b>	<b>12,346,000</b>	<b>11,283,321</b>	<b>6,774,669</b>	<b>(4,508,652)</b>	<b>7,454,691</b>	<b>(4,891,309)</b>
<b>NET (INCREASE) / DECREASE IN HRA RESERVE</b>	<b>6,127,691</b>	<b>2,450,712</b>	<b>(1,513,504)</b>	<b>(3,964,216)</b>	<b>2,187,382</b>	<b>(3,940,309)</b>
<b>Opening HRA Balance</b>	<b>(12,333,000)</b>			<b>0</b>	<b>(12,333,000)</b>	
<b>Net (Increase) / Decrease in HRA Reserve</b>	<b>6,127,691</b>			<b>0</b>	<b>2,187,382</b>	
<b>Closing HRA Balance</b>	<b>(6,205,309)</b>			<b>0</b>	<b>(10,145,618)</b>	

Service	Annual Budget (£)	Profiled Budget (£)	Total Expenditure (£)	Variance to profile (£)	Projected Expenditure (£)	Projected Under / Over (£)
<b>Housing HRA</b>						
Central Heating Contract	800,000	600,000	560,488	(39,512)	800,000	0
Planned Maintenance Contract	3,955,000	2,966,250	1,281,183	(1,685,067)	2,000,000	(1,955,000)
WHQS	1,901,950	1,427,438	811,182	(616,256)	1,300,975	(600,975)
Vehicles	27,383	27,383	27,383	(0)	27,383	0
Environmental Works	870,667	653,000	113,753	(539,247)	200,000	(670,667)
Fire Risk	600,000	450,000	168,976	(281,024)	400,000	(200,000)
Acquisition of Existing Properties and Development of new properties	5,479,000	4,109,250	3,485,274	(623,976)	4,936,888	(542,112)
Public Sector Adaptations	400,000	300,000	248,985	(51,015)	400,000	0
Energy Performance Improvement	1,000,000	750,000	77,445	(672,555)	77,445	(922,555)
<b>TOTAL</b>	<b>15,034,000</b>	<b>11,283,321</b>	<b>6,774,669</b>	<b>(4,508,652)</b>	<b>10,142,691</b>	<b>(4,891,309)</b>

APPENDIX C

**New development budget 2022/23 - Quarter 3 Forecast**

<u>Scheme</u>	Number of Additional Units	2022-23 Budget £	Expenditure to P9 £	Forecasted Expenditure P10 to P12 £	Total Forecasted Expenditure 2022-23 £	Overspend/ Underspend £
Pentraeth (Clwyd Alyn Developments)	10	0	0	0	0	0
Armenia St, Caerdybi	5	8,000	(6,610)	14,610	8,000	0
Retentions from 2021/22	1	16,000	16,000	0	16,000	0
Marquis, Rhosybol	15	34,000	45,989	0	45,989	11,989
Ysgol Llanfachraeth	8	100,000	158,789	0	158,789	58,789
Extra Care	55	100,000	191,812	0	191,812	91,812
Plas Alltran, Caerdybi	4	250,000	(3,596)	3,596	0	(250,000)
Ysgol Llaingoch, Caerdybi	26	300,000	288,681	0	288,681	(11,319)
Cae Braenar, Caerdybi	23	460,000	3,828	0	3,828	(456,172)
Parc y Coed, Llangefni	12	500,000	197,970	573,000	770,970	270,970
Clwb Cymdeithasol Biwmares	6	1,000,000	387,232	126,268	513,500	(486,500)
Renovation of 15 units	0	1,318,955	1,018,334	180,000	1,198,334	(120,621)
Buyback 15 Units	15	1,392,045	1,186,845	554,140	1,740,985	348,940
<b>Total Allocation 2022-23</b>	<b>180</b>	<b>5,479,000</b>	<b>3,485,274</b>	<b>1,451,614</b>	<b>4,936,888</b>	<b>(542,112)</b>



ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	<b>EXECUTIVE COMMITTEE</b>	
<b>Date:</b>	<b>2 MARCH 2023</b>	
<b>Subject:</b>	<b>TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2022/23</b>	
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS, PORTFFOLIO HOLDER FOR FINANCE, CORPORATE BUSINESS AND CUSTOMER EXPERIENCE</b>	
<b>Head of Service / Director:</b>	<b>R MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) &amp; SECTION 151 OFFICER</b>	
<b>Report Author:</b>	<b>JEMMA ROBINSON</b>	
Tel:	<b>01248 752675</b>	
E-mail:	<b>JemmaRobinson@ynysmon.gov.wales</b>	
<b>Local Members:</b>	<b>n/a</b>	
A –Recommendation/s and reason/s		
<ul style="list-style-type: none"> <li>To recommend to the full Council to approve the change in counterparty limit to other local authorities as per section 5.3;</li> <li>To consider the content of the report and forward any comments onto the full Council.</li> </ul>		
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?		
<ul style="list-style-type: none"> <li>To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2022/23 (Appendix 8 of the Treasury Management Strategy Statement 2022/23). In accordance with the Scheme of Delegation, this report was scrutinised by the Governance &amp; Audit Committee on 8 December 2022. The report will be presented to the full Council once it has been accepted by this Committee.</li> </ul>		
CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
N/A		
DD – Who did you consult? <span style="float: right;">What did they say?</span>		
<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT)(mandatory)</b>	
<b>2</b>	<b>Finance / Section 151(mandatory)</b>	n/a – this is the Section 151 Officer's report
<b>3</b>	<b>Legal / Monitoring Officer (mandatory)</b>	
<b>4</b>	<b>Human Resources (HR)</b>	
<b>5</b>	<b>Property</b>	
<b>6</b>	<b>Information Communication Technology (ICT)</b>	
<b>7</b>	<b>Procurement</b>	
<b>8</b>	<b>Scrutiny</b>	
<b>9</b>	<b>Local Members</b>	
<b>10</b>	<b>Other</b>	The Governance & Audit Committee resolved to:- <ul style="list-style-type: none"> <li>To accept the Treasury Management Mid-Year Review report for 2022/23, and to recommend it to the Executive without comment..</li> </ul>

<b>E – Assessing the potential impact (if relevant):</b>		
1	<b>How does this decision impact on our long term needs as an Island</b>	
2	<b>Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-</b>	
3	<b>Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:</b>	
4	<b>Have Anglesey citizens played a part in drafting this way forward? Please explain how:-</b>	
5	<b>Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.</b>	
6	<b>If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.</b>	
7	<b>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.</b>	
<b>F - Appendices:</b>		
Appendix A –Treasury Management Mid-Year Review for 2022/23		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• Treasury Management Strategy Statement 2022/23</li> <li>• Prudential and Treasury Indicators 2022/23</li> <li>• Treasury Management Outturn Report 2021/22</li> </ul>		

## 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 3 March 2022, and a revised Strategy for 2023/24 will be taken to the full Council before 31 March 2023.

### 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 (MRP) 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 Governance and 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 2022/23 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 2022/23;
- A review of the Council's borrowing strategy for 2022/23;
- A review of any debt rescheduling undertaken during 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23.

### 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 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025
Bank Rate (%)	4.00%	5.00%	5.00%	5.00%	4.50%	4.00%	3.75%	3.25%	3.00%	2.75%
5yr PWLB rate (%)	5.00%	4.90%	4.70%	4.50%	4.20%	3.90%	3.70%	3.50%	3.40%	3.30%
10yr PWLB rate (%)	4.90%	4.70%	4.60%	4.30%	4.10%	3.80%	3.60%	3.50%	3.40%	3.30%
25yr PWLB rate (%)	5.10%	4.90%	4.80%	4.50%	4.30%	4.10%	3.90%	3.70%	3.60%	3.60%
50yr PWLB rate (%)	4.80%	4.60%	4.50%	4.20%	4.00%	3.80%	3.60%	3.40%	3.30%	3.30%

- 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 2022/23 was approved by the full Council on 10 March 2022. 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.
- 5.2 The Council held £55.224m of investments as at 30 September 2022 (£46.115m at 31 March 2022), and the investment portfolio yield for the first six months of the year was 1.11%. However, it should be noted that yields have increased during the 2<sup>nd</sup> quarter and are expected to continue to increase during the second half of the year. A full list of investments as at 30 September 2022 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 2022/23, however, it is being requested that the limit to which we can lend to other Local Authorities is increased from £5m to £10m. This is in light of our increased cash balances and demand from other local authorities, in order for us to avail of the best possible investment opportunities.

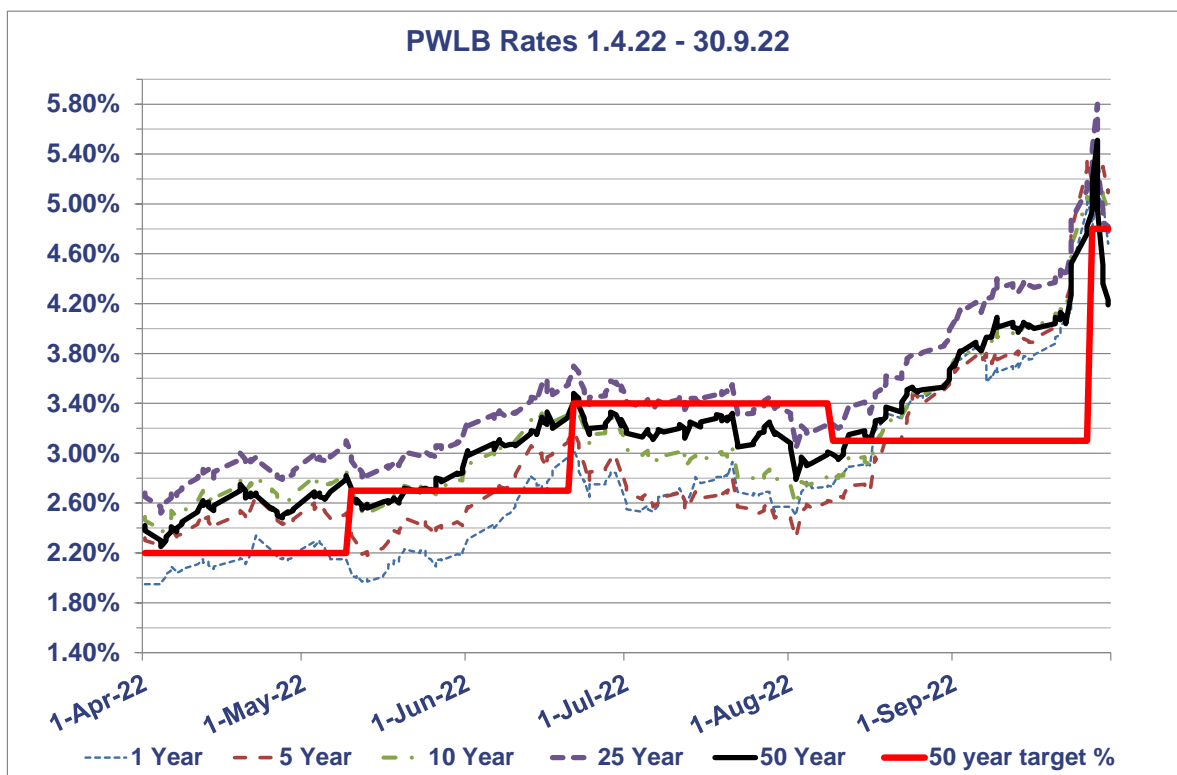
- 5.4** The Council's budgeted investment return for the whole of 2022/23 is £0.004m and performance for the year to date is not in line with the budget, with £0.208m received to the end of Quarter 2. Our projection to year end is that we will overachieve the budget as, with our cash balances having been higher than normal, this is offset by the higher than anticipated interest rates than the forecast was when we set the budget.
- 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 during the first half of this financial year. Given that security of funds is the key indicator of this Council, and the lack of demand from other Local Authorities, bank call accounts are seen as the most secure way of investing funds, and this gives a greater rate of return following the increase in interest rates, although the Council is aiming to widen the number of counterparties available in order to minimise the amount held in call accounts

Counterparty	Start Date	End Date	Interest Rate %	Amount £	Interest earned for the period £
National Westminster Bank	11/04/2022	11/10/2022	1.30	10,000,000	65,178
Santander	10/05/2022	10/11/2022	1.47	7,500,000	55,578
Nationwide Building Society	17/05/2022	17/08/2022	0.97	7,500,000	18,337
Goldman Sachs	22/07/2022	22/12/2022	2.18	7,500,000	68,536
Nationwide Building Society	17/08/2022	17/11/2022	1.87	7,500,000	35,351

## 6. Borrowing

- 6.1** The projected capital financing requirement (CFR) for 2022/23 is £146.9m. 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 £122.7m and will have used £24.2m 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 any upside risk to gilt yields prevails.
- 6.2** No 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 2022/23 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 inflationary pressures, 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 rising trend between 1<sup>st</sup> April and 30<sup>th</sup> September. The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20%, before increasing to 4.80% in September. (Please note, however, that we see PWLB rates trending downwards through 2023 and 2024.)



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

**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. However, now that the whole of the yield curve has shifted higher, there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

## **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	2022/23 Original Estimate £'000	Position as at 30 September 2022 £'000	2022/23 Current Estimate £'000
Council Fund	36,691	13,450	34,068
HRA	15,034	4,015	12,085
<b>Total</b>	<b>51,725</b>	<b>17,465</b>	<b>46,153</b>

7.2.1 The projected expenditure shows that the majority of projects are on target to be completed within budget, with some projects forecasting to be underspent by year end, with the scheme and funding slipping into the next financial year. The HRA is also forecasting a significant underspend. This is reflected in the above table. A full breakdown on the planned capital expenditure for 2022/23 is provided in the Capital Budget Monitoring Report Q2, presented to the Executive on 29 November 2022.

## 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 2022/23. However, these schemes will slip into 2023/24, 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	2022/23 Original Estimate £'000	2022/23 Revised Estimate £'000
Capital Grants	19,253	18,331
Capital Receipts	1,108	830
Reserves	7,112	6,331
Revenue Contribution	10,365	7,602
Supported Borrowing	7,068	6,240
Unsupported Borrowing	6,742	6,742
Loan	77	77
<b>Total</b>	<b>51,725</b>	<b>46,153</b>

## 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

	2022/23 Operational Boundary as per TMSS 2022/23 £'000	2022/23 Opening Borrowing Position £'000	Amount Within the Boundary £'000	2022/23 Estimated Borrowing Position £'000	Amount Within the Boundary £'000
<b>Prudential Indicator – External Debt / The Operational Boundary</b>					
Borrowing	175,000	125,349	49,651	122,677	52,323
Other long term liabilities	5,000	0	5,000	0	5,000
<b>Total Debt 31 March</b>	<b>180,000</b>	<b>125,349</b>	<b>54,651</b>	<b>122,677</b>	<b>57,323</b>

#### 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.

	2022/23 Original Estimate £'000	2022/23 Revised Estimate £'000
<b>Prudential Indicator – Capital Financing Requirement</b>		
CFR – Council Fund	107,867	106,957
CFR – HRA	43,646	39,897
Total CFR	151,513	146,854
<b>Net movement in CFR</b>	<b>10,567<sup>1</sup></b>	<b>9,050<sup>2</sup></b>

<b>Original CFR Forecast</b>	<b>151,513</b>
Reduced MRP between TMSS 2022/23 forecast and Capital Q2 2022/23 revised forecast	150
Underspend in Unsupported Borrowing for HRA in 2022/23	-3,750
Difference on loan (difference between TMSS 2022/23 forecast and Capital Q2 revised forecast) – additional Salix loan received not known at time of producing TMSS 2022/23	400
Overspend in Unsupported Borrowing in 2021/22 and underspend in 2022/23 due to Band B expenditure in 2021/22 not anticipated when producing the TMSS, and the underspend in 2022/23 due to reductions in spend on band A and Band B when comparing to the figures available when the TMSS was produced.	-911
Underspend in Supported Borrowing in 2021/22 due to additional grant received in 2021/22 as substitute funding which reduced the need for Supported Borrowing	-549
<b>Revised CFR Forecast</b>	<b>146,854</b>

<sup>1</sup> Movement between 2021/22 estimate and 2022/23 estimate in TMSS 2022/23

<sup>2</sup> Movement between 2021/22 actual (per Statement of Accounts 2021/22) and 2022/23 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 2022/23 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 £124.155m, which is below the CFR forecast for this and the next two financial years (see table below), therefore, this indicator has not been breached.

	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>CFR (year-end forecast)</b>	<b>146,854</b>	<b>161,468</b>	<b>167,556</b>

	2022/23 Original Estimate £'000	Current Position at 30 September 2022 £'000	2022/23 Revised Estimate £'000
External Borrowing	144,333	124,155	122,677
Internal Borrowing	7,180	22,699	24,177
Plus other long term liabilities	0	0	0
<b>CFR (year-end position)</b>	<b>151,513</b>	<b>146,854</b>	<b>146,854</b>

**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 £185m. 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	2022/23 Original Indicator £'000	Current Borrowing Position as at 30 September 2022 £'000	Estimated Borrowing Position as at 31 March 2023 £'000
Borrowing	180,000	124,155	122,677
Other long term liabilities	5,000	0	0
<b>Total</b>	<b>185,000</b>	<b>124,155</b>	<b>122,677</b>

## **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 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. 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 second quarter of 2022/23 saw:-
  - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
  - Signs of economic activity losing momentum as production fell due to rising energy prices;
  - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
  - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
  - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.

- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6<sup>th</sup> November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3<sup>rd</sup> November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23<sup>rd</sup> November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21<sup>st</sup> June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31<sup>st</sup> October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14<sup>th</sup> October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28<sup>th</sup> September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.

- There is a possibility that the Bank continues with QE at the long-end beyond 14<sup>th</sup> October or it decides to delay quantitative tightening beyond 31<sup>st</sup> October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

***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 Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.
- The latest forecast on 27<sup>th</sup> September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.
- The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.
- Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

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

**Crynodeb Benthycyca a Buddsoddi – Chwarteroedd 1 a 2 2022/23**  
**Borrowing and Investment Summary – Quarters 1 and 2 2022/23**

	30 Medi / Sept 2022		30 Mehefin / June 2022	
	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)
Benthycyca – graddfa sefydlog Borrowing – fixed rate				
BBGC / PWLB	120.9	4.58	121.9	4.58
Dim BBGC / Non-PWLB	3.3	0	3.3	0
Benthycyca – 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	22.7	0.30	30.1	0.08
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	32.5	1.67	32.5	1.14
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	55.2	1.11	63.2	0.62
Adneuon Uchaf yn y Chwarter Highest Deposits in the Quarter	63.2	d/b / n/a	64.7	d/b / n/a
Adneuon Isaf yn y Chwarter Lowest Deposits in the Quarter	55.2	d/b / n/a	46.1	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	58.5	0.88	60.8	0.51

ATODIAD / APPENDIX 4

**Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 30 Medi 2022\***  
**Credit ratings of investment counterparties and deposits held with each as at 30 September 2022\***

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / 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	0.000	Galw / Call	d/b / n/a	0.01	A+	F1	A1	P-1	A+	A-1	Coch – 6 mis / Red - 6 Months
Santander Group plc	Santander UK plc	0.000	Galw / Call	d/b / n/a	0.41	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	d/b / n/a	0.10	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	22.722	Galw / Call	d/b / n/a	0.30	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
The Royal Bank of Scotland Group plc	National Westminster Bank	10.000	Sefydlog / Fixed	11/4/22 – 11/10/22	1.30	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
Santander Group plc	Santander UK plc	7.5000	Sefydlog / Fixed	10/5/22 – 10/11/22	1.47	A+	F1	A1	P-1	A	A-1	Coch – 6 mis / Red - 6 months
Goldman Sachs	Goldman Sachs	7.5000	Sefydlog / Fixed	22/7/22 – 22/12/22	2.18	A+	F1	A1	P-1	A	A-1	Coch – 6 mis / Red - 6 months
Nationwide Building Society	Nationwide Building Society	7.5000	Sefydlog / Fixed	17/8/22 – 17/11/22	1.87	A	F1	A1	P-1	A+	A-1	Coch – 6 mis / Red - 6 months

\* Ceir y Rhestr Benthycia Cymeradwyedig yn Atodiad 8 o'r Datganiad Strategaeth Rheoli Trysorlys 2022/23 / Strategaeth Buddsoddi Blynyddol / The Approved Lending List can be found at Appendix 8 of the 2022/23 Treasury Management Strategy Statement / Annual Investment Strategy

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



**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

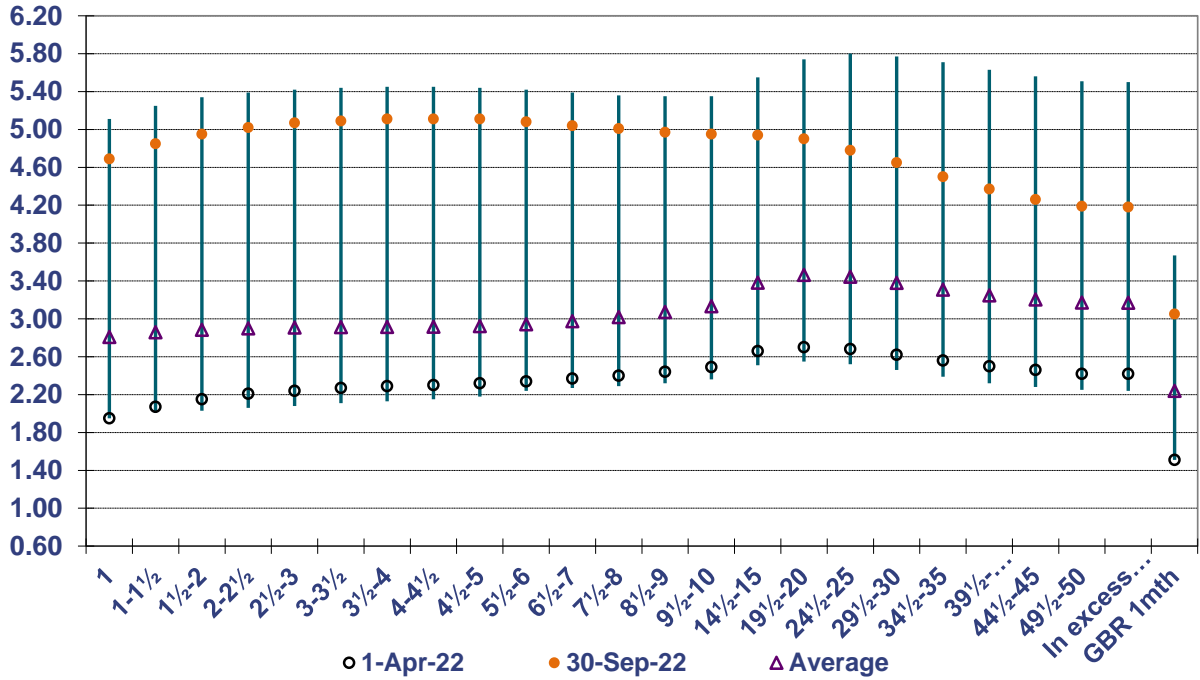
AA-

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

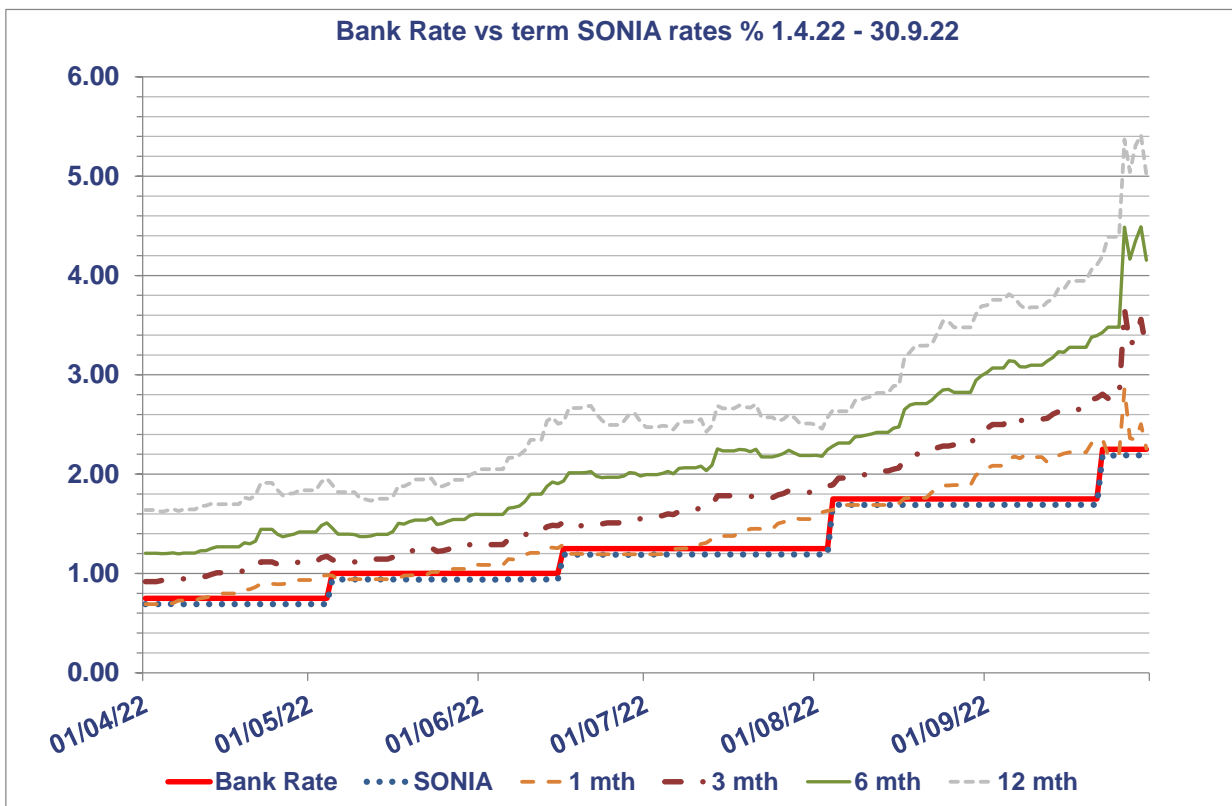
Graffiau Ychwanegol / Additional Graphs

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

PWLB Certainty Rate Variations 1.4.22 to 30.9.22



Bank Rate vs term SONIA rates % 1.4.22 - 30.9.22



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>Date:</b>	<b>2 MARCH 2023</b>
<b>Subject:</b>	<b>TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24</b>
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS, PORTFOIO HOLDER FOR FINANCE, CORPORATE BUSINESS AND CUSTOMER EXPERIENCE</b>
<b>Head of Service / Director:</b>	<b>MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER</b>
<b>Report Author:</b>	<b>JEMMA ROBINSON</b>
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<b>Local Members:</b>	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 has been an amendment to the Minimum Reserve Provision (MRP) policy since the 2022/23 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 this TMSS report.
- 1. Recommendations**
- To consider the Treasury Management Strategy for 2023/24 and to make recommendations or note comments for consideration by the full Council.

<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>		
n/a		
<b>C – Why is this a decision for the Executive?</b>		
<ul style="list-style-type: none"> <li>It is a designated Executive function. In accordance with the Scheme of Delegation, this report was scrutinised by the Governance and Audit Committee on 7 February 2023. The report will be presented to the full Council once it has been accepted by this Committee.</li> </ul>		
<b>CH – Is this decision consistent with policy approved by the full Council?</b>		
Yes		
<b>D – Is this decision within the budget approved by the Council?</b>		
N/a		
<b>DD – Assessing the potential impact (if relevant)</b>		
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.	
<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	Chief Executive / Leadership Team (LT) (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 and Audit Committee resolved to:- To accept the Treasury Management Strategy Statement for 2023/24, 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):**

- 2022/23 Treasury Management Strategy Statement, approved by the full Council on 10 March 2022;
- 2021/22 Treasury Management Outturn Report, approved by the full Council on 26 January 2023;
- 2021/22 Capital Outturn Report, presented to this Committee on 28 June 2022;
- Capital Budget Monitoring Quarter 2 2022/23, presented to this Committee on 29 November 2022; and
- 2022/23 Treasury Management Mid Year Report, presented to the Governance and Audit Committee on 8 December 2022.

## TREASURY MANAGEMENT STRATEGY STATEMENT

### ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2023/24

#### 1. INTRODUCTION

- 1.1. CIPFA published the revised codes on 20 December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The Council, therefore, 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 Treasury Management Code requires all investments and investment income to 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.
- 1.3. The revised Treasury Management Code will require the Council to implement the following:
  - Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
  - Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
  - Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
  - Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
  - Reporting to members is to be done quarterly. Specifically, the Section 151 Officer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly.
  - Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).

#### 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 Council 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 expected to peak at 4.5% by May 2023.
- Investing in 2023/24, is therefore likely to be conducted, first, in a rising interest rate environment, but also - potentially - a falling interest rate environment at the back-end of the financial year, depending on how quickly inflation falls back and how growth performs.

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 December 2025**

Annual Average	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
December 2022	3.50	4.20	4.60	4.30
March 2023	4.25	4.20	4.60	4.30
June 2023	4.50	4.20	4.60	4.30
September 2023	4.50	4.10	4.50	4.20
December 2023	4.50	4.00	4.40	4.10
March 2024	4.00	3.90	4.20	3.90
June 2024	3.75	3.80	4.10	3.80
September 2024	3.50	3.60	4.00	3.70
December 2024	3.25	3.50	3.90	3.60
March 2025	3.00	3.40	3.70	3.50
June 2025	2.75	3.30	3.60	3.30
September 2025	2.50	3.20	3.50	3.20
December 2025	2.50	3.10	3.50	3.20

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

- 4.3.** The current forecast, shown above, includes a forecast for Bank Rate to reach 4.5% in Q2 2023. 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):-

2023/24: 4.40%;  
 2024/25: 3.30%;  
 2025/26: 2.60%;  
 2026/27: 2.50%;  
 Long term later years: 2.80%.

## 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	£119,400	£178k	£0k	£0k	£119,578k		
Average life (years)	30.82	4.06	0.00	0.00	30.78		
Average rate (%)	4.53	9.42	0.00	0.00	4.54		
OTHER LOANS							
	Salix Loan 1	Salix Loan 2	Salix Loan 3	Salix Loan 4	Salix Loan 5	Salix Loan 6	TOTAL
Outstanding Balance	£24k	£137k	£382k	£172k	£1,984k	£400k	<b>£3,099k</b>
Repayment Date	2024/25	2025/26	2028/29	2029/30	2031/32	2035/36	
Interest rate (%)	0.00	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 2022 was £46.2m).

**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 1.11% (as at 31 December 2022).

## 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 2023/24 – 2025/26**

	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Non - HRA</b>	<b>15,110</b>	<b>8,450</b>	<b>4,959</b>
<b>HRA</b>	<b>31,847</b>	<b>34,351</b>	<b>27,659</b>
<b>Commercial Activities / Non Financial Investment</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>46,957</b>	<b>42,801</b>	<b>32,618</b>
<b>Financed By</b>			
<b>Capital Grants</b>	13,352	5,561	5,071
<b>Capital Receipts</b>	500	100	100
<b>General Reserves</b>	0	0	0
<b>HRA Revenue Reserve</b>	6,987	6,391	5,999
<b>Balance Funded from Borrowing</b>	26,118	30,749	21,448

**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 2023/24 is set out in **Appendix 6**. The Council's MRP policy was substantially revised in 2018, and again for the financial year beginning 01 April 2022. 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. In 2018, the Council revised its MRP policy and adopted the Equal Instalment Asset Life method to calculate its MRP charge for both its supported borrowing and unsupported borrowing. The revised policy from 01 April 2022 adopts an annuity method, following a similar method to a standard repayment mortgage, where the combined repayment sum of principal repayment and interest remains constant and as a result the amount of principal repaid in the early years is low and increases over time. Therefore, under the annuity method the MRP charge is low in the initial years and increases over time.
- 6.6. 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 2022, the total overpayments were £268k, 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.
- 6.7. 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 2022/23 to 2025/26**

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
<b>Capital Financing Requirement (CFR)</b>				
<b>Opening Balance of CFR</b>	<b>137,804</b>	<b>149,409</b>	<b>173,905</b>	<b>202,669</b>
Capital Expenditure	46,153	46,957	42,801	32,618
External Capital Grants	(18,331)	(13,352)	(5,561)	(5,071)
Capital Receipts	(830)	(500)	(100)	(100)
Revenue Contribution & Reserves	(13,933)	(6,987)	(6,391)	(5,999)
Minimum Revenue Provision	(1,454)	(1,622)	(1,985)	(2,103)
<b>CLOSING BALANCE OF CFR</b>	<b>149,409</b>	<b>173,905</b>	<b>202,669</b>	<b>222,014</b>
<b>External Borrowing</b>				
<b>Opening Balance of External Borrowing</b>	<b>125,348</b>	<b>135,734</b>	<b>159,610</b>	<b>189,713</b>
Borrowing to Fund Capital Expenditure	13,059	26,118	30,749	21,448
Borrowing to Fund Loan Repayments	0	0	0	0
Borrowing to Replace Internal Borrowing	0	0	0	0
Loan Repayments	(2,673)	(2,242)	(646)	(639)
<b>Closing Balance of External Borrowing</b>	<b>135,734</b>	<b>159,610</b>	<b>189,713</b>	<b>210,522</b>
<b>Internal Borrowing</b>				
<b>Opening Balance of Internal Borrowing</b>	<b>12,456</b>	<b>13,675</b>	<b>14,295</b>	<b>12,956</b>
Replacement of Internal Borrowing	0	0	0	0
Funding Loan Repayments from External Borrowing	0	0	0	0
External Loan Repayments	2,673	2,242	646	639
Borrowing to Fund Capital Expenditure	0	0	0	0
Minimum Revenue Provision	(1,454)	(1,622)	(1,985)	(2,103)
<b>Closing Balance of Internal Borrowing</b>	<b>13,675</b>	<b>14,295</b>	<b>12,956</b>	<b>11,492</b>
<b>TOTAL BORROWING</b>	<b>149,409</b>	<b>173,905</b>	<b>202,669</b>	<b>222,014</b>

## **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 strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023. Table 4 indicates that £13.675m 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 2023/24 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, , 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. However, it remains the case that there are certain limitations to externalise borrowing, such as:-

- 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.

**7.3.2** 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.

**7.3.3** However, short term savings by avoiding new long term external borrowing in 2023/24 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing, as PWLB long term rates are now higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing. Long term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve, and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

## **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.

**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. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns. Accordingly, 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.

### 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 2021 (“the Code”);
- CIPFA Treasury Management Guidance Notes 2021.

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 maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, 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 Council 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 Council 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 2023/24 (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 Council 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 Council 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 Council 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 Council 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. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.)

### 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 equivalent) 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, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, the council will not set a minimum rating for the UK.



**8.3.11** Although bank CDS prices (these are market indicators of credit risk),, spiked upwards during the days of the Truss/Kwarteng government, 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 Treasury Management 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 14 September 2022. Further training will be arranged when required. The training needs of treasury management officers are regularly reviewed and addressed.

**9.3.4** The CIPFA Treasury Management Code states that organisations are expected to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making. The Council should carry out the following to monitor and review knowledge and skills:-

- Record attendance at training and ensure action is taken where poor attendance is identified.

- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (a 'self-assessment by members responsible for the scrutiny of treasury management' is available from the CIPFA website to download).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

**9.3.5** A formal record of the training received by officers central to the Treasury function will be maintained by the Performance & Support Team Leader. Similarly, a formal record of the treasury management / capital finance training received by Members will also be maintained by the Head of Democratic Services.

**9.3.6** 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, Link Treasury Services Limited as its external treasury management advisors. 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, the liability benchmark and the maturity structure of borrowing.. 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.

**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.
- 9.6.5** The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance & Audit Committee.
- 9.6.6** In addition to the three major reports detailed above, from 2023/24 quarterly reporting is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Executive Committee.

**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.

## 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

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	3.5%	2.0%	4.25%-4.50%
<b>GDP</b>	-0.2%q/q Q3 (2.4%/y/y)	+0.2%q/q Q3 (2.1%/y/y)	2.6% Q3 Annualised
<b>Inflation</b>	10.7%/y/y (Nov)	10.1%/y/y (Nov)	7.1%/y/y (Nov)
<b>Unemployment Rate</b>	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

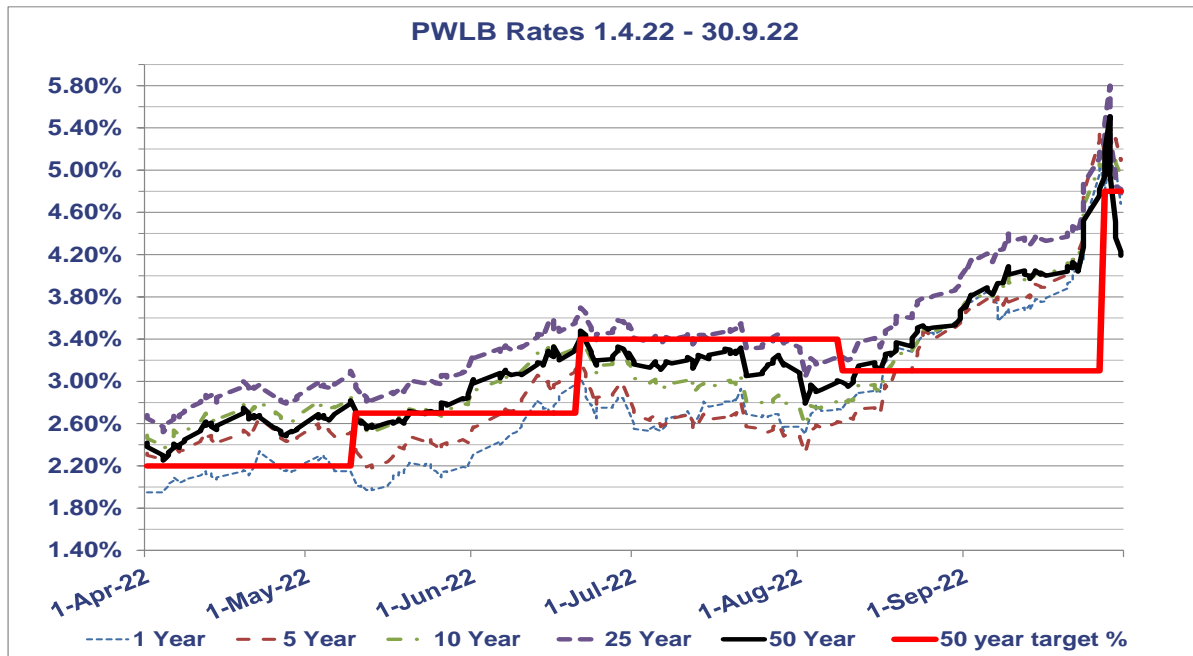
Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have almost completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

### CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.



Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

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

**Rhagolygon Graddfeydd Llog  
2022/2025**

**Interest Rate Forecasts 2022/2025**

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

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

*Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Group*

*Additional notes by Link on this forecast table: -*

Our central forecast for interest rates was updated on 19 December and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently, but is expected to reach a peak of 4.5% in H1 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

## PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

### The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

### Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **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.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

### Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields consequently.

**Borrowing advice:** Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

<b>DADANSODDIAD BENTHYCIADAU PWLB YN AEDDFEDU 2023/24 YMLAEN / PWLB LOANS MATURITY ANALYSIS 2023/24 ONWARDS</b>						
	<b>Aeddfedu PWLB Maturity</b>	<b>Blwydd-dal PWLB EIP/ Annuity</b>	<b>Benthyciadau Marchnad/ Market Loans</b>	<b>Amrywiol/ PWLB Variable</b>	<b>Cyfanswm yn Aeddfedu/ Total Maturing</b>	<b>%Yn Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
2023/24	1,854	16	0	0	1,870	1.6
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	1,381	21	0	0	1,402	1.2
2027/28	2,165	24	0	0	2,189	1.8
2028/29	262	26	0	0	288	0.2
2029/30	1,539	21	0	0	1,560	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	8	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	4.2
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	0.9
2044/45	1,010	0	0	0	1,010	0.8
2045/46	11,464	0	0	0	11,464	9.6
2050/51	2,000	0	0	0	2,000	1.7
2052/53	28,238	0	0	0	28,238	23.6
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	4.2
2057/58	8,513	0	0	0	8,513	7.1
2059/60	1,763	0	0	0	1,763	1.5
2064/65	10,000	0	0	0	10,000	8.4
2066/67	6,200	0	0	0	6,200	5.2
2068/69	15,000	0	0	0	15,000	12.5
	<b>119,400</b>	<b>178</b>	<b>0</b>	<b>0</b>	<b>119,578</b>	<b>100.0</b>
Cyfartaledd bywyd (blynyddoedd)/ Average life (years)	30.82	4.06	0.00	0.00	30.78	
Cyfartaledd graddfa (%)/ Average rate (%)	4.53	9.42	0.00	0.00	4.54	

**PROFFIL AD-DALU BENTHYCIADAU ERAILL 2023/24 YMLAEN /  
OTHER LOANS REPAYMENT PROFILE 2023/24 ONWARDS**

	<b>Benthyciad Salix Loan 1</b>	<b>Benthyciad Salix Loan 2</b>	<b>Benthyciad Salix Loan 3</b>	<b>Benthyciad Salix Loan</b>	<b>Benthyciad Salix Loan 5</b>	<b>Benthyciad Salix Loan 6</b>	<b>Cyfanswm / Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2023/24	16	46	64	26	220	0	372
2024/25	8	45	64	26	220	264	628
2025/26	0	45	64	26	220	264	619
2026/27	0	0	64	27	220	264	575
2027/28	0	0	63	27	220	264	574
2028/29	0	0	63	27	221	264	575
2029/30	0	0	0	13	221	265	499
2030/31	0	0	0	0	221	265	486
2031/32	0	0	0	0	221	265	486
2032/33						265	265
2033/24						265	265
2034/35						265	265
2035/36						265	265
<b>Cyfanswm / Total</b>	24	137	382	172	1,984	3,175 <sup>1</sup>	5,874

<sup>1</sup> Total amount to be repaid differs from the total amount outstanding in Table 5.1.1 due to only having received £400k to date, however £3,175k will be received.

**Minimum Revenue Provision (MRP) Policy Statement 2023/24**

The Council is required to pay off an element of the accumulated Council Fund and HRA 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 statutory guidance requires the Council to approve a MRP Statement in advance of each year. The guidance also states “if it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time”. 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:-

From 1st April 2022, for all capital expenditure funded by supported and unsupported borrowing (CFR), MRP will be charged on the asset life - annuity method at the Council’s average interest rate on all of its loans at the end of each relevant year-end.

MRP charges based on the asset life – annuity method may 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 (HRA) MRP charge for its share of supported and unsupported borrowing, will also be based on the asset life – annuity method at the Council’s average interest rate on its loans at the relevant year end.

Any repayments included in annual PFI or finance leases are applied as MRP and will be consistent with the asset life – annuity 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 2023/24 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 2023/24 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	£10m	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-subsidary 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 19 December 2022]**

*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, and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.*

***Based on lowest available rating***

## AAA

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

## AA+

- Canada
- Finland
- U.S.A.

## AA

- Abu Dhabi (UAE)
- France

## AA-

- Belgium
- Qatar
- **U.K.**

## 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.

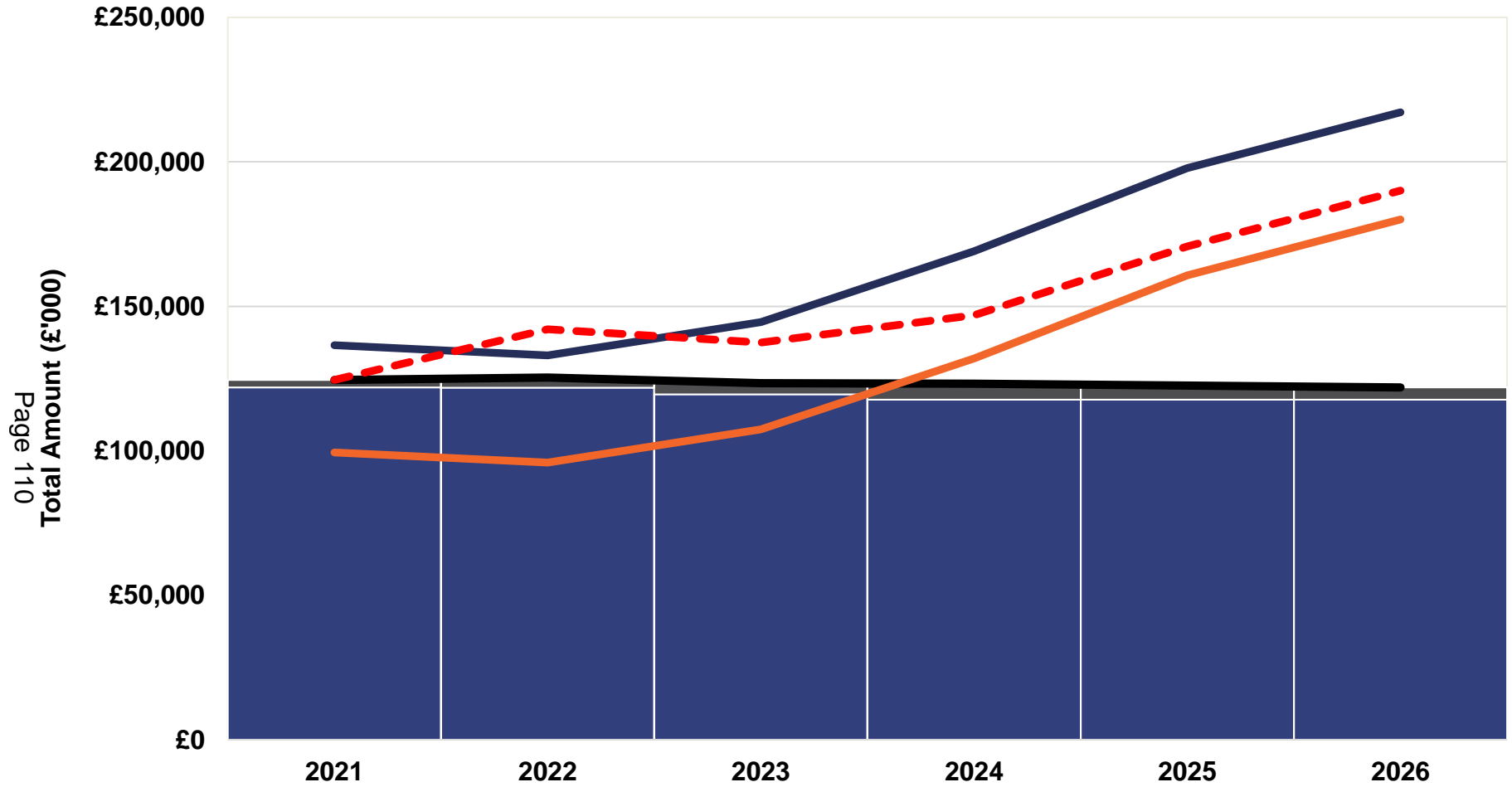
**PRUDENTIAL & TREASURY INDICATORS  
BUDGET SETTING 2023/24**

**APPENDIX 11**

No.	Indicator	2021/22 out-turn	2022/23 estimate	2023/24 proposal	2024/25 proposal	2025/26 proposal
<b>Affordability</b>						
<b>1,2</b>	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	4.50%	2.81%	2.23%	2.95%	3.10%
	Housing Revenue Account (inclusive of settlement)	9.12%	18.41%	21.14%	26.12%	29.36%
	Total	5.04%	4.56%	4.25%	5.46%	6.06%
<b>Prudence</b>						
<b>3</b>	Gross debt and the Capital Financing Requirement (CFR)	✓	✓	✓	✓	✓
	<i>Is the gross external debt &lt; the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?</i>			✓	✓	✓
<b>Capital Expenditure</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>4,5</b>	Estimates of [or actual] capital expenditure					
	Council Fund	23,734	34,068	15,110	8,450	4,959
	Housing Revenue Account	9,723	12,085	31,847	34,351	27,659
	Total	<b>33,457</b>	<b>46,153</b>	<b>46,957</b>	<b>42,801</b>	<b>32,618</b>
<b>6,7</b>	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	99,387	108,871	116,576	120,181	120,673
	Housing Revenue Account	38,415	40,536	60,101	85,261	104,114
	Total	<b>137,802</b>	<b>149,407</b>	<b>176,677</b>	<b>205,442</b>	<b>224,787</b>
<b>External Debt</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>8</b>	Authorised Limit					
	: General Borrowing	175,000	175,000	205,000	235,000	255,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	<b>180,000</b>	<b>180,000</b>	<b>210,000</b>	<b>240,000</b>	<b>260,000</b>

9	Operational Boundary					
	: General Borrowing	170,000	170,000	200,000	230,000	250,000
	: Other long term liabilities	5,000	5,000	5,000	5,000	5,000
	: Total	<b>175,000</b>	<b>175,000</b>	<b>205,000</b>	<b>235,000</b>	<b>255,000</b>
10	Actual External Debt	<b>125,348</b>				
<b>Treasury Management</b>		<b>2021/22 out-turn</b>	<b>2022/23 estimate</b>	<b>2023/24 proposal</b>	<b>2024/25 proposal</b>	<b>2025/26 proposal</b>
11	The limit for total principal sums invested for periods longer than 364 days <i>(any long term investments carried forward from previous years will be included in each year's limit)</i>	15,000	15,000	15,000	15,000	15,000
			<b>2023/24 upper limit</b>		<b>2023/24 lower limit</b>	
12	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
13	Liability Benchmark (see chart below)					

# Liability Benchmark



- PWLB Loans
- Salix Loans
- Existing Loan Debt Outstanding
- Loans CFR
- Net Loans Requirement (forecast net loan debt)
- Liability Benchmark (Gross Loans Requirement)

## Information on Prudential & Treasury Management indicators

### PRUDENTIAL 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 2023/24 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.

This provides a summary of the Council's capital expenditure. It reflects matters previously agreed and those proposed for the forthcoming financial periods.

The extent to which such expenditure is to be financed will influence how the Council's Capital Financing Requirement Indicator will change.

##### 4 & 5 Estimates of Capital Expenditure

This is the forecast Capital Expenditure from 2022/23 to 2025/26, and is based on the Capital Programme for 2022/23 and the Capital Strategy for 2023/24.

##### 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.
10. **Actual external debt.** The Council has to disclose the closing balance for actual gross borrowing in respect of the financial period just ended, together with the level of other long-term liabilities and so the actual aggregate level of external debt at the Balance Sheet date.

## TREASURY INDICATORS

11. **Limits for Long Term Treasury Management Investments.** This Indicator is seeking to support control of liquidity risk. The limits should be set with regard to the Council's liquidity needs and also reduce the potential need to have to make early exit from an investment in order to recover funds. The indicator relates solely to the Council's investments for treasury management purposes.
12. **Maturity Structure of Borrowing.** The Council is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the Council's exposure to large sums falling due for refinancing.
13. **Liability Benchmark.** The new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.



2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

## 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.

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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>The Executive</b>
<b>Date:</b>	<b>2 March 2023</b>
<b>Subject:</b>	<b>Minimum Revenue Provision Policy (MRP)</b>
<b>Portfolio Holder(s):</b>	<b>Robin W. Williams – Portfolio Holder for Finance, Corporate Business and Customer Experience</b>
<b>Head of Service / Director:</b>	<b>Marc Jones – Director of Function (Resources) / Section 151 Officer</b>
<b>Report Author:</b>	<b>Claire Klimaszewski – Finance Manager</b>
<b>Local Members:</b>	<b>Not applicable</b>
<b>A –Recommendation/s and reason/s</b>	
<p>The Executive is asked to recommend to full Council that the Council approve the following MRP changes for the current financial year 2022/23 and beyond:-</p> <ol style="list-style-type: none"> <li>1. To note the report in Appendix 1 and Link Asset Group’s Report attached in Appendix 2 on Minimum Revenue Provision (MRP) options.</li> <li>2. To change the Housing Revenue Account (HRA) MRP charge on supported borrowing CFR from 2% of the HRA capital financing requirement (CFR) to the Asset Life – Annuity approach for 60 years at the Council’s average interest rate payable on its loans (Option 1ch in Table 2 in Appendix 1) from 1 April 2022.</li> <li>3. To change the HRA MRP on unsupported borrowing CFR from 2% of the HRA CFR to the Asset Life – Annuity approach for 60 years at the Council’s average interest rate on its loans (Option 2ch in Table 2 in Appendix 1) from 1 April 2022.</li> <li>4. To change the Council Fund MRP on supported borrowing CFR from the Asset Life – Equal Instalment method to the Asset Life - Annuity approach for 46 years at the Council’s average interest rate payable on its loans (Option 3ch in Table 2 in Appendix 1) from 1 April 2022.</li> <li>5. To change the Council Fund MRP on unsupported borrowing CFR from the Asset Life – Equal Instalment approach to the Asset Life – Annuity method for 27.5 years at the Council’s average interest rate payable on its loans from 1 April 2022.</li> <li>6. To approve the revised MRP Policy Statement for 2022/23 and beyond in Appendix 2, which is based on the above options in recommendations 2 to 5.</li> </ol> <p><b>Background Information</b></p> <p>Under Regulation 21 of the Local Authorities (Capital Financing and Accounting) (Wales) Regulations 2003 requires local authorities to charge to the revenue account for each financial year, a Minimum Revenue Provision (MRP) to account for the cost of their debt in the financial year.</p> <p>Regulation 22 of the 2003 Regulations requires the MRP charge to be prudent. The aim of a prudent provision is to ensure that the cost of the debt is charged to the revenue account over a period that is commensurate with that over which the capital expenditure provides benefits and that it is affordable.</p> <p>The Council’s borrowing must be prudent, although this is not defined by law or guidance. Link (2021) highlights that “It is, therefore, for each Authority to manage this appropriately, and to determine prudent repayment based on its own individual circumstances, taking into account medium / long term financial plans, current budgetary pressures, the Authority’s current and future capital expenditure plans and funding needs, and any longer term transformational plans”. Simply put, the Council can borrow as long as the repayments are affordable.</p>	

The available methods to determine a prudent provision are set out in Welsh Government Guidance on Minimum Revenue Provision, which was last revised in 2018. The guidance allows for 4 different methods:-

- The Regulatory Method;
- The CFR Method;
- The Asset Life Method;
- The Depreciation Method.

The Asset Life Method has two alternative methods:-

- The equal instalment method;
- The annuity method.

The guidance allows a local authority to change the method it uses to calculate all or part of its MRP at any time.

In 2018, the Council revised its MRP policy, and adopted the Equal Instalment Asset Life method to calculate its MRP charge for both its supported borrowing and unsupported borrowing.

In February 2021, the Council instructed its Treasury Management advisors (Link Group) to undertake a review of its MRP policy and to determine whether the MRP policy, adopted in 2018, remained fit for both current and future spending plans. However, given the other issues which the Council was dealing with at the time, the results of the review were not considered further at the time.

Given the significant change in the current economic climate, now is considered to be an opportune time to consider the results of the Link review. In considering the review, the Council must also consider the requirements of the Well Being of Future Generations (Wales) Act 2015, in ensuring that the change is sustainable for future generations.

The Link report is embedded below in background papers. This report recommends the Asset Life – Annuity approach to calculate MRP charges from 2022/23 onwards, on the basis that it is prudent and sustainable. Further information is provided in the report in Appendix A.

The recommendation for the annuity for HRA's MRP charges to be based on 60 years is because this is the first time the HRA would be charging MRP on the Asset Life basis. Previously, the HRA was required by statutory guidance to charge MRP on the basis of 2% of its CFR. This was relaxed in 2015/16 to allow the HRA to charge MRP on one of the four options permitted for Council Fund MRP charges. Houses tend to have long useful economic lives (UEL), hence the use of 60 years. Welsh Government guidance requires that, once the useful economic lives of assets have been set using the asset life basis, they cannot be changed. The recommendation for the Council Fund supported borrowing annuity to be based on 46 years is because the UEL for MRP charges on the Asset Life, albeit Equal Instalment basis were allocated at 50 years, the MRP charges changed to this basis 4 years ago. Finally, the MRP charges on the Council Fund unsupported borrowing is based on 27.5 years because projects funded by unsupported borrowing have always been calculated on the Asset Life though Equal Instalment basis, and this is the weighted average of all the outstanding UELs on these assets going forward on the Asset Life – Annuity basis. Each year, the average asset life will need to be recalculated to include new assets as they are completed and operational.

<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>		
Maintaining the existing policy remains an option, but it is believed that moving to the annuity method is a prudent method which provides a more prudent approach. Different options were explored in relation to periods of time and interest rates for the annuity method, and the most prudent and affordable were selected.		
<b>C – Why is this a decision for the Executive?</b>		
The MRP policy forms part of the Council's Annual Treasury Management Strategy Statement (TMSS). The Executive is responsible for reviewing and challenging the contents of the TMSS and recommending its approval to the full Council.		
<b>CH – Is this decision consistent with policy approved by the full Council?</b>		
The MRP Policy will form part of the TMSS, which is approved by the Council		
<b>D – Is this decision within the budget approved by the Council?</b>		
Yes		
<b>Dd – Assessing the potential impact (if relevant):</b>		
1	How does this decision impact on our long term needs as an Island?	It changes how existing and future loans will be funded and, although in cash terms the annual MRP charge will be higher in future years, when the future costs are discounted to take account of inflation, it provides a positive impact on the level of resources required to repay the existing loans.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	When the future costs are discounted to take account of inflation, it results. in reduced costs for the Council.
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 have expressed the view that the Council should aim to be more efficient in the provision of services. This change will release resources in early years which can be redirected to the provision of services
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	None
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	None
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.	None
<b>E - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	The change in policy was discussed and approved as part of the overall discussion on the budget strategy and on treasury management.

<b>2</b>	<b>Finance / Section 151</b> (mandatory)	Author of the report.
<b>3</b>	<b>Legal / Monitoring Officer</b> (mandatory)	Part of the LT.
<b>4</b>	<b>Human Resources (HR)</b>	Not applicable
<b>5</b>	<b>Property</b>	Not applicable
<b>6</b>	<b>Information Communication Technology (ICT)</b>	Not applicable
<b>7</b>	<b>Scrutiny</b>	The TMSS is scrutinised by the Governance and Audit Committee, with the item discussed at its meeting on 7 February 2023.
<b>8</b>	<b>Local Members</b>	Not applicable
<b>9</b>	<b>Any external bodies / other/s</b>	Not applicable
<b>F - Appendices:</b>		
<p>Appendix 1 – Report Outlining Options for Revised Prudent Minimum Revenue Provision Charges for the Housing Revenue Account (HRA) and Council Fund</p> <p>Appendix 2 – Revised MRP Policy for 2022/23</p> <p>Appendix 3 – Link Group report on options for MRP for Authority</p>		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		



## Report Outlining Options for Revised Prudent Minimum Revenue Provision (MRP) Charges for the Housing Revenue Account (HRA) and Council Fund.

### 1 Introduction

- 1.1** In February 2021, the Council's Treasury Management consultants, Link Group, completed a review of the Council's current MRP Policy, which has been in place since 2018/19. Link also analysed the MRP charge relating to the HRA in addition to Council Fund's MRP policy. Council borrowing can only be taken out to fund capital expenditure, unless there is a capitalisation directive from Welsh Government to capitalise certain revenue expenditure, though this is only permitted for exceptional circumstances. The Council has to follow requirements of the Local Government Act 2003, Welsh Government regulations, statutory guidance and determinations in relation to its MRP policy and how it calculates MRP. Since CIPFA introduced its prudential borrowing in April 2004, there has not been an amount set by Welsh Government as a limit on Council Fund borrowing and, more recently, the limit on indebtedness for the HRA has been abolished. Instead the Council's borrowing must be prudent, though this isn't defined by law or guidance. Link (2021) highlights that *"It is therefore for each Authority to manage this appropriately and to determine prudent repayment based on its own individual circumstances, taking into account medium / long term financial plans, current budgetary pressures, the Authority's current and future capital expenditure plans and funding needs and any longer term transformational plans"*. Simply put the Council can borrow as long as repayments are affordable.
- 1.2** Each year, the Council Fund and HRA are required to make a minimum revenue provision (MRP) charge to revenue which is prudent and affordable. This ensures that there is cash capacity each year to help repay borrowing. Welsh Government guidance and determinations allow several options for calculation of a prudent MRP charge. Link has calculated what the MRP charges would be under each of the options highlighted in Welsh Government guidance, for both supported and unsupported borrowing and has identified which option is the most affordable. Where this report provides options on a different basis to Link's, this is due to time which has elapsed since the report and / or to ensure the Council's MRP charges are based on the statutory guidance in relation to asset lives.
- 1.3** It must be highlighted that the options show a reduced charge in the short term, although this is not an actual saving as MRP has to be charged until the Capital Financing Requirement (CFR) is zero. Instead, it re-profiles the MRP charges, so that charges in the short-term are reduced but these might be higher in the longer term. However, requirement that future generations must have at least the same quality of life as in the present, the declining value of money over time must be taken into account in assessing which MRP options are more affordable. £1 now is worth more than it would in the future because of inflation and other economic factors. Therefore, higher MRP charges in the future will not have the same impact as these would in the present. Link has taken this into account in all of the options they analysed, by calculating the Net Present Value (NPV) for each cost or reduction to assess what the impact will be on future generations, when taking into account that each £1 will be worth less in the future than it is now. All options show that when adjusted for the time value of money using the cost of capital of 3.5% as recommended in His Majesty's Treasury Green Book, the total of all costs and reductions arising from each option proposed is a net reduction in MRP costs. Link then recommends the options with the highest reduction from each option. These are considered to be more prudent, affordable and more realistically assess the impact of the options on future generations.

## 2. Adopting the Annuity Method

- 2.1** The Link report assesses the financial impact of the change. The alternative calculations in tables 2, 3 and 4 have been updated to take account of the change in the outstanding capital financing requirement and to update interest rates and the outstanding lives of the Council's assets. The changes proposed below are recommended for implementation in the current financial year 2022/23.
- 2.2** The current equal instalment method maintains the level of MRP charge, thereby reducing the outstanding principal by the same amount over time. The annuity method follows a similar method to a standard repayment mortgage, where the combined repayment sum of principal repayment and interest remains constant and, as a result, the amount of principal repaid in the early years is low and increases over time. Therefore, under the annuity method, the MRP charge is low in the initial years and increases over time.
- 2.3** As mentioned above, the MRP charge is lower in the early years. The Council's CFR will also reduce at a lower pace than under the equal instalment method and given that the charge to the revenue account will also be lower in the early years, it will reduce the Council's cash balances, which may impact on the annual investment returns. However, the MRP charge is not the actual repayment of loans. Instead it creates the cash capacity each year towards repayment of loans as they fall due. Table 1 below shows the maturity profile of the Council's PWLB loans as at 31 March 2022. This shows that the majority of the Council's loans (89%) are due to be repaid in the long-term. The annuity method, as mentioned, re-profiles the MRP charges so that the charges are lower now and higher in the long-term. This is cheaper as the value of the higher charges will be worth less in the future, reducing the impact on future generations, as discussed in more detail below. A benefit of re-profiling the higher charges to the long-term is that it will help ensure that the MRP charges create the capacity to repay debt at a more appropriate time, when the loans fall due for repayment.

**Table 1**  
**Maturity Profile of The Council's Outstanding Loans**

	2021/22 Outstanding principal	2021/22 Accrued interest	2021/22 Cost less accumulated amortisation	2020/21 Outstandin g principal	2020/21 Accrued interest	2020/21 Cost less accumulated amortisation
	£'000	£'000	£'000	£'000	£'000	£'000
>50 years	-	-	-	-	-	-
34-50 years	49,976	-	49,976	49,976	-	49,976
23-33 years	45,712	-	45,712	45,712	-	45,712
15-22 years	11,932	-	11,932	11,932	-	11,932
11-14 years	2,194	-	2,194	2,194	-	2,194
7-10 years	4,938	-	4,938	4,683	-	4,683
4-6 years	4,523	-	4,523	4,526	-	4,526
1-3 years	3,401	-	3,401	5,235	-	5,235
<b>Total Long-Term Borrowing</b>	<b>122,676</b>	<b>-</b>	<b>122,676</b>	<b>124,258</b>	<b>-</b>	<b>124,258</b>
<b>Total Short-Term Borrowing (&lt; 1 year)</b>	<b>2,672</b>	<b>1,892</b>	<b>4,564</b>	<b>266</b>	<b>1,892</b>	<b>2,158</b>
<b>Total</b>	<b>125,348</b>	<b>1,892</b>	<b>127,240</b>	<b>124,524</b>	<b>1,892</b>	<b>126,416</b>

**2.4** The Link Report assesses the fact that, over time, the value of money decreases and that £1 now is worth much less at the end of the repayment period. The report, therefore, considers the Net Present Value of the options which discounts the future payments down to their true future value. Link's report confirms the important role of taking the time value into account by highlighting that CIPFA's The Practitioners Guide to Capital Finance in Local Government (2019) states:-

'The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.

The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the amounts when they fall due.

The annuity method would then be a prudent basis for providing for assets that provided a steady flow of benefits over their useful life.'

### **3. Link's Recommendations on the HRA MRP charges going forward**

**3.1** The MRP charge on HRA borrowing has historically been charged at 2% of the HRA's proportion of Capital Financing Requirement (CFR), in accordance with the Welsh Government's statutory Guidance on the Item 8 Determination. In 2015, Welsh Government changed the determination to allow the HRA MRP charge to be calculated by more options, aligning it to the methods the MRP can be calculated for the Council Fund MRP. Link recommends that Option 3 (in the Welsh Government determination) – the annuity asset life method, would result in highest NPV for both supported and unsupported borrowing CFR for the HRA. Link appraised 4 annuity options for supported borrowing, and the most affordable option for the present and for future generations is option 1d, where the annuity is based on 60 year asset lives, using the Council's average borrowing rate of 4.58% at 1 April 2022. This would result in an NPV of cost reductions of (£1.046m). Similarly, an annuity based on asset life of 60 years for the HRA's unsupported borrowing, at the Council average borrowing rate of 4.58% (2d) would result in a total NPV of (£2.616m) over the asset life of 60 years. Therefore, for both HRA supported and unsupported borrowing the annuity method as recommended by Link over 60 years at the interest rate of 4.58% should be implemented. It will also be more prudent than the current approach as, instead of the CFR taking 300 years to be reduced to nil, it would take 60 years and will not impact the future generations beyond 60 years. The recommended options are highlighted in green in the table below. The HRA options are summarised below in Table 2.

**Table 2**

**Comparison of the Various Options in Switching the HRA MRP Policy to an Annuity Method**

HRA	MRP Charge 2022/23 based on current basis £000	Revised PWLB MRP Charge 2022/23 £000	Estimated PWLB MRP charges 2023/24 £000	(Reduction) / Increase in MRP			Whole Life NPV at 3.5% discount rate £000
				2022/23 £000	2023/24 £000	2024/25 £000	
<b>Option 1 - HRA Supported borrowing switch to annuity</b>							
1a) Annuity 55 years at 2.83%	220	86	88	(135)	(128)	(121)	(158)
1b) Annuity 50 Years at 4.578%	220	60	63	(160)	(153)	(146)	(205)
1c) Annuity 55 years at 4.578%	220	47	49	(173)	(167)	(160)	(648)
1ch) Annuity 60 years at 4.578%	220	37	39	(183)	(177)	(171)	(1,046)
<b>Option 2 - HRA Unsupported Borrowing switch to annuity</b>							
2a) Annuity 55 years at 2.83%	548	213	219	(335)	(318)	(301)	(406)
2b) Annuity 50 years at 4.578%	548	150	157	(398)	(380)	(362)	(524)
2c) Annuity 55 years at 4.578%	548	117	122	(431)	(415)	(398)	(1,623)
2ch) Annuity 60 years at 4.578%	548	92	96	(456)	(441)	(426)	(2,616)

**4. Recommendations on the Council Fund MRP charges going forward**

**4.1** The Council changed its MRP policy and method in 2018/19 for Council Fund supported borrowing, following advice from Link Group. This changed the charge from 4% of the Council Fund's CFR to being charged on an asset life – equal instalment basis. This was applied retrospectively, which created a £12m overpayment which can be offset against current or future MRP charges. This aligned the MRP charges on supported borrowing with the asset life equal instalment method of charging for unsupported borrowing funded expenditure. This resulted in a more prudent MRP charge as it reduced the time the CFR is reduced to zero from 200 years to 50 years, as well as more consistent approach to charging MRP for the Council Fund. This approach was considered prudent and affordable in 2018/19. However, a prudent MRP can change over time depending on the internal and external factors affecting the Authority. The significant inflationary increases affecting the Council, its suppliers, partners, service users and other stakeholders is challenging for all, and has changed what is affordable. A prudent MRP provision cannot be looked at in isolation without taking into account the wider financial and economic context affecting the Council. In this more complex financial context, Link recommends the Asset Life – Annuity Approach. This uses the economic useful life (EUL) of its assets still, but reprofiles the charges as discussed above.

## 4.2 MRP on Council Fund Supported Borrowing

4.2.1 Table 3 below provides the various options for an MRP charge based on the asset-life annuity approach. Option 3 relates to the MRP charges for Council Fund supported borrowing. Link provides analysis for two different years i.e. annuity for 50 years or 48 years. As time has moved on since the report was received, the options for annuity approach for asset lives of 46 years is instead provided in the table above for option 3. These periods were chosen because, when the Council changed the MRP policy in 2018/19, the asset life assigned to the whole balance of the Council Fund supported borrowing CFR was 50 years, as this is a permitted proxy figure to use when the asset lives for individual assets cannot be identified (in accordance with the Welsh Government Guidance: Minimum Revenue Provision 2018). When Link undertook the review of the Council Fund MRP policy, 2 years had elapsed from the original 50 years, hence Link provided options for 48 years. This has been re-calculated to 46 years, as the figures have been amended from 31 March 2020 to 31 March 2022. Welsh Government Guidance highlights that once an asset-life for the purposes of MRP has been calculated that it cannot be changed. EUL have reduced from 50 to 46 years.

4.2.2 Option 3ch is recommended for approval as this would be the most prudent of the options (highlighted in green in the table below). This does not increase the period over which the MRP is charged, and it is based on the Council's average interest rate on actual borrowing taken out from the PWLB. This would reduce the MRP charge for 2022/23 to £1.067m and the NPV for this option is (£8,311). This is not the highest NPV, which is option 3a, however, if this option was selected, it would increase the period by 4 years over which the CFR is paid off and might be in breach of Welsh Government guidance. This approach reduces the MRP charge for Council Fund supported borrowing for the years 1 to 27 years. From year 28 (2049/50), the annual MRP starts to rise by approximately £100k per year until year 46, when payments will cease. However, as mentioned, the NPV analysis for this option shows that overall it is a prudent option, as it takes into account that each £1 in the future is worth less than it is today.

**Table 3**

### Comparison of the Various Options in Switching the Council Fund MRP Policy for Supported Borrowing to an Annuity Method

Council Fund	MRP Charge 2022/23 based on current basis £000	Revised PWLB MRP Charge 2022/23 £000	Estimated PWLB MRP charges 2023/24 £000	(Reduction)/Increase in MRP			Whole Life NPV at 3.5% discount rate £000
				2022/23 £000	2023/24 £000	2024/25 £000	
<b>Option 3 - Supported borrowing switch to annuity</b>							
3a) Annuity 50 years at 2.83%	1,560	661	680	(899)	(862)	(842)	(7,650)
3b) Annuity 50 years at 4.578%	1,542	388	406	(1,172)	(1,136)	(1,117)	(10,598)
3c) Annuity 46 years at 2.84%	1,542	755	777	(805)	(765)	(742)	(5,483)
3ch) Annuity 46 years at 4.578%	1,542	475	497	(1,085)	(1,045)	(1,022)	(8,113)

### 4.3 MRP on Council Fund Unsupported Borrowing

**4.3.1** Table 4 below provides two options for changing the calculation of the MRP charges for Council Fund unsupported borrowing. The options on this are limited to the average EULs of the Council's assets funded from unsupported borrowing. Once assets' EULs have been estimated for the asset life approach, these cannot be extended, whether the charge is based on equal instalment method or annuity method. The outstanding EUL of every asset funded from unsupported borrowing were calculated. The average EUL of these were 22 years. However, in order to take into account the EULs of the assets which required higher amounts of borrowing so that the average EUL is more proportionate, a weighted average EUL was calculated using the CFR of each individual asset / total CFR. The weighted average EUL is 27.5 years.

**4.3.2** The two options provided are based on the same EUL of 27.5 years, the difference between the two is the interest rate used to calculate the annuity. Option 4a uses the Council's average interest rate of 4.578% on its Public Works Loans Board (PWLB) loans, and option 4b uses the PWLB interest rate of 2.90% for a loan taken out for 27 years. The more prudent of the two is the use of the Council's average interest rate, which provides a higher NPV than 4b. This means that the most cost effective approach is option 4a, which would be £1.811m cheaper than the current equal instalment method when the present value of the future reductions / costs are calculated, compared with the £1.3m with option 4b. Option 4 is, therefore, recommended for the calculation of MRP via the asset life – annuity method (highlighted in green).

**Table 4**

#### **Comparison of the Various Options in Switching the Council Fund MRP Policy for Unsupported Borrowing to an Annuity Method**

Council Fund	MRP Charge 2022/23 based on current basis £000	Revised PWLB MRP Charge 2022/23 £000	Estimated PWLB MRP charges 2023/24 £000	(Reduction) / Increase in MRP			Whole Life NPV at 3.5% discount rate £000
				2022/23	2023/24	2024/25	
				£000	£000	£000	
<b>Option 4 Unsupported borrowing switch to annuity</b>							
4a) Annuity 27.5 years at 4.578%	1,304	477	499	(827)	(805)	(742)	(1,811)
4b) Annuity 27.5 years at 2.90%	1,304	613	631	(691)	(673)	(614)	(1,300)

## 5. Conclusion

- 5.1** Each year, a charge is made against revenue to create the cash capacity to repay loans in the future. This is the annual MRP charge. The actual amount to charge is not set in statute, though statutory guidance provides four different methods to use when calculating the MRP charge. The guidance allows Section 151 Officers to change between the methods allowed in order to be able to charge a prudent and affordable charge. The Asset Life – annuity method is recommended for the HRA and Council Fund MRP charges, as outlined above as they are prudent, affordable and sustainable, resulting in cheaper charges overall when the time value of money is taken into account by NPV analysis. The analysis shows that the charges are lower in the near term and higher in the long-term, but this matches the Council's Loan repayment profile, so that the cash capacity generated via higher MRP charges in the future will be available when more loans are repayable.

## Minimum Revenue Provision Policy Statement 2022/23

The Council is required to pay off an element of the accumulated Council Fund and HRA 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 statutory guidance requires the Council to approve an MRP Statement in advance of each year. The guidance also states “if it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time”. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:-

From 1st April 2022 for all capital expenditure funded by supported and unsupported borrowing (CFR), MRP will be charged on the asset life - annuity method at the Council’s average interest rate on all of its loans at the end of each relevant year-end.

MRP charges based on the asset life – annuity method may not be charged until the year the asset becomes operational. The S151 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 S151 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 (HRA) MRP charge for its share of supported and unsupported CFR, will also be based on the asset life – annuity method at the Council’s average interest rate on its loans at the relevant year end.

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



Link Group Report on MRP Options Appraised

# Isle of Anglesey County Council

## Minimum Revenue Provision Review

February 2021



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# 1. Introduction

## 1.1 Report Brief

Link Group (“Link”) carried out a detailed review of the Minimum Revenue Provision (“MRP”) for Isle of Anglesey County Council (“the Authority”) in 2017/18. The previous review was limited in scope to focus only on identifying options for the General Fund situation. The Authority would like to assess if there is scope to review the MRP methodology for the Housing Revenue Account (“HRA”) and explore if there are any further options that could be considered for the General Fund.

This review provides the Authority with an independent check that the MRP Strategy and Policy are fit for both the current and future spending plans. It also provides the necessary challenge to ensure that any potential options are not missed when considering the capital financing decisions for new capital expenditure.

This report includes:

- **A review of the current MRP Policy provision for the HRA, capital expenditure and financing.**
- **A review of the current methodology applied for both supported and unsupported borrowing for the General Fund.**
- **An outline of the options available that can be considered to provide the optimum MRP Strategy.**
- **Provision of suggested changes to the current MRP Policy Statement.**
- **A comparison of amounts of MRP charged with those that may alternatively be available.**
- **Provision of appropriate support and guidance to deal with queries raised with your external auditor where required.**

## 2. Executive Summary

### 2.1 Overview

Local Authorities are required by statute to make a charge to the General Fund and HRA to provide for the repayment of debt resulting from capital expenditure, known as Minimum Revenue Provision (“MRP”). The Authority is required to determine a level of MRP it considers to be prudent, whilst having regard to MRP Guidance issued by Welsh Government (“WG”). The Guidance gives four options for determining MRP for the General Fund which it considers to be prudent, but does not exclude alternative approaches. For the HRA, the Guidance requires authorities to follow one of the four options set out in the General Determination of the Item 8 Credit and Item 8 Debit (Wales) 2015.

### 2.2 HRA Options Summary

Link has identified the following alternative options for the HRA for making prudent MRP. Full consideration of HRA options are in section 5 of this report.

- Option 1 – Supported borrowing – change to an annuity method.
- Option 2 – Unsupported borrowing – change to an annuity method.

Table 1: Summary of MRP options – HRA

HRA		(Reduction) / Increase in MRP			Whole life NPV at 3.5% discount rate £'000
		2020/21 £'000	2021/22 £'000	2022/23 £'000	
<b>OPTION 1 - Supported switch to annuity</b>					
(1a)	Annuity 55 years @ 2.79%	(139)	(132)	(125)	(161)
(1b)	Annuity 50 years @ 4.34%	(162)	(154)	(147)	(164)
(1c)	Annuity 55 years @ 4.34%	(176)	(169)	(162)	(621)
(1d)	Annuity 60 years @ 4.34%	(187)	(181)	(174)	(1,035)
<b>OPTION 2 - Unsupported switch to annuity</b>					
(2a)	Annuity 55 years @ 2.79%	(346)	(328)	(311)	(400)
(2b)	Annuity 50 years @ 4.34%	(402)	(384)	(365)	(409)
(2c)	Annuity 55 years @ 4.34%	(438)	(421)	(404)	(1,545)
(2d)	Annuity 60 years @ 4.34%	(466)	(450)	(434)	(2,574)

Of the savings reflected in the table above the maximum Net Present Value (“NPV”) savings would result from implementing options 1d and 2d. If these options were chosen they have a combined maximum NPV over the whole life of **£3.6m**, and a total saving in 2020/21 of **£0.7m**.

## 2.3 General Fund Options Summary

Link has identified the following alternative options for the General Fund for making prudent MRP. Full consideration of General Fund options are in section 6 of this report.

- Option 3 – Historic / Supported borrowing – change to an annuity method.
- Option 4 – Unsupported borrowing– change to an annuity method.

Table 2: Summary of MRP options - General Fund

GF		(Reduction) / Increase in MRP			Whole life NPV at 3.5% discount rate £'000
		2020/21 £'000	2021/22 £'000	2022/23 £'000	
<b>OPTION 3 - Historic / Supported switch to annuity</b>					
(3a)	Annuity 50 years @ 2.79%	(808)	(790)	(770)	(6,679)
(3b)	Annuity 50 years @ 4.53%	(1,084)	(1,066)	(1,047)	(9,628)
(3c)	Annuity 48 years @ 2.80%	(759)	(738)	(718)	(5,576)
(3d)	Annuity 48 years @ 4.53%	(1,042)	(1,022)	(1,002)	(8,411)
<b>OPTION 4 - Unsupported switch to annuity</b>					
(4a)	Annuity life outstanding individual projects @ 4.53%	(415)	(388)	(359)	(1,804)
(4b)	Annuity life outstanding individual projects @ PWLB annuity rate	(261)	(243)	(225)	(1,153)
(4c)	Annuity 50 years @ 4.53%	(640)	(623)	(605)	(2,324)
(4d)	Annuity 35 years @ 2.72%	(500)	(487)	(473)	(1,639)

Of the savings reflected in the table above the maximum NPV savings would result from implementing options 3b and 4c. If these options were chosen they have a combined maximum NPV over the whole life of **£11.9m**, and a total saving in 2020/21 of **£1.7m**.

The total combined maximum NPV for the HRA and General Fund is **£15.5m**.

All of the HRA options and the GF unsupported borrowing options 4c & 4d result in the current year's capital financing requirement ("CFR") balance being repaid earlier than under the existing method. Repaying the CFR balance over a shorter period could also be considered to be more prudent.

It is important to note that all of the options in tables 1 & 2 above are prospective and do not amend any previous year calculations.

For the purpose of this report the Authority's future capital expenditure estimates have not been included in the analysis and all options are based on the CFR position as at 31 March 2020.

## 2.4 Further Issues to Consider

A reduction to MRP charges in the short / medium term will lead to a higher CFR and borrowing requirement than under the Authority's current MRP policy, as assuming all other factors remain equal the Authority will have less cash than if no change was made. The cost for the Authority will depend on the Authority's treasury position and interest rates prevailing at the time.

Whilst there are provisions within the Guidance which provide options on application, neither the guidance nor legislation defines what is prudent. It is therefore for each Authority to manage this appropriately and to determine prudent repayment based on its own individual circumstances, taking into account medium / long term financial plans, current budgetary pressures, the Authority's current and future capital expenditure plans and funding needs and any longer term transformational plans.

This could also mean that the MRP policy adopted for a particular year in response to extraordinary financial pressures, such as Covid 19, is considered a prudent approach in helping to manage those pressures and protect vital frontline services.

Any change in MRP policy needs to comply with the Well-being of Future Generations (Wales) Act 2015 in terms of ensuring that the resulting impact is sustainable for future generations.

Changes to the manner in which the Authority determines its annual prudent amount of MRP should be fully considered by Council, and the changes included within the Authority's MRP policy. The Guidance makes it clear that such policies may be amended at any time.

If the Authority wishes to implement any of the changes discussed in this report Link can assist with drafting changes to the Authority's MRP policy.

# 3. Regulations & Guidance

## 3.1 Background

### 3.1.1 HRA

The provision for debt repayment relating to borrowing used to finance HRA capital expenditure is set out in the (Wales) General Determination of the Item 8 Credit and Item 8 Debit (“Item 8 Determination”) made under section 75 of and schedule 4 to the Local Government and Housing Act 1989 for that year. The Item 8 Determination was made annually for each year until 2014/15.

Up until 2014/15 the Item 8 Determination specified that the HRA MRP was 2% or higher of the adjusted opening HRA capital financing requirement (the HRA credit ceiling prior to 2004/5). In 2014/15 the Item 8 Determination was amended to provide four options for the prudent provision for the repayment of debt in relation to the HRA. This 2015 Item 8 Determination applies to 2014/15 and future years, until such time a change in legislation policy or accounting matters requires an amendment to be made.

### 3.1.2 General Fund

For the General Fund the duty to make an annual charge in respect of outstanding capital debt liability was introduced by regulations 21 and 22 of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003. These regulations prescribed how much MRP an authority should charge its General Fund through a formula linked to the CFR. The originally specified annual amount was set at 4% of the opening (non-housing) element of the CFR for each financial year, less any specified adjustment in respect of previous housing debt liabilities, and Adjustment A.

This system was radically revised in 2008 by the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008, which shifted the emphasis from regulations to guidance. The revised system and accompanying guidance were issued in March 2008 and became effective from 1st April 2007, so that for 2007/08 and subsequent years, the prescriptive MRP calculation was replaced with a requirement that local authorities calculate a level of MRP they consider to be prudent. The Authority implemented the changes to the regulations in 2008/9 following the approval of new policies by the Council.

These regulations and supplementary WG MRP guidance therefore offer authorities significantly more discretion in deciding upon their annual amount of MRP. Statute (S.21 (1)(A) of LGA 2003) requires authorities to “have regard” to the Guidance and the recommendations within it.

In principle, an authority is now only required to make a “**prudent provision**” in respect of its ongoing MRP charge, and to arrange for its debt liability to be repaid over a similar period to that which the asset associated with the capital expenditure provides benefits or, in the case of borrowing supported by Revenue Support Grant (“RSG”), in line with the period implicit in the determination of that grant.



### 3.2 Current Guidance

The MRP guidance (“the Guidance”) was updated in 2012 in order to clarify the position on PFI schemes and leases. Since then WG monitored the practices and principles used by local authorities when deciding how much MRP to charge, and as a result in November 2018 published further changes to the MRP guidance. The changes to the MRP guidance were driven in part by the 2016 National Audit Office (“NAO”) value for money report on Local Authorities’ Capital Investment and Financing, which was discussed at a Parliamentary Public Accounts committee meeting.

The current Guidance suggests that the calculation of MRP for the General Fund should be based on the residual CFR at the point the change in method is made, that any change in policy should not be applied retrospectively, and that any changes to the method of calculation resulting from a change in policy should not result in an authority making a reduced or nil charge in a current financial year on the grounds that it needs to recover overpayments of MRP relating to previous years.

However, the Guidance does allow local authorities to correct any perceived errors in Adjustment A, if the correction would be in their favour. The Guidance also allows a local authority to offset a previous year’s overpayment (i.e. Voluntary Revenue Provision made in excess of the amount due under the Authority’s approved MRP policy) against the current year’s prudent provision, so long as the total MRP charge is not less than zero.

Overall, the original statutory intent that it is for an authority to itself determine what represents a prudent annual amount of MRP, should figure significantly within an authority’s annual determination in respect of this statutory liability.

The approach intended by the MRP Guidance is clearly to enable local circumstances and discretion to play a part, as the Guidance in general contains a set of suggestions or recommendations rather than representing a prescriptive process. The MRP Guidance has always made it clear that authorities can follow an alternative approach, provided they still make a prudent provision. Ultimately it is the statutory duty of the Authority to determine what represents a prudent provision, which it is suggested should always be carried out by full Council.

### 3.3 HRA Options Under the 2015 Item 8 Determination

For housing assets, the Guidance states that the **“duty to make MRP to cover borrowing or credit arrangements used to finance capital expenditure on housing assets remains unchanged from the current determinations.”**

The 2015 Item 8 Determination is the latest determination, of which section 4 specifies:

**Provision for debt repayments** means as a minimum the cumulative amount calculated under any of the four options set out in Annex I. All four options are available for existing debt, the settlement amount and new expenditure incurred from 1 April 2015 until 1 April 2021 (the transitional period). For expenditure incurred from 1 April 2021 onwards, only options 3 and 4 are available. Authorities may make provision for debt repayments in addition to the amounts calculated under these four options.

The four options set out in Annex I of the Item 8 Determination for the provision of HRA debt repayment are as follows:

### **Option 1 – Regulatory Method**

This option allows for the HRA MRP to be calculated as 2%, or such other higher percentage the authority may determine, of the adjusted opening HRA CFR (adjusted means the closing HRA CFR as at 31 March of the preceding financial year).

Where an authority has transferred HRA land and retained the debt in relation to that land, then the principal element of such debt outstanding on 1 April is deducted from the adjusted opening CFR.

### **Option 2 – CFR Method**

MRP is equal to 2%, or other higher percentage as the authority may determine, of the HRA CFR as at 31 March of the preceding financial year.

### **Option 3 – Asset Life Method**

MRP is determined by reference to the asset life, either by using the EIP method or the annuity method. When using the annuity method the authority should use an “appropriate” interest rate to calculate the amount. Both variations allow voluntary revenue provisions to be made and then make appropriate reductions in later years.

This option states that the estimated life of the asset should be determined in the year that MRP commences and should not be subsequently revised. It also allows for MRP to be deferred until the financial year following the year that the asset becomes operational.

This option also limits the life of freehold land to 50 years unless the building or structure constructed upon it has a greater life.

### **Option 4 – Depreciation Method**

MRP is equal to the depreciation provision, including impairments and revaluations chargeable to the HRA Income and Expenditure Statement.

## **3.4 General Fund Recommended Options Under the MRP Guidance**

The Guidance recommends four options for the calculation of the General Fund provision:

### **Option 1 - Regulatory Method**

This option allows MRP to be based on the same formula used in the previous regulations (Regulation 28), namely 4% of the adjusted CFR (i.e. adjusted for Adjustment A, the HRA CFR or any other adjustments emanating from statutory instruments to the 2003 regulations). This method should only be adopted for an authority’s historic debt liability as at 31 March 2008 or for new “supported” capital expenditure applied within the year. It is important to note that the Guidance states that this option may be used for new “supported” capital expenditure after 1st April 2008 but does not have to be. It is open to the Authority to decide whether an alternative option is considered more appropriate for any financial year.

### **Option 2 – CFR Method**

This is a simplified version of Option 1, which provides for MRP to be calculated solely on the non-housing element of the CFR. It therefore ignores any adjustment to the CFR for Adjustment A. For most authorities this method would probably result in a higher level of provision than that under Option 1, although it is a more simplistic approach technically.

### **Option 3 – Asset Life Method**

Under this option MRP is aligned to the estimated life of the asset for which the underlying need to borrow is undertaken. This method is suggested for all new “unsupported” borrowing but can, if desired, be applied for “supported” borrowing as well. The charge is recommended to be applied either on a straight line basis or by using the annuity method. The annuity method is intended to have the advantage of linking MRP to the flow of benefits from an asset where these are expected to increase in later years.

The Guidance recommends that whatever period is chosen at the outset must remain as the chosen life period. Informal commentary to the guidance states only that such provision should be made “over a period bearing some relation to that over which the asset continues to provide a service”.

Significantly, under option 3 (and option 4), MRP does not have to be charged until the financial year following that in which the asset is completed and becomes operational.

### **Option 4 – Depreciation Method**

This option is a more complex version of option 3. MRP is matched to the provision for depreciation, or appropriate proportion thereof, for the associated asset based on standard accounting practice. It therefore takes into consideration the residual value of an asset as well as any revaluations and impairments. MRP should continue to be made annually until the cumulative amount of the provision is equal to the expenditure originally financed by borrowing.

## **3.5 Differences in the Options**

The HRA options are very similar to the General Fund options, with the following main differences:

- **HRA MRP is 2% of the CFR for options 1 and 2 as opposed to 4% for the General Fund;**
- **For the HRA, it is specifically set out that all four options are available for all debt (although for expenditure incurred from 1 April 2021 onwards only options 3 and 4 are available);**
- **The HRA options are provided under a Statutory Determination whereas the General Fund options are provided under Statutory Guidance.**

## **3.6 Other Matters Covered by the Guidance**

The Guidance also requires authorities to prepare an annual statement of their policy on making MRP for submission to their full Council (or closest equivalent level) for scrutiny and approval

before the start of the financial year. The original statement may be revised during the year by the full Council or the appropriate body of Members where required.

### 3.7 Prudence

Paragraph 11 of the Guidance states:

*“that the broad aim of prudent repayment is to ensure that the cost of debt is charged to a revenue account over a period that is **reasonably commensurate with that over which the capital expenditure provides benefits.**”*

A consideration when exercising the judgement and application of what is prudent is when the **benefits of the asset are being consumed / used by the community.**

A key question when considering this aspect is whether it is prudent financial management for tax payers not to bear too high a cost of a debt liability where the benefits of those assets will be consumed over a longer period. For example buildings may well have a 50 year expected economic life and be depreciated over 50 years and therefore the debt liability should also be charged over a similar period.

Paragraph 12 of the Guidance suggests that in the case of borrowing supported by the WG RSG, the meaning of prudent provision is to put funds aside over a period commensurate with the period implicit in the determination of grant. The Guidance does state however that “Commensurate is not intended to require exactly the same period as in the determination of the grant”.

Paragraph 13 of the Guidance states that alternative options differing from those set out as option 1-4 in 3.3 above are not ruled out from being used by a local authority should it decide that it is more appropriate.

Therefore whilst there are provisions within the Guidance which provide options on application, neither the Guidance nor legislation defines what is prudent. It is therefore for each Authority to manage this appropriately and to determine prudent repayment based on its own individual circumstances, taking into account medium / long term financial plans, current budgetary pressures, the Authority’s current and future capital expenditure plans and funding needs and any longer term transformational plans.

### 3.8 The Well-being of Future Generations (Wales) Act 2015

The importance of balancing short term needs with the need to safeguard the ability to meet longer term needs is a key requirement of the Act in ensuring that its decisions are sustainable for future generations.

Any change in MRP policy needs to comply with this requirement.

## 4. Current Policy

### 4.1 The Authority's MRP Policy

The Authority undertook a review of its MRP and amended its policy in 2017/18. The methodology applied has continued to date with the MRP policy for 2020/21 as follows:

- For capital expenditure incurred between 1 April 2008 and 31 March 2018, financed from 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 from unsupported borrowing during this period has already been charged using the Equal Instalment 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 from supported borrowing and assets funded by unsupported borrowing.
- From 1 April 2018 for all supported and unsupported borrowing (including PFI and finance leases), the MRP policy will also be the Equal Instalment method, asset life basis. However the estimated life periods will be set by the s151 Officer based on 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 s151 Officer may postpone the MRP charge until the financial year following the one in which the asset becomes operational. The estimated useful life of the asset would be determined in the year the MRP commences and would not change over the life of the asset.
- 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 HRA 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.

## 4.2 CFR Position

Link has used the audited CFR position as at 31 March 2020 as shown in the table below as the basis for the proposed options within this report.

*Table 3 – Audited CFR position as at 31 March 2020*

	2019/20 £'000
<b>GF - Supported Borrowing</b>	70,949
<b>GF - Unsupported Borrowing</b>	24,381
<b>Loan</b>	1,573
<b>Total General Fund</b>	<b>96,903</b>
<b>HRA - Supported Borrowing</b>	11,471
<b>HRA - Unsupported Borrowing</b>	28,528
<b>Total HRA</b>	<b>39,999</b>
<b>Closing CFR as at 31st March</b>	<b>136,904</b>

# 5. Alternative Approaches - HRA

## 5.1 OPTION 1: Annuity Method for HRA Supported Borrowing

The Authority currently makes MRP for HRA supported borrowing on a reducing balance basis at 2% (option 2 in the Item 8 Determination). It could choose instead to make MRP for this element of its CFR on an annuity basis under option 3 of the Item 8 Determination.

### 5.1.1 HRA - Asset Lives

The 2% reducing balance basis means that the MRP charge continues indefinitely and the balance is never fully cleared. The CFR balance for HRA supported borrowing remaining under the current method after 60 years is £3.5m, which is equivalent to 30% of the current outstanding balance. Any annuity method using a period of under 60 years will have cleared the CFR balance in a significantly shorter timeframe and can therefore be argued as being more prudent than the current method.

This approach also demonstrates consideration of the Wellbeing of Future Generations (Wales) Act 2015, as future generations are relieved of the debt burden over a shorter period of time and are not left having to carry that burden over hundreds of years.

### 5.1.2 HRA - Annuity Interest Rates

The annuity method requires the use of an “appropriate interest rate” to calculate the MRP charge over the life of the asset. There are various different approaches which can be used in determining an appropriate interest rate, including PWLB rates, the Authority’s average rate of borrowing, and interest rates used for the HRA share of interest on external borrowing.

The table below shows that the average interest rate used for the calculation of HRA interest in the Item 8 Debit for 2019/20 was **4.34%**.

**Table 4 – Interest rates used for the calculation of HRA interest 2019/20**

	£m	%
Total CFR as at 31/3/2019 (a)	138,662	
HRA CFR as at 31/3/2019 (b)	40,816	
% HRA CFR to Total CFR (c = b/a)		29.44
Total Interest Payable 2019/20 (d)	6,024	
Total Item 8 Debit Interest 2019/20 (e = d x c)	1,773	
<b>Average rate used for HRA (e/b)</b>		<b>4.34</b>

Source: Authority wp: item 8 19.20 (hra int rate).xls

An alternative option would be to use the 50 year+ PWLB annuity loan rate, which was **2.79%** at April 2020 (PWLB notice no. 129/20).



Link is aware of other authorities that have used their average rate of borrowing in the annuity calculation. It could be plausible therefore to use the **4.53%** quoted in the Authority's working papers<sup>1</sup> as the average rate of debt at the end of 2019/20.

### 5.1.3 HRA – Option 1 Impact

It seems reasonable, considering the asset lives and rates discussed above to use the following asset lives and annuity rates for HRA supported borrowing:

- **Asset lives of 50, 55 or 60 years**
- **Annuity rate of 2.79% or 4.34%**

These have been applied to the CFR balance relating to HRA supported borrowing as at 31 March 2020 of **£11.471m**, as stated in the Authority's working papers.

The impact of the above options over the first 5 years is shown in the table below, along with the whole life NPV. Full calculations are provided in Appendix A.

**Table 5 – First 5 years impact of switching to annuity basis (Supported Borrowing)**

Year	Original charge £'000	OPTION 1a Annuity 55 years @ 2.79%		OPTION 1b Annuity 50 years @ 4.34%		OPTION 1c Annuity 55 years @ 4.34%		OPTION 1d Annuity 60 years @ 4.34%	
		Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000
2020/21	229	90	(139)	68	(162)	53	(176)	42	(187)
2021/22	225	93	(132)	71	(154)	56	(169)	44	(181)
2022/23	220	95	(125)	74	(147)	58	(162)	46	(174)
2023/24	216	98	(118)	77	(139)	61	(155)	48	(168)
2024/25	212	101	(111)	80	(132)	63	(148)	50	(162)
<b>5 year TOTAL</b>			<b>(625)</b>		<b>(734)</b>		<b>(812)</b>		<b>(872)</b>
<b>Whole life NPV</b>			<b>(161)</b>		<b>(164)</b>		<b>(621)</b>		<b>(1,035)</b>

### 5.2 OPTION 2: Annuity Method for HRA Unsupported Borrowing

MRP for HRA unsupported borrowing is also currently made on a reducing balance basis at 2% (option 2 in the Item 8 Determination). The Authority could consider applying the annuity method to this element of its CFR instead.

<sup>1</sup> Pwlbos310320average rate



### 5.2.1 HRA - Asset Lives

The CFR balance for HRA unsupported borrowing remaining under the current 2% reducing balance method after 60 years is £8.7m, which is equivalent to 30% of the current outstanding balance. As discussed in 5.1.1 above, any annuity method using a period of under 60 years will therefore clear the CFR balance in a significantly shorter timeframe and can therefore be argued as being more prudent than the current method.

### 5.2.2 HRA - Annuity Interest Rates

As discussed in section 5.1.2, the annuity interest rate used should be appropriate, and could reasonably be based on PWLB rates, interest rates used for the HRA share of external borrowing or the Authority's average rate of borrowing.

### 5.2.3 HRA – Option 2 Impact

The calculations that follow for unsupported borrowing therefore use the following annuity inputs:

- Asset life of 50, 55 or 60 years
- Annuity rate of 2.79% or 4.34%

These have been applied to the CFR balance relating to HRA unsupported borrowing as at 31 March 2020 of **£28.528m**, as stated in the Authority's working papers.

The impact of the above options over the first 5 years is shown in the table below, along with the whole life NPV. Full calculations are provided in Appendix B.

**Table 6 – First 5 years impact of switching to annuity basis (Unsupported Borrowing)**

Year	Original charge £'000	OPTION 2a Annuity 55 years @ 2.79%		OPTION 2b Annuity 50 years @ 4.34%		OPTION 2c Annuity 55 years @ 4.34%		OPTION 2d Annuity 60 years @ 4.34%	
		Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000
2020/21	571	225	(346)	168	(402)	132	(438)	105	(466)
2021/22	559	231	(328)	175	(384)	138	(421)	110	(450)
2022/23	548	237	(311)	183	(365)	144	(404)	114	(434)
2023/24	537	244	(293)	191	(346)	150	(387)	119	(418)
2024/25	526	251	(275)	199	(327)	157	(369)	124	(402)
<b>5 year TOTAL</b>			<b>(1,553)</b>		<b>(1,824)</b>		<b>(2,019)</b>		<b>(2,169)</b>
<b>Whole life NPV</b>			<b>(400)</b>		<b>(409)</b>		<b>(1,545)</b>		<b>(2,574)</b>

# 6. Alternative Approaches – General Fund

For the General Fund, the Statutory Guidance identifies that the broad aim of prudent repayment is to require local authorities to put aside revenue over time to cover their CFR and the period over which this is done should align with one that is **reasonably commensurate with the period over which their capital expenditure provides benefits**. This is an important point to consider in the judgement and application of what is prudent.

Whilst there are provisions within the Statutory Guidance which provide options on application, neither the Guidance nor legislation defines what is prudent. Additionally, paragraph 13 of the Guidance states that alternative options differing from those set out as option 1-4 are not ruled out from being used by a local authority should it decide that it is more appropriate. It is therefore for each authority to manage this appropriately and to determine prudent repayment based on its own individual circumstances.

In considering the most appropriate options for the Authority, Link has observed the Guidance in terms of taking a balanced view by considering the complete provisions on the overriding principles of prudence, financial management and financial sustainability of the Authority. The potential approaches identified are set out below.

## 6.1 OPTION 3: Annuity Method for Historic / Supported Borrowing

The Authority currently makes MRP for supported borrowing and borrowing pre 1<sup>st</sup> April 2008 on a straight-line basis at 2% (i.e. over 50 years) for the General Fund. It could choose instead to make MRP for this element of its CFR on an annuity basis.

CIPFA puts forward the following rationale for using the annuity method in CIPFA's 'The Practitioner's Guide to Capital Finance in Local Government' (2019) which states:

'The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.

The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the amounts when they fall due.

The annuity method would then be a prudent basis for providing for assets that provided a steady flow of benefits over their useful life.'

### 6.1.1 Revised Calculations

A revised MRP calculation has been applied going forwards for pre-2008 & supported borrowing using the annuity method for the General Fund. This has been applied to the CFR balance relating to historic / supported borrowing as at 31 March 2020 of **£70.949m**, as stated in the Authority's working papers.

A life of **50 years** has been used as this is equivalent to the 2% straight-line charge currently being applied.

An alternative life of **48 years** has also been modelled, as the 50 year straight-line method commenced on 1 April 2018, therefore 48 years reflects the remaining life as at 1 April 2020 for the majority of supported borrowing.<sup>2</sup>

As discussed in section 5.1.2, the annuity interest rate used should be appropriate, and could reasonably be based on PWLB rates, the Authority's average rate of borrowing or an alternative rate.

The PWLB rate for a 50 year annuity loan on 1 April 2020 was **2.79%** and for a 48 year annuity loan was **2.80%** (PWLB notice no. 129/20), .

The Authority's average borrowing rate for 2019/20 was **4.53%** as quoted in the Authority's working papers as the average rate of debt at the end of 2019/20.

The following asset lives and annuity rates have therefore been applied for GF supported borrowing:

- **50 years and 48 years**
- **Annuity rate of 2.79%, 2.80% or 4.53%**

The impact of the above options over the first 5 years is shown in the table below, along with the whole life NPV. Full calculations are provided in Appendix C.

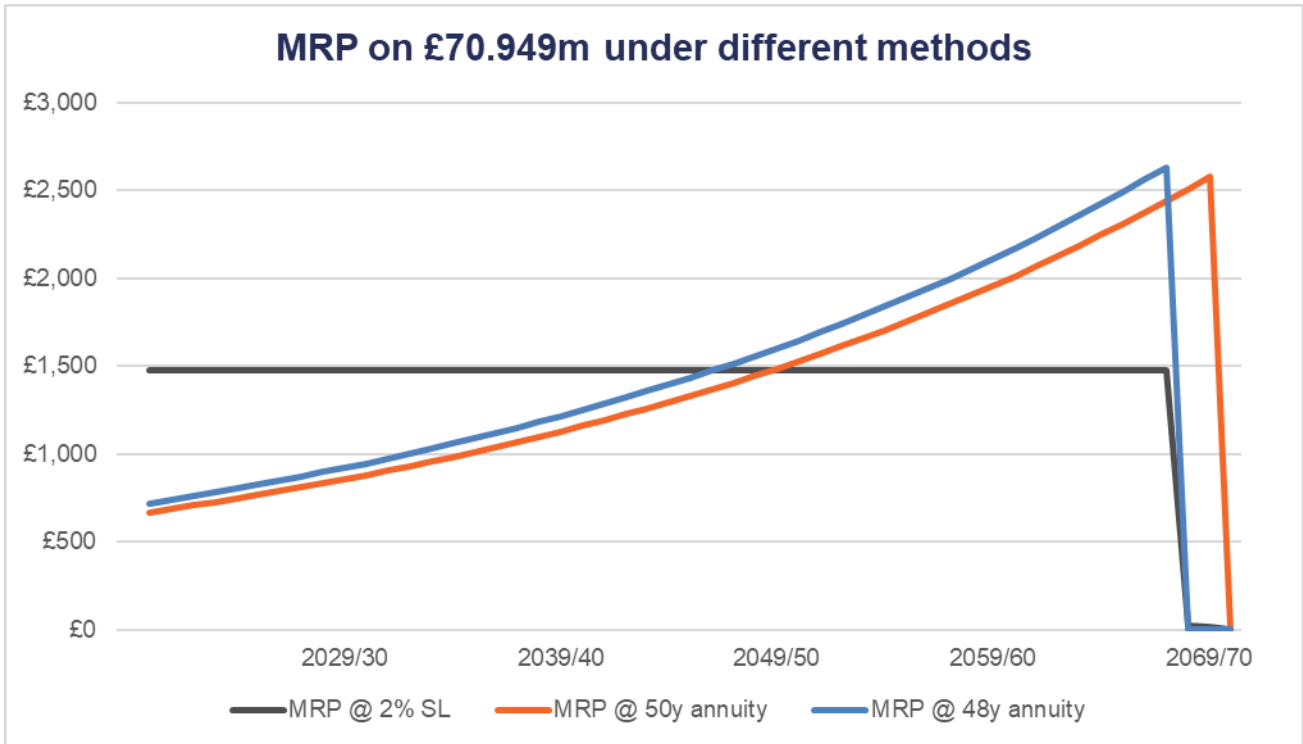
**Table 7 – First 5 years impact of switching to annuity basis (Supported Borrowing)**

Year	Original charge £'000	OPTION 3a Annuity 50 years @ 2.79%		OPTION 3b Annuity 50 years @ 4.53%		OPTION 3c Annuity 48 years @ 2.8%		OPTION 3d Annuity 48 years @ 4.53%	
		Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000
2020/21	1,477	669	(808)	394	(1,084)	719	(759)	435	(1,042)
2021/22	1,477	688	(790)	412	(1,066)	739	(738)	455	(1,022)
2022/23	1,477	707	(770)	430	(1,047)	759	(718)	475	(1,002)
2023/24	1,477	727	(751)	450	(1,028)	781	(696)	497	(980)
2024/25	1,477	747	(730)	470	(1,007)	803	(675)	520	(958)
<b>5 year TOTAL</b>			<b>(3,849)</b>		<b>(5,231)</b>		<b>(3,586)</b>		<b>(5,004)</b>
<b>Whole life NPV</b>			<b>(6,679)</b>		<b>(9,628)</b>		<b>(5,576)</b>		<b>(8,411)</b>

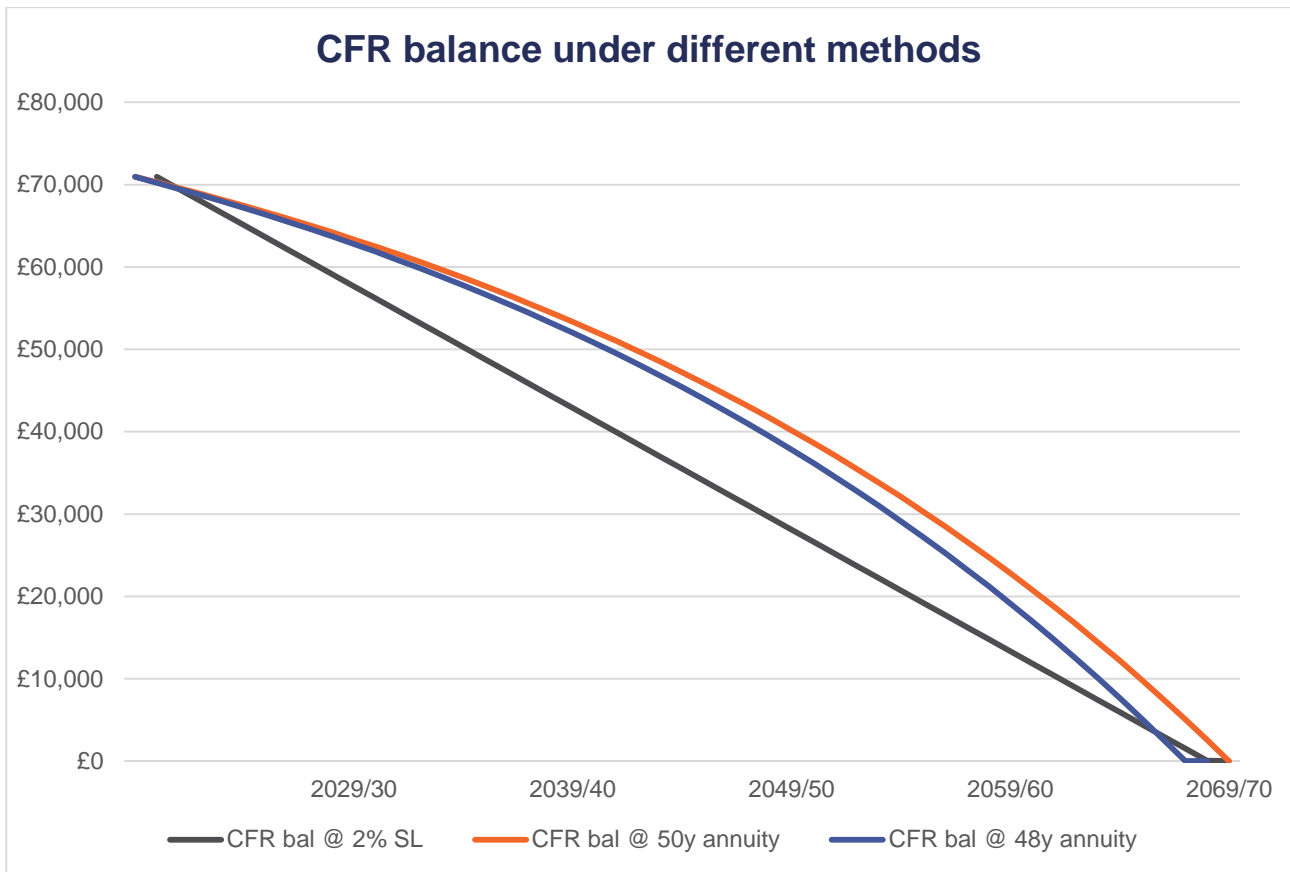
The following two graphs illustrate the difference in annual MRP and outstanding CFR balance each year on the existing 2% straight-line basis compared to a 50 year and 48 year annuity basis (using PWLB rates) for the Authority's £70.949m supported debt balance as at 1 April 2020.

<sup>2</sup> New supported borrowings taken out since 1 April 2018 total £1.218m which will have a slightly longer life than 48 years.

Graph 1: Difference in MRP for alternative methods



Graph 2: Movement in CFR balance for alternative methods



It is important to note that such an adjustment to MRP will lead to a higher CFR and borrowing requirement than under the Authority's current MRP policy.

As well as the benefit illustrated above, this also has a cost for the Authority if the revenue released from this adjustment is spent. All other things being equal, when the amount previously set aside to reduce the debt liability is used for another revenue purpose, the Authority will have less cash. Depending on the Authority's current balance sheet position, this could lead to a reduction in external investments and with this a reduction in interest income.

## 6.2 OPTION 4: Annuity Method for Unsupported Borrowing

The Authority currently uses the asset life equal instalments ("EIP") methodology for MRP on its unsupported borrowing for the General Fund; this is in line with option 3 in the MRP Guidance. An asset life is determined for each item of capital expenditure financed by unsupported borrowing and a calculation of MRP is carried out for each individual item on an EIP basis. It could choose instead to make MRP for this element of its CFR on an annuity basis, as discussed in 6.1 above for supported borrowing.

There are several ways in which this approach could be adopted by the Authority, each of which is discussed below:

- **Applying an annuity approach to individual projects from 1 April 2020**
- **Applying an average life annuity approach from 1 April 2020.**

### 6.2.1 Annuity Approach Individual Projects

The Authority could choose to provide MRP on its unsupported borrowing at an individual project level, in a similar way that it currently calculates MRP, except using an annuity approach to calculate the MRP charge for each individual project.

The CFR balance outstanding as at 31<sup>st</sup> March 2020 and the remaining life outstanding for each project is used and an annuity interest rate applied in order to calculate the MRP charge. The annuity interest rate used should be an “appropriate interest rate” and could be either:

- The Authority’s average rate of borrowing (4.53%), applied to all projects, or
- The PWLB annuity rate as at 1 April 2020 for the lives outstanding at individual project level

### 6.2.2 Revised Calculations

A revised MRP calculation has been applied going forwards for unsupported borrowing using an **annuity approach for individual projects**, applied to the unsupported borrowing CFR balance as at 31 March 2020 for each project based on:

- Life outstanding for each individual project as at 31 March 2020
- Annuity rate of 4.53% or PWLB annuity rate applicable for the life outstanding as at 1 April 2020.

The impact of the above options over the first 5 years is shown in the table below, along with the whole life NPV. Full calculations are provided in Appendix D.

**Table 8 – First 5 years impact of switching to annuity basis at individual project level (Unsupported Borrowing)**

Year	Original charge £'000	OPTION 4a Annuity Life outstanding individual projects @ 4.53%		OPTION 4b Annuity Life outstanding individual projects @ PWLB annuity rate	
		Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000
2020/21	1,019	604	(415)	758	(261)
2021/22	1,019	632	(388)	776	(243)
2022/23	1,019	660	(359)	794	(225)
2023/24	1,019	690	(329)	813	(207)
2024/25	979	677	(303)	790	(190)
<b>5 year TOTAL</b>			<b>(1,794)</b>		<b>(1,126)</b>
<b>Whole life NPV</b>			<b>(1,804)</b>		<b>(1,153)</b>

### 6.2.3 Average Life Annuity Approach

A prudent option needs to ensure that the MRP repayment period is reasonably commensurate with the period over which the capital expenditure provides benefits. An alternative simplified method has therefore been looked at that uses an **average asset life** for all unsupported borrowing in each year and applies the annuity calculation to the total unsupported borrowing capital expenditure for that year, rather than to individual projects.

We are aware that this methodology is being used by some English Authorities and most Scottish Authorities.

In 2012/13 the Welsh Government introduced the Local Government Borrowing Initiative (“LGBI”) that enabled local authorities to borrow to invest in highways enhancements over a three year period. Funding to meet the associated borrowing costs was included in the RSG mechanism over a period of 20 years. The LGBI was also extended to support funding of local authorities’ 21<sup>st</sup> century schools programme for which funding to support the associated borrowing costs was included in the RSG over a period of 30 years.

As support is being provided for the borrowing costs of LGBI through the RSG, then strictly speaking the LGBI projects are not “unsupported”. Options have, however, been included within this section of the report for MRP on these projects as the capital expenditure is on the same type of assets as for unsupported borrowing i.e. schools and infrastructure.

### 6.2.4 General Fund - Asset Lives

Following the general accounting principles of matching and consistency it is considered appropriate that the asset life used in the MRP calculation reflects the Useful Economic Life (UEL) used when calculating depreciation in the statutory annual accounts, unless it is considered imprudent to do so.

When reviewing this aspect authorities may also wish to assess if the categories and lives used are appropriate and relevant.

The Authority’s statutory annual accounts depreciation policy states that depreciation is calculated using the following asset lives:

**Table 9 – Depreciation policy: asset lives**

Asset Category	Depreciation Policy	Useful Lives
Dwellings and other buildings	Straight line allocation over periods as estimated by the valuer	up to 75 years
Vehicles, plant & equipment	Straight line allocation	5-15 years
Infrastructure	Straight line allocation	up to 30 years

The Authority’s unsupported borrowing largely consists of expenditure on schools as part of its 21st century schools’ programme. The asset life allocated to schools in the MRP calculation is 50 years.

The MRP lives outstanding at 31<sup>st</sup> March 2020 on unsupported borrowing have been reviewed which confirms that the weighted average life outstanding (excluding equal pay) is **35 years**, as shown in the following table:

**Table 10 – Weighted average outstanding asset lives**

Asset Category	Balance as at 31 March 2020	Average Life outstanding as at 31 March 2020
	£'000	years
Schools	11,427	48
Highways	1,870	21
Waste Management	405	17
Equipment	295	6
<b>Total Other</b>	<b>13,996</b>	<b>43</b>
LGBI - Schools	2,957	14
LGBI - Highways	3,765	24
<b>Total LGBI</b>	<b>6,722</b>	<b>18</b>
<b>Total Unsupported excluding Equal Pay</b>	<b>20,718</b>	<b>35</b>
<b>Total Equal Pay</b>	<b>3,793</b>	<b>20</b>
<b>Total Unsupported</b>	<b>24,511</b>	<b>32</b>

*Note: Equal Pay has been excluded from the average asset life calculation, and in the Link modelling continues to be written down over the original asset life allocated. This is because the MRP Guidance specifies the maximum life for expenditure capitalised by virtue of a direction under s16(2)(b) should be 20 years.*



## 6.2.5 General Fund - Annuity Interest Rates

Similar to the HRA, the MRP Guidance for the General Fund merely states that the Authority should use an “appropriate interest rate” within their calculations. The Authority could therefore consider using an alternative rate if it wished, provided that the methodology used is consistent.

The Authority could use the 35 year PWLB annuity loan rate, which was **2.72%** on 1 April 2020 (PWLB notice no. 129/20).

Alternatively, the Authority’s average borrowing rate could be used, being **4.53%** as quoted in the Authority’s working papers as the average rate of debt at the end of 2019/20.

## 6.2.6 Revised Calculations

A revised MRP calculation has been applied going forwards for unsupported borrowing using an **average approach**, applied to the unsupported borrowing CFR balance as at 31 March 2020 of **£24.511m<sup>3</sup>** based on:

- **35 years**
- **Annuity rate of 2.72% or 4.53%**

The impact of the above options over the first 5 years is shown in the table below, along with the whole life NPV. Full calculations are provided in Appendix D.

**Table 11 – First 5 years impact of switching to average life annuity basis (Unsupported Borrowing)**

Year	Original charge £'000	OPTION 4c Annuity 35 years @ 4.53%		OPTION 4d Annuity 35 years @ 2.72%	
		Revised charge £'000	(Saving) / Cost £'000	Revised charge £'000	(Saving) / Cost £'000
2020/21	1,019	379	(640)	519	(500)
2021/22	1,019	396	(623)	532	(487)
2022/23	1,019	414	(605)	546	(473)
2023/24	1,019	433	(586)	560	(459)
2024/25	979	453	(527)	575	(404)
<b>5 year TOTAL</b>			<b>(2,981)</b>		<b>(2,323)</b>
<b>Whole life NPV</b>			<b>(2,324)</b>		<b>(1,639)</b>

<sup>3</sup> The CFR balance for GF unsupported borrowing as at 31 March 2020 per the Authority’s working papers is £24.381m, a difference of £130k. This relates to the actual MRP charge made in 2014/15 being £134k (rounding) higher than that reflected within the MRP charge write down working papers. This was manually adjusted in the working papers in subsequent years. Using the CFR balance of £24.381m in the Authority’s unsupported borrowing working papers going forward will result in £130k too much being written down, using the methodology above. If an average approach is adopted by the Authority this sum can be deducted from the opening balance used in the working papers as at 1 April 2020. If projects are retained at an individual level, then the Authority will need to deduct this balance from one of those individual projects.

## 7. Net Present Value Comparison

In order to compare the options presented in sections 5 and 6, a Net Present Value (NPV) has been calculated over the entire period of MRP repayments. An overall negative NPV figure implies that taking into account the time value of money, the option represents a lower overall MRP charge compared to the current MRP write down schedule (even though the actual repayments are the same in total). HM Treasury suggest using a discount rate of 3.5% for this purpose. The impact of each option on an NPV basis is shown in the tables below:

**Table 12 – Summary of HRA MRP options: NPV at 3.5%**

Years	OPTION 1 - Annuity on Supported Borrowing				OPTION 2 - Annuity on Unsupported Borrowing			
	(1a)	(1b)	(1c)	(1d)	(2a)	(2b)	(2c)	(2d)
	55 years @ 2.79% Appendix A £'000	50 years @ 4.53% Appendix A £'000	55 years @ 4.34% Appendix A £'000	60 years @ 4.34% Appendix A £'000	55 years @ 2.79% Appendix B £'000	50 years @ 4.34% Appendix B £'000	55 years @ 4.34% Appendix B £'000	60 years @ 4.34% Appendix B £'000
2020/21	(134)	(156)	(170)	(181)	(334)	(389)	(423)	(450)
Years 2 to 5	(432)	(508)	(565)	(609)	(1,074)	(1,264)	(1,405)	(1,513)
Years 6 to 10	(343)	(413)	(486)	(543)	(852)	(1,027)	(1,209)	(1,350)
Years 11 to 25	(186)	(227)	(465)	(649)	(462)	(564)	(1,156)	(1,613)
Years 26 to 40	455	674	405	197	1,132	1,676	1,007	490
Years 41 onwards	478	466	660	749	1,189	1,160	1,641	1,862
<b>Total</b>	<b>(161)</b>	<b>(164)</b>	<b>(621)</b>	<b>(1,035)</b>	<b>(400)</b>	<b>(409)</b>	<b>(1,545)</b>	<b>(2,574)</b>

**Table 13 – Summary of General Fund MRP options: NPV at 3.5%**

Years	OPTION 3 - Annuity on Supported Borrowing				OPTION 4 - Annuity on Unsupported Borrowing			
	(3a)	(3b)	(3c)	(3d)	(4a)	(4b)	(4c)	(4d)
	50 years @ 2.79% Appendix C £'000	50 years @ 4.53% Appendix C £'000	48 years @ 2.80% Appendix C £'000	48 years @ 4.53% Appendix C £'000	Project life outstanding @ 4.53% Appendix D £'000	Project life outstanding @ PWLB rate Appendix D £'000	35 years @ 4.53% Appendix D £'000	35 years @ 2.72% Appendix D £'000
2020/21	(781)	(1,047)	(733)	(1,007)	(401)	(252)	(618)	(483)
Years 2 to 5	(2,701)	(3,683)	(2,512)	(3,519)	(1,227)	(770)	(2,081)	(1,621)
Years 6 to 10	(2,536)	(3,577)	(2,305)	(3,363)	(790)	(510)	(1,749)	(1,354)
Years 11 to 25	(3,432)	(5,303)	(2,777)	(4,592)	(58)	(74)	464	634
Years 26 to 40	583	641	1,187	1,466	258	206	2,081	1,606
Years 41 onwards	2,187	3,341	1,563	2,603	414	246	(420)	(420)
<b>Total</b>	<b>(6,679)</b>	<b>(9,628)</b>	<b>(5,576)</b>	<b>(8,411)</b>	<b>(1,804)</b>	<b>(1,153)</b>	<b>(2,324)</b>	<b>(1,639)</b>

The total combined maximum NPV for the HRA and General Fund is **£15.5m** (being options 1d,2d,3b and 4c).

## 8. Disclaimer

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## 9. Appendices

- Appendix A      OPTION 1 HRA – Supported switch to annuity
- Appendix B      OPTION 2 HRA – Unsupported switch to annuity
- Appendix C      OPTION 3 GF – Historic / Supported switch to annuity
- Appendix D      OPTION 4 GF – Unsupported switch to annuity

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## APPENDIX A: OPTION 1 HRA – Supported switch to annuity

Financial year	OPTION 1a				OPTION 1b				OPTION 1c				OPTION 1d			
	55 years @ 2.79%				50 years @ 4.34%				55 years @ 4.34%				60 years @ 4.34%			
	Current repayments £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction) / cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000			
2020/21	229	90	(139)	(134)	68	(162)	(156)	53	(176)	(170)	42	(187)	(181)			
2021/22	225	93	(132)	(123)	71	(154)	(144)	56	(169)	(158)	44	(181)	(169)			
2022/23	220	95	(125)	(113)	74	(147)	(132)	58	(162)	(146)	46	(174)	(157)			
2023/24	216	98	(118)	(103)	77	(139)	(121)	61	(155)	(135)	48	(168)	(146)			
2024/25	212	101	(111)	(93)	80	(132)	(111)	63	(148)	(125)	50	(162)	(136)			
2025/26	207	104	(104)	(84)	84	(124)	(101)	66	(142)	(115)	52	(155)	(126)			
2026/27	203	107	(97)	(76)	87	(116)	(91)	69	(135)	(106)	54	(149)	(117)			
2027/28	199	110	(90)	(68)	91	(108)	(82)	72	(127)	(97)	57	(142)	(108)			
2028/29	195	113	(83)	(61)	95	(100)	(74)	75	(120)	(88)	59	(136)	(100)			
2029/30	191	116	(76)	(54)	99	(92)	(65)	78	(113)	(80)	62	(129)	(92)			
2030/31	187	119	(68)	(47)	103	(84)	(58)	81	(106)	(73)	65	(123)	(84)			
2031/32	184	122	(61)	(41)	108	(76)	(50)	85	(99)	(65)	67	(116)	(77)			
2032/33	180	126	(54)	(35)	113	(68)	(43)	89	(91)	(58)	70	(110)	(70)			
2033/34	176	129	(47)	(29)	117	(59)	(36)	93	(84)	(52)	73	(103)	(64)			
2034/35	173	133	(40)	(24)	123	(50)	(30)	97	(76)	(46)	77	(96)	(58)			
2035/36	169	137	(33)	(19)	128	(42)	(24)	101	(69)	(40)	80	(90)	(52)			
2036/37	166	140	(26)	(14)	133	(33)	(18)	105	(61)	(34)	83	(83)	(46)			
2037/38	163	144	(19)	(10)	139	(24)	(13)	110	(53)	(29)	87	(76)	(41)			
2038/39	159	148	(11)	(6)	145	(14)	(7)	114	(45)	(23)	91	(69)	(36)			
2039/40	156	152	(4)	(2)	152	(5)	(2)	119	(37)	(19)	95	(62)	(31)			
2040/41	153	157	3	2	158	5	2	125	(29)	(14)	99	(54)	(26)			
2041/42	150	161	11	5	165	15	7	130	(20)	(9)	103	(47)	(22)			
2042/43	147	166	18	8	172	25	11	136	(11)	(5)	107	(40)	(18)			
2043/44	144	170	26	11	180	35	16	142	(3)	(1)	112	(32)	(14)			
2044/45	141	175	34	14	187	46	19	148	6	3	117	(24)	(10)			
2045/46	138	180	41	17	195	57	23	154	16	6	122	(16)	(7)			
2046/47	136	185	49	19	204	68	27	161	25	10	127	(8)	(3)			
2047/48	133	190	57	22	213	80	30	168	35	13	133	(0)	(0)			
2048/49	130	195	65	24	222	92	34	175	45	16	139	8	3			
2049/50	128	201	73	26	232	104	37	183	55	20	145	17	6			
2050/51	125	206	81	28	242	117	40	191	65	23	151	26	9			
2051/52	123	212	89	30	252	130	43	199	76	25	158	35	12			
2052/53	120	218	98	31	263	143	46	207	87	28	164	44	14			
2053/54	118	224	106	33	275	157	49	216	99	31	172	54	17			
2054/55	115	230	115	34	287	171	51	226	110	33	179	64	19			
2055/56	113	237	124	36	299	186	54	236	123	36	187	74	21			
2056/57	111	243	132	37	312	201	56	246	135	38	195	84	24			
2057/58	109	250	141	38	325	217	59	257	148	40	203	95	26			
2058/59	106	257	151	39	340	233	61	268	161	42	212	106	28			
2059/60	104	264	160	40	354	250	63	279	175	44	221	117	30			
2060/61	102	272	169	41	370	267	65	291	189	46	231	129	31			
2061/62	100	279	179	42	386	286	67	304	204	48	241	141	33			
2062/63	98	287	189	43	403	304	69	317	219	50	251	153	35			
2063/64	96	295	199	44	420	324	71	331	235	52	262	166	37			
2064/65	94	303	209	44	438	344	73	345	251	53	274	179	38			
2065/66	92	312	219	45	457	365	75	360	268	55	286	193	40			
2066/67	91	320	230	46	477	386	77	376	285	57	298	207	41			
2067/68	89	329	241	46	498	409	78	392	304	58	311	222	43			
2068/69	87	338	251	47	519	432	80	409	322	60	324	237	44			
2069/70	85	348	263	47	542	457	82	427	342	61	338	253	45			
years 51-300+	4,177	1,891	(2,286)	33	0	(4,177)	(272)	2,430	(1,747)	120	4,307	130	362			
	11,471	11,471	(0)	(161)	11,471	(0)	(164)	11,471	(0)	(621)	11,471	(0)	(1,035)			

## APPENDIX C: OPTION 3 GF – Historic / Supported switch to annuity

Financial year	OPTION 2a				OPTION 2b				OPTION 2c				OPTION 2d			
	55 years @ 2.79%				50 years @ 4.34%				55 years @ 4.34%				60 years @ 4.34%			
	Current repayments £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction) / cost £'000	NPV £'000		Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000		Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	
2020/21	571	225	(346)	(334)	168	(402)	(389)	132	(438)	(423)	105	(466)	(450)			
2021/22	559	231	(328)	(306)	175	(384)	(358)	138	(421)	(393)	110	(450)	(420)			
2022/23	548	237	(311)	(280)	183	(365)	(329)	144	(404)	(364)	114	(434)	(391)			
2023/24	537	244	(293)	(255)	191	(346)	(302)	150	(387)	(337)	119	(418)	(364)			
2024/25	526	251	(275)	(232)	199	(327)	(275)	157	(369)	(311)	124	(402)	(338)			
2025/26	516	258	(258)	(210)	208	(308)	(250)	164	(352)	(286)	130	(386)	(314)			
2026/27	505	265	(240)	(189)	217	(289)	(227)	171	(334)	(263)	135	(370)	(291)			
2027/28	495	272	(223)	(169)	226	(269)	(204)	178	(317)	(241)	141	(354)	(269)			
2028/29	485	280	(205)	(151)	236	(249)	(183)	186	(299)	(220)	147	(338)	(248)			
2029/30	476	288	(188)	(133)	246	(229)	(163)	194	(282)	(200)	154	(322)	(228)			
2030/31	466	296	(170)	(117)	257	(209)	(143)	203	(264)	(181)	161	(306)	(209)			
2031/32	457	304	(153)	(101)	268	(189)	(125)	211	(245)	(162)	167	(289)	(191)			
2032/33	448	313	(135)	(86)	280	(168)	(107)	221	(227)	(145)	175	(273)	(175)			
2033/34	439	321	(117)	(73)	292	(147)	(91)	230	(209)	(129)	182	(256)	(158)			
2034/35	430	330	(100)	(60)	305	(125)	(75)	240	(190)	(113)	190	(240)	(143)			
2035/36	421	339	(82)	(47)	318	(104)	(60)	251	(171)	(99)	199	(223)	(129)			
2036/37	413	349	(64)	(36)	332	(81)	(45)	261	(152)	(84)	207	(206)	(115)			
2037/38	405	359	(46)	(25)	346	(59)	(32)	273	(132)	(71)	216	(189)	(102)			
2038/39	397	369	(28)	(15)	361	(36)	(18)	285	(112)	(58)	226	(171)	(89)			
2039/40	389	379	(10)	(5)	377	(12)	(6)	297	(92)	(46)	235	(153)	(77)			
2040/41	381	390	9	4	393	12	6	310	(71)	(35)	246	(135)	(66)			
2041/42	373	400	27	13	410	37	17	323	(50)	(23)	256	(117)	(55)			
2042/43	366	412	46	21	428	62	28	337	(29)	(13)	267	(99)	(45)			
2043/44	359	423	65	28	447	88	39	352	(7)	(3)	279	(80)	(35)			
2044/45	351	435	84	35	466	115	48	367	16	7	291	(60)	(26)			
2045/46	344	447	103	42	486	142	58	383	39	16	304	(41)	(17)			
2046/47	337	459	122	48	507	170	67	400	62	25	317	(21)	(8)			
2047/48	331	472	142	54	529	199	76	417	86	33	331	(0)	(0)			
2048/49	324	485	161	60	552	228	84	435	111	41	345	21	8			
2049/50	318	499	181	65	576	259	92	454	137	49	360	42	15			
2050/51	311	513	202	69	601	290	100	474	163	56	375	64	22			
2051/52	305	527	222	74	627	322	107	494	189	63	392	87	29			
2052/53	299	542	243	78	655	356	114	516	217	70	409	110	35			
2053/54	293	557	264	82	683	390	121	538	245	76	427	134	41			
2054/55	287	573	286	86	713	426	128	562	275	82	445	158	47			
2055/56	281	589	307	89	743	462	134	586	305	88	464	183	53			
2056/57	276	605	329	92	776	500	140	611	336	94	484	209	58			
2057/58	270	622	352	95	809	539	146	638	368	100	506	235	64			
2058/59	265	639	375	98	845	580	152	666	401	105	527	263	69			
2059/60	259	657	398	100	881	622	157	695	435	110	550	291	73			
2060/61	254	675	421	103	919	665	162	725	470	115	574	320	78			
2061/62	249	694	445	105	959	710	167	756	507	120	599	350	83			
2062/63	244	714	469	107	1,001	757	172	789	545	124	625	381	87			
2063/64	239	734	494	109	1,044	805	177	823	584	129	652	413	91			
2064/65	235	754	519	110	1,090	855	182	859	624	133	681	446	95			
2065/66	230	775	545	112	1,137	907	186	896	666	137	710	480	99			
2066/67	225	797	571	113	1,186	961	191	935	710	141	741	516	102			
2067/68	221	819	598	115	1,238	1,017	195	976	755	145	773	552	106			
2068/69	216	842	625	116	1,292	1,075	199	1,018	802	149	807	590	109			
2069/70	212	865	653	117	1,348	1,136	203	1,062	850	152	842	630	113			
years 51-300+	10,389	4,702	(5,686)	82	0	(10,389)	(676)	6,044	(4,345)	298	10,712	323	900			
	28,528	28,528	0	(400)	28,528	0	(409)	28,528	0	(1,545)	28,528	0	(2,574)			

## APPENDIX C: OPTION 3 GF – Historic / Supported switch to annuity

Financial year	OPTION 3a				OPTION 3b				OPTION 3c				OPTION 3d			
	50 years @ 2.79%				50 years @ 4.53%				48 years @ 2.8%				48 years @ 4.53%			
	Current repayments £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction) / cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000			
2020/21	1,477	669	(808)	(781)	394	(1,084)	(1,047)	719	(759)	(733)	435	(1,042)	(1,007)			
2021/22	1,477	688	(790)	(737)	412	(1,066)	(995)	739	(738)	(689)	455	(1,022)	(954)			
2022/23	1,477	707	(770)	(695)	430	(1,047)	(944)	759	(718)	(647)	475	(1,002)	(904)			
2023/24	1,477	727	(751)	(654)	450	(1,028)	(895)	781	(696)	(607)	497	(980)	(854)			
2024/25	1,477	747	(730)	(615)	470	(1,007)	(848)	803	(675)	(568)	520	(958)	(806)			
2025/26	1,477	768	(710)	(577)	491	(986)	(802)	825	(652)	(531)	543	(934)	(760)			
2026/27	1,477	789	(688)	(541)	514	(964)	(757)	848	(629)	(494)	568	(910)	(715)			
2027/28	1,477	811	(666)	(506)	537	(940)	(714)	872	(605)	(460)	593	(884)	(671)			
2028/29	1,477	834	(643)	(472)	561	(916)	(672)	896	(581)	(426)	620	(857)	(629)			
2029/30	1,477	857	(620)	(440)	587	(891)	(631)	921	(556)	(394)	648	(829)	(588)			
2030/31	1,477	881	(596)	(408)	613	(864)	(592)	947	(530)	(363)	678	(800)	(548)			
2031/32	1,477	906	(572)	(378)	641	(836)	(553)	974	(503)	(333)	708	(769)	(509)			
2032/33	1,477	931	(546)	(349)	670	(807)	(516)	1,001	(476)	(304)	740	(737)	(471)			
2033/34	1,477	957	(520)	(322)	700	(777)	(480)	1,029	(448)	(277)	774	(703)	(434)			
2034/35	1,477	983	(494)	(295)	732	(745)	(445)	1,058	(419)	(250)	809	(668)	(399)			
2035/36	1,477	1,011	(466)	(269)	765	(712)	(411)	1,088	(390)	(225)	846	(632)	(364)			
2036/37	1,477	1,039	(438)	(244)	800	(677)	(377)	1,118	(359)	(200)	884	(593)	(331)			
2037/38	1,477	1,068	(409)	(220)	836	(641)	(345)	1,149	(328)	(177)	924	(553)	(298)			
2038/39	1,477	1,098	(379)	(197)	874	(603)	(314)	1,181	(296)	(154)	966	(511)	(266)			
2039/40	1,477	1,129	(349)	(175)	914	(564)	(283)	1,215	(263)	(132)	1,010	(468)	(235)			
2040/41	1,477	1,160	(317)	(154)	955	(522)	(254)	1,249	(229)	(111)	1,055	(422)	(205)			
2041/42	1,477	1,192	(285)	(134)	998	(479)	(225)	1,283	(194)	(91)	1,103	(374)	(175)			
2042/43	1,477	1,226	(252)	(114)	1,043	(434)	(197)	1,319	(158)	(72)	1,153	(324)	(147)			
2043/44	1,477	1,260	(217)	(95)	1,091	(387)	(169)	1,356	(121)	(53)	1,205	(272)	(119)			
2044/45	1,477	1,295	(182)	(77)	1,140	(337)	(143)	1,394	(83)	(35)	1,260	(217)	(92)			
2045/46	1,477	1,331	(146)	(60)	1,192	(285)	(117)	1,433	(44)	(18)	1,317	(160)	(65)			
2046/47	1,477	1,368	(109)	(43)	1,246	(231)	(91)	1,474	(4)	(1)	1,377	(100)	(40)			
2047/48	1,477	1,406	(71)	(27)	1,302	(175)	(67)	1,515	38	14	1,439	(38)	(15)			
2048/49	1,477	1,446	(32)	(12)	1,361	(116)	(43)	1,557	80	29	1,504	27	10			
2049/50	1,477	1,486	9	3	1,423	(54)	(19)	1,601	124	44	1,573	95	34			
2050/51	1,477	1,528	50	17	1,487	10	3	1,646	168	58	1,644	167	57			
2051/52	1,477	1,570	93	31	1,555	77	26	1,692	214	71	1,718	241	80			
2052/53	1,477	1,614	137	44	1,625	148	48	1,739	262	84	1,796	319	102			
2053/54	1,477	1,659	182	56	1,699	222	69	1,788	311	96	1,877	400	124			
2054/55	1,477	1,705	228	68	1,776	298	90	1,838	361	108	1,963	485	146			
2055/56	1,477	1,753	276	80	1,856	379	110	1,889	412	119	2,051	574	166			
2056/57	1,477	1,802	324	91	1,940	463	130	1,942	465	130	2,144	667	187			
2057/58	1,477	1,852	375	101	2,028	551	149	1,997	519	141	2,241	764	207			
2058/59	1,477	1,904	426	111	2,120	643	168	2,052	575	150	2,343	866	226			
2059/60	1,477	1,957	480	121	2,216	739	187	2,110	633	160	2,449	972	245			
2060/61	1,477	2,011	534	130	2,316	839	205	2,169	692	169	2,560	1,083	264			
2061/62	1,477	2,068	590	139	2,421	944	223	2,230	752	177	2,676	1,199	283			
2062/63	1,477	2,125	648	148	2,531	1,054	240	2,292	815	186	2,797	1,320	301			
2063/64	1,477	2,184	707	156	2,646	1,168	257	2,356	879	193	2,924	1,447	318			
2064/65	1,477	2,245	768	163	2,766	1,288	274	2,422	945	201	3,056	1,579	336			
2065/66	1,477	2,308	831	171	2,891	1,414	290	2,490	1,013	208	3,195	1,718	353			
2066/67	1,477	2,372	895	178	3,022	1,545	307	2,560	1,083	215	3,340	1,862	370			
2067/68	1,477	2,439	961	184	3,159	1,681	323	2,632	1,154	221	3,491	2,014	386			
2068/69	24	2,507	2,482	460	3,302	3,277	607	0	(24)	(5)	0	(24)	(5)			
2069/70	16	2,577	2,560	458	3,451	3,435	615	0	(16)	(3)	0	(16)	(3)			
	70,949	70,949	(0)	(6,679)	70,949	(0)	(9,628)	70,949	(0)	(5,576)	70,949	(0)	(8,411)			



## APPENDIX D: OPTION 4 GF – Unsupported switch to annuity

Financial year	OPTION 4a				OPTION 4b				OPTION 4c			OPTION 4d		
	Current repayments £'000	Revised repayments £'000	Life outstanding individual projects @ 4.53%		Revised repayments £'000	Life outstanding individual projects @ PWLB annuity rate		35 years @ 4.53%			35 years @ 2.72%			
			(Reduction)/ cost £'000	NPV £'000		(Reduction) / cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	Revised repayments £'000	(Reduction)/ cost £'000	NPV £'000	
2020/21	1,019	604	(415)	(401)	758	(261)	(252)	379	(640)	(618)	519	(500)	(483)	
2021/22	1,019	632	(388)	(362)	776	(243)	(227)	396	(623)	(581)	532	(487)	(454)	
2022/23	1,019	660	(359)	(324)	794	(225)	(203)	414	(605)	(546)	546	(473)	(427)	
2023/24	1,019	690	(329)	(287)	813	(207)	(180)	433	(586)	(511)	560	(459)	(400)	
2024/25	979	677	(303)	(255)	790	(190)	(160)	453	(527)	(444)	575	(404)	(340)	
2025/26	979	708	(272)	(221)	808	(171)	(139)	473	(506)	(412)	590	(389)	(317)	
2026/27	979	740	(240)	(189)	827	(152)	(120)	495	(485)	(381)	605	(374)	(294)	
2027/28	979	773	(206)	(157)	847	(133)	(101)	517	(462)	(351)	621	(358)	(272)	
2028/29	979	808	(171)	(126)	866	(113)	(83)	540	(439)	(322)	637	(342)	(251)	
2029/30	964	826	(138)	(98)	870	(94)	(67)	565	(399)	(283)	654	(311)	(220)	
2030/31	964	863	(101)	(69)	891	(74)	(50)	591	(374)	(256)	671	(294)	(201)	
2031/32	964	903	(62)	(41)	912	(53)	(35)	617	(347)	(230)	688	(276)	(183)	
2032/33	964	943	(21)	(13)	933	(31)	(20)	645	(319)	(204)	706	(258)	(165)	
2033/34	875	865	(9)	(6)	851	(23)	(14)	674	(200)	(124)	724	(150)	(93)	
2034/35	785	782	(3)	(2)	767	(18)	(11)	705	(80)	(48)	743	(42)	(25)	
2035/36	695	692	(4)	(2)	679	(16)	(9)	737	42	24	763	67	39	
2036/37	687	581	(106)	(59)	577	(111)	(62)	770	83	46	782	95	53	
2037/38	578	573	(5)	(3)	562	(15)	(8)	805	228	123	803	225	121	
2038/39	375	409	33	17	419	43	22	651	276	144	666	291	151	
2039/40	367	427	60	30	429	62	31	681	314	158	684	316	159	
2040/41	367	446	79	38	441	73	36	712	344	167	702	335	163	
2041/42	367	467	99	47	452	85	40	744	377	177	721	354	166	
2042/43	367	380	12	6	376	9	4	670	302	137	653	285	129	
2043/44	367	397	30	13	386	19	8	700	333	146	670	303	133	
2044/45	246	214	(32)	(14)	235	(11)	(5)	732	485	205	689	442	187	
2045/46	244	220	(24)	(10)	239	(5)	(2)	765	521	213	707	463	189	
2046/47	244	230	(14)	(6)	245	1	0	799	555	219	727	482	191	
2047/48	244	241	(4)	(1)	252	8	3	836	591	226	746	502	192	
2048/49	244	251	7	3	259	15	6	874	629	232	767	523	193	
2049/50	244	263	19	7	267	22	8	913	669	238	788	543	194	
2050/51	244	275	30	10	274	30	10	954	710	245	809	565	194	
2051/52	244	287	43	14	282	38	12	998	754	251	831	587	195	
2052/53	244	300	56	18	290	45	15	1,043	799	257	854	609	196	
2053/54	244	314	70	22	298	53	17	1,090	846	263	877	633	196	
2054/55	244	328	84	25	306	62	19	1,140	895	269	901	656	197	
2055/56	244	343	99	29	315	70	20	0	(244)	(71)	0	(244)	(71)	
2056/57	244	358	114	32	323	79	22	0	(244)	(68)	0	(244)	(68)	
2057/58	244	375	130	35	332	88	24	0	(244)	(66)	0	(244)	(66)	
2058/59	244	392	147	39	342	98	25	0	(244)	(64)	0	(244)	(64)	
2059/60	244	409	165	42	351	107	27	0	(244)	(62)	0	(244)	(62)	
2060/61	244	428	184	45	361	117	29	0	(244)	(60)	0	(244)	(60)	
2061/62	244	447	203	48	371	127	30	0	(244)	(58)	0	(244)	(58)	
2062/63	244	467	223	51	382	137	31	0	(244)	(56)	0	(244)	(56)	
2063/64	244	489	244	54	392	148	33	0	(244)	(54)	0	(244)	(54)	
2064/65	244	511	267	57	403	159	34	0	(244)	(52)	0	(244)	(52)	
2065/66	236	515	279	57	400	164	34	0	(236)	(49)	0	(236)	(49)	
2066/67	236	538	302	60	411	175	35	0	(236)	(47)	0	(236)	(47)	
2067/68	154	255	101	19	194	40	8	0	(154)	(30)	0	(154)	(30)	
2068/69	84	202	118	22	151	67	12	0	(84)	(16)	0	(84)	(16)	
2069/70	6	15	9	2	11	5	1	0	(6)	(1)	0	(6)	(1)	
	<b>24,511</b>	<b>24,511</b>	<b>0</b>	<b>(1,804)</b>	<b>24,511</b>	<b>0</b>	<b>(1,153)</b>	<b>24,511</b>	<b>0</b>	<b>(2,324)</b>	<b>24,511</b>	<b>0</b>	<b>(1,639)</b>	



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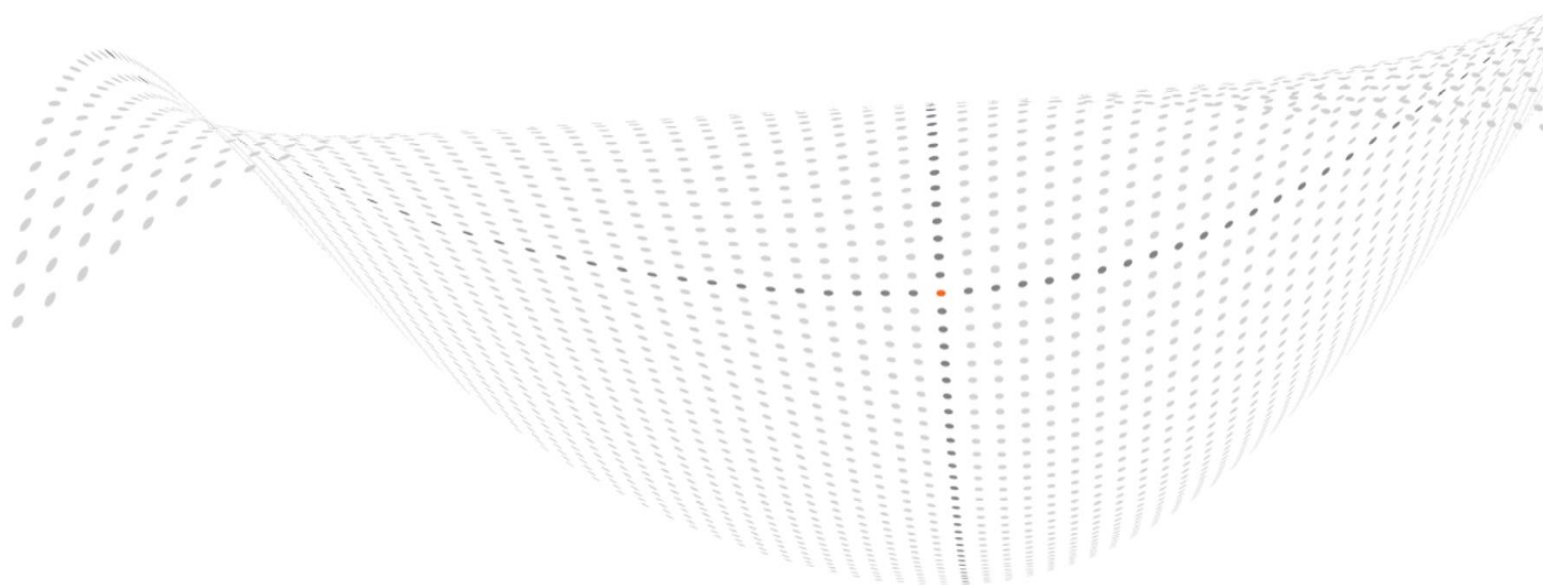
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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	Executive
<b>Date:</b>	2 March 2023
<b>Subject:</b>	Community based Non-residential Social Care Services – 2023/2024 Fees & Charges
<b>Portfolio Holder(s):</b>	Councillor Alun Roberts
<b>Head of Service / Director:</b>	Arwel Wyn Owen, Adult Services Manager
<b>Report Author:</b> Tel: E-mail:	Carwyn Edwards, Finance Manager 01248 752699 CarwynEdwards@ynysmon.llyw.cymru
<b>Local Members:</b>	All Members
<b>A –Recommendation/s and reason/s</b>	
<p><b>1. Background</b></p> <p>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.</p> <p>The report sets out community based non-residential social care fees and charges for 2023/24, in accordance with the Social Services and Well-Being (Wales) Act 2014.</p> <p><b>2. Home Care Services</b></p> <p><b><u>Home Care Charges 2023/24</u></b></p> <p>We are awaiting confirmation from Welsh Government of the maximum charge, as per legislation. We will charge up to the maximum amount permitted.</p> <p><b>3. Telecare Charges</b></p> <p>The following factors must be taken into account when determining a fair charge for the Telecare service:-</p> <ul style="list-style-type: none"> <li>- Local Authority Contribution to the Regional Monitoring Galw Gofal Service;</li> <li>- Maintenance charges;</li> <li>- Telecare equipment costs;</li> <li>- Finance and Administration costs;</li> <li>- Installation costs;</li> <li>- Costs of recycling equipment;</li> <li>- Costs of bi annual Health &amp; Safety visual checks;</li> <li>- Impact on current business;</li> <li>- Transformation of Adults’ Services.</li> </ul>	

Due to changes in Technology, BT / Openreach are currently working on upgrading connections from analogue to digital, therefore, we will implement two tariffs in 2023/24, one for Analogue platforms and one for Digital platforms. The digital platform cost is higher than the analogue platform as the initial hardware costs are higher due to the advances in technology.

**Table A: Telecare 2023/24 Proposed Charges**

<p><b>Tier 1 Analogue</b></p> <p>Analogue Equipment, service and maintenance (unit, pendant and smoke alarm)</p>	<p>Everyone will be paying £55.90 per quarter, an increase of £5.07 per quarter compared to 2022/23 fees.</p> <p>(£4.30 a week, an increase of £0.39 per week compared to 2022/23 fees)</p>
<p><b>Tier 2 &amp; 3 Analogue</b></p> <p>Analogue Equipment, service, monitoring and maintenance (Equipment other than unit, pendant and smoke alarm)</p>	<p>Everyone will be paying £111.41 per quarter, an increase of £10.14 per quarter compared to 2022/23 fees).</p> <p>(£8.57 a week, an increase of £0.78 per week compared to 2022/23 fees)</p>
<p><b>Tier 1 Digital</b></p> <p>Digital Equipment, service and maintenance (unit, pendant and smoke alarm)</p>	<p>Everyone will be paying £71.50 per quarter. This is a new provision, therefore no comparative figures (£5.50 a week)</p>
<p><b>Tier 2 &amp; 3 Digital</b></p> <p>Digital Equipment, service, monitoring and maintenance (Equipment other than unit, pendant and smoke alarm)</p>	<p>Everyone will be paying £142.48 per quarter. This is a new provision, therefore, no comparative figures (£10.96 a week).</p>

**Table B – Telecare Annual Charges for 2023/24**

	2022/23	2023/2024 (Proposed Charges)
Service and Maintenance	£121.07	£133.18
Services Only	£78.25	£86.08
One Off Installation	£48.41	£53.25

#### **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 £13.10 per hour was set for 2022/23. In light of the increase in the Real Living Wage we, propose to increase this to £14.50 per hour for 2023/2024.

The Authority is contemplating setting a separate fee for Micro Carers.

#### **5. 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 2023/24.

#### **6. Purchasing Day Care Services in Independent Residential Care Homes**

The charge for purchasing day services was £37.58 in 2022/23. We propose to increase the fee for 2023/24 to £41.55, 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.

#### **7. 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. The contract stipulates that we must allow for statutory increases in legislation, this equates to an increase of £1.55 per hour as a result of the increase in the Real Living Wage in 2023/24. It must be noted that this service is being re-tendered during 2023, therefore, this will be a temporary rate until the tender exercise draws to a conclusion.

#### **8. Meals in Day Services**

For 2023/24, we recommend a 10% increase on the fees (rounded down to the nearest £0.05)

**Table C – Meals in Day Services Charges for 2023/24**

	<b>2022/23</b>	<b>2023/2024 (Proposed Charges)</b>
Meals in Day Services for adults (excluding people with learning disabilities)	£6.60	£7.25
Mid-day snack in Day Services for people with learning disabilities	£2.80	£3.05
Other refreshments (tea / coffee/ cake) in Day Services	£1.55	£1.70

**Recommendations**

The Executive Committee is requested to approve the following:-

**R1** Charges for Telecare services as outlined in Table A:-

Tier 1 Analogue - everyone will be paying **£55.90** per quarter;

Tier 2 & 3 Analogue - everyone will be paying **£111.41** per quarter;

Tier 1 Digital - everyone will be paying **£71.50** per quarter

Tier 2 & 3 Analogue - everyone will be paying **£142.48** per quarter.

**R2** Charges for Telecare Annual Charges, as outlined in Table B:-

Services and Maintenance **£133.18**;

Services Only **£86.08**;

One off Installation **£53.25**.

**R3** Rate for Direct Payments at **£14.50**/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 10.57% to **£41.55**

**R6** Increase Domiciliary Care fees by **£1.55** 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) - **£7.25**;

Mid-day snack in Day Services for people with learning disabilities - **£3.05**;

Other refreshments (tea / coffee/ cake) in Day Services - **£1.70**.

**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.	The inflationary increases recommended in this paper for like with like services is below the 10.1% inflationary uplift for state benefits, including Universal Credit and State Pension. However, the statutory movement from Analogue to Digital platforms for Telecare services equates to a 40.66% increase, and may have a negative impact on groups protected under the Equality Act 2010. This service is optional, and the most vulnerable adults are funded through CHC.

6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	As above, the inflationary increases recommended in this paper for like with like services is below the 10.1% inflationary uplift for state benefits, including Universal Credit and State Pension. However, the statutory movement from Analogue to Digital platforms for Telecare services equates to a 40.66% increase, and this will have a direct impact on those individuals experiencing socio-economic disadvantage. This service is optional, and the most vulnerable adults are funded through CHC. Individuals are not tied into a contract and can choose to cancel the service at any given time.
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.
<b>E - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	
2	<b>Finance / Section 151</b> (mandatory)	
3	<b>Legal / Monitoring Officer</b> (mandatory)	
4	<b>Human Resources (HR)</b>	Not applicable
5	<b>Property</b>	Not applicable
6	<b>Information Communication Technology (ICT)</b>	Not applicable
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	Not applicable
9	<b>Any external bodies / other/s</b>	Not applicable
<b>F - Appendices:</b>		
None		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
None		



<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive</b>
<b>Date:</b>	<b>2 March 2023</b>
<b>Subject:</b>	<b>Local Authority Homes for Older People – Setting the Standard Charge 2023/24</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Alun Roberts</b>
<b>Head of Service / Director:</b>	<b>Arwel Wyn Owen, Adult Services Manager</b>
<b>Report Author:</b> Tel: E-mail:	<b>Carwyn Edwards, Finance Manager</b> <b>01248 752699</b> <b>CarwynEdwards@ynysmon.llyw.cymru</b>
<b>Local Members:</b>	<b>All Members</b>

**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 2023 – March 2024.

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.

In 2022/23, the Standard Charge was calculated at £801.53 per week, based on an occupancy rate of 93.25% across the 4 in-house residential homes (excluding Garreglwyd, as noted above).

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 2024, based on 2022/23 occupancy levels and running costs from 2022/23 plus inflationary increases.

Number of Beds Available	102
Estimated Occupancy Rate based on 2022/23 data	94.00%
Estimated Number of Resident Weeks based on 2022/23 data	4,999

	<b>Forecasted Running Costs 2023/24 £</b>	<b>Standard Charge 2023/24 £</b>	<b>Standard Charge 2022/23 £</b>
Estimated Running Costs for 2023/24, based on 2022/23 running costs + inflation	3,837,054	767.49	710.52
Add - Depreciation charge	272,791	54.56	51.02
- Support Services	206,204	41.25	39.99
<b>TOTAL</b>	<b>4,316,049</b>	<b>863.30</b>	<b>801.53</b>
<b>Increase compared to the standard charge in 2022/23</b>	<b>7.71%</b>		<b>£61.77</b>

Based on the above table, the estimated cost per resident week for the year to 31 March 2024 is £863.30.

The estimated cost per resident week for the year to 31 March 2024 is higher when compared to the estimated cost for the year to 31 March 2023. This is as a result of inflationary increases.

### **Recommendation**

R1 - It is recommended that the full cost of the service is charged, which is **£863.30** 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. Charging less than the standard charge results in the Council subsidizing 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

<b>Dd – Assessing the potential impact (if relevant):</b>		
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 for 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.	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.	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.
<b>E - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	
2	<b>Finance / Section 151</b> (mandatory)	
3	<b>Legal / Monitoring Officer</b> (mandatory)	
4	<b>Human Resources (HR)</b>	Not applicable
5	<b>Property</b>	Not applicable
6	<b>Information Communication Technology (ICT)</b>	Not applicable
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	Not applicable
9	<b>Any external bodies / other/s</b>	Not applicable
<b>F - Appendices:</b>		
None		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
None		



<b>Isle of Anglesey County Council</b>	
<b>Report to:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>Date:</b>	<b>2 MARCH 2023</b>
<b>Subject:</b>	<b>FEES AND CHARGES 2023/24</b>
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR ROBIN WYN WILLIAMS – PORTFOLIO HOLDER FOR FINANCE, CORPORATE BUSINESS AND CUSTOMER EXPERIENCE</b>
<b>Head of Service / Director:</b>	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b>
<b>Report Author:</b>	<b>BETHAN HUGHES OWEN – ACCOUNTANCY SERVICES MANAGER</b>
<b>Tel:</b>	01248 752663
<b>E-mail:</b>	BethanOwen2@ynysmon.llyw.cymru
<b>Local Members:</b>	n/a
<b>A – Recommendation/s and reason/s</b>	
<p><b>RECOMMENDATIONS AND REASONS</b></p> <p>As part of the budget setting process, all of the Council’s fees and charges are reviewed.</p> <p>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.</p> <p>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.</p> <p>Fee increases in respect of Social Care are reported to the Executive as separate agenda items.</p> <p><b>RECOMMENDATION</b></p> <p>The Executive is requested to approve the schedule of Fees and Charges for 2023/24, as outlined in the booklet below.</p>	
<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>	
<p>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.</p>	
<b>C – Why is this a decision for the Executive?</b>	
<p>The Executive has delegated authority for decision making in relation to fees and charges.</p>	
<b>Ch – Is this decision consistent with policy approved by the full Council?</b>	
<p>Yes</p>	
<b>D – Is this decision within the budget approved by the Council?</b>	
<p>Yes</p>	

<b>Dd – Assessing the potential impact (if relevant):</b>		
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 2023/24 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
<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	Chief Executive / Senior Team (ST) (mandatory)	The report has been considered by the ST at its meeting on 6 February 2023 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 ST.
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
<b>F – Appendices:</b>		
<ul style="list-style-type: none"> <li>Appendix A – Schedule of Fees &amp; Charges for 2023/24</li> </ul>		
<b>Ff – Background papers (please contact the author of the Report for any further information):</b>		
2023/24 Revenue Budget (to be adopted by the County Council on 9 March 2023).		



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

# **Fees and Charges**

## **April 2023**

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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** - VAT charged at Standard Rate (20%, subject to change)

**Z** - Zero rated

**E** - Exempt from VAT

**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
<b>Residential Accommodation in the Authority's Homes for Older People</b>		
Standard charge (for residents who have the financial means to pay the full cost)	TBC <sup>1</sup>	O/S
<b>Home Care</b>		
Maximum Weekly Charge applicable in non-residential charging	TBC <sup>2</sup>	O/S
<b>Meals in Day Services</b>		
<b>(Applies to all meals and refreshments supplied at all Day Service locations)</b>		
Meals in Day Services for adults (excluding people with learning disabilities)	TBC <sup>2</sup>	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 <sup>2</sup>	
Other refreshments (tea / coffee/ cake) in Day Services	TBC <sup>2</sup>	
<b>Telecare Services</b>		
Tier 1 – Equipment, Service and Maintenance	TBC <sup>2</sup>	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 <sup>2</sup>	
Service and Maintenance (annual charge)	TBC <sup>2</sup>	
Services only (annual charge)	TBC <sup>2</sup>	
One off Installation (annual charge)	TBC <sup>2</sup>	
Direct Payments Rate	TBC <sup>2</sup>	
<b>Blue Badges (organisational and replacement (lost/stolen))</b>	TBC <sup>2</sup>	O/S

<sup>1</sup> To be confirmed by The Executive Committee on 02/03/2023 – report by the Adults Services “Local Authority Homes for Older People – Setting the Standard Charge 2023/24”

<sup>2</sup> To be confirmed by The Executive Committee on 02/03/2023 – report by the Adults Services “Community Based Non-Residential Social Care Services 2023/24 Fees and Charges”

## Housing

Service	Fee / Charge	VAT	
<b>Houses into Homes Fees</b>			
Up to £50,000	£345.00	O/S	
Over £50,000	£445.00	O/S	
<b>Home Improvement Loan Scheme</b>	£500.00	O/S	
<b>Garage Rents</b>	£9.39	Various	
<b>Fees</b>			
1 Bed House/Bungalow	£95.05	Various	
2 Bed House/Bungalow	£104.34		
3 Bed House/Bungalow	£112.34		
4 Bed House/Bungalow	£120.03		
5+ Bed House/Bungalow	£127.48		
1 Bed Flat	£84.40		
2 Bed Flat	£93.46		
3 Bed Flat	£101.84		
4+ Bed Flat	£112.51		
Bedsit	£75.01		
Application notice to request a force order	£255.00		
Court Fee	£355.00		
Warrant	£121.00		
Re-issue of warrant	No charge		
<b>Dwelling Service Charges</b>			
Cleaning of communal areas	£2.48 - £6.48		O/S if in respect of a Council house lease, and E for other leases.
Lift maintenance	£0.15 - £0.47		
Aerial within communal areas	£0.29		
Heating and lighting within communal areas	£0.98		
Fire alarms and fire equipment	£0.80		
Door entry	£0.22		
Sewerage Charges	£4.83		
Ground maintenance (domestic properties)	£5.75 (6 monthly charge)		
Ground maintenance (sheltered properties)	£0.15 - £3.23		
Management fee	15% of service charge		

Housing fees have been approved by the Council Leader in December 2022.

## Education

Service	Fee / Charge	VAT
<b>School Meals:</b>		
<b>Pupils and supervisory staff:</b>		
Primary schools	£2.20	O/S
Secondary schools	£2.60	O/S
<b>Other staff and visitors:</b>		
Primary schools	£3.70	S
Secondary Schools	£3.20	S
<b>Pre-Breakfast Club Care</b>		
30 minutes pre-breakfast club care	£1.25 per child	E
<b>School Buses:</b>		
Post-16	No Charge	O/S
Under 3 miles		O/S
Out of catchment		O/S
College Bus Fee		
<b>Other Charges:</b>		
Photocopies	£0.18 per sheet	S
<b>Use of Playing Fields</b>		
<b>Members</b>		
Game Fee	£40.00	E

## Libraries & Culture

Service	Fee / Charge	VAT
<b>Museums and Culture</b>		
<b>Oriel Môn</b>		
Commission on sales	35%	Various
<b>Room Hire</b>		
<b>Main Art Gallery or Oriel Kyffin Williams Gallery (evenings only 6-11pm)</b>		
Per Hour (2 hours minimum)	£88.00 per hour	E
Full Evening (6-11pm)	£390.00	E
<b>Tunncliffe Room – Commercial:</b>		
Per Hour (maximum 3 hours)	£36.00	E
Half Day (3.5 hours)	£115.00	E
Full Day (7 hours)	£220.00	E
Evening (6 – 11pm) 2 hours minimum	£48.00 per hour	E
Full Evening (6-11pm)	£210.00	E
<b>Tunncliffe Room – Council and Non-Profit Organisations:</b>		
Per Hour (maximum 3 hours)	£20.00	E
Half Day (3.5 hours)	£65.00	E
Full Day (7 hours)	£120.00	E
<b>Digital Copies (sent by e-mail / file transfer)</b>		
First Image	£5.00 per image	S
Subsequent Images	£3.00 per image	S
<b>Research</b>		
Paid Research Service (1 hour minimum per request)	£30.00 per hour	S
<b>Filming at Oriel Môn and sites (price on application)</b>		
Per Hour – (max 3 hours)	£45.00	S
Half Day (3.5 hours)	£145.00	S
Full Day (7 hours)	£280.00	S
<b>Reproduction Images – Books and Periodicals</b>		
Reproduction in books and periodicals (including educational use)	£32.00	S
Reproduction in exhibitions (non-commercial)	£50.40	S
Reproduction for commercial use eg marketing	£140.00	S
<b>Reproduction Images - broadcast &amp; online (on analogue, digital, web streaming including publicity)</b>		
Welsh / Regional broadcast, up to 10 years	£80.00	S
Welsh / Regional broadcast, in perpetuity	£150.00	S
British broadcast, up to 10 years	£100.00	S
British broadcast, in perpetuity	£180.00	S
Reproduction Worldwide, up to 10 years	£120.00	S
Reproduction Worldwide, in perpetuity	£220.00	S
Web use – static images on website (no streaming)	£50.00	S
<b>Postage and packaging</b>		
Parcelforce Worldwide - Prints (postage £11.99)	£15.00	S
Online packaging orders to the UK under £5	£2.20	S
Online packaging orders to the UK £5 - £24.99	£4.20	S
Online packaging orders to the UK £25 - £150	£8.20	S
Online packaging orders to the UK over £150	£15.00	S
Online orders to Europe under £25	£11.20	S
Online orders to Europe £25 - £150	£14.50	S
<b>Libraries and Information Service</b>		
<b>Charges for late returns of videos / DVDs (per item)</b>		
Per week or part thereof – Premium service (maximum £30.00)	£3.80	O/S
Per week or part thereof – Regular service (maximum £15.00)	£2.70	O/S

<b>Requests (per item)</b>			
Children (under 16)	No charge	O/S	
Adults – In stock within Wales (includes LINC)	No charge	O/S	
Request - not available within Wales	£14.50	O/S	
<b>Hire of CDs / DVDs (per item)</b>			
CDs	£2.00 per CD per 3 weeks	O/S	
Premium DVD – (DVDs added to stock within 1 year)	£3.70 per DVD per week	O/S	
Older DVDs and children's DVDs	£2.70 per DVD per week	O/S	
<b>Lost Membership Card</b>			
Children	£1.65	O/S	
Adult	£2.75	O/S	
<b>Charges for items lost/damaged</b>			
Children's books – Welsh	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 (paper back)		O/S	
Non fiction - adult (paper back)		O/S	
Fiction - adult (hard back)		O/S	
Non fiction - adult (hard back)		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		£6.60 each invoice	O/S
<b>Withdrawn items of stock – minimum charge</b>			
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	
<b>Use of Computer Equipment</b>			
Visitors not possessing a UK Library Card	£3.60 each ½ hour	O/S	
<b>Photocopies / Computer Printouts and Disks</b>			
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
<b>Letting Rooms</b>		
2 hour session - weekdays	£30.00	E
2 hour session with entrance charge/fund raising - weekdays	£42.00	E
Cost per additional half hour - weekdays	£8.50	E
2 hour session – Saturday	£50.00	E
2 hour session with entrance charge/fund-raising - Saturday	£55.00	E
Cost per additional half hour – Saturdays	£15.00	E
<b>Hire of computer facilities (inc. room hire)</b>		
2 hour session – Weekdays daytime	£48.00	S
2 hour session – Evenings and Saturdays	£60.00	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
<b>Commercial Advertising – Posters</b>		
Fee for 4 weeks	£6.60	S
<b>Market Hall: Library Meeting Room</b>		
<b>During opening hours</b>		
2 hour session	£28.00	S
2 hour session with entrance charge/fund raising -	£42.00	S
Cost per additional half hour -	£10.00	S
<b>Out of opening hours</b>		
2 hour session - weekdays	£40.00	S
2 hour session with entrance charge/fund-raising – weekdays	£50.00	S
Cost per additional half hour - weekdays	£15.00	S
2 hour session - Saturday	£50.00	S
2 hour session with entrance charge/fund-raising – Saturday	£55.00	S
Cost per additional half hour - Saturday	£17.00	S
<b>Anglesey Archives</b>		
<b>Stationery</b>		
Pencils	£0.45 per pencil	S
<b>Postage</b>		
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)		
<b>Photocopies / Computer printouts on plain paper</b>		
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
<b>Scanned/ photographed copies on matt/gloss photo paper (new scans and pre-existing digital images)</b>		
A4 gloss/matt	£5.00 per sheet	S
A3 gloss/matt	£8.00 per sheet	S
<b>Digital copies - sent by email/ file transfer</b>		
First image	£5.00	S
Subsequent images	£3.00 per image	S

<b>Photographic permits for use in the Search room</b>		
1 day	£7.50	S
3 day	£20.00	S
1 month	£35.00	S
6 months	£66.00	S
<b>Reproduction images Books, Television &amp; online</b>		
Reproduction in books and periodicals	£32.00	S
Wales / regional broadcast (on analogue, digital, web streaming inc publicity) - up to 10 years	£80.00	S
Wales / regional broadcast (on analogue, digital, web streaming inc publicity) – in perpetuity	£150.00	S
British broadcast (on analogue, digital, web streaming inc publicity) - up to 10 years	£100.00	S
British broadcast (on analogue, digital, web streaming inc publicity) – in perpetuity	£180.00	S
Reproduction worldwide (on analogue, digital, web streaming inc publicity) - up to 10 years	£120.00	S
Reproduction worldwide (on analogue, digital, web streaming inc publicity) – in perpetuity	£220.00	S
Web use – static images on website (no streaming)	£50.00	S
<b>Research</b>		
Quick look up of information – (less than 15 minutes 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
<b>Transcription/ translation</b>		
Transcription/ translation of document (30 mins minimum)	£30.00 per hour	S
<b>Official letter</b>		
Official letter / letter of certification	£9.00	S
<b>Filming on Premises</b>		
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
<b>Dewi O. Jones Room Hire – Commercial</b>		
Per Hour (maximum 3 hours)	£32.00	E
Per Half Day (3.5 hours)	£105.00	E
Per Full Day (7 hours)	£200.00	E
<b>Dewi O. Jones Room Hire – Council (inc Education) &amp; Non-profit Organisations</b>		
Per Hour (maximum 3 hours)	£20.00	E
Half Day (3.5 hours)	£65.00	E
Full day (7 hours)	£120.00	E



## Public Protection

Service	Fee / Charge	VAT
<b>Environmental Health Licences / Permits / Registrations</b>		
<b>Animal Regulation / Welfare</b>		
Riding establishments	£156.97 plus vet's fees	O/S S
Dog breeding establishments	£195.19 plus vet's fees	O/S S
Animal boarding establishments	£195.19 plus vet's fees	O/S S
Performing animals	£245.05	O/S
Pet Shops	£195.19 plus vet's fees	O/S S
Zoo Licence	£363.80 plus vet's fees	O/S S
Dangerous Wild Animals	£363.80 plus vet's fees	O/S S
Dog Control (Off Island Kennels)	Statutory Fee: £25.00 plus Collection Fee: £86.93 plus daily kennelling charge (TBC)	O/S
Dog Control (On Island Kennels)	Statutory Fee: £25.00 plus Collection Fee from Mona Kennel: £46.35 plus daily kennelling charge (TBC)	O/S
Dog Registration - Metal Tag	£6.77	O/S
<b>Taxis</b>		
Operator's licence (5 year licence)	£551.00	O/S
Vehicle licence (new and renewal)	£235.80	O/S
Driver licence (3 year licence)( <b>does not include</b> 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
<b>Civil Registration Fees</b>		
Marriage & civil partnership booking fee - Register Office	£46.00	O/S
Marriage & civil partnership booking fee - Approved Premises	£150.00	O/S
Marriage Chapel	£86.00	O/S
Marriage Notice	£35.00	O/S
Marriage Notice – Subject to Home Office Referral	£47.00	O/S

Marriage Housebound Notice per couple	£117.00	O/S
Marriage Housebound Superintendent Registrar & Registrar attendance	£165.00	O/S
Marriage – Reduction in Waiting Period per person	£60.00	O/S
Marriage – Conversion Register Office	£45.00	O/S
Marriage – General Licence	£15.00	O/S
Marriage – 2 stage Comp Declaration Register Office	£27.00	O/S
Marriage – Signing Declaration in a Chapel	£91.00	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)	£270.00	O/S
<b>Ystafell Bryn Cefni Suite ceremonies – Llangefni</b>		
Weekdays (Mon – Thurs)	£225.00	O/S
Fridays / Saturdays	£270.00	O/S
Sunday / Bank Holiday	£370.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
<b>Wedding in hotel</b>		
Weekdays (Mon – Thurs)	£410.00	O/S
Fridays / Saturdays	£450.00	O/S
Sunday / Bank Holiday	£540.00	O/S
Marriage Followed by Baby Naming	£144.00 plus marriage fee	S
<b>Ystafell Bryn Cefni Suite &amp; approved premises - extended hours</b>		
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	£1,575.00	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
<b>Baby naming ceremony</b>		
Weekdays (Mon – Thurs)	£300.00	S
Fridays / Saturdays	£372.00	S
Sunday / Bank Holidays	£420.00	S
<b>Renewal of vows:</b>		
Weekdays (Mon – Thurs)	£300.00	S
Fridays / Saturdays	£372.00	S
Sunday / Bank Holidays	£420.00	S
<b>Other:</b>		
Certificates issued within 24 hours (surcharge):	£35.00	O/S
Certificated standard issued within 10 working days	£11.00	O/S
Certification of documents (per copy)	£11.00	O/S
Post Dated passports	£11.00	O/S
Citizenship ceremonies – priority service (surcharge)	£135.00	O/S
Photo Opportunities in Môn Suite	£19.20	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

<b>Miscellaneous</b>		
<b>Street Trading Consents</b>		
<b>Retail and catering</b>		
Week	£180.00	O/S
Month	£270.00	O/S
3 month seasonal	£760.00	O/S
6 month seasonal	£1,400.00	O/S
Annual	£1,995.00	O/S
Mobile units (annual)	£1,095.00	O/S
<b>Other</b>		
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
<b>Scrap Metal Dealers Act 2013 (3 year licence)</b>		
Site Licence	£411.59	O/S
Collectors License	£282.12	O/S
<b>Scrap Metal Dealers Act 2013 Variations</b>		
Collector to Site	£57.99	O/S
Site to Collector	£34.87	O/S
Licensee Name Change (not transfer)	£33.06	O/S
Change of Site Manager	£53.46	O/S
Change to Number of Sites, etc.	£33.06	O/S
Licensing searches and enquiries	£104.04	S
<b>Pre-licensing advice</b>		
Minimum Charge	£104.04	S
Each hour or part thereof will be charged at standard rate per hour per officer	£104.04	S
<b>Fees for small lotteries, for gaming machines and for permits for amusements with prizes are all set by central government</b>		
<b>Gambling Act 2005</b>		
<b>Regional Casino</b>		
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
<b>Large Casino</b>		
Annual fee	<a href="http://www.legislation.gov.uk/ukssi/2007/479/schedule/made">http://www.legislation.gov.uk/ukssi/2007/479/schedule/made</a>	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
<b>Small Casino</b>		
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	
<b>Converted Casino Premises</b>			
Annual fee		O/S	
Transfer application		O/S	
Application for re-instatement		O/S	
<b>Bingo</b>			
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	
<b>Adult Gaming Centre</b>			
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	
<b>Betting (Track)</b>			
Annual fee	<a href="http://www.legislation.gov.uk/ukxi/2007/479/schedule/made">http://www.legislation.gov.uk/ukxi/2007/479/schedule/made</a>	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	
<b>Betting (Other)</b>			
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
<b>Family Entertainment</b>			
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	
<b>Betting (Other)</b>			
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	
<b>Pest Control Treatment</b>			
Commercial pest control (dependant of size of premises)	£100.68 per visit	S	
Commercial pest control treatment contracts (Total cost variable, depending on size of premises, frequency of visits per annum etc.)	£73.78 per hour plus cost of materials	S	
<b>Domestic pest control – rats and mice</b>			
3 day response	£52.67	S	
<b>Domestic pest control treatments (except rodents)</b>			
Cockroaches	£114.66	S	
Bedbugs (subject to survey)	£235.06	S	
Wasps, bees, ants, other – 3 day response	£70.19	S	
Domestic Flea Treatment	£93.12	S	
<b>Other Environmental Health Charges</b>			
Dog fouling: Fixed Penalty Fee	<a href="http://gov.wales/topics/environmentcountryside/epq/cleanneighbour/fixedpenalty/">http://gov.wales/topics/environmentcountryside/epq/cleanneighbour/fixedpenalty/</a>	O/S	
Night time noise offence - (Domestic and Licences Premises)		O/S	

National food hygiene rating system – rerating	<a href="http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987_article">http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987_article</a>	O/S
National food hygiene rating system – failure to display rating, fixed penalty	<a href="http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987_article">http://www.anglesey.gov.uk/business/business-health-and-safety/food-safety-for-businesses/national-food-hygiene-rating/111987_article</a>	O/S
Certificates for damaged food (price per certificate)	Price on application due to variable nature of incident	O/S
Copies of the Food Premises Register	£28.51	O/S
Copies of the FSBB Catering & Retail Pack	£39.43	O/S
Copies of the FSBB Diary Sheets	£33.00	O/S
Immigration inspections	£262.88	S
Houses in Multiple Occupation	£588.00	S
Houses in Multiple Occupation Mandatory Licence Renewal Fee	£438.00	S
Houses in Multiple Occupation Public Register	£50.74	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)	£255.72	O/S
Request for HHSRS Housing Inspection – commercial	£240.00	S
Consent to operate loudspeakers in streets	£113.30 plus cost of advertisement	O/S
Abandoned vehicles	<a href="http://www.legislation.gov.uk/ukxi/2008/2095/content/s/made">http://www.legislation.gov.uk/ukxi/2008/2095/content/s/made</a>	O/S
<b>Applications for EPA authorisations</b>		
Permits to business that produce pollution and regulate those business premises	<a href="https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual">https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual</a>	O/S
LA permits for Part A(2) installations	<a href="https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual">https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual</a>	O/S
LA permits for Part B installations and mobile plant and solvent emission activities	<a href="https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual">https://www.gov.uk/government/publications/local-authority-pollution-control-general-guidance-manual</a>	O/S
Paper copies of the Authorisations Register A4 B&W – back to back	£0.30 per sheet + P&P	O/S
<b>The Private Water Supplies (Wales) Regulations 2010. These Regulations prescribe the fees local authorities can make for regulating private water supplies</b>		
Risk assessment (cost dependent on type, size and complexity of supply)	£45.60 an hour and travelling costs up to a maximum of £700 for Reg 9 supply and £300 for Reg 10 & 11 supply	S
Sampling	£88 per sample plus cost of analysis and courier fee	S
Investigation (Investigations are undertaken where a sample has failed. No fee is charge for additional sampling undertaken to confirm a failed sample).	Investigation £45.60 an hour up to a maximum of £250.	S
Authorisation	£120.00	S
Private water supplies enquiry	£45.60 per hour up to a maximum of £250. Investigations are undertaken where a sample has failed. No fee is charged for additional sampling undertaken to confirm a failed sample	
Contaminated land enquiry (up to 2 hours officer time included) Search & enquiry hourly fee applies to additional time	£113.95	S

<b>Private Water Supplies – Actual analysis charges</b>		
Risk Assessment (maximum charge £500)	<a href="http://www.legislation.gov.uk/wsi/2017/1041/made">http://www.legislation.gov.uk/wsi/2017/1041/made</a>	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
Chinese Live Export Health Certificates (provided within 2 working days of request)	£91.73 <sup>1</sup>	S
Chinese Live Export Health Certificates (provided within 1 working days of request)	£100.99 <sup>1</sup>	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)	£110.14 <sup>1</sup>	S
Other Export Health Certificates (provided within 2 working days of request)	£57.25	S
Other Export Health Certificates (provided within 1 working days of request)	£62.78	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.)	£66.74	S
Export certificate requiring data input	£30.66	S
Copy of Export Certificate	£22.99	S
Changes to Chinese Export Certificate once Certified Copy Provided	£22.99	S
Export Certificate - Set up to a New Location (including 1 Certificate)	£153.28	S
European Health Export Certificate	£66.74	S
<b>Mobile Homes (Wales) Act 2013</b>		
Single Caravan	£175.05	O/S
Small site (2 – 10 units)	£371.32	O/S
Medium site (11 - 50 units)	£441.30	O/S
Large site (51 + units)	£573.92	O/S
Vary conditions	£175.05	O/S
Lodge rules	£58.66	O/S
Replacement licence	£47.28	O/S
<b>Markets and Fairs</b>		
<b>Menai Bridge Markets and Fairs</b>		
Zone A – Bridge Street and Wood Street (up to 2 metres)	£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

<sup>1</sup> 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.

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
<b>Metrology</b>		
<b>*NOTE - All fees are shown NET of VAT and will need to be applied where applicable.</b>		
<b>A. Measuring Instruments Directive</b>		
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:-		
<ul style="list-style-type: none"> <li>Automatic discontinuous totalisers, automatic rail weighbridges, automatic catchweighers, automatic gravimetric filling instruments and beltweighers.</li> <li>Cold water meters</li> </ul>	No Charge	N/A
<ul style="list-style-type: none"> <li>Measuring instruments for liquid fuel and lubricants</li> <li>Measuring instruments for liquid fuel delivered from road tankers</li> </ul>	10% Surcharge	S
<ul style="list-style-type: none"> <li>Capacity serving measures</li> <li>Material measures of length</li> </ul>	25% Surcharge	S
Note: Fees increase for initial MID conformity assessment, but not subsequent reverification.		
<b>B. Special Weighing and Measuring Equipment</b>		
Examining, adjusting, testing, certifying, stamping, authorising or reporting of special weighing or measuring equipment. Types of equipment, specifically excluded from tables include:- <ul style="list-style-type: none"> <li>Automatic or totalising weighing machines;</li> <li>Equipment designed to weigh loads in motion;</li> <li>Bulk fuel measuring equipment tested following a Regulation 65 or 66 occurrence;</li> <li>Weighing or measuring equipment tested by means of statistical sampling;</li> <li>The establishment of calibration curves for templates</li> <li>Templates graduated in millilitres;</li> <li>Testing or other services in pursuance of a community obligation other than EC initial or partial verification;</li> <li>Certifying of weighing or measuring equipment where a statement of actual error is required.</li> </ul>	£103.25	S unless:  1: Under the Measuring Instruments (EEC Requirements) Regs 1988  2: In pursuance of a Community obligation other than under (1)
<b>C. Weights</b>		
Weights full hourly rate for first hour, thereafter £61.95 per hour.	£103.25	S unless under the Measuring Instruments (EEC Requirements) Regs 1988
<b>D. Measures</b>		
Linear measures not exceeding 3m, for each scale	£12.86 each	S unless under the Measuring Instruments (EEC Requirements) Regs 1988

Capacity measures, without divisions, not exceeding 1 litre	£10.16 each	S
Cubic ballast measures (other than brim measures)	£227.35 each	S
Liquid capacity measures for making up and checking average quantity packages	£35.94 each	S
<b>Templates</b>		
Per scale - first item	£62.48 each	S
Second and subsequent items	£23.64 each	S
<b>E. Weighing Instruments (Non – NAWI)</b>		
Not exceeding 1 tonne	£81.61 each	S unless under the Measuring Instruments (EEC Requirements) Regs 1988
Exceeding 1 tonne to 10 tonnes	£132.20 each	
Exceeding 10 tonnes	£276.10 each	
Certification of Weighbridge Operators	£103.25 per hour	
<b>Weighing Instruments that are not automatic (NAWI)</b>		
Not exceeding 1 tonne	£135.85	S
Exceeding 1 tonne to 10 tonnes	£210.23	S
Exceeding 10 tonnes	£460.22	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		
<b>F. Measuring Instruments for Intoxicating Liquor</b>		
Not exceeding 150ml	£22.40 each	S
Other	£25.88 each	S
<b>G. Measuring Instruments for Liquid Fuel and Lubricants</b>		
Container type (not subdivided)	£93.83	S
<b>Single/multi-outlets (nozzles):</b>		
First nozzle tested, per site	£153.05 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)	£103.25 per hour	
Testing of credit card acceptor (per unit, regardless of number of slots/nozzles/pumps)	£103.25 per hour	
<b>H. Road Tanker Fuel Measuring Equipment (Above 100 Litres)</b>		
<b>Meter measuring systems</b>		
Wet hose with two testing liquids	£328.52 each	S unless under the Measuring Instruments (EEC Requirements) Regs 1988
Wet hose with three testing liquids	£383.27 each	
Dry hose with two testing liquids	£364.97	
Dry hose with three testing liquids	£419.94	
Wet/dry hose with two testing liquids	£511.01	
Wet/dry hose with three testing liquids	£546.27	
<b>I. Certificate of errors</b>		
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).	£66.30 each	S
<b>NOTES for testing Metrology Equipment:</b>		
- V.A.T - Verification after adjustment No VAT. Verification after repair – Charge VAT		
<b>“BUY WITH CONFIDENCE” – TRADER APPROVAL SCHEME</b>		
New application fee 0-5 employees	<a href="https://www.buywithconfidence.gov.uk/business/costs">https://www.buywi</a>	S
New application fee 6-20 employees	<a href="https://www.buywithconfidence.gov.uk/business/costs">thconfidence.gov.</a>	S
New application fee 21-49 employees	<a href="https://www.buywithconfidence.gov.uk/business/costs">uk/business/costs</a>	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
<b>Port Health (inclusive of VAT)</b>		
<b>Imported Fish IUU Charges Third Country</b>		
Port health IUU Imported Fishery Products Certification Verification 1-5 catch certificates	£63.00	S
Port health IUU Imported Fishery Products Certification Verification 6-10 catch certificates	£90.72	S
Port health IUU Imported Fishery Products Certification Verification 11-20 catch certificates	£100.80	S
Port health IUU Imported Fishery Products Certification Verification 21+ catch certificates	£119.70	S
Port Health IUU Imported Fishery Products Validation made to the Marine Management Organisation.	£113.40	S
<b>IUU Sourced EFTA / EEA / Bilateral</b>		
Port health IUU Imported Fishery Products Certification Verification 1-5 catch certificates EEA/ EFTA/ Bilateral	£31.50	S
Port health IUU Imported Fishery Products Certification Verification 6-10 catch certificates EEA/ EFTA/ Bilateral	£56.70	S
Port health IUU Imported Fishery Products Certification Verification 11-20 catch certificates EEA/ EFTA/ Bilateral	£69.30	S
Port health IUU Imported Fishery Products Certification Verification 21+ catch certificates EEA/ EFTA/ Bilateral	£84.42	S
<b>IUU Sourced European Union Country</b>		
Port health IUU Imported Fishery Products Certification Verification 1-5 catch certificates	£63.00	S
Port health IUU Imported Fishery Products Certification Verification 6-10 catch certificates	£81.90	S
Port health IUU Imported Fishery Products Certification Verification 11-15 catch certificates	£100.80	S
Port health IUU Imported Fishery Products Certification Verification 16-20 catch certificates	£119.70	S
Port health IUU Imported Fishery Products Certification Verification 21-25 catch certificates	£138.60	S
Port health IUU Imported Fishery Products Certification Verification 26-30 catch certificates	£157.50	S
Port health IUU Imported Fishery Products Certification Verification 31-35 catch certificates	£176.40	S
Port health IUU Imported Fishery Products Certification Verification 36-40 catch certificates	£195.30	S
Port health IUU Imported Fishery Products Certification Verification 41-45 catch certificates	£214.20	S
Port health IUU Imported Fishery Products Certification Verification 46-50 catch certificates	£233.10	S
Port health IUU Imported Fishery Products Certification Verification 51-55 catch certificates	£252.00	S
Port health IUU Imported Fishery Products Certification Verification 56-60 catch certificates	£270.90	S
Port health IUU Imported Fishery Products Certification Verification 61-65 catch certificates	£289.80	S
Port health IUU Imported Fishery Products Certification Verification 66-70 catch certificates	£308.70	S
Port health IUU Imported Fishery Products Certification Verification 71-75 catch certificates	£327.60	S

Port health IUU Imported Fishery Products Certification Verification 75+ catch certificates	£346.50	S
<b>Port Health Imported Food Organics Charge</b>		
Organics Certification	TBC	S
<b>Port Health Imported Food POAO and HRFNAO</b>		
Port health Imported SPS inspections (awating national pricing structure)	TBC	
<b>Ship Sanitation Inspection Charges</b>		
Ships Sanitation Certificate	<a href="http://www.porthalthassociation.co.uk/">http://www.porthalthassociation.co.uk/</a>	
Launch Fees	Charged at cost	
Courier fees	Charged at cost + 10%	
Port Health Potable Water Bacteriological sample analysis (minimum 2)	TBC charged at cost of laboratory sample	
Port Health distribution Legionella Sample analysis (minimum 2)	TBC charged at cost of laboratory sample	
Port health food sample request non import	TBC charged at cost of laboratory sample	
Port Health Potable Water Chemical Analysis	TBC charged at cost of laboratory sample	
Port Health Specific hourly rate for ship activities £50 per hour (time 1hr including 30 miles)	TBC charged at cost of laboratory sample	
Pro rata staff charge per 15 minutes (50/60*25) off site		S
Factual Statement	£252.00	S
Other specific overheads (unspecified)	Recharged at Cost	S

## Planning

Service	Fee / Charge	VAT	
<b>Planning Service</b>			
<b>A4 – general :</b>			
Black and White (FOI/EI requests)	£0.11 per sheet	E	
Colour (FOI/EI requests)	£0.55 per sheet	E	
Black and White	£0.12 per sheet	S	
Colour	£0.65 per sheet	S	
<b>A3 – plans etc. :</b>			
Black and White (FOI/EI requests)	£0.55 per sheet	E	
Colour (FOI/EI requests)	£1.16 per sheet	E	
Black and White	£0.65 per sheet	S	
Colour	£1.45 per sheet	S	
<b>A2 – plans :</b>			
Black and White (FOI/EI requests)	£5.94 per sheet	E	
Colour (FOI/EI requests)	£9.90 per sheet	E	
Black and White	£7.05 per sheet	S	
Colour	£11.90 per sheet	S	
<b>A1 – plans :</b>			
Black and White (FOI/EI requests)	£7.37 per sheet	E	
Colour (FOI/EI requests)	£11.22 per sheet	E	
Black and White	£8.80 per sheet	S	
Colour	£13.45 per sheet	S	
<b>A0 – plans :</b>			
Black and White (FOI/EI requests)	£8.53 per sheet	E	
Colour (FOI/EI requests)	£12.71 per sheet	E	
Black and White	£10.30 per sheet	S	
Colour	£15.05 per sheet	S	
Planning Research and Commercial enquiries (minimum charge). Photocopying charges will be extra	£148.50	S	
Planning application fees	Fixed fee set by Central Government <a href="https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Planning-application-fees.pdf">https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Planning-application-fees.pdf</a>	-	
Pre-Planning advice on large applications			
Office or Site Meetings (minimum charge)	£148.50 per hour or part thereof	S	
Site Inspection (minimum charge)	£148.50 per hour or part thereof	S	
<b>Building Regulation Applications</b>			
<b>Table A: New Dwellings and Dwellings Created by Conversion</b>			
<b>No of Dwellings:</b>	<b>Service:</b>		
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

<b>3</b>	Plan Deposit Charge	£451.08	S
	Inspection Charge	£837.72	
	Building Notice Charge	£1,482.12	
	Regularisation Charge	£1,611.00	O/S
<b>4</b>	Plan Deposit Charge	£559.44	S
	Inspection Charge	£1,038.96	
	Building Notice Charge	£1,838.16	
	Regularisation Charge	£1,998.00	O/S
<b>5</b>	Plan Deposit Charge	£665.28	S
	Inspection Charge	£1,235.52	
	Building Notice Charge	£2,185.92	
	Regularisation Charge	£2,376.00	O/S
<b>6</b>	Plan Deposit Charge	£768.60	S
	Inspection Charge	£1,427.40	
	Building Notice Charge	£2,525.40	
	Regularisation Charge	£2,745.00	O/S
<b>7</b>	Plan Deposit Charge	£869.40	S
	Inspection Charge	£1,614.60	
	Building Notice Charge	£2,856.60	
	Regularisation Charge	£3,105.00	O/S
<b>8</b>	Plan Deposit Charge	£967.68	S
	Inspection Charge	£1,797.12	
	Building Notice Charge	£3,179.52	
	Regularisation Charge	£3,456.00	O/S
<b>9</b>	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
<b>10</b>	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
<b>11</b>	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
<b>12</b>	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
<b>13</b>	Plan Deposit Charge	£1,421.28	S
	Inspection Charge	£2,639.52	
	Building Notice Charge	£4,669.52	
	Regularisation Charge	£5,076.00	O/S
<b>14</b>	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. m. 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
<b>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:-</b>				
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
<b>Where the estimated cost of works is in excess of £5,000 the charge will be in accordance with Table C below</b>				
<b>New Electrical Installations &amp; Electrical Works to existing properties</b>				
13.	Electrical wiring in connection with a new extension to a dwelling under construction with a floor area not exceeding 60m <sup>2</sup>	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:	£425.40	S
		Building Notice		
		Regularisation Charge	£531.75	O/S

<b>Table C – Work other than work to which Tables A and B apply (Formerly Schedule 3)</b>			
<b>(BASED ON ACTUAL ESTIMATED COST OF BUILDING WORKS AS CARRIED OUT BY VAT REGISTERED CONTRACTORS)</b>			
<b>Estimated Cost of Works</b>			
<b>&lt; £1,000</b>	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
<b>£1,001 - £5,000</b>	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
<b>£5,001 - £10,000</b>	Plan Deposit Charge	£113.40	S
	Inspection Charge	£210.60	S
	Building Notice Charge	£372.60	S
	Regularisation Charge	£405.00	O/S
<b>£10,001 - £15,000</b>	Plan Deposit Charge	£138.60	S
	Inspection Charge	£257.40	S
	Building Notice Charge	£455.40	S
	Regularisation Charge	£495.00	O/S
<b>£15,001 - £20,000</b>	Plan Deposit Charge	£163.80	S
	Inspection Charge	£304.20	S
	Building Notice Charge	£538.20	S
	Regularisation Charge	£585.00	O/S
<b>£20,001 - £25,000</b>	Plan Deposit Charge	£189.00	S
	Inspection Charge	£351.00	S
	Building Notice Charge	£621.00	S
	Regularisation Charge	£675.00	O/S
<b>£25,001 - £30,000</b>	Plan Deposit Charge	£214.20	S
	Inspection Charge	£397.80	S
	Building Notice Charge	£703.80	S
	Regularisation Charge	£765.00	O/S
<b>£30,001 - £35,000</b>	Plan Deposit Charge	£239.40	S
	Inspection Charge	£444.60	S
	Building Notice Charge	£786.60	S
	Regularisation Charge	£855.00	O/S
<b>£35,001 - £40,000</b>	Plan Deposit Charge	£264.60	S
	Inspection Charge	£491.40	S
	Building Notice Charge	£869.40	S
	Regularisation Charge	£945.00	O/S
<b>£40,001 - £45,000</b>	Plan Deposit Charge	£289.80	S
	Inspection Charge	£538.20	S
	Building Notice Charge	£952.20	S
	Regularisation Charge	£1,035.00	O/S
<b>£45,001 - £50,000</b>	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

<b>£50,001 - £55,000</b>	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
<b>£55,001 - £60,000</b>	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
<b>£60,001 - £65,000</b>	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
<b>£65,001 - £70,000</b>	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
<b>£70,001 - £75,000</b>	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
<b>£75,001 - £80,000</b>	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
<b>£80,001 - £85,000</b>	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
<b>£85,001 - £90,000</b>	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
<b>£90,001 - £95,000</b>	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
<b>£95,001 - £100,000</b>	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
<b>For developments in excess of £100,000 contact the Building Control Team Leader</b>			
<b>Obtaining copies of Building Regulation documents for your property (requests should be in writing)</b>			
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



<b>Build Environment and Landscape</b>		
High hedges complaints	<a href="https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf">https://www.anglesey.gov.uk/documents/Docs-en/Planning/Making-a-Planning-Application/Pre-application-fees.pdf</a>	Z
Office or Site Meetings (minimum charge)	£148.50 per hour or part thereof	S
Site Inspection (minimum charge)	£148.50 per hour or part thereof	S

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## Anglesey Business Centre

Service	Fee / Charge	VAT
<b>Anglesey Business Centre Meeting Room Hire (inclusive of VAT)</b>		
<b>Llynonn</b> (seating capacity 25)		
Cost per hour	£37.00	
Cost per half day	£80.00	
Cost per full day	£130.00	
<b>Rhosyr</b> (seating capacity 10)		
Cost per hour	£31.00	
Cost per half day	£75.00	
Cost per full day	£100.00	
<b>Cemlyn</b> (seating capacity 10)		
Cost per hour	£31.00	
Cost per half day	£75.00	
Cost per full day	£100.00	
<b>Cybi</b> (seating capacity 10)		
Cost per hour	£31.00	
Cost per half day	£75.00	
Cost per full day	£100.00	
<b>Parys</b> (seating capacity 6)		
Cost per hour	£19.00	
Cost per half day	£50.00	
Cost per full day	£68.00	
<b>Penmon</b> (seating capacity 24)		
Cost per hour	£37.00	
Cost per half day	£80.00	
Cost per full day	£130.00	
<b>Aberlleiniog</b> (seating capacity 16)		
Cost per hour	£34.00	
Cost per half day	£75.00	
Cost per full day	£110.00	
<b>Pwllfanogl</b> (seating capacity 8)		
Cost per hour	£28.00	
Cost per half day	£65.00	
Cost per full day	£93.00	
<b>Abermenai</b> (seating capacity 6)		
Cost per hour	£24.00	
Cost per half day	£56.00	
Cost per full day	£81.00	
<b>There is a removable wall between Penmon &amp; Aberlleiniog if required</b>		
Cost per half day	£136.00	
Cost per full day	£206.00	
<b>Other (inclusive of VAT)</b>		
Refreshments	£1.90 per cup	S
Hire of translation equipment	£46.00	S

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)

## Leisure

Service	Fee / Charge	VAT
<b>Leisure Centres</b>		
<b>Leisure Card (Annual Payment)</b>		
Leisure Card	£3.50	E
Children and young people (under 18 years old) and registered disabled	£8.00	E
60+ years old	£13.00	E
Adults (18 – 59 years old (inclusive))	£21.00	E
Unemployed (3+ months)	£5.00	E
Teams / groups / clubs	£70.00	E
<b>Leisure Card (3 month membership)</b>		
<p><b>For all casual group bookings, the booking is charged at the full rate</b>  <b>All prices are based on per booking, per hour (unless stated otherwise)</b>  Swimming = per swim</p> <p>DHLC = David Hughes Leisure Centre  PALC = Plas Arthur Leisure Centre  ALC = Amlwch Leisure Centre  HLC = Holyhead Leisure Centre</p>		
<b>General</b>		
Showers (member – adult)	£3.00	S
Showers (member – concessionary)	£2.00	S
Showers (non-member – adult)	£4.00	S
Showers (non-member – concessionary)	£2.50	S
Staff Time (30 mins)	£15.00	S
Staff Time (60 mins)	£21.00	S
Sport Development Staff time (60 mins)	£25.00	S
<b>Sports Hall</b>		
Full Hall (member – adult)	£47.00	E
Full Hall (member – concessionary)	£30.00	E
Full Hall (non-member – adult)	£60.00	E
Full Hall (non-member – concessionary)	£38.00	E
Full Hall - Commercial Hire (exc VAT) (member – adult)	£70.50	N/A
Full Hall - Commercial Hire (exc VAT) (non-member – adult)	£90.00	N/A
Party pool inflatable (member)	£86.00	E
Party pool inflatable (non-member)	£107.00	E
Party - bouncy castle (member)	£71.00	S
Party - bouncy castle (non-member)	£88.00	S
Birthday Party – Sports (member)	£47.00	E
Birthday Party – Sports (non-member)	£59.00	E
Birthday Party – Hall only (member)	£30.00	E
Birthday Party – Hall only (non-member)	£38.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball (member – adult)	£10.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball (member – concessionary)	£6.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball (non-member - adult)	£12.50	E
Badminton Court / Short Tennis / Short Mat / Pickleball (non-member – concessionary)	£8.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball – 90 minutes (member – adult)	£14.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball – 90 minutes (member – concessionary)	£9.00	E
Badminton Court / Short Tennis / Short Mat / Pickleball – 90 minutes (non-member – adult)	£17.00	E

Badminton Court / Short Tennis / Short Mat / Pickleball – 90 minutes (non-member – concessionary)	£11.00	E
Squash court (member – adult)	£9.00	E
Squash court (member – concessionary)	£5.00	E
Squash court (non-member – adult)	£12.00	E
Squash court (non-member – concessionary)	£7.00	E
Squash court (member – adult, +1)	£5.00	E
Squash court (member – concessionary, +1)	£3.00	E
Squash court (non-member – adult, +1)	£6.00	E
Squash court (non-member – concessionary, +1)	£4.00	E
Table tennis (per table) (member – adult)	£9.00	E
Table tennis (per table) (member – concessionary)	£5.50	E
Table tennis (per table) (non-member – adult)	£11.00	E
Table tennis (per table) (non-member – concessionary)	£7.00	E
<b>Schools use – without instructors (30 minutes)</b>		
Full main hall	£21.00	E
Half main hall	£15.00	E
Full main hall – Non-Anglesey Schools	£26.00	E
Half main hall – Non-Anglesey Schools	£19.00	E
<b>Room Hire</b>		
Small Meeting Room for Activities (member – adult)	£17.00	S
Small Meeting Room for Activities (non-member – adult)	£22.00	S
Meeting Room (member – adult)	£15.00	S
Meeting Room (non-member – adult)	£19.00	S
4hrs consecutive booking (member – adult)	£49.00	E
4hrs consecutive booking (non-member – adult)	£61.00	E
Full day (member – adult)	£95.00	E
Full day (non-member – adult)	£119.00	E
<b>Fitness room / Weights room</b>		
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)	£7.50	E
Fitness & Weights Room (member – adult)	£6.00	E
Fitness & Weights Room (member – 11-17 & 60+ year old)	£4.50	E
Fitness & Weights Room (non-member – 11-17 & 60+ year old)	£5.50	E
After School Junior Gym Sessions	£2.00	E
<b>Individual Use:</b>		
Weekly Ticket - Gym and Swim (member – adult)	£13.00	E
Weekly Ticket - Gym and Swim (member – concessionary)	£9.00	E
Monthly Ticket - Gym and Swim (member – adult)	£35.00	E
Monthly Ticket - Gym and Swim (member – concessionary)	£26.00	E
Weekly Ticket (DHLC) - Gym only (member – adult)	£12.00	E
Weekly Ticket (DHLC) - Gym only (member – concessionary)	£9.00	E
Youth Fitness Training 11-17 years old - with instructor present (member)	£3.50	E
Youth Fitness Training 11-17 years old - with instructor present (non-member)	£4.50	E
<b>Direct Debit - All Leisure Centres</b>		
Full Package	£31.00	E
Off Peak Package	£21.00	E
Swimming Lessons	£18.00	E
Swimming Package for Under 18s	£10.00	E
Youth Package	£17.00	E
Gym & Swim	£25.00	E
Personal Training	£62.00	E
Corporate	£26.00	E

<b>Annual Membership Packages:</b>		
Full Package	£310.00	E
Off Peak Package	£210.00	E
Youth Package	£170.00	E
Gym & Swim	£250.00	E
Non-refundable administration charge for raising bill	£6.00	S
<b>Exercise By Invitation</b>		
Non acute	£3.00	E
<b>Sessions &amp; Courses - Dry Side</b>		
Fitness Session (30 mins) (member – adult)	£4.50	E
Fitness Session (30 mins) (member – concessionary)	£3.50	E
Fitness Session (30 mins) (non-member – adult)	£5.50	E
Fitness Session (30 mins) (non-member – concessionary)	£4.50	E
Fitness Session (1 hour) (member – adult)	£6.00	E
Fitness Session (1 hour) (member – concessionary)	£5.00	E
Fitness Session (1 hour) (non-member – adult)	£8.00	E
Fitness Session (1 hour) (non-member – concessionary)	£6.00	E
Gymnastic Course (45 mins) (member – junior)	£5.00	E
Gymnastic Course (45 mins) (non-member – junior)	£7.00	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)	£13.00	E
<b>Swimming</b>		
Public swimming (per session) (member – adult)	£4.50	E
Public swimming (per session) (member – concessionary)	£3.00	E
Public swimming (per session) (non-member – adult)	£6.00	E
Public swimming (per session) (non-member – concessionary)	£4.00	E
Public Swimming for children on Direct Debit lessons	£1.00	E
Weekly ticket (member – adult)	£10.00	E
Weekly ticket (member – concessionary)	£7.00	E
Family – daily swim ticket (member)	£11.50	E
Family – daily swim ticket (non-member)	£14.50	E
Family – weekly swim ticket (member)	£22.00	E
Family – weekly swim ticket (non-member)	£27.50	E
Swimming (under 3)	Free	N/A
Lessons (30 minutes) (member – adult)	£6.00	E
Lessons (30 minutes) (member – concessionary)	£5.50	E
Lessons (30 minutes) (non-member – adult)	£7.50	E
Lessons (30 minutes) (non-member – concessionary)	£7.00	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	£32.00	E
IOA Club - lane hire	£12.00	E
Exclusive use of main pool (member)	£75.00	E
Exclusive use of main pool (non-member)	£93.00	E

Exclusive use of teaching pool (member)	£39.00	E
Exclusive use of teaching pool (non-member)	£48.00	E
Lane hire (member)	£17.00	E
Lane hire (non-member)	£21.00	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
<b>Swimming - schools use - 1 instructor per class included (30 Minutes)</b>		
Class up to 30 children (2 instructors required)	£38.00	E
Class of 31-52 children (3 instructors required)	£42.00	E
Additional instructor	£15.00	E
<b>Outdoor Facilities</b>		
Match Fee (member – adult)	£105.00	E
Match Fee (member – concessionary)	£85.00	E
Match Fee (non-member – adult)	£130.00	E
Match Fee (non-member – concessionary)	£105.00	E
Half 3G pitch (PALC) (member – adult)	£47.00	E
Half 3G pitch (PALC) (member – concessionary)	£37.00	E
Half 3G pitch (PALC) (non-member – adult)	£58.50	E
Half 3G pitch (PALC) (non-member – concessionary)	£46.00	E
Full 3G pitch (PALC) (member – adult)	£77.00	E
Full 3G pitch (PALC) (member – concessionary)	£57.00	E
Full 3G pitch (PALC) (non-member – adult)	£96.00	E
Full 3G pitch (PALC) (non-member - concessionary)	£71.00	E
Outdoor courts (ALC / David Hughes School) (member – adult)	£35.00	E
Outdoor courts (ALC / David Hughes School) (member – concessionary)	£27.00	E
Outdoor courts (ALC / David Hughes School) (non-member – adult)	£42.00	E
Outdoor courts (ALC / David Hughes School) (non-member -concessionary)	£32.00	E
Tennis - cost per Court (member – adult)	£9.00	E
Tennis - cost per Court (member – concessionary)	£5.50	E
Tennis - cost per Court (non-member – adult)	£11.50	E
Tennis - cost per Court (non-member - concessionary)	£7.00	E
<b>Equipment Hire</b>		
Ball / Racket	£2.00	E

## Destination

Service	Fee / Charge	VAT
<b>St. George's Pier – Menai Bridge</b>		
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	£8.75 per tonne of water	S
Car Parking Permit (Annual)	£100.00	S
Navigational Light Dues (Commercial)	£0.41 per tonne	S
Permanent berth on Pier (allocation based on Business Case)	£2,318.78 per annum	S
<b>Beaumaris Pier</b>		
Laying at pier (per overnight stay)	£20.00	S
Freshwater supply – small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£8.75 per tonne of water	S
Licence for Booking Kiosk (Seasonal – 1 <sup>st</sup> March – 31 <sup>st</sup> October)	£516.86	S
<b>Mooring Licence Fees</b>		
Red Wharf Bay and Cymyran - constant	£0.72 (Per metre x area)	S
Beaumaris, Menai Bridge and Fryars Bay – constant	£1.21 (Per metre x area)	S
Waiting List Fee	£15.00 per annum	S
<b>Amlwch Outer Harbour</b>		
Berthing – visiting yachts and pleasure craft	£20.00	S
Mooring licence fees (all craft except commercial fishing)	£50.38 per meter, per annum	S
Commercial fishing mooring licence fees	£100.86 per meter, per annum	S
Freshwater supply - small boats	No Charge	N/A
Freshwater supply - vessels over 15 tonnes	£9.07 per tonne of water	S
Diesel – tanker/bowser	£80.00	S
Sale of Marine Diesel (Under 2000 litres)	TBC	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	£80.00	Z – qualifying ships S – all other <sup>2</sup>
Daily use of outer pens	£4.00 per day	
Use of dry dock	£100.00 per month	
<b>Amlwch Inner Harbour</b>		
Mooring licence fees all craft except commercial fishing	£50.38 per metre per year	S
Commercial fishing mooring licence fees	£100.86 per metre per year	S
Non licensed vessels - visiting yachts and pleasure craft	£19.67	S
Non licensed vessels – conservancy / harbour fee – all vessels	£80.00	Z – qualifying ships S – all other <sup>2</sup>
Waiting List Fee	£15.00 per annum	S
<b>Registration of all power driven craft (under 10hp, no launch fee)</b>		
<b>Annual Registration</b>		
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
<b>Launching fees</b>		
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)	£110.00	S
Cost of registration and launching for Search and Rescue services	£150.00	S
<b>Commercial</b>		
Commercial launching at Council Slipways	£900.00 per company per annum	S
Safety boats for events	No charge (application still required)	N/A
Commercial Charter Boat Licence Administration Fee	TBC	S
<b>Miscellaneous</b>		
<b>Use of Foreshore by Film Crews/Events etc.</b>		
Half day	£500.00	S
Full day	£900.00	S
Local Film Companies (per location)	£115.00	S
Use of foreshore by charitable organisations	At the discretion of Maritime Function staff	S
<b>Car parking fee at Breakwater Country Park, Holyhead</b>		
Annual Permit	£30.00	S
1 hour	£1.00	S
2 hours	£3.00	S
4 hours	£5.50	S
Up to 12 hours	£8.50	S
<b>Breakwater Country Park Commercial Events Licence</b>		
Small Event, c. 0-50 people	£100.00	S
Medium Event, c. 51-200 people	£200.00	S
Large Event, c. 200+ people	£300.00	S

<sup>2</sup> 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
<b>Path Diversions &amp; Extinguishment Orders</b>		
Initial advice and site visit (up to two hours)	No charge	N/A
Application withdrawn or refused after being considered by officers	£270.00	O/S
Order made, but withdrawn following its advertising	£940.00	O/S
Order which is confirmed by the authority unopposed	£1,540.00	O/S
If the order is opposed but objections are subsequently withdrawn	£1,684.00	O/S
If objections are received and sustained and the order is submitted to the Welsh Government	£2,885.00	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	£405.00	O/S
<b>Temporary Path Diversion &amp; Closure Orders</b>		
Emergency up to 21 days	£270.00	O/S
Short term work up to 5 days (2 weeks' notice required)	£270.00	O/S
Longer term works up to 6 months (6 weeks' notice required and 2 adverts)	£1,610.00	O/S
Extension on 6 months order (application to Welsh Government) (6 weeks' notice and 1 advert)	£1,070.00	O/S
<b>Street Works</b>		
<b>Skips</b>		
Skip company registration	£380.00	O/S
Skip permit (7 days). Additional £50 charge for every week, or part week, over run	£28.00	O/S
Skip permit (1 month). Additional £100 charge for every week, or part week, over run	£55.00	O/S
Skip permit on a traffic sensitive street (7 days). Additional £110 charge for every week, or part week, over run	£60.00	O/S
Skip permit on a traffic sensitive street (1 month). Additional £220 charge for every week, or part week over run	£120.00	O/S
Roll on roll off large skip (1 month). Additional £210 charge for every week, or part week, over run	£115.00	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	£230.00	O/S
<b>Scaffolding</b>		
Scaffolding company registration	£410.00	O/S
Scaffolding permit (7 days). Additional £50 charge for every week, or part week, over run	£28.00	O/S
Scaffolding permit (6 weeks). Additional £110 charge for every week, or part week, over run	£60.00	O/S
Scaffolding permit on a traffic sensitive street (7 days). Additional £120 charge for every week, or part week, over run	£65.00	O/S
Scaffolding permit on a traffic sensitive street (6 weeks). Additional £220 charge for every week, or part week, over run	£120.00	O/S
Herras Fencing on the highway (no registration required) three months	£60.00	O/S
Hoarding on the highway (no registration required) three months	£60.00	O/S
<b>Section 171 Licenses</b>		
Section 184 & 171 agreement and license	£395.00	O/S
Section 171 for cabin, container, portalo, compound or store material on the highway for a maximum period of 3 months	£395.00	O/S
Section 171 application to place a traffic mirror on the highway opposite a private entrance	£60.00	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	£60.00	O/S
Section 171 crane on the highway. Charge per day plus road closure fee if required	£340.00	O/S
<b>Section 50 Highways Act 1980</b>		
Section 50 existing (apparatus in highway)	£450.00	O/S
Section 50 new	£550.00	O/S
Section 50 inspection of excavation per 200 meter length	£280.00	O/S
Section 50 license for new dwellings – 6 or more properties (per dwelling)	£340.00	O/S
<b>Road Closures</b>		
Road closure by routine	£2,960.00	O/S
Road closure by emergency	£2,785.00	O/S
<b>Temporary Restriction Order Fees for Works</b>		
Temporary Traffic Order to make or amend Limited waiting	£790.00	O/S
Temporary Traffic Order to restrict parking	£790.00	O/S
Temporary Traffic Order to make or amend One way	£790.00	O/S
Temporary Traffic Order to make or amend speed limit	£790.00	O/S
Temporary Traffic Order to create or amend a clearway	£790.00	O/S
Temporary Traffic Order to make or amend weight restriction	£790.00	O/S
Temporary Traffic Order to make or amend height restriction	£790.00	O/S
<b>Miscellaneous</b>		
Lost keys down gully	£60.00 plus contractor's cost	O/S
Benches and flowerbeds applications from Community Council	No Charge	N/A
<b>Events on the Highway</b>		
Traffic Regulation Orders for the Disabled	Actual Cost	O/S
Access Protection Markings	£90.00	O/S
Renewal of Access Protection Marking	Actual Cost	O/S
Parking Dispensation	£20.00	O/S
Tourism Sign Application	£57.00	S
Tourism Sign Design and Installation	Actual cost + Fees	S
<b>Temporary Restriction Order Fees for Events</b>		
Event Prohibition of vehicles order (Road Closure, approx. 6 events per annum)	£790.00	O/S
Event Amending Traffic Order (Limited waiting, one way etc. approx. 6 events per annum)	£790.00	O/S
Tourism Sign	Free	O/S
Small scale community or charitable events	Free	N/A
<b>Development Management</b>		
Basic search at a single location	£78.00	S
Basic search at up to 5 locations	£162.00	S
Advanced Town Searches	£318.00	S
Advanced Area Searches	£648.00	S
Application for major developments (per hour)	£82.00	S
Section 38/278 Agreements – minimum charge of £2,500	9% of works costs	S
<b>Car Parks</b>		
<b>Cars - Towns</b>		
1 hour	£1.00	S
2 hours	£1.50	S
4 hours	£2.00	S
Up to 12 hours	£3.00	S
<b>Cars - Coastal</b>		
1 hour	£1.00	S
2 hours	£3.00	S

4 hours	£6.00	S
12 hours	£10.00	S
Trailer	£20.00	S
<b>Llanfairpwll Park &amp; Share</b>		
1 day	£0.50	S
2 - 7 days	£2.00 per day	S
<b>Stanley Crescent, Holyhead</b>		
1 day	£1.00	S
2 - 7 days	£1.00 per day	S
<b>Parking Season Ticket</b>		
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
<b>Other Car Park Charges</b>		
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
<b>NOTE:</b> 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).	£39.00	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)	£23.00	S
Bulky waste Collection 'A' (up to 4 items per collection)	£55.00	O/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
<b>All Other Fees</b> All other relevant work managed / organised by the Waste Function. Including: <ul style="list-style-type: none"> <li>• Abandoned shopping trolleys</li> <li>• Removal of refuse sacks</li> <li>• Hire of wheeled bins for organised events</li> </ul>	Actual cost incurred plus a 20% administration charge	Various

## Property

Service	Fee / Charge	VAT
<b>Holyhead Market Hall Meeting Room Hire (inclusive of VAT)</b>		
<b>Ystafell Thomas</b> (seating capacity 24 / 50 theatre style )		
Cost per hour	£37.00	Subject to VAT where applicable, i.e S – for external clients, No VAT on internal hires
Cost per half day	£80.00	
Cost per full day	£130.00	
<b>Ystafell Edwards</b> (seating capacity 20 / 42 theatre style )		
Cost per hour	£33.00	Subject to VAT where applicable, i.e S – for external clients, No VAT on internal hires
Cost per half day	£74.00	
Cost per full day	£124.00	

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## Legal

Service	Fee / Charge	VAT
<b>Local Land Charges</b>		
Search (CON29R)	£159.56	S
Additional Parcel Fee (CON29R)	£12.73	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)	£15.76	S
Con 29O: question 22 (common land)	£21.57	S
<b>Discretionary Legal Fees</b>		
<b>Planning obligations (section 106 agreements)</b>		
Self-build single affordable dwellings	£645.80	O/S
3 hours work on all other agreements with hourly rates applying on time spent in excess of 3 hours	£969.24	O/S
Simple Deeds of Release / Deeds of Variation	£308.15	O/S
<b>Sale of land or Grants of leases</b>		
Where no solicitor instructed by the other party (3 hours work, relevant hourly rate to be applied for work in excess of 3 hours)	£699.37	S
Where a solicitor instructed by other party (6 hours work, relevant hourly rate to be applied for work in excess of 6 hours)	£1,398.29	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)	£969.24	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)	£584.61	O/S
<b>Register of Common Land – fees below are shown NET of VAT and will need to be applied where applicable</b>		
Correcting other mistake under section 19(2)(b)	£366.06	See note
Updating names and addresses under section 19(2)(d)	£60.97	See note
Accretion or diluvion under section 19(2)(e)	£60.97	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)	£2,365.76	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.		
<b>*The appropriate hourly rate is:</b>		
Director of Function, Legal Services Manager and Solicitors	£194.51	VAT will additionally be charged consistent with the enquiry it relates to.
All other fee earning staff	£116.93	
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**

<b>REPORT TO:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>2 MARCH 2023</b>
<b>SUBJECT:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER – FINANCE, CORPORATE BUSINESS &amp; CUSTOMER EXPERIENCE</b>
<b>HEAD OF SERVICE:</b>	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES / SECTION 151 OFFICER</b>
<b>REPORT AUTHOR:</b>	<b>MARC JONES</b>
<b>TEL:</b>	01248 752601
<b>E-MAIL:</b>	rmjfi@ynysmon.gov.wales
<b>LOCAL MEMBERS:</b>	n/a

**A - Recommendation/s and reason/s**

**1. MEDIUM TERM FINANCIAL STRATEGY AND 2023/24 REVENUE BUDGET**

**1.1 Purpose**

The Executive is required to agree a number of key matters in respect of the 2023/24 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 9 March 2023. The matters requiring agreement are:-

- The Council’s Revenue Budget and resulting Council Tax for 2023/24;
- 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 2023/24, 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 economy and the proposed future local government financial settlement may be clearer.

**2. 2023/24 REVENUE BUDGET AND COUNCIL TAX RECOMMENDATIONS**

The Executive is requested :-

- To agree the final details of the Council’s proposed budget, as shown in Section 4 of Appendix 1 and Appendix 2;
- To note the Section 151 Officer’s recommendation that the Council should maintain a minimum of £8.6m 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;

<ul style="list-style-type: none"> <li>• To recommend a net budget for the County Council of £174.569m and resulting increase in the level of Council Tax of 5.00% (£68.40 – 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 9 March 2023;</li> <li>• That any differences between the provisional settlement and the final settlement will be adjusted for by using the general contingency which is included in the 2023/24 budget, or by making a contribution to / from the Council's general reserves in order to set a balanced budget;</li> <li>• To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• To confirm that the level of Council Tax Premium for second homes increases to 75% and for empty homes remains at 100%.</li> </ul>		
<b>B - What other options did you consider and why did you reject them and/or opt for this option?</b>		
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.		
<b>C - Why is this a decision for the Executive?</b>		
The Council's Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.		
<b>CH - Is this decision consistent with policy approved by the full Council?</b>		
Yes. The final decision on the 2023/24 revenue budget will be taken by the full Council at its meeting on 9 March 2023.		
<b>D - Is this decision within the budget approved by the Council?</b>		
N/A		
<b>Dd – Assessing the potential impact (if relevant):</b>		
<b>1</b>	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.
<b>2</b>	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.
<b>3</b>	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.
<b>4</b>	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 2023/24 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.
<b>DD - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	The Chief Executive and Leadership Team have been part of the budget setting process throughout and are in agreement with the report and support the final budget proposal.
2	<b>Finance / Section 151</b> (mandatory)	N/A – this is the Section 151 Officer's report.
3	<b>Legal / Monitoring Officer</b> (mandatory)	The Monitoring Officer is part of the LT and, as such, the Officer's comments have been taken into account.
4	<b>Human Resources (HR)</b>	-
5	<b>Property</b>	-
6	<b>Information Communication Technology (ICT)</b>	-
7	<b>Scrutiny</b>	Final budget proposals were considered by the Scrutiny Committee at its meeting on 28 February 2023. A verbal update on the outcome of the meeting will be provided to the Executive.
8	<b>Local Members</b>	The Council's budget is applicable to all Members and consultation has taken place throughout the budget setting process.
9	<b>Any external bodies / other/s</b>	See Section 2 of the report.
<b>F - Appendices:</b>		
<ul style="list-style-type: none"> <li>• Appendix 1 – Detailed report on the Budget Proposals</li> <li>• Appendix 2 – Summary of the Proposed Revenue Budget 2023/24 by Service</li> </ul>		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• Initial Budget Proposals for 2023/24 – Executive Committee – 24 January 2023</li> <li>• Initial Budget Proposals for 2022/23 – Corporate Scrutiny Committee – 19 January 2023</li> <li>• Medium Term Financial Plan for 2023/24 to 2024/25 – Executive Committee – 27 September 2022</li> </ul>		

## 1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2023/24 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 2022, and can be summarised as follows:-

**Table 1**  
**Medium Term Financial Plan 2023/24 to 2024/25**

	2023/24 £'m	2024/25 £'m
Net Revenue Budget B/F	158.367	164.682
Budget Pressures and Inflation	18.147	8.003
<b>Revised Standstill Budget</b>	<b>176.514</b>	<b>172.685</b>
Aggregate External Finance (AEF) (assuming 3.6% rise in 2023/24 and 2.4% rise in 2024/25)	118.675	121.523
Council Tax (assuming 5% rise in 2023/24 & 2024/25)	46.007	48.307
<b>Total Funding</b>	<b>164.682</b>	<b>169.830</b>
<b>Additional Funding Requirement / Savings Required</b>	<b>11.832</b>	<b>2.855</b>
<b>Main Assumptions</b>		
Pay Awards – Non Teaching	7.8%	3.0%
Pay Awards - Teaching	5.2%	3.2%
General Inflation	16.4%	1.8%
Note – The figures for 2023/24 allowed for a correction of the base budget due to an under provision for pay and price inflation in 2022/23 budget.		

- 1.3. Given that the rate of inflation was significantly higher than normal, energy prices had not been received for the forthcoming year and that pay increases for 2022/23 had not been settled when the MTFP was drawn up, there was a significant risk that the funding gap could have been even higher than the figures shown in the MTFP.
- 1.4. In drawing up the initial budget proposal, the 2022/23 pay award had been settled, inflation had begun to show signs that it had peaked and the new energy prices for the year October 2022 to September 2023 had been received. This allowed for more certainty around the base budget.
- 1.5. The draft settlement figures from the Welsh Government were also better than forecast, with the Council receiving an increase of 7.9% compared to the 3.6% that was included in the MTFP.
- 1.6. However, despite these changes and that the funding gap was lower than forecast in the MTFP, it is still a challenging financial position for both 2023/24 and 2024/25, with costs still expected to rise due to inflation and increased demand, but little prospect that the funding from Welsh Government will be sufficient to cover all of these increases in costs.

## **2. THE INITIAL BUDGET PROPOSAL**

- 2.1.** At its meeting on 24 January 2023, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 14 December 2022.
- 2.2.** The provisional settlement was better than anticipated, and would provide the Council with £123.555m, which is an increase in cash terms of £9.004m (7.86%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £9.065m (7.92%).
- 2.3.** The Executive proposed a budget for 2023/24 of £172.438m and, given the provisional AEF of £123.555m, this would require an increase of 5.00% in Council Tax and the use of £1.758m of the Council's general balances to balance the budget.
- 2.4.** In setting the proposed budget, the Executive recognised the need to protect front line services and increasing budgets to meet an increased demand in Adult and Children's services and homelessness prevention.
- 2.5.** The budget proposal reversed £700k of investment in Education, which had been included in the 2022/23 budget, and capped the inflation increase in the Schools' delegated budget by 1% (£471k). These changes, along with an increase of £169k in the Highways income budget was sufficient to result in a budget that matched the net expenditure to the available funding.
- 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 2023/24 is £169.406m and the proposed budget is, therefore, 101.8% of the SSA.

## **3. SCRUTINY COMMITTEE**

- 3.1.** Due to the delays in receiving the provisional and final settlement, the budget timetable for 2023/24 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 Finance Scrutiny Panel also examined in detail the service investment proposals at its meeting on 12 January 2023, and the Panel's comments were reported to the Corporate Scrutiny Committee meeting on 19 January 2023.
- 3.2.** The 2023/24 initial budget proposal was considered by the Finance Scrutiny Committee at its meeting on 19 January 2023. The Committee resolved to support the Executive's initial budget proposal.
- 3.3.** The final budget proposal was given further consideration by the Corporate Scrutiny Committee at its meeting of 28 February 2023, and a verbal report on the Committee's deliberations will be presented to the Executive at the Committee meeting.

## **4. FINAL BUDGET PROPOSAL**

- 4.1.** In drawing up the initial budget proposal, the Council was awaiting the final budget decision in respect of levying bodies and other organisations which receive contribution from the Council. The impact on the Council's budget of the adjustments resulting from a finalisation of the decisions are shown in Table 2 below.
- 4.2.** In addition, one change has been made to the final settlement from Welsh Government, compared to the draft settlement. A grant to assist the North Wales Fire Authority to meet increased pension costs has been transferred into the settlement. The Fire Authority has increased their levy by a similar amount, resulting in a zero net effect on the Council's budget.

**Table 2**  
**Revised Council Net Revenue Budget**

	£m	£m
<b>Initial Proposed Net Revenue Budget 2023/24</b>		<b>172.438</b>
<b>Adjustments</b>		
Reduction in proposed Fire Authority Levy increase from 13.4% to 9.9%	(0.131)	
Increase in Fire Authority Levy to reflect the grant transferred into the final settlement	0.108	
Increase in the CJC levy to reflect the final decision of the CJC	0.012	
Increase in the Tywyn Trewan Levy	0.010	
Increase in the contribution to the NWEAB to reflect the final budget	0.011	
Decrease in the contribution to GwE to reflect the final budget	(0.061)	
Decrease in the contribution to the North Wales Emergency Planning Team to reflect the final budget	(0.021)	
Other Minor Adjustments	(0.015)	<b>(0.087)</b>
<b>Revised Net Revenue Budget 2023/24</b>		<b>172.351</b>
<b>Funded by</b>		
Aggregate External Finance	123.665	
Council Tax (including 2 <sup>nd</sup> Home and Empty Home Premium)	47.124	
Reserves	1.759	
<b>Revised Funding 2023/24</b>		<b>172.548</b>
<b>Excess of Funding over Net Revenue Budget</b>		<b>0.197</b>

- 4.3. The Executive considered three options in order to match the revised funding with the net revenue budget:-
- Reduce the use of reserves by £197k to £1.562m;
  - Reduce the rise in Council Tax to 4.56%. This would change the Band D Council Tax charge to £1,429.83, which is £6.03 lower than the initial budget proposal;
  - Increase the net revenue budget by £190k, by providing additional resources to meet urgent priorities identified since the initial budget proposal was agreed.
- 4.4. Prior to finalising the budget, a review was undertaken to identify any priority areas which required additional funding to that proposed in the initial budget proposal. Following that review, the Executive has agreed to include the following additional budgets into the final budget proposal.
- The Education Service has procured a new schools management information system, in a joint procurement process with the 5 other North Wales authorities. The annual licence fee for the new system is around £30k less than the cost of the current system. However, for 2023/24 it will be necessary to run both systems in parallel and, as a result, it is necessary to add an additional £44k to the software budget.
  - The new Elections Act 2022 places a number of additional duties on the Council which will require additional staffing capacity to undertake. As a result, one additional post is to be added to the staffing structure of the Elections Team at an additional cost of £34k, which is net of grant funding that is received from the UK Government.

- There has been concern for some time that the level of administrative support for Elected Members is insufficient to enable them to undertake all their duties and responsibilities effectively. The Members Support Team is a very small team and difficulties arise when staff are absent due to leave or sickness. One additional post is proposed to provide a greater level of support and to improve the resilience of the Team. The additional cost of the post is £42k.
  - Changes to the grant funding regime following the UK's departure from the European Union has resulted in an increased input required by the Council in schemes such as the Shared Prosperity Fund and the Levelling Up Fund. The changes have also created an opportunity to attract more grant funding to Anglesey and this, along with other economic development opportunities e.g. the development of a Freeport, will require additional economic development capacity to ensure that the maximum benefit is realised. It is therefore proposed to increase the economic development team at a cost of £69k.
  - The Council's school meals catering contractor had hoped to maintain prices at the current level until September 2023, but recent rises in respect of food, energy and staff pay have resulted in the agreed cost per meal rising by over 10%, this takes the cost of a meal in a secondary school from £2.60 to £2.88. The Executive has agreed not to pass on the increased cost to pupils and to have further discussions with the catering contractor prior to deciding on the price charged from September 2023 onwards. The additional cost will then fall on the Service and, as a result, an increase of £29k is required to meet this additional cost.
- 4.5.** The net effect of these proposals is to increase the net revenue budget by £218k, which is £21k higher than the funding available. The additional cost would be funded by increasing the use of general balances from £1,759k to £1,780k.
- 4.6.** On 24 February 2023, the Employers announced the initial pay offer to the Unions in respect of the non-teaching pay award. The offer is a flat rate increase of £1,925 to all employees, with an increase of 3.88% to all employees on spinal column point 43 and above, with a 3.5% increase for Chief Officers and the Chief Executive. It is estimated that this will increase costs by approximately 7% compared to the 3.5% that was allowed for in the initial budget proposal. This places an additional £2m as a pressure on the budget.
- 4.7.** The Executive have considered how to fund this additional cost and propose to use the Council's reserves to meet the additional cost in 2023/24.

## **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 2023/24, and this significantly increases the risk. The general measure of inflation (CPI) peaked in December 2022, and has begun to fall during the first quarter of 2023, however, there is a great deal of uncertainty as to how quickly it will fall, with the optimistic forecast show it will fall to around 2% by the end of 2023, whilst the more pessimistic forecasts showing that it will be around 8% by the end of 2023. In addition, the inflation for some types of expenditure may remain higher than this (food, energy, building materials) and the actual inflation faced by the Council may differ greatly from the CPI figure. 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 2022 to determine the inflation for 2023/24. Given that these figures are known, they have been built into the proposed budget for 2023/24.
- **Pay Inflation** - Pay is the Council's largest cost, and the pay award for non-teaching staff for 2023/24 has yet to be agreed. The Unions have submitted a pay claim of RPI + 2% (equates to around 15%). The Employer's offer is detailed in paragraph 4.6 above and is funded in the budget. Any award above these figures would have to be funded from the Council's reserves, with each 1% increase adding around £600k to the Council's pay bill. The teachers' pay award up to September 2023 has been set and paid (5%), a further offer taking the pay award to 6.5% has been made by Welsh Government. The Welsh Government has also announced an indicative pay rise of 3.5% for teachers from September 2023 and this has been allowed for in the budget although, again, there is a risk that this will not be accepted by the teaching unions.
- **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 have risen significantly in the past 12 months, with the Council now receiving over 3% on its investments. In setting the budget, an estimate of the interest receivable has been factored into the budget, but there is a risk that the budget will not be achieved if interest rates begin to fall quickly or if the funds available to be invested are lower than forecast. 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, or other bodies which support a good proportion of Council spending. The final settlement indicates that the majority of the grants received from Welsh Government will increase or remain at the 2022/23 level, which significantly reduces the Council's risk. Whilst 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 it 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. The cost of living crisis may have an impact on the income generated from services such as leisure, car parking, planning and building regulations, where users may choose to reduce their expenditure on these non-essential services. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income.
- **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. Allowance has been made in the 2023/24 budget for the current level of service demand for social care and homelessness prevention, although there is a risk of the increase in demand continuing in 2023/24 above what has been allowed for in the budget. This would result in an overspend in those services affected, which would have to be funded from the Council's general reserves and balances.
- **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 2023/24, there are no savings proposed and, as such, this risk is not applicable to the 2023/24 budget but the demand risk is still applicable (see above).
- **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 rose from 324 properties in October 2021 to 334 properties in October 2022, and the number of second homes rose from 2,149 to 2,180 over the same period, even though the second home premium rose from 35% to 50%. The change in the level of the second home premium from 50% to 75% presents a significant risk in 2023/24. 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. The changes in the thresholds for self catering properties to register for Council Tax has started to see a number of self catering properties transferring back to the Council Tax register, but there is a risk that the owners will achieve the new higher thresholds during the forthcoming year, which will allow them to transfer back to the Business Rates register.

The cost of living crisis may also impact on the Council's collection rate, as more households struggle financially with rising costs. This may result in a financial loss in 2023/24 or future years, when uncollectable debts are eventually written off.

- 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, and the Council's current healthy level of general balances and earmarked reserves provides sufficient mitigation against the risks identified.

## 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 2022, the Council's general reserves stood at £12.278m, which is equivalent to 8.35% of the Council's net revenue budget for 2021/22, 11.75% if the delegated schools' budget is excluded. During the year, £0.5m was allocated to fund highway repairs and £1.073m was added to the delegated school's budget to fund additional pay costs, £4.139m has been transferred from service and other earmarked reserves. Therefore, the revised forecast level currently stands at £14.844m, although this assumes that there will be no over or underspend of the 2022/23 budget. After allowing for the use of £3.780m as funding for the 2023/24 revenue budget, the revised balance would fall to £11.064m, or 6.33% of the 2023/24 net revenue budget.
- 6.6 The transfer of earmarked reserves back to general balances, and the use of these reserves during the year, has reduced the balance from £24.46m at the beginning of 2022/23 down to a forecasted level of £9.973m at the end of the financial year.



- 6.7 School balances began the 2022/23 financial year at £7.83m, but are forecast to fall to £3.29m by the end of 2022/23, with a further £1.78m being used to balance individual school budgets in 2023/24.
- 6.8 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.
- 6.9 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 2023/24 if the proposed revenue budget is insufficient to meet the actual costs incurred by the Council during 2022/23.

## 7. COUNCIL TAX

- 7.1 The Council's Band D Council Tax charge for 2021/22 was £1,367.46, which was 18<sup>th</sup> from the 22 Authorities in Wales and is lower than the Welsh Average of £1,461. 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 2022/23 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,367		
Gwynedd	1,527	+ 160	+ 11.7%
Conwy	1,438	+ 71	+ 5.2%
Denbighshire	1,479	+ 112	+ 8.2%
Flintshire	1,450	+ 83	+ 6.1%
Wrexham	1,372	+ 5	+ 0.4%

- 7.2 The Council Tax budget for 2023/24 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £44.9m. Therefore, each 1% increase generates an additional £449k.
- 7.3 After taking into account the anticipated final settlement figure of £123.665m, the revised budget requirement of £174.569m (see Appendix 2) and the use of £3.780m of reserves, it would require £47.124m in Council Tax funding. To fund the revised budget requirement, the increase in the level of Council Tax would be 5.00%, taking the Band D charge to £1,435.86, an increase of £68.40, or £1.32 per week.

## 8. EQUALITIES IMPACT ASSESSMENT

- 8.1 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.
- 8.2 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.

## 9. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

- 9.1 As stated in paragraph 1, the economic situation has changed considerably since the Council approved the Medium Term Financial Strategy (MTFS) in September 2022. In addition the higher than anticipated provisional local government settlement for 2023/24 also changes the strategy significantly.
- 9.2 The main area of uncertainty for the MTFS moving forward is inflation and its impact on future pay awards, whilst the cost of living crisis and its impact on the demand for Council services is also a major factor.
- 9.3 The updated MTFP for 2024/25 and 2025/26 is shown in Table 4 below:-

**Table 4**

**Summary Medium Term Financial Plan 2024/25 & 2025/26**

	2024/25 £'m	2025/26 £'m
Net Revenue Budget B/F	174.569	176.856
Budget Pressures and Inflation	8.876	5.168
<b>Revised Standstill Budget</b>	<b>183.445</b>	<b>182.024</b>
Aggregate External Finance (AEF) (assuming 3.0% rise in 24/25 and 2.0% rise in 2025/26)	127.375	129.922
Council Tax (assuming 5% rise in 2024/25 & 2025/26)	49.481	51.955
<b>Total Funding</b>	<b>176.856</b>	<b>181.877</b>
<b>Additional Funding Requirement / Savings Required</b>	<b>6.589</b>	<b>0.149</b>
<b>Main Assumptions</b>		
Pay Awards – Non Teaching	3.5%	2.0%
Pay Awards - Teaching	4.8%	2.0%
General Inflation	2.0%	1.2%

- 9.4 The MTFP estimate above is based on a number of assumptions which may change as we move towards 2024/25, but the plan indicates that there will be a need to make significant reductions in the net revenue expenditure budget in 2024/25 (over £6.5m). This again could be partly offset by the further use of reserves but again this only postpones the need to make budget reductions until 2025/26.
- 9.5 The situation does improve in 2025/26, with only a very small shortfall in funding projected but this is dependent on the continued strategy to increase Council Tax by 5% per annum.
- 9.6 An updated MTFS will be presented to the Executive in September 2023.

## 10. CONCLUSIONS

- 10.1 It is important that the budget set is achievable and reflects the demands faced by services currently, although it is noted that the continuation of the cost of living crisis or a re-emergence of Covid restrictions would have a significant impact on the Council's budget.
- 10.2 The local government settlement is better than anticipated, and allows the Council to set a balanced budget in 2023/24, with only limited reductions in service budgets, a modest use of service reserves and a below inflation increase in Council Tax. However, it does also take the Council back to a position where significant investment in Council services is not possible.

- 10.3** The Council's general financial position is still fairly strong, although the level of balances and earmarked reserves have diminished during 2022/23 and, although the use of reserves to balance the 2023/24 budget is a fairly safe strategy, it is not a strategy that can be used long term.
- 10.4** The position in 2024/25 appears to be more difficult and, unless Welsh Government funding increases by more than inflation and / or pay awards are limited and the general level of inflation reduces, then significant budget reductions will be required or Council Tax will have to rise above the 5% allowed for in the MTFP.
- 10.5** Therefore, in the professional opinion of the Section 151 Officer, the proposed revenue budget for 2023/24 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.
  - Uses a combination of budget reductions, reserves and a rise in Council Tax to set a balanced budget.
  - 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.

## **11. RECOMMENDATIONS**

- 11.1** The Executive is recommended to approve the final budget proposal, as set out in Paragraph 4, to the full Council meeting on 9 March 2023.

## FINAL BUDGET PROPOSAL 2023/24 BY SERVICE

	<b>Final Proposed Budget 2023/24 £</b>
Education and Culture	63,319,619
Adult Services	34,973,049
Children's Services	12,965,415
Housing Services	1,590,036
Highways, Waste and Property	19,755,398
Regulation and Economic Development	5,754,153
Corporate Transformation	6,993,174
Resources	3,723,134
Council Business	2,013,794
Corporate Management	759,918
<b>Total Service Budgets</b>	<b>151,847,690</b>
Corporate and Democratic Costs	3,244,158
Recharges to HRA	(800,000)
Support for Local Housing Help to Buy Schemes	1,501,907
Levies	4,503,685
Capital Financing	4,328,774
Benefits Granted	109,240
Discretionary Rate Relief	105,000
Council Tax Reduction Scheme	6,751,765
<b>Total Allocated Budgets</b>	<b>171,592,219</b>
General & Other Contingencies	2,976,987
<b>Total Budget 2023/24</b>	<b>174,569,206</b>
<b>Funded By</b>	
Revenue Support Grant	100,842,008
Non Domestic Rates	22,822,905
Council Tax (Including Council Tax Premium)	47,124,293
Council Reserves	3,780,000
<b>Total Funding</b>	<b>174,569,206</b>
<b>Difference Budget to Funding</b>	



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<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>THE EXECUTIVE</b>
<b>Date:</b>	<b>2 MARCH 2023</b>
<b>Subject:</b>	<b>CAPITAL STRATEGY</b>
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER – FINANCE, CORPORATE BUSINESS &amp; CUSTOMER EXPERIENCE</b>
<b>Head of Service / Director:</b>	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b>
<b>Report Author:</b>	<b>MARC JONES</b>
Tel:	01248 752601
E-mail:	rmjfi@ynysmon.gov.wales
<b>Local Members:</b>	<b>n/a</b>
<b>A –Recommendation/s and reason/s</b>	
<p>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. The requirement is aimed at ensuring that authorities take capital and investment decisions in line with the service objectives and properly take into account stewardship, value for money, prudence, sustainability and affordability.</p> <p>The capital strategy is linked to a number of other plans and strategies. They include:-</p> <ul style="list-style-type: none"> <li>• The Council Plan;</li> <li>• The Property Asset Management Strategy;</li> <li>• The IT Strategy, including the School’s Digitalisation Strategy;</li> <li>• The Net Zero Carbon Reduction Strategy;</li> <li>• The Leisure Improvement Strategy;</li> <li>• The Education Modernisation Strategy;</li> <li>• The Treasury Management Strategy.</li> </ul> <p>A number of these strategies, including the Council Plan, have yet to be approved and, as a result, this capital strategy is an interim strategy. Further work will be undertaken during 2023/24 to complete and approve the documents and then to assess their impact on the capital strategy in the longer term, with a revised and updated capital strategy being presented to the Executive for approval prior to the commencement of the 2024/25 financial year.</p>	
<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>	
No other options considered as this is a requirement of the CIPFA Prudential Code.	
<b>C – Why is this a decision for the Executive?</b>	
In accordance with the requirements of the Code and the Council’s Constitution, the Executive is requested to consider the strategy and recommend its approval to the full Council.	
<b>CH – Is this decision consistent with policy approved by the full Council?</b>	
Approval to the strategy will be given by the full Council	

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

The capital strategy then drives the annual capital budget which will be approved by the full Council on 9 March 2023.

**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.	As part of the consultation process on the Council's Corporate Plan for 2022 – 2027, citizens were asked a number of questions relating to capital expenditure and their priorities
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.



<b>E - Who did you consult?</b>		<b>What did they say?</b>
<b>1</b>	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	Comments from the LT have been incorporated into the report.
<b>2</b>	<b>Finance / Section 151</b> (mandatory)	n/a – this is the Section 151 Officer's report.
<b>3</b>	<b>Legal / Monitoring Officer</b> (mandatory)	The Monitoring Officer is a Member of the LT and any comments made have been taken into account in discussions on this report in the LT.
<b>4</b>	<b>Human Resources (HR)</b>	Any proposals which impact on staff will have been identified and discussed with the HR Team
<b>5</b>	<b>Property</b>	Any proposal which impacts on the Council's property and related budgets will have been discussed with the Property Team.
<b>6</b>	<b>Information Communication Technology (ICT)</b>	Any proposal which impacts on the Council's information technology systems and related budgets will have been discussed with the ICT Team.
<b>7</b>	<b>Scrutiny</b>	TBC
<b>8</b>	<b>Local Members</b>	Proposals are applicable to all Members.
<b>9</b>	<b>Any external bodies / other/s</b>	N/A
<b>F - Appendices:</b>		
Appendix 1 – Capital Strategy 2023/24 Appendix 2 – Summary of Draft Proposed Capital Programme 2023/24		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
Treasury Management Strategy Statement 2023/24, the Executive, 2 March 2023; Medium Term Financial Plan 2023/24 to 2024/25, the Executive, 27 September 2022; Capital Budget 2023/24, Final Proposals, the Executive, 2 March 2023; Revenue Budget 2023/24, the Executive, 2 March 2023; Council Plan 2023 to 2028.		



# Isle of Anglesey Capital Strategy

## 2023/24



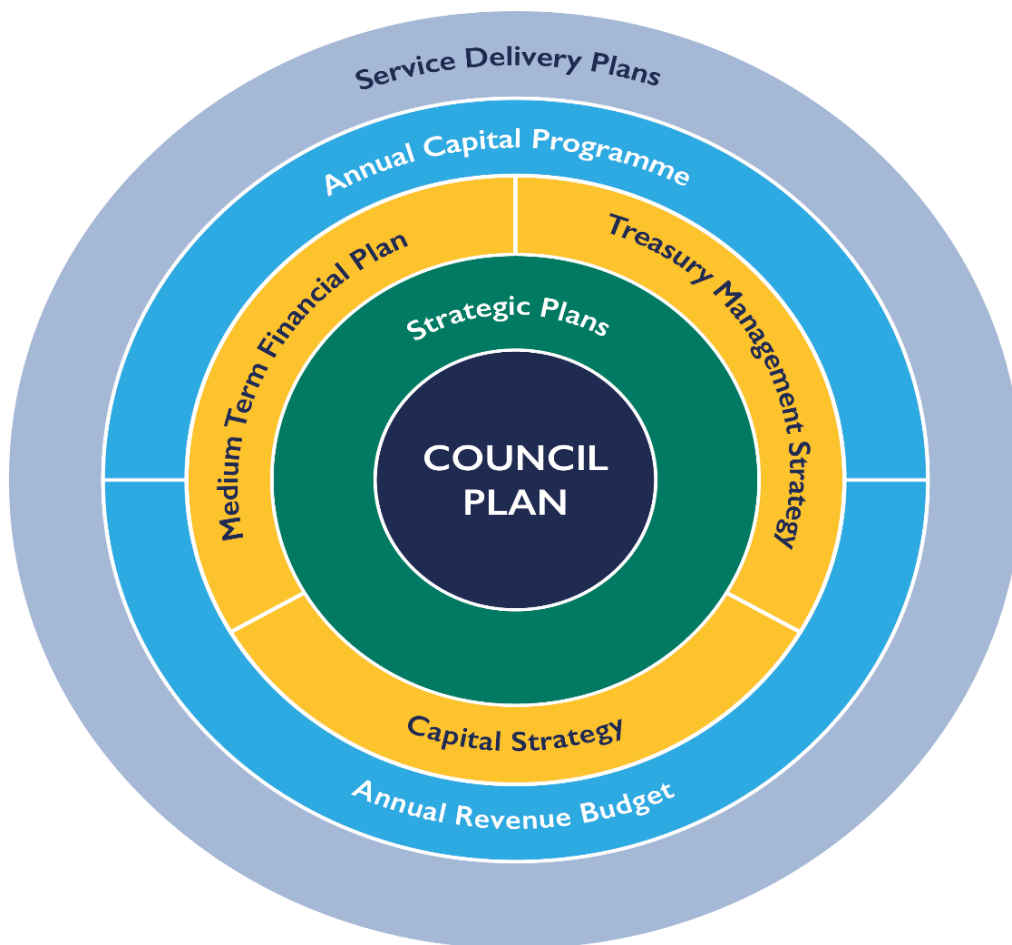
CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

# Isle of Anglesey County Council

## Capital Strategy 2023/24

### 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 Council Plan for 2017 to 2022 came to an end in March 2022 and was replaced with a Transitional Plan for 2022/23, pending the adoption of the new Council Plan for the period until the next Council election in May 2027.
- 1.4. This Capital Strategy is, therefore, shorter in nature and reflects the capital funding requirements to implement the remainder of the Transitional Plan. This document will be replaced in 2024/25 by a more comprehensive long term capital strategy linked to other strategies and plans which are currently being developed by the Council, which include an Asset Management Strategy, an Education Strategy etc.
- 1.5. 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, 2023/24, is limited on its long term objectives while the Council re-orientates itself on its journey out of the Pandemic. The Capital Strategy 2024/2025 will provide a more substantial long term view aided by the new Council Plan 2022/27 and as Anglesey's new normal takes shape.
- 1.6. 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 2023/24 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 2023/24 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 table below shows the capital projects mentioned explicitly in the Transitional Plan across the three objectives and identifies the progress made to date and the work required to complete each task.

Transitional Plan Objective	Task	Progress To Date
Re-energising the local economy and embedding positive economic change	Constructing 6 new business units on Bryn Cefni Business Park, Llangefni and prepare 6 plots for sale.	On target to complete works by end of financial year 2023/24.
	Constructing 7 new business units at Penrhos, Holyhead in partnership with Welsh Government	On target to complete works by end of financial year 2023/24.
	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.	Works ongoing and projects still being developed.
	Delivering projects with any capital elements identified in the North Anglesey Economic Regeneration Action Plan, for example, potential new business units.	
	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.	Work commenced to deliver projects but this is a long term project
	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.	
	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.	
Enabling the visitor and hospitality sector to capitalise on the Island's increased popularity whilst protecting our assets	Investing to improve the quality and enjoyment in the Breakwater Country Park, Dingle and maritime infrastructure for the benefit of local residents and visitors.	On target to complete works at Breakwater Park and Dingle by the end of the financial year 2023/24. Works commenced on Maritime Infrastructure.
Maintaining and modernising critical community services, such as Care and Education across the Island	Sourcing permanent homes for individuals residing in temporary accommodation.	The numbers of people residing in temporary accommodation has risen significantly in 2021 – 2023 which has prevented the full implementation
	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.	The Council currently has ongoing projects to build 110 new properties across the Island.
	Further developing Cartrefi Clyd on Anglesey in Rhosybol, Holyhead and Llangristiolus, to offer respite and day services for children with disabilities.	Properties purchased and in the process of being upgraded.

These are the projects directly named in the Transitional Plan, however, there are capital projects included in the Draft Capital Programme for 2023/243 which are not named in the Transitional Plan but which are important and contribute to these objectives, such as 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.

## **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.

## **2.3. 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 MTFP.

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.

## **2.4. 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 Towards Net Zero Plan is one of the Council's main strategic plans. Its purpose is to drive forwards the Council's work in reaching its net zero carbon target by 2030. The target was set by the Council when it declared a climate emergency in 2020. The Welsh Government has set a target for Wales as a whole, is for net zero by 2050, and public sector organisations by 2030.

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 all capital projects must consider how they contribute (positively or negatively) towards the Council's net zero target. Many of the changes needed to achieve the net zero targets will involve capital expenditure, and those projects are likely to be part of the future capital 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 and 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.

### **Council Housing (Housing Revenue Account) Asset Management Strategy 2018-2023 and HRA Business Plan 2022 to 2052**

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.
- Between 2015/16 and 2021/22, the Council's housing stock has increased by 188 (82 re-purchase of former Council properties and 106 new properties built). In 2023/24, work is progressing to complete a further 125 units (15 re-purchases and 110 new build properties)
- 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 as 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, with work progressing to build 55 units.
- 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 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 to fund the Growth Deal from the Welsh and UK Governments and will be received over a 15 year period. The Growth Deal aims to try to reduce the persistent productivity 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 make a revenue contribution towards the core and supplementary budget of the Board each year.

The total capital funding profile per programme is:-

<b>Table 1 : North Wales Growth Deal Financial Summary</b>				
<b>Programme Area</b>	<b>Government Contribution (£m)</b>	<b>Public Contribution (£m)</b>	<b>Private Contribution (£m)</b>	<b>Total Programme Costs (£m)</b>
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
<b>Total</b>	<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

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/>

## 2.5. 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 Transitional Plan 2022/23 and the Council Plan 2023/27. 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 Management 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.

### **3. 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 and the Leadership Team, 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 project;
  - 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**

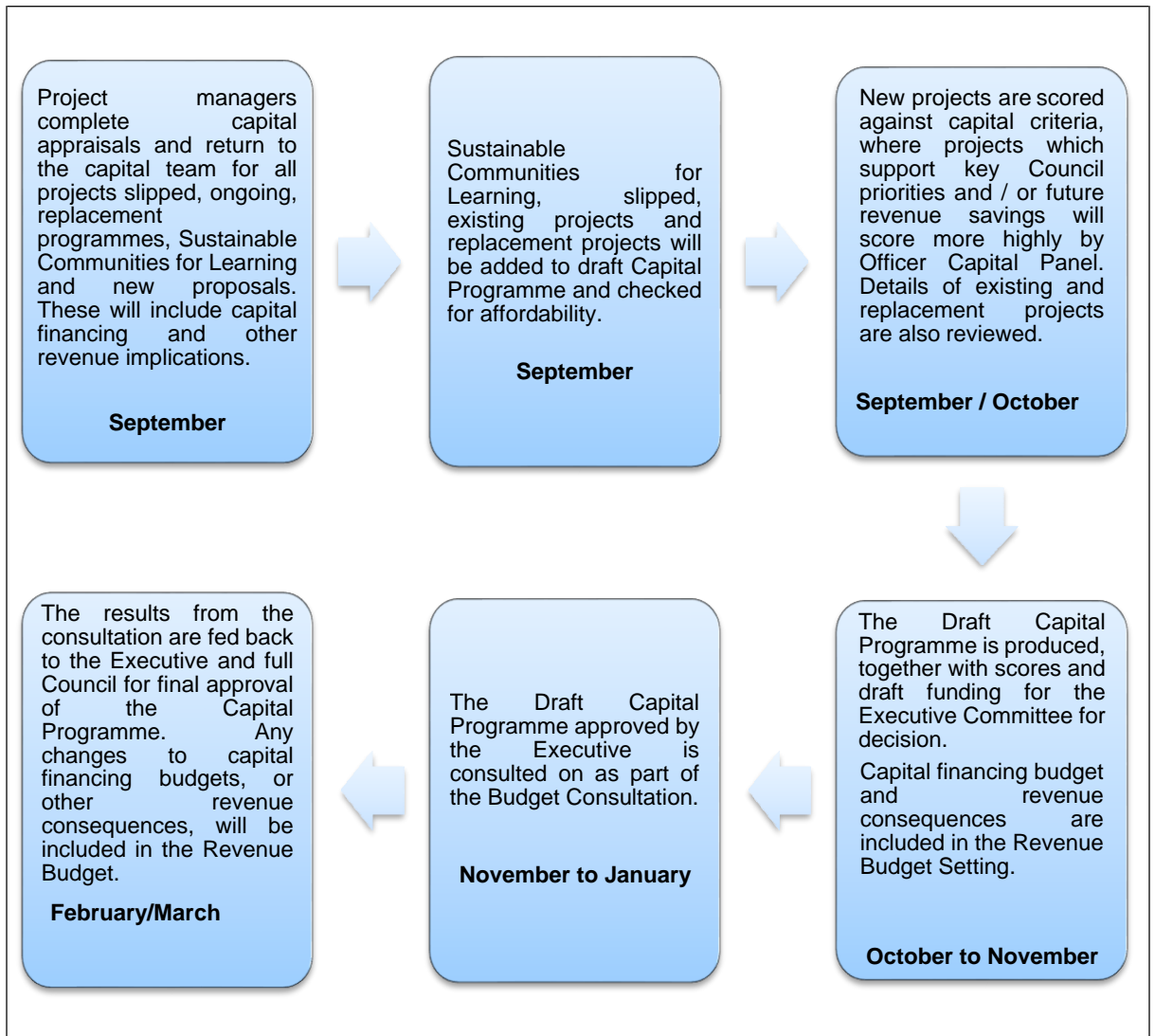
In determining which projects are included in the Capital Programme, new bids must not only be affordable, but also help deliver the key priorities of the Council Plan and meet the objectives and principles of the Capital Strategy. Each year, Services are asked to submit new capital appraisals / bids 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.

<b>Criteria</b>	<b>Score</b>
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
<b>Total Highest Score</b>	<b>50</b>

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 the Leadership Team 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.

## 5. Looking Back – Achievements of the Capital Strategy and Programmes 2017/18 to 2021/22

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	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Housing GF	1,224	1,108	1,252	1,212	1,019	5,815
Housing HRA	9,291	9,028	11,812	12,622	9,723	52,476
Lifelong Learning	6,318	7,233	2,982	3,878	8,833	29,244
Economic & Regeneration	788	4,017	2,993	2,714	2,081	12,593
Highways	6,004	6,055	7,176	5,382	5,290	29,907
Waste Management	66	84	180	3,213	2,270	5,813
Property	786	697	990	2,405	2,140	7,018
Transformation	587	448	1,297	771	794	3,897
Equal Pay - Capitalisation Directive	2,566	-	-	-	-	2,566
Planning	1,031	1,839	755	52	384	4,061
Adult Services	694	168	577	880	923	3,242
<b>Total Expenditure</b>	<b>29,355</b>	<b>30,677</b>	<b>30,014</b>	<b>33,129</b>	<b>33,457</b>	<b>156,632</b>
<b>Capital Grants</b>	<b>11,801</b>	<b>16,629</b>	<b>18,156</b>	<b>18,948</b>	<b>22,486</b>	<b>88,020</b>
<b>Percentage of capital costs funded by Grants</b>	<b>40.20%</b>	<b>54.21%</b>	<b>60.49%</b>	<b>57.19%</b>	<b>67.21%</b>	<b>56.20%</b>



## **6. Current Financial Context and Funding**

### **6.1 Revenue Constraints**

- 6.1.1.** The initial Medium Term Financial Plan (MTFP) for 2023/24 to 2024/25 was presented to the Executive on 27 September 2022. This acknowledged the difficulty in financial planning beyond one year due to the lack of three year budget forecasts from Central and Welsh Governments. The UK's weakening economy, with no growth, the potential for a recession and significantly higher levels of public debt has restricted the funding available for public services, which will result in the use of reserves and balances as short term revenue funding and the need to make revenue savings in the longer term.
- 6.1.2.** In order to try and control inflation, the Bank of England has gradually increased the bank base rate from 0.25% at the beginning of 2022, to its current level of 4.0% (February 2023). It is anticipated that the rate will continue to rise during the early part of 2023) and will peak at 4.5% before it gradually begins to fall during the latter part of 2023 and early 2024. The majority of the Council's current borrowing are fixed rate loans and, as a result, rising interest rates does not impact on the revenue budget, but any new borrowing is at a higher interest rate. The positive impact on the revenue budget of rising interest rates is an increased return on the Council's investments. This has allowed the Council to increase its estimated interest received from £50k in 2023/24 to £1m in 2023/24.
- 6.1.3.** The Welsh Government revenue settlement for 2023/24 increased the funding for Anglesey by 7.9%, which was better than anticipated, but insufficient to all the inflationary pressure and rising demand for services the Council will face in 2023/24. The budget requires the use of £1.8m of general balances to balance the revenue budget.
- 6.1.4.** The revised MTFP does not suggest that the revenue budget position will improve in 2024/25, and a further funding gap of £3m will need to be addressed along with the £1.8m funded by reserves in 2023/24. The continued revenue budget pressure limits the Council's ability to fund additional capital expenditure from reserves or additional borrowing, because reserves will diminish as the revenue budget is supported and additional borrowing will increase interest payments and the level of minimum revenue provision required.

### **6.2 Capital Funding Constraints**

- 6.2.1.** Welsh Government's provisional settlement also includes details of the capital funding provided to the Council for 2023/24. The Council will provisionally receive a general capital grant of £2.217m and £2.159m in supported borrowing which, together, amount to £4.376m. 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.
- 6.2.2.** 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.

- 6.2.3. 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.

### 6.3 Funding the Modernisation of Schools

- 6.3.1. The Council is currently progressing through an ambitious programme to modernise schools through the Sustainable Communities for Learning (formerly known as the 21<sup>st</sup> Century Schools) programme, with the former Band A projects coming to an end in April 2023 and Band B running until 2027.
- 6.3.2. 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, with the Council required to submit a 9 year plan. Welsh Government have indicated that Councils will move across to the 9 year plan once 60% of their approved Band B programme has reached the contractual agreement stage (although there may be exceptions to this plan in the case of individual authorities).
- 6.3.3. The Welsh Government has also introduced a mutual investment model (MIM) for projects with a capital value in excess of £15m. 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 (81%). The MIM project would not form part of the Council's capital programme as it only becomes a cost to the Council when the rental payments begin.
- 6.3.4. Currently the Council only has 1 projects that has been approved and commenced under Band B which is Ysgol y Graig Extension. It is planned to be completed by September 2024.
- 6.3.5. 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).
- 6.3.6. 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.
- 6.3.7. It should be noted that the delivery of new schools will eliminate the need to undertake backlog maintenance work at the various schools which are replaced or closed as a result of the capital investment. These changes would be reflected in the Asset Management Plan.

### 6.4 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.

## 6.5 Impact of Differing Sources of Capital

- 6.5.1. 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.
- 6.5.2. 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.
- 6.5.3. 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.
- 6.5.4. 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.
- 6.5.5. 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.
- 6.5.6. 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.

## 6.6 Funding Principles

- 6.6.1. The uncertain financial context the Council continues to operate within is discussed above, 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.

- 6.6.2. 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.
- 6.6.3. 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.
- 6.6.4. 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.
- 6.6.5. 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.
- 6.6.6. In addition to the sources of funding noted above, the Council holds a capital funding reserve, and this includes revenue contributions for specific projects which have not yet been applied. This funding will be utilised as and when required to allow priority projects to move forward or to fund the specific projects when those projects move forward. The funding can also be used as a source of match funding, if an opportunity arises to receive additional grant funding, which may be lost without the match funding.
- 6.6.7. Unallocated capital receipts are held in a reserve. The balance of this reserve has diminished over time as the number of surplus assets falls. However, it is still a valuable source of funding and is utilised as and when required to fund priority projects. It should be noted that the capital receipts generated from the sale of surplus schools will be allocated as funding for new schools if this has been noted in the business case, otherwise the capital receipt will be treated as general capital receipts and allocated to projects accordingly.
- 6.6.8. In summary, the funding for new capital projects relating to the general fund should be limited to the level of general capital grant, supported borrowing and any unallocated capital receipts or capital reserves required to fund the approved capital programme in any year, along with any specific grants received. Projects relating to the Sustainable Communities for Learning Programme and the Housing Revenue Account will be added to the capital programme as required.
- 6.6.9. 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.

## **6.7 Estimated Funding Profile 2023/24 to 2025/26**

- 6.7.1. The external Welsh Government funding (excluding Sustainable Communities for Learning) for the period 2023/24 to 2025/26 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 2023/24 – 2025/26

	2023/24 £'m	2024/25 £'m	2025/26 £'m
General Capital Grant	2,217	2,217	2,217
Supported Borrowing	2,159	2,159	2,159
Major Repairs Allowance	2,660	2,660	2,660
Decarbonisation grant	450	450	450
<b>Total Welsh Government Capital Funding</b>	<b>7,486</b>	<b>7,486</b>	<b>7,486</b>

## 7. The Draft Capital Programme 2023/24

7.1 The draft capital programme for 2023/24 will be presented alongside this capital strategy to the Executive on 2 March 2023 and the full Council on 9 March 2023. The table below summarises the proposed capital programme, including funding sources. Additional detail is provided in Appendix 2.

### Summary Draft Capital Programme 2023/24

	£'000
2023/24 Schemes Brought Forward	12,373
Refurbishment / Replacement of Assets	5,682
New One Off Capital Projects	386
21 <sup>st</sup> Century Schools	5,964
Housing Revenue Account	13,557
<b>Total Recommended Capital Programme 2023/24</b>	<b>37,962</b>
<b>Funded By:</b>	
General Capital Grant	3,410
Supported Borrowing General	2,158
21 <sup>st</sup> Century Schools Supported Borrowing	919
21 <sup>st</sup> Century Schools Unsupported Borrowing	2,797
HRA Reserve & In Year Surplus	9,221
HRA Unsupported Borrowing	0
Capital Receipts	500
External Grants	6,584
2023/24 Funding Brought Forward	12,373
<b>2023/24 Total Capital Funding</b>	<b>37,962</b>

## 7.2 Longer term Capital Expenditure Plans

7.2.1. This capital strategy is seen as an interim document but work will commence, once the Council's corporate plan has been completed and approved, to prepare or update the strategies that will deliver the objectives of the Council Plan. These various strategies will then influence the longer term capital strategy of the Council and this will be reflected in the 2024/25 Capital Strategy.

## 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 2022, which were valued at £6.2m. These include retail properties, office units and commercial units. In 2023/24, £344k of rental income was collected from investment properties. Costs of £185k were spent on maintenance etc., which resulted in a net operational income of £164k 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. 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 2023/24 is affordable. The TMSS will be presented to the full Council on 9 March 2023.
- 9.2 Appendix 11 of the TMSS 2024/25 provides the prudential and treasury indicators for the periods 2021/22 to 2025/26, 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:-

	Council Fund	HRA	Total
2021/22 (Actual)	4.50%	9.12%	5.04%
2023/24 (Projected)	2.81%	18.41%	4.56%
2023/24 (Projected)	2.23%	21.14%	4.25%
2024/25 (Projected)	2.95%	26.12%	5.46%
2025/26 (Projected)	3.10%	29.36%	6.06%

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. A further amendment to the MRP Policy has been proposed which moves to an annuity method for calculating 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, 3 February 2023**

<b>Bank</b>	<b>Amount Invested</b>	<b>Interest Rate</b>
Santander	£7,500,000	3.24%
Nationwide	£7,500,000	3.03%
NatWest	£21,634,826	0.80% - 2.70%
Goldman Sachs	£7,500,000	3.83%
Local Authorities	£10,000,000	3.06% - 3.80%
<b>Total</b>	<b>£54,134,826</b>	

The investments are reviewed as they reach maturity and a decision taken by the Treasury Management Team as to whether to roll over the investment with the same institution for a further specified period, to invest with a different institution identified in the TMSS or to return the cash back into the Council's general bank account. The decision is dependant on a number of factors, including the forecasted interest rates and the Council's cash needs, which are significantly influenced by the level and timing of capital expenditure. This confirms the link between the capital strategy, the annual capital programme, the Treasury Management Strategy and individual investment decisions.

## **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 2021/22, and is likely to underspend in 2023/24, which helps provide a safety net which is shown by the healthy investments in banks shown above. However, the increased costs in the construction industry over the past 12 months has made planned projects less affordable and puts additional strain on the limited funding.

**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. Although it should be noted that the Council has been successful in bids from the Shared Prosperity Fund and the Levelling Up Fund, both of which replace European funding. 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.



## Proposed Capital Programme 2023/24

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
<b>2023/24 Committed schemes b/f</b>							
Holyhead Landscape Partnership	50	50	0	0	0	0	0
Holyhead Regeneration (THI Phase II)	687	687	0	0	0	0	0
Penrhos Phase III	2,400	2,400	0	0	0	0	0
Levelling Up Funding (various projects)	9,236	9,236	0	0	0	0	0
<b>Total 2023/24 Committed Schemes</b>	<b>12,373</b>	<b>12,373</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Refurbishment / Replacement of Assets</b>							
Disabled Facilities Grant	750	0	750	0	0	0	0
Refurbishment of Schools	1,000	0	0	1,000	0	0	0
Refurbishment of Non School Buildings	600	0	0	600	0	0	0
Highways Resurfacing	2,500	0	1,942	558	0	0	0
Vehicles	540	0	332	0	0	0	208
IT Assets	292	0	0	0	0	0	292
<b>Total Refurbishment / Replacement of Assets</b>	<b>5,682</b>	<b>0</b>	<b>3,024</b>	<b>2,158</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>New One Off Capital Projects</b>							
Flood Relief Schemes	286	0	286	0	0	0	0
Economic Dev – Match Funding	100	0	100	0	0	0	0
<b>Total New One Off Capital Projects</b>	<b>386</b>	<b>0</b>	<b>386</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>21<sup>st</sup> Century Schools</b>							
Ysgol y Graig	5,964	2,248	0	919	2,797	0	0
<b>Total 21<sup>st</sup> Century Schools</b>	<b>5,964</b>	<b>2,248</b>	<b>0</b>	<b>919</b>	<b>2,797</b>	<b>0</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>24,405</b>	<b>14,621</b>	<b>3,410</b>	<b>3,077</b>	<b>2,797</b>	<b>0</b>	<b>500</b>
<b>Housing Revenue Account</b>							

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
WHQS Planned Maintenance Programme	5,350	3,586	0	0	0	1,764	0
New Developments & Re-Purchase of Right to Buy Properties	8,207	750	0	0	0	7,457	0
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>16,399</b>	<b>4,336</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,221</b>	<b>0</b>
<b>TOTAL CAPITAL PROGRAMME 2023/24</b>	<b>37,962</b>	<b>18,957</b>	<b>3,410</b>	<b>3,077</b>	<b>2,797</b>	<b>9,221</b>	<b>500</b>

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>Date:</b>	<b>2 MARCH 2023</b>
<b>Subject:</b>	<b>CAPITAL BUDGET 2023/24</b>
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER – FINANCE, CORPORATE BUSINESS &amp; CUSTOMER EXPERIENCE</b>
<b>Head of Service / Director:</b>	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b>
<b>Report Author:</b> Tel: E-mail:	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b> <b>01248 752601</b> <b>rmjfi@ynysmon.gov.wales</b>
<b>Local Members:</b>	n/a

**A –Recommendation/s and reason/s**

**1. PURPOSE OF THE REPORT**

The Executive is required to propose a capital budget for 2023/24, which will be presented to full Council for approval at its meeting on 9 March 2023.

**2. RECOMMENDATIONS**

To recommend to the full Council the following capital programme for 2023/24:-

	<b>Ref</b>	<b>£'000</b>
2022/23 Schemes Brought Forward	Para 5.1 & Table 2	12,373
Refurbishment / Replacement of Assets	Para 5.2	5,682
New One Off Capital Projects	Para 6.2 & Table 3	386
21 <sup>st</sup> Century Schools	Para 7	5,964
Housing Revenue Account	Para 8	13,557
<b>Total Recommended Capital Programme 2023/24</b>		<b>37,962</b>
<b>Funded By:</b>		
General Capital Grant		3,410
Supported Borrowing General		2,158
21 <sup>st</sup> Century Schools Supported Borrowing		919
21 <sup>st</sup> Century Schools Unsupported Borrowing		2,797
HRA Reserve & In Year Surplus		9,221
HRA Unsupported Borrowing		0
Capital Receipts		500
External Grants		6,584
2022/23 Funding Brought Forward		12,373
<b>2023/24 Total Capital Funding</b>		<b>37,962</b>

<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>		
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.		
<b>C – Why is this a decision for the Executive?</b>		
The matter is delegated to the Executive to propose the capital budget.		
<b>CH – Is this decision consistent with policy approved by the full Council?</b>		
Yes		
<b>D – Is this decision within the budget approved by the Council?</b>		
N/A		
<b>Dd – Assessing the potential impact (if relevant):</b>		
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.	As part of the consultation process on the Council's Corporate Plan for 2022 – 2027, citizens were asked a number of questions relating to capital expenditure and their priorities.
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.

<b>E - Who did you consult?</b>		<b>What did they say?</b>
<b>1</b>	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	Comments from the LT have been incorporated into the report.
<b>2</b>	<b>Finance / Section 151</b> (mandatory)	n/a – this is the Section 151 Officer’s report.
<b>3</b>	<b>Legal / Monitoring Officer</b> (mandatory)	The Monitoring Officer is a Member of the LT and any comments made have been taken into account in discussions on this report in the LT.
<b>4</b>	<b>Human Resources (HR)</b>	Any proposals which impact on staff will have been identified and discussed with the HR Team.
<b>5</b>	<b>Property</b>	Any proposal which impacts on the Council’s property and related budgets will have been discussed with the Property Team.
<b>6</b>	<b>Information Communication Technology (ICT)</b>	Any proposal which impacts on the Council’s information technology systems and related budgets will have been discussed with the ICT Team.
<b>7</b>	<b>Scrutiny</b>	TBC
<b>8</b>	<b>Local Members</b>	Proposals are applicable to all Members.
<b>9</b>	<b>Any external bodies / other/s</b>	
<b>F - Appendices:</b>		
Appendix 1 – Report on the Capital Budget 2023/24 Appendix 2 – Final Proposed Capital Budget 2023/24		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
Capital Strategy Report – full Council 10 March 2022 Capital Budget 2022/23 – full Council 10 March 2022 Quarterly Capital Monitoring Reports 2022/23 – Executive 27 September 2022, 29 November 2022, 2 March 2023		

## 1. INTRODUCTION

- 1.1. The Capital Budget for 2023/24, set out below, takes into account the principles set out in the Capital Strategy which was approved by the Executive and the full Council in March 2022. The Capital Strategy has been updated to reflect the proposed capital budget for 2023/24, but the principles of the strategy remain unchanged.

## 2. PRINCIPLES OF THE CAPITAL STRATEGY

- 2.1. The Capital Strategy for 2022/23 was approved by the Executive and full Council and will be updated for 2023/24 to reflect the new funding levels, any changes in the Council's priorities and any changes set out in the Council's Treasury Management Strategy for 2023/24, which will be approved by the Executive and full Council in March 2023.

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

- Each year, capital funding will be allocated to ensure an investment in existing assets 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 21<sup>st</sup> Century Schools Programme, and will continue to fully utilise 21<sup>st</sup> Century Schools external funding.

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

- That the 21<sup>st</sup> Century Schools programme is considered separately from the remainder of the general capital programme.
- That the replacement of existing and obsolete assets has the benefit of reducing revenue costs, and that the capital programme will allocate funding to replace or improve existing IT equipment, vehicles and Council buildings.
- It is a statutory requirement to offer disabled facilities grants, and that the capital programme will allocate funding annually to comply with this requirement.
- A sum will be allocated annually to fund road improvement works. The sum will depend on the amount required to achieve any minimum contract values, the level of external and internal funding available and an assessment of the state of repair of the Authority's roads.
- Projects that require match funding will be assessed on a case by case basis, with any decision to allocate funding being based on how the project fits into the Council's corporate priorities, any ongoing revenue implications and the ratio of Council funding to external funding.
- Projects funded from unsupported borrowing will only be undertaken if the reduction in revenue costs or increased income generated is sufficient to meet any additional capital financing costs.

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

- How closely the project will contribute to the priorities of the corporate plan;
- Whether the project attracts significant external funding;
- Whether the project will lead to revenue savings;
- Whether the project will help mitigate a corporate risk.

### 3. FUNDING THE CAPITAL PROGRAMME 2023/24

3.1. The funds available to finance the capital programme for 2023/24 are shown in Table 1 below. It should be noted that the figure for the General Capital Grant and Supported Borrowing are based on the provisional Local Government settlement figures. The final figure will not be known until the final settlement figures are announced on 28 February 2023. The level of funding under both headings have remained fairly constant over a number of years and are not anticipated to change significantly between the provisional and final settlement.

**Table 1**  
**Anticipated Capital Funding Available for 2023/24**

Source of Funding	£'m	£'m
<b>General Fund Capital Programme</b>		
Schemes / Funding brought forward from 2022/23	12,373	
General Capital Grant 2023/24	2,216	
Unutilised General Capital Grant b/f from 2022/23	1,701	
Supported Borrowing	2,158	
Capital Receipts	500	
<b>Funding for the General Capital Programme (Council Fund)</b>		<b>18,948</b>
<b>21st Century Schools</b>		
Supported Borrowing	919	
Unsupported Borrowing	2,797	
Welsh Government Grant	2,248	
<b>Funding for 21st Century Schools</b>		<b>5,964</b>
<b>Housing Revenue Account (HRA)</b>		
HRA Reserve	8,646	
HRA - In-year Surplus	575	
Welsh Government Major Repairs Allowance & Other external grants	4,336	
Unsupported Borrowing	0	
<b>Funding for HRA</b>		<b>13,557</b>
<b>Total Capital Funding 2023/24</b>		<b>38,469</b>

3.2. The General Capital Funding received from Welsh Government for 2023/24 totals £4.374m (compared to £3.643m in 2022/23), which is an increase of £0.731m, but only restores the level of funding back to the levels seen in the past 10 years. Although the increase is welcomed, the value of the funding has been significantly eroded over the past 12 months, due to significant inflation in the construction industry. This funding now only provides sufficient funding for the Council to maintain its existing assets.

3.3. The potential for any significant funding in the form of capital receipts is very limited, with any unsold assets already earmarked for existing plans (school modernisation and leisure improvements).

- 3.4. In previous years, the Council has placed funding in earmarked reserves to fund specific projects, to provide a source of match funding when external grant opportunities arise, or to fund emergency capital works should the need arise. The restrictions on the Council's revenue budget has resulted in a review of earmarked reserves and there may be a need to utilise these reserves to help balance the revenue budget in 2024/25 and beyond. This, again, restricts the funding that the Council can allocate from its own reserves towards capital projects.
- 3.5. The HRA funding is earmarked for HRA projects and cannot be used for any other purpose. It is forecast that the balance of the HRA reserve will be in the region of £8.5m by the end of the financial year. The HRA Business Plan sets a target of £1.5m as the minimum HRA reserve balance, which allows the remainder to be used to fund capital expenditure.

#### 4. CONSULTATION PROCESS

- 4.1. As part of the Council's consultation on the Council Plan and future priorities, respondents were asked which areas they wished the Council to prioritise in terms of capital investment, and which areas they wanted to see reduced investment. The conclusion to the consultation process was that the majority of respondents wished to see the Council investing more in building social housing and properties that local people could rent or buy, followed by investment in upgrading Council buildings, investing in road maintenance and improvements and improving flood defences.
- 4.2. Respondents wished to see less investment in improving leisure facilities and 4G pitches, building more industrial and business units and in green energy and electric vehicles.

#### 5. PROPOSED CAPITAL PROGRAMME

##### 5.1. 2022/23 Schemes Carried Forward

There is a forecast underspend of £15.223m on the current Capital Programme for 2022/23 schemes (£4.891m HRA and £10.332m General Fund). This figure is based on the projected outturn position at the end of quarter 3 (Table 4 and Appendix B of the quarter 3 capital budget monitoring report presented to this Committee). 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 2023/24 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, and are detailed below:-

**Table 2**  
**2022/23 Schemes Brought Forward**

<b>2022/23 Schemes Brought Forward</b>	<b>2023/24 £'000</b>
Holyhead Landscape Partnership	50
Holyhead Regeneration (THI Phase II)	687
Penrhos Phase III	2,400
Levelling Up Funding (various projects)	9,326
<b>Total Schemes Brought Forward</b>	<b>12,373</b>



## 5.2. Refurbishment / Replacing Existing Assets

Each year, it is necessary to invest in the Council's assets to prolong their life and ensure that they are fit for purpose, or to replace obsolete assets. The following sums are proposed:-

- **Refurbishment of Schools** – The cost of clearing the backlog maintenance in the Council's 46 schools is considerable and cannot be fully funded in the short to medium term. The Council's school modernisation programme may reduce some of this cost, but a large number of the existing schools will remain in use in the long term. A sum of £1m is to be allocated in order to undertake the most urgent works which the Council's Property Team have identified and prioritised.
- **Refurbishment of Non School Buildings** – Again, a backlog of work has been identified in the Council's offices, residential homes, day care facilities, libraries and leisure centres and there is insufficient funding to undertake this work in any one year. £600k has been proposed, and this level of funding will be sufficient to meet the cost of the majority of the priority work required to be undertaken.
- **Highways Resurfacing** – The Annual Status and Option Report confirms that an annual budget of £2m is required in order to sustain the Steady State (Preventative) condition of our roads. A budget below this required amount would inevitably result in less efficiency and reduced value for money, with additional costs to the Highway Authority with more money being spent on emergency works and also the risk of increased third party claims being made against the Authority. The Executive recognises the importance of the continued investment in the Council's road network, and proposes a budget of £2.5m for 2023/24, which will allow for some improvement in the overall condition of the road network.
- **Vehicles** – The Council is committed to becoming a carbon neutral organisation by 2030 and in order to achieve that commitment, the Council needs to reduce the number of petrol and diesel powered vehicles. £390k is to be allocated to fund the purchase of replacement vehicles, with electric vehicles being purchased wherever possible. An additional £150k is to be allocated to fund the continued cyclical replacement of the Council's fleet of gritters.
- **IT Assets** – Continued investment is required to maintain the Council's core infrastructure and to replace devices used by staff to access systems. £171k has been identified as a sum required to maintain the core infrastructure, with £121k required for desktop devices.

## 5.3. Disabled Facilities Grants

Although not strictly an investment in the Council's own assets, there is a statutory obligation for the Council to fund grants to private home owners to undertake works which enable disabled residents to remain in their own homes by undertaking adaptation works to their properties. A sum of £750k has been allocated to meet this requirement.

## 6. OTHER BIDS FOR ONE OFF ADDITIONAL FUNDING

- 6.1. Services were requested to put forward bids for capital funding. These bids were assessed by the Finance Team, and then prioritised by the Leadership Team. Excluding the 21<sup>st</sup> Century Schools programme and the Housing Revenue Account, the general core funding available, including earmarked reserves and general balances for 2023/24 totalled £6.575m, of which £5.682m is required for the above, leaving £0.893m to fund any new one off projects.

- 6.2. The Leadership Team have reviewed the bids received, and the following projects are recommended to be included in the 2023/24 capital programme:-

**Table 3**

**Recommended One off Capital Projects to be Funded in 2023/24**

<b>Project Title</b>	<b>Description</b>	<b>Sum Recommended £'000</b>
Economic Development and Environmental Wellbeing projects	Match funding to be used as and when grant funding becomes available	100
Flood Relief Schemes	To provide match funding (15%) for small scale schemes and also to provide match funding (15%) for prioritised major schemes in order to draw down Welsh Government (WG) grant funding. WG grant would therefore total £1.621m.	286
<b>TOTAL NEW BIDS FOR CAPITAL FUNDING IN 2023/24</b>		<b>386</b>

- 6.3. All other bids were rejected as it was considered that a further decision was required on the future delivery of the service before a capital investment was made, or that a wider strategy needed to be agreed before undertaking the capital investment. The remaining £0.507m would be held in reserve and used in the funding of the 2024/25 capital programme.

## **7. SCHOOL MODERNISATION**

- 7.1. Due to the significant amount of Welsh Government funding the schemes will attract, and the need to modernise the existing school estate, the Council is committed to funding these schemes through the use of unsupported borrowing and the capital receipts from the sale of old school sites. The 2023/24 Capital Programme allows for the completion of the Extension to Ysgol y Graig.

- 7.2. The estimated cost of the programme in 2023/24 is £5.964m, which will be funded from £2.248m Welsh Government grant, £0.919m supported borrowing and £2.797m unsupported borrowing.

## **8. HOUSING REVENUE ACCOUNT**

- 8.1. The Housing Revenue Account (HRA) is a ring fenced account in terms of both revenue and capital expenditure. The proposed programme for 2023/24 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £5.350m being invested. A further £8.207m will be spent on developing new properties and in re-purchasing former right to buy properties.

- 8.2. The programme will be funded from: the HRA Reserve (£8.646m), the revenue surplus generated in 2023/24 (£0.575m) and Welsh Government grants (£4.336m).

8.3. The long term investment programme and how it will be funded over the next 30 years, will be set out in the Housing Revenue Account business plan, which will be presented to the Executive in due course.

## 9. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2023/24

9.1. The recommended capital programme for 2023/24 is summarised in Table 4 below, and analysed in further detail in Appendix 2:-

**Table 4**  
**Summary Recommended Capital Programme 2023/24**

	Ref	£'000
2022/23 Schemes Brought Forward	Para 5.1 & Table 2	12,373
Refurbishment / Replacement of Assets	Para 5.2.	5,682
New One Off Capital Projects	Para 6.2 & Table 3	386
21 <sup>st</sup> Century Schools	Para 7	5,964
Housing Revenue Account	Para 8	13,557
<b>Total Recommended Capital Programme 2023/24</b>		<b>37,962</b>
<b>Funded By:</b>		
General Capital Grant		3,410
Supported Borrowing General		2,158
21 <sup>st</sup> Century Schools Supported Borrowing		919
21 <sup>st</sup> Century Schools Unsupported Borrowing		2,797
HRA Reserve & In Year Surplus		9,221
HRA Unsupported Borrowing		0
Capital Receipts		500
External Grants		6,584
2022/23 Funding Brought Forward		12,373
<b>2023/24 Total Capital Funding</b>		<b>37,962</b>

## FINAL PROPOSED CAPITAL BUDGET 2023/24

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
<b>2022/23 Committed schemes b/f</b>							
Holyhead Landscape Partnership	50	50	0	0	0	0	0
Holyhead Regeneration (THI Phase II)	687	687	0	0	0	0	0
Penrhos Phase III	2,400	2,400	0	0	0	0	0
Levelling Up Funding (various projects)	9,236	9,236	0	0	0	0	0
<b>Total 2022/23 Committed Schemes</b>	<b>12,373</b>	<b>12,373</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Refurbishment / Replacement of Assets</b>							
Disabled Facilities Grant	750	0	750	0	0	0	0
Refurbishment of Schools	1,000	0	0	1,000	0	0	0
Refurbishment of Non School Buildings	600	0	0	600	0	0	0
Highways Resurfacing	2,500	0	1,942	558	0	0	0
Vehicles	540	0	332	0	0	0	208
IT Assets	292	0	0	0	0	0	292
<b>Total Refurbishment / Replacement of Assets</b>	<b>5,682</b>	<b>0</b>	<b>3,024</b>	<b>2,158</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>New One Off Capital Projects</b>							
Flood Relief Schemes	286	0	286	0	0	0	0
Economic Dev – Match Funding	100	0	100	0	0	0	0
<b>Total New One Off Capital Projects</b>	<b>386</b>	<b>0</b>	<b>386</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>21<sup>st</sup> Century Schools</b>							
Ysgol y Graig	5,964	2,248	0	919	2,797	0	0
<b>Total 21<sup>st</sup> Century Schools</b>	<b>5,964</b>	<b>2,248</b>	<b>0</b>	<b>919</b>	<b>2,797</b>	<b>0</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>24,405</b>	<b>14,621</b>	<b>3,410</b>	<b>3,077</b>	<b>2,797</b>	<b>0</b>	<b>500</b>

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
<b>Housing Revenue Account</b>							
WHQS Planned Maintenance Programme	5,350	3,586	0	0	0	1,764	0
New Developments & Re-Purchase of Right to Buy Properties	8,207	750	0	0	0	7,457	0
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	<b>13,557</b>	<b>4,336</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,221</b>	<b>0</b>
<b>TOTAL CAPITAL PROGRAMME 2023/24</b>	<b>37,962</b>	<b>18,957</b>	<b>3,410</b>	<b>3,077</b>	<b>2,797</b>	<b>9,221</b>	<b>500</b>

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<b>Isle of Anglesey County Council</b>	
Report to:	EXECUTIVE COMMITTEE
Date:	2 <sup>nd</sup> MARCH 2023
Subject:	COUNCIL PLAN 2023-28
Portfolio Holder(s):	COUNCILLOR ROBIN W WILLIAMS
Head of Service / Director:	CARYS EDWARDS
Report Author:	GETHIN MORGAN
Tel:	01248 752111
E-mail:	<a href="mailto:GethinMorgan@anglesey.gov.uk">GethinMorgan@anglesey.gov.uk</a>
Local Members:	n/a

## A –Recommendation/s and reason/s

- 1.1. The related report is the culmination of 12 months of preparation.
- 1.2. During this time, we have gained an understanding of what staff, councillors and the residents of Anglesey would like to see the Council focusing on over the next five years, during the period of the Council Plan.
- 1.3. The consultation process was designed to generate an interest and encourage as many responses as possible. To that end, easy read materials were produced highlighting the issues involved.
- 1.4. As noted in 1.2, staff were consulted on the six strategic objectives and related work streams. In light of staff responses, improvements were made and further consideration was given to their views before the ‘public’ consultation.
- 1.5. The original timetable for the consultation was extended to 8 weeks following discussions and guidance from the Town and Community Councils at their meeting on the 8th of September. The consultation was opened following a period of mourning as a result of the death of Her Majesty, the Queen.  
  
It was launched on the 20th of September until the 14th of November.
- 1.6. In consultation with others, the Council tried to make the consultation as accessible as possible.  
  
Evidence of this can be seen in the collective effort to target every ward on the island in one way or another.
- 1.7. Hard copies of the survey, general and ‘easy read’ versions, along with posters and leaflets with direct links to the online consultation, were distributed to –
  - the island’s leisure centres
  - libraries
  - Oriel Môn
  - Council offices.

A –Recommendation/s and reason/s

1.8. They were also distributed to community hubs where face to face engagement sessions and forums were held. These sessions included a panel of officers who were there to meet the public and discuss the associated pressures and work streams relevant to the strategic objectives

- Face to face sessions were held at:
- Llangefni Town Hall
- Gwelfor, Caergybi
- Llaingoch Hall
- The Iorwerth Arms, Bryngwran
- Llanfairpwll Hall
- Beaumaris Centre
- Caffi Mechell, Llanfechell

1.9. The mobile library was used to distribute hard copies of the 'east read' version to those who are confined to their homes.

1.10. School age children (3-18) were targeted and invited to participate through school councils.

1.11. This targeting resulted in the following responses –

- 538 members of staff responded prior to the consultation
- In terms of on-line responses – there were 1620 interactions and 1098 fully or partly completed surveys
- 61% of the responses were from people of working age
- 79 hard copies were received
- In terms of young people – 27 school councils responded to the democratic consultation, representing approximately 3,500 - 4000 children from primary and secondary schools
- 91% of the respondents responded in English, with 9% responding in Welsh.

1.12. The results of this engagement work and consultation were addressed in the 'Developing the Council's Strategic Aims 2023-28' report which was considered by this Committee at its meeting on the 24th of January.

1.13. The findings of the engagement and consultation on the six strategic objectives mentioned above were positive. The above data informs us that the Council received 2,500 responses for all types of activity.

1.14. As a result of this work and previous considerations, the current 'draft' Council Plan 2023-28 is presented for the attention of the Committee in Appendix A. This plan includes the corporate wellbeing aims, along with strategic objectives and associated work streams.

1.15. The Committee is requested to:

**R1** Approve the Draft Council Plan 2023-28 for proposed adoption by the Isle of Anglesey County Council on the 9<sup>th</sup> March 2023.



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

n/a

C – Why is this a decision for the Executive?

This matter is delegated to the Executive

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

Yes

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

Yes

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	The Council Plan identifies the Council's Strategic Objectives for the period up until March 2028.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	<p>The Council's draft Plan for 2023 – 28 recognises 6 strategic priorities which the Council will want to achieve over the next five years. Associated work-streams have been recognized to enable the Council to achieve these priorities.</p> <p>It is acknowledged that a number of those work-streams are preventative in nature from –</p> <ul style="list-style-type: none"> <li>a. Ensuring that everyone has a right to call somewhere home</li> <li>b. Prioritising the decarbonisation agenda across the Council</li> </ul>
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	Partner organisations as well as local town and community councils were involved in the public consultation prior to the development of the Council Plan
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	In excess of 2500 responses have been received following the public consultation prior to the development of the Council Plan
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	<p>Due to the complexity and varied content of the draft Council Plan 2023 - 28, it is recommended and advised that the different work-streams and associated projects related to the draft Plan, undertake separate individual Equality Impact Assessments in order to assess the impacts of the associated work.</p> <p>It is proposed that these assessments are tabled to the either, or a combination of, the</p>

Dd – Assessing the potential impact (if relevant):		
		<ul style="list-style-type: none"> <li>• Leadership Team</li> <li>• Corporate Programme Boards</li> <li>• Scrutiny / Executive Committees</li> </ul> <p>(Dependent on content) in advance of the progression of work.</p>
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	As above
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.	As above

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	This was considered by the Leadership Team and their comments are reflected in the report
2	Finance / Section 151 (mandatory)	Comments reflected in the report
3	Legal / Monitoring Officer (mandatory)	Comments reflected in the report
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	Was considered by Corporate Scrutiny on the 28/2. The Committee Chairman will feedback in this meeting.
9	Local Members	

F - Appendices:
Appendix A – Draft Council Plan (2023-2028)

Ff - Background papers (please contact the author of the Report for any further information):
<ul style="list-style-type: none"> <li>• Transitional Plan 2022-23</li> <li>• Engagement and Consultation Report: Draft Council Plan (2023-2028)</li> </ul>



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

## **Draft Council Plan 2023 - 2028**

**February 2023**

**Status of report – Official**

**Prepared by:**

Transformation Team within HR & Transformation  
Service

**FOREWORD – Leader / Chief Exec**

Anglesey Council Plan for 2023 - 2028

**To follow**

DRAFT

Signed –

Llinos Medi  
Council Leader

Dylan Williams  
Chief Executive

## Introduction

The Council's vision is **to create an Anglesey that is healthy and prosperous where people can thrive.**

Collaboration is key to realising our vision. We will be a respectful Council that is considerate of others, we will collaborate honestly and we are committed to high standards of behaviour and integrity to present the Island and its communities in the best light possible.

To realise this vision, we will need to continue modernising and transforming our services and our way of working. An integral part of modernising will be listening to what our residents, service users and businesses think – and being ready to act.

To create this Plan, we carried out our most far-reaching consultation work ever as a Council. During the engagement and consultation exercises conducted by us in 2022, we asked residents for their views on their most important priorities. The response played a central role in setting our strategic objectives.

Across all age groups and the different engagement and consultation methods that we used, the consistent strategic objectives were:

1. Social Care and Well-being – providing the right support at the right time
2. Education – ensuring an effective provision for today and for future generations
3. Housing – ensuring that everyone has the right to call somewhere home
4. Economy – promoting opportunities to develop the Island's economy
5. Climate Change – responding to the crisis, tackling change and working towards becoming a net zero organisation by 2030
6. The Welsh Language - increasing opportunities to learn and use the language

The Plan focuses on these objectives.

Like all other Councils, we will face significant financial pressure and further savings will have to be identified. We will have to control increased costs when setting budgets and respond to increasing demands due to demographic and social changes.

To work in this challenging and changing period, we are adopting a strategic approach to managing our resources. Pressures have been identified in the mid-term financial forecasts. Based on the forecasts for inflation, the cost of living and growth pressure, together with an annual council tax increase of 5%, we predict that challenging times lie ahead of us.

Consequently, this is an ambitious Plan. As delivering services will be challenging, our residents' experiences and feedback will be an important measure of success. We will produce an annual delivery document and will formally report on progress, success and outcomes.

By 2028, there will be a significant change in the way services are delivered, success will be celebrated and we will have progressed on the journey of creating an Anglesey that is healthy and prosperous where people can thrive.

## The Council's Vision

“Creating an Anglesey that is healthy and prosperous where people can thrive.”

## Strategic Objectives

1. Social Care and Well-being – providing the right support at the right time
2. Education – ensuring an effective provision for today and for future generations
3. Housing – ensuring that everyone has the right to call somewhere home
4. Economy – promoting opportunities to develop the Island's economy
5. Climate Change – responding to the crisis, tackling change and working towards becoming a net zero organisation by 2030
6. The Welsh Language - increasing opportunities to learn and use the language

## Values and General Principles

The Council's values define who we are and our direction as an organisation.

We will use the values identified below to develop and guide our vision, strategic plans and services into the future:

Values			
Respect	Collaborate	Honesty	Champion the Council and the Island
We are respectful and considerate towards others regardless of our differences	We work as a team, with our communities and partners to deliver the best outcomes for the people of Anglesey	We are committed to high standards of conduct and integrity	We create a sense of pride in working for the Council and present a positive image of the Council and the Island

These are the six general principles that we will use to help us deliver our objectives:

General Principles		
Sustainable Development	Equality and Diversity	Prevention and Safeguarding
Sustainability must be the cornerstone of the Council's strategic and operational direction in policy development and service delivery, partnership work and the way in which the organisation is run.	The Council is committed to equality, securing better outcomes for those facing socio-economic disadvantage. As an employer and service provider, we will work to eliminate unfair and unlawful discrimination in all our policies, procedures and practices.	Safeguarding is everyone's responsibility. All Council services and employees, regardless of their role or title, have a responsibility to safeguard people. The Council believes that every child and adult has the right to be safe from harm.

<b>Commitment and Accountability</b>	<b>Communication</b>	<b>Modernisation</b>
<p>The Council and its employees work together to plan, monitor and review our priorities through corporate objectives, service objectives and individual objectives, within allocated resources. This process demonstrates the Council's commitment to be open, transparent and accountable for the delivery of the Council Plan.</p>	<p>Communication is a two-way process. The Council takes an inclusive approach, using various channels to reach the maximum number of residents and stakeholders. By ensuring effective communication (internally and externally), we can ensure that we interact and foster a stronger relationship with others and conduct more productive discussions.</p>	<p>Through a modernisation agenda, the Council will be looking to make better use of available data to inform new services and ensure that customer needs are met through digital channels where appropriate.</p>

DRAFT

## The Strategic Cycle



The strategic cycle shown above identifies the plans that are in place to ensure that we can deliver our priorities and objectives. It identifies what needs to be achieved, how we will achieve it and why.

This Plan and the related strategic plans set out:

- The Council's Vision
- Values and cross-cutting themes
- Strategic objectives, and
- Key actions to be realised and delivered.



**\*\*\*\* DATA INFOGRAPHICS \*\*\*\***

### **COUNCIL DATA**

**The Council's net Revenue Budget - £174m**

**Council Staff – over 2500**

**Number of County Council buildings (excluding schools) - 68**

**Number of schools - 46**

**Length of roads serviced – 1,187km / 738 miles**

**Size of the Island (area) – 712km<sup>2</sup> / 275 square miles**

**125 miles / 201km of coastal path**

**Number of social houses – 3,948**

**Number of Councillors – 35 (8 female / 27 male)**

**Multi-member Wards - 14**

### **ONS / NOMIS DATA**

**Population – 68,900 2021 Census – 33,700 (male) / 35,200 (female)**

**Breakdown of Anglesey's population according to country of birth – 67% Wales / 29% England / 1% Scotland / 3.5% Other Countries**

**56.5% of working age / 26.5% older (65+) / 20.1% <18**

**92% satisfied with where they live**

**55.8% can speak Welsh**

**14% feel lonely – lowest rate in Wales**

**Average Age – 48 Anglesey / 42 Wales**

**76% of working age people are economically active**

**74% of working age people are in work**

**Average gross pay for people in full-time employment – £589 per week / Wales Average, £603**

**21,500 hectares designated as an Area of Outstanding Natural Beauty**

## Strategic Objectives and

### Key Actions

#### **1. Social Care and Well-being – providing the right service at the right time**

The health, well-being and safety of residents is vital to achieving a better quality of life and promoting independence on Anglesey. Therefore, continuing to deliver healthier, safer and fairer communities through a range of preventative, curative and supportive services in partnership with other likeminded stakeholders therefore continues to be a cornerstone of our agenda.

Building on the good practice of working together with our partners, the Council will aim to ensure that the most vulnerable residents are protected and receive joined up services from health and social care. This will be an important priority, and will require continued collaboration across all sectors and areas of the community.

- ***Protecting and supporting the vulnerable***
  - i. Strengthen the provision of day opportunities for adults with learning disabilities by enhancing and encouraging access to community resources
  - ii. Reduce the impacts felt by people in poverty and utilise UK and Welsh Government mitigations in response to increasing costs of living
  - iii. Ensure that the early intervention and prevention programme improves quality of life
  - iv. Ensure Community Hubs are accessible and provide services to enable independence, minimise loneliness and improve people's health and well-being
  - v. Work with communities, partners and 3rd sector organisations to increase, where appropriate, social and inter-generational opportunities
  - vi. Invest in Leisure facilities to increase enjoyment, attendance, and participation levels to improve community health
  - vii. Modernise Supported Living provision for individuals
  - viii. Continue to work with residents and communities through the Place Shaping agenda to support and enhance community resilience
  - ix. Modernise the Council's Youth Service and work with partners to ensure the service is fit for the future
  - x. Provide looked after children with opportunities to identify what matters to them so that they can influence their own care
  - xi. Continue with our development of more *Cartrefi Clyd* (small group homes)
  - xii. Educate partners and communities about the effect of trauma

**We are committed to –**

- supporting people to remain as independent as possible in the community
- collaborating with users and partners, focusing on “what matters”
- protecting the standard of services and tailoring a response in line with expectations
- listening to people who receive services and giving them the opportunity to express their views
- simplifying and improving operational arrangements in order to respond appropriately and consistently

**By 2028 we will have:**

- Reviewed and modernised the way we provide care and support
- Improved and extended the supported housing provision
- Extended opportunities for people to receive care closer to their local communities
- Developed additional internal provision for looked after children, *Cartrefi Clyd* and foster carers

## **2. Education – ensuring an effective provision for today and for future generations**

Our aim is to deliver our Communities for Learning Modernisation strategy and our Welsh Language Strategy by investing in leaders, staff, buildings and facilities that are fit for current and future generations.

By continuing to work with stakeholders, we will improve the educational attainment and achievement of children and young people, by supporting their well-being, together with securing wider opportunities to learn and thrive.

We will ensure that local heritage thrives in an increasingly multi-cultural and multi-lingual community, and that greater use is made of the Welsh language.

- ***Raising educational attainment and achievement***
  - i. Secure the best possible education for each child and young person by investing in our workforce, developing good quality learning communities and implementing the Curriculum for Wales
  - ii. Support children and young people to manage their mental health and improve their well-being
  - iii. Continue to support children and young people to develop their key skills and digital skills
  - iv. Work with the Children's and Families Services to offer support and guidance to Anglesey's young people in an inclusive and innovative way
  - v. Provide 'second-chance learning' opportunities, so that Anglesey residents can continue to develop personally throughout their lives
- ***Providing sustainable communities for learning***
  - i. Implement a revised communities for learning modernisation programme, ensuring that schools are fit for purpose and are working towards a carbon neutral status
  - ii. Continue with our investment in our workforce to develop leadership and teaching across the Island
  - iii. Support children and their families to access education and community based activities outside of traditional school hours
  - iv. Working to become a Trauma Informed Island, taking a community approach to have a positive impact on our children, young people and the wider community
  - v. Promote and collaborate to secure work-based training opportunities for young people
  - vi. Improve participation amongst children and young people, enabling them to play a part in decision making processes

- vii. Adopt and deliver a new strategy for Modernising Communities for Learning and Developing the Welsh Language
- viii. Modernise and develop post-16 learning provision and training opportunities
- ix. Continue to offer good quality libraries, effective archives and an innovative art gallery and museum, which are fully accessible and contribute to the lives of Anglesey residents

**We are committed to –**

- supporting children and young people to be:
  - ambitious and capable learners ready to learn throughout their lives
  - enterprising, creative contributors ready to play a full part in life and work
  - ethical and informed citizens ready to be citizens of Wales and the world
  - healthy, confident individuals ready to lead fulfilling lives as valued members of society
- ensuring that children and young people are able to achieve their full potential
- supporting the emotional and mental well-being of the Island's children and young people
- supporting learning communities to become learning organisations with the capacity for self-improvement
- providing a quality libraries and archives service, together with the *Oriel*, which inspire and meet the needs of our customers, corporate aims and associated standards

**By 2028 we will have:**

- Ensured that the communities for learning modernisation strategy creates effective schools with strong leadership and an appropriate teaching environment
- Developed the Welsh language across all learning settings by realising the aims, objectives and outcomes set in the Welsh in Education Strategic Plan
- Ensured the best possible experiences and progress for children and young people by delivering the Curriculum for Wales in all learning communities across the Island
- Increased educational opportunities for adults so that Anglesey's residents can continue to develop personally throughout their lives
- Ensured that the archives, libraries and gallery services are of the highest standard and provide the best value for money by making an effective contribution to learning

### 3. Housing – ensuring that everyone has the right to call somewhere home

A strong community ethos exists in rural areas, villages and towns, and loneliness rates are amongst the lowest in Wales. The fact that Anglesey is a safe place is appreciated and the majority of residents feel safe and are very satisfied with where they live.

We remain committed to working with the Welsh Government and partners, such as registered housing associations, to respond to local housing challenges. We will work together to identify the Island's housing needs so that we can provide for the recognised need and the required tenures.

- **Quality, affordable and accessible homes**
  - i. Collaborate with key partners to maintain the quality and range of accommodation options available in the care sector
  - ii. Develop a further extra-care facility in Menai Bridge
  - iii. Increase respite and day care services for children with disabilities
  - iv. Build new energy efficient homes, with A rated energy performance, to reduce our carbon footprint
  - v. Continue to invest in our housing stock by remodelling property that is no longer suitable and work towards achieving the Welsh Housing Quality Standards II
  - vi. Continue to invest in new technology to improve access to digital services for our tenants and customers
  - vii. Reduce the requirement for emergency accommodation units by increasing the number of permanent homes developed
  - viii. Using the council tax premium collected to provide financial support to first time buyers unable to afford to buy a home on the open market
  - ix. Continue to bring empty homes back into use across the Island
  - x. Work in partnership to help support any refugees coming to live on the Island

**We are committed to –**

- focusing on our customers' needs and being responsive to them
- supporting our customers, tenants, colleagues and key partners to enable us to support our communities
- innovating to improve our housing provision by taking advantage of legislative changes and seeking to reduce waste associated with the development process
- innovating to improve services and secure value for money for our tenants and residents

**By 2028 we will have:**

- Addressed the energy efficiency / fuel poverty agenda and will be working towards achieving the Welsh Housing Quality Standards II
- Opened a third Extra-Care Housing scheme with plans in place for a fourth
- Increased the choice and number of homes available for the Island's residents, together with assisting households to purchase their first homes
- Conducted a housing market needs assessment, together with an annual housing prospectus, allowing us to report on the increase in the supply of affordable housing
- Agreed the priorities for tenant participation activities and the allocation of resources to include the voice of our tenants in our services

#### 4. Economy – promoting opportunities to develop the Island’s economy

Half of Anglesey’s population is of working age and we recognise the need to improve job opportunities on the Island. Residents are eager to see greater opportunities in the computing & technology, energy, manufacturing, tourism and health sectors.

Our continuous aim is to support existing businesses, attract appropriate new investment, increase the number of new businesses and ensure that the Island continues to have one of the lowest business closure rates across Wales.

- **Regeneration and Economic Development –**
  - i. Explore opportunities to construct new business units across the Island enabling new and existing businesses to grow
  - ii. Working together with landowners to redevelop former industrial sites
  - iii. Continue to deliver a green, sustainable recovery and improve the vitality and viability of town centres
  - iv. Maximise opportunities for local companies to benefit from public sector contracts and opportunities
  - v. Collaborate to deliver the North Anglesey Economic Regeneration Action Plan
  - vi. Collaborate with key stakeholders and partners to strengthen the role of Holyhead and the Port as a key International ‘Gateway’
  - vii. Continue to work in partnership through the North Wales Economic Ambition Board to create new local and regional opportunities
  - viii. Continue to capitalise on external funding opportunities to ensure that the Island’s economic needs are addressed.
  - ix. Maintain, retain and develop our key infrastructure
- **The Visitor Economy -**
  - i. Implement new Destination and Area of Outstanding Natural Beauty (AONB) Management Plans
  - ii. Continue to invest in core infrastructure to provide safe and sustainable experiences to allow residents and visitors to enjoy the Island’s coast and countryside
  - iii. Support and welcome cruise ship visits to Anglesey and North Wales
  - iv. Influence visitor behaviour and ensure that everybody appreciates the Island’s qualities



**We are committed to –**

- stimulating economic and community regeneration
- supporting the economy and local businesses to grow and prosper
- increasing and encouraging the development of low carbon projects
- working with the tourism sector to capitalise on the Island's popularity as a destination

**By 2028 we will have:**

- Supported low carbon energy production schemes
- Worked together to realize circular economy objectives
- Developed new business units to help local businesses grow and develop
- Capitalised on additional investment for the benefit of the local economy
- Grown and promoted the visitor economy in a respectful and sustainable manner to secure benefits for our communities and visitors
- Redeveloped redundant industrial sites and brownfields

## **5. Climate Change – responding to the crisis, tackling change and working towards becoming a net zero organisation by 2030**

It is time step up and take decisive action on the climate emergency declared by the Council in 2020. It is an important issue for children and young people on the Island. The need to act for the benefit of the climate and our environment has never been more vital.

By working with local, regional and national partners, our aim is to respond to these challenges and opportunities positively, bravely and innovatively so that we can continue the journey to become a net zero Council and country by 2030.

- **Key Infrastructure & Planning for Climate Change**
  - i. Continue on our journey to reduce carbon emissions from the Council's land and assets and change the way we operate and deliver services
  - ii. Establish a household waste recycling rate of 70%
  - iii. Develop and deliver sustainable transport plans such as decarbonising transport, active travel, cycle routes
  - iv. Encourage the development of local renewable energy schemes
  - v. Continue to manage our countryside sites effectively to support the regeneration of nature and decarbonisation
  - vi. Consider climate change and biodiversity when making decisions across the Council
  - vii. Develop and deliver schemes for tree planting and locking up carbon
  - viii. Continue to minimise flood risk in areas of concern
  - ix. Adopt a new Local Development Plan
- **Energy Island Programme -**
  - i. Continue to influence major energy developments to secure long-term local and community support and benefits and minimise potential negative impacts
  - ii. Support and facilitate potential low carbon energy developments e.g. wind, tidal, solar, hydrogen and nuclear, together with suitable associated grid infrastructure

**We are committed to –**

- working towards achieving net zero carbon status
- supporting communities to reduce carbon emissions and their effect on the environment
- managing our land efficiently to support the regeneration of nature, biodiversity and lock up carbon where possible
- responding to global warming and climate change and supporting society to adapt the way it works, lives and uses land
- working with all key stakeholders to influence new energy developments and capitalise on opportunities to invest in low carbon energy
- supporting sustainable and green opportunities in our communities

**By 2028 we will have:**

- Minimised our direct carbon emissions to ensure that the net zero 2030 target is achievable
- Increased recycling rates
- Ensured that services consider climate change and biodiversity as fundamental issues when reaching decisions
- Creating extensive low carbon travel options for the Island's residents and visitors

## 6. The Welsh Language - increasing opportunities to learn and use the language

The Welsh language is an integral part of our identity, culture and heritage and we have a responsibility to ensure that it continues to develop and thrive. Welsh is widely spoken in our communities and the percentage of the population who can speak Welsh on Anglesey is the second highest in Wales. We want to see an increase in the number of people on Anglesey who can speak Welsh and an increase in the number of people who use the language on a daily basis.

Our aim is to ensure that our local efforts make a positive contribution towards achieving the Welsh Government's national vision of a million Welsh speakers by 2050.

Language and communication is also a vital part of delivering many of our services such as education, health and social care. Being able to use Welsh has an effect on our residents' well-being and it is often a matter of necessity rather than just choice.

- ***Thriving heritage and Welsh language***
  - i. Increase the number of children and young people studying through the medium of Welsh by implementing the Welsh in Education Strategic Plan
  - ii. Ensuring that parents and carers understand the value and benefits of the Welsh language by working with the Anglesey Welsh for Children and Families Partnership
  - iii. Continue to provide opportunities for children and young people to use the Welsh language socially, outside the classroom, by working with local partners
  - iv. Raise the status of the Welsh language in the workplace by offering development opportunities, improving confidence and practical support
  - v. Provide high quality Welsh medium services and comply with statutory requirements
  - vi. Ensure that opportunities are available for residents to learn Welsh and develop Welsh language skills in their communities by working with learning and training providers
  - vii. Develop the economy to support the Welsh language by capitalising on grant programmes and working with local businesses

**We are committed to –**

- offering high quality Welsh language services
- implementing our Welsh Language Promotion Strategy
- working with local and national partners to create more opportunities to use the Welsh language in social settings
- supporting our staff and councillors to improve their confidence and use Welsh more often in their work

**By 2028 we will have –**

- Ensured that when our Welsh Language Promotion Strategy is revised in 2026, it is appropriate to respond to the results of the last census
- Updated our Welsh language policy and developed a new policy on the use of Welsh in the workplace
- Used grant programmes to develop the Welsh language in the economy and with businesses
- Expanded our training offer to create increased opportunities for our staff, councillors, partners and the island's residents to develop their Welsh language skills

## The Council's Well-being Objectives

All the above strategic objectives have been produced to support the Council's duty to meet our well-being objectives for the benefit of current and future generations. Our well-being objectives:

- a. The people of Anglesey are educated to reach and fulfil their long-term potential
- b. The people of Anglesey are safe, healthy and as independent as possible
- c. The people of Anglesey and its communities enjoy, protect and enhance their built and natural environment for future generations

The table below shows how our well-being objectives align with the Welsh Government's national well-being objectives:

Linkages to the Council Well-being Objectives & National Well-being Goals		Prosperous	Resilient	Healthier	More Equal	Cohesive Communities	Vibrant Culture and Thriving Welsh Language	Globally Responsive
	Wellbeing Objective 1 - Ensure that the people of Anglesey can thrive and realise their long-term potential	✓	✓	✓	✓	✓	✓	✓
	Wellbeing Objective 2 - Support vulnerable adults and families to keep them safe, healthy and as independent as possible		✓	✓	✓	✓	✓	
	Wellbeing Objective 3 - Work in partnership with our communities to ensure that they can cope effectively with change and developments whilst protecting our natural environment	✓	✓	✓	✓	✓	✓	✓

- A prosperous Wales - An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change)
- A resilient Wales - A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change)
- A healthier Wales - a society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood
- A more equal Wales – a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).
- A Wales of cohesive communities - Attractive, viable, safe and well-connected communities

- A Wales of vibrant culture and thriving Welsh language - a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation
- A globally responsible Wales - a nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being

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## Corporate Support Services

The corporate support services within the Isle of Anglesey County Council are integral to the success of front line services. Resources, people, and technology are essential as the Council strives to modernise and improve performance. Being a public sector organisations, there are also legislative processes which must be complied with fully. Some of the key responsibilities of these services include:

- HR: responsible for collaborating with front line services to attract, retain and develop the council's workforce.
- Corporate Performance: provides an independent view of performance, advising on improvement opportunities and promoting a culture of continuous improvement.
- Corporate Programme and Project Management: ensures that council projects are delivered effectively and efficiently, delivering value for money.
- IT: provides reliable and secure digital systems and services to support the council's work.
- Resources (Finance): provides financial management and support, ensuring that the council's finances are effectively managed and controlled.
- Legal: provides legal advice and support to the council, ensuring that it is complying with relevant laws and regulations.
- Democratic Services: manage the council's democratic processes, including the holding of elections.
- Complaints and Information Governance: responsible for managing and resolving complaints, ensuring that the council is transparent and open, whilst complying with data management and privacy expectations.
- Procurement: responsible for advising and supporting the procurement of goods and services, ensuring that the Council complies with regulations and achieves best value for money.
- Internal Audit: provides an independent view of the Council's financial and operational systems, identifying risks and making recommendations for improvement.
- Communications: responsible for the council's internal and external communication, information sharing, and engagement activities.
- Health and Safety: responsible for ensuring the council's compliance with health and safety regulations, managing risk, and promoting a safe working environment.
- Policy, equality, translation and Welsh language: responsible for ensuring the council's compliance with associated legislation and standards.
- Chief Executive's Office: The Office supports and drives forward the overarching strategic direction, coordination and organisational leadership of the Council.

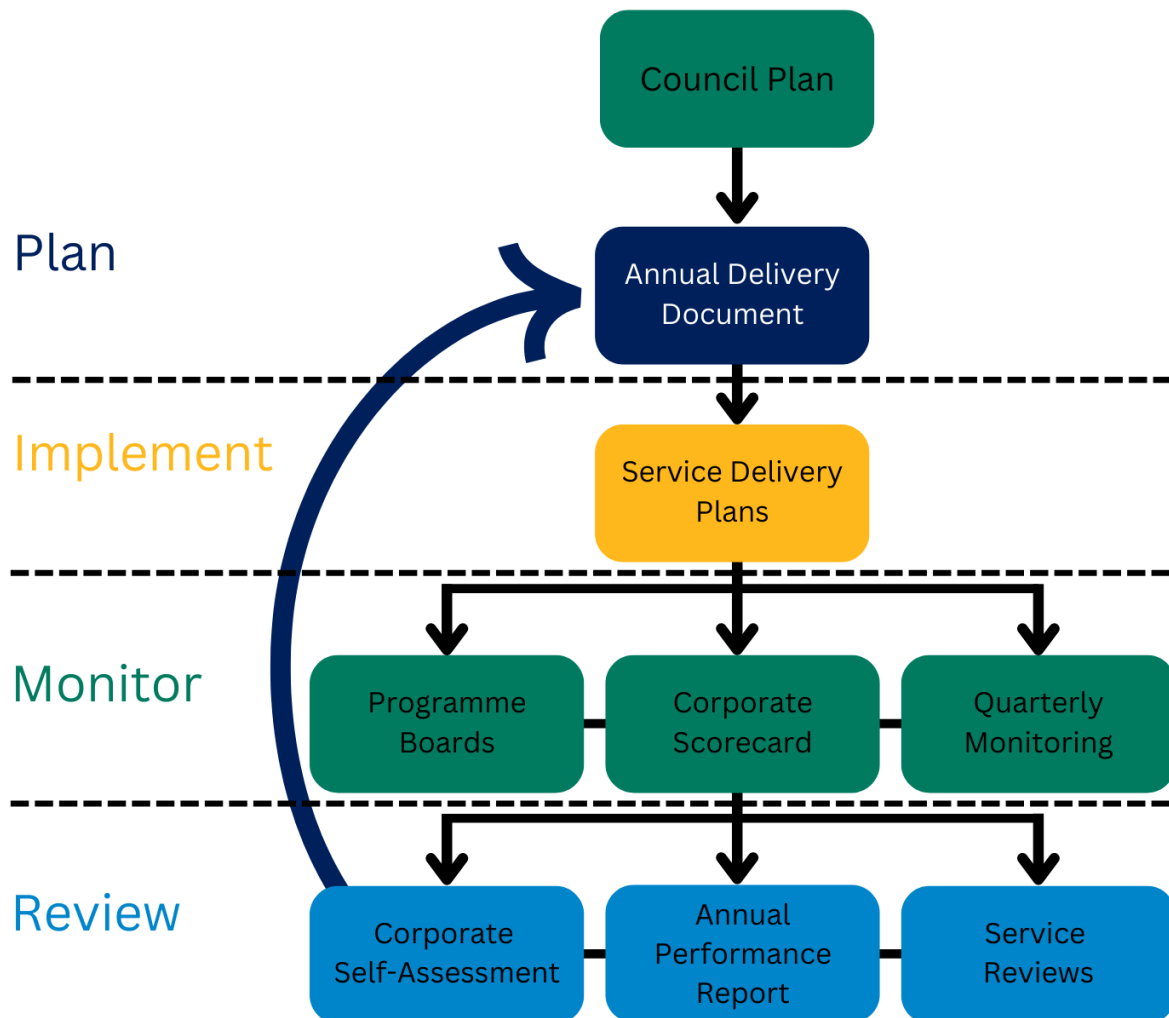


## How we measure and analyse our performance

### What is Performance Management?

Performance Management is a process in which the council and its staff work together to plan, monitor and review our corporate priorities through corporate objectives, service objectives and individual objectives, within allocated resources.

The figure below demonstrates this process:



Further information can be found in appendix 2.

## Appendix 1

### **SUPPORTING STRATEGIES / PLANS**

- Digital strategy for Schools
- Welsh in Education Strategic Plan
- Oriel Môn Forward Plan
- North Wales Skills Strategy
- Welsh Language Promotion Strategy 2021-26
- Strategic Equality Plan
- Market Stability Report 2022
- Population Needs Assessment 2022

### **Capital and Treasury Management Strategy**

- Destination Management Plan
  - Public Toilets Management Plan
  - AONB Management Plan
  - British Energy Security Strategy
  - Levelling Up the United Kingdom
  - SoNaRR: The State of Natural Resources Report (2016)
  - Future Wales: The National Plan 2040
  - Planning Policy Wales – Edition 11 February 2021
  - National Strategy for Flood and Coastal Erosion Risk Management in Wales
- 
- Housing Strategy 2022-2027
  - Ynys Môn Housing Support Programme Strategy 2022-2026
- 
- Joint Local Development Plan
  - Highways Asset Management Plan
  - Towards Net Zero
  - Electric Vehicle Charging Plan
  - Asset Management Strategy / Plan
  - Llwybr Newydd: the Wales transport strategy

## **Council Plan – National and Regional Strategic Context**

### **National Strategies / Plans**

- *Programme for Government*
- *The Co-operation Agreement*
- *Energy Efficiency Strategy for Wales 2016-2026*
- *North Wales Growth Strategy (Dec 2020)*
- *North Wales Ambition Board – Covid Recovery Prospectus (Feb 2021)*
- *Gwynedd & Anglesey Public Services Board Well-being Plan*
- *Welcome to Wales: priorities for the visitor economy 2020-2025*
- *Prosperity for All - Economic Action Plan*
- *Low Carbon Delivery Plan 2*
- *Social House Building Strategy 2021*

### **Legislation**

- Local Government & Elections (Wales) Act 2021
- Well-being of Future Generations (Wales) Act 2015
- Social Services and Well-being (Wales) Act 2014
- Environment (Wales) Act 2016
- Sustainable Communities for Learning (Dec 2021)
- Welsh Language (Wales) Measure 2011
- Equality Act 2010

## Appendix 2

### How we measure and analyse our performance

#### **What is Performance Management?**

Performance Management is a process in which the council and its staff work together to plan, monitor and review our corporate priorities through corporate objectives, service objectives and individual objectives, within allocated resources.

#### **The Council Plan**

The Council Plan has set out the Council's strategic Aims and Objectives for the electoral term. It informs the decision-making process at all levels in the Council and:

- sets the framework we use to plan, drive and deliver our services
- influences how we shape our budget annually, and
- helps to monitor progress and assess what we achieve annually.

#### **How and when is it monitored?**

The Plan will be delivered by realising the annual delivery document (April – March). It is created at the beginning of each financial year and sets out the Council's specific plans for the next 12 months against the Council Plan. At the end of the financial year, we will prepare an annual performance report to report on progress against the annual delivery document over the last 12 months.

The Council Plan is monitored through a variety of different channels, including:

- quarterly transformation programme boards;
- quarterly corporate scorecard report; and
- annual service reviews;

Reports produced using information from these sources are then considered by our corporate scrutiny committee followed by the Executive. This ensures that all members are aware of our progress against our priorities.

#### **Transformation Programme Boards**

The Programme Boards have a remit to engender and enable strategic discussions related to specific themes. They provide councillors and senior leaders with the assurance and confidence that anticipated benefits to the Council and communities are being delivered.

#### **Service Reviews**

Each Service is expected to conduct two Service Reviews per year, which are conducted and managed corporately:

1. Financial Service Review

Undertaken to forecast service savings and transformation work, which can be used to assist the process of setting the annual Council budget.

2. Service Performance and Risk Review

Services are requested to complete a service self-assessment to identify how they are performing against key objectives. It is used to provide assurance to the Senior

Leadership Team and The Executive that service direction is aligned to that of the wider Council direction and that resources are used effectively.

### **Corporate Scorecard Reports**

The scorecard was developed to identify and inform Council leaders of progress against indicators which demonstrates the successful implementation of the Council's day-to-day activities. It assists in providing the evidential indicator base from which the annual performance report is drafted. It portrays the position of the Council against its operational objectives.

The quarterly scorecard monitoring report outlines mitigating actions the Leadership Team have identified to drive and secure improvements.

### **Corporate Self-Assessment**

The corporate self-assessment reflects the output of the corporate planning and performance management framework and provides an evidential basis of how the Council has performed using its available resources whilst managing and mitigating associated risks.

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<b>Isle of Anglesey County Council</b>	
Report to:	<b>The Executive / full Council</b>
Date:	<b>02.03.2023 / 09.03.2023</b>
Subject:	<b>Job Sharing on the Executive</b>
Portfolio Holder(s):	<b>Leader Finance, Corporate Business and Customer Experience</b>
Head of Service / Director:	<b>Lynn Ball Director of Function (Council Business) / Monitoring Officer</b>
Report Author: Tel: E-mail:	<b>Mared Yaxley Solicitor (Corporate Governance) <a href="mailto:MaredYaxley@ynysmon.llyw.cymru">MaredYaxley@ynysmon.llyw.cymru</a></b>
Local Members:	<b>Not a local matter</b>

<b>A –Recommendation/s and reason/s</b>
<p><b>Recommendations:</b></p> <ol style="list-style-type: none"> <li>1. For the Executive to recommend and for the Council to agree that Constitutional changes are made to :               <ol style="list-style-type: none"> <li>a. allow for one or more members to job share as leader, deputy leader and as portfolio holders on the Executive;</li> <li>b. allow the maximum number of members on the Executive to be amended to reflect the statutory maximum numbers where Executive members share roles; and</li> <li>c. detail the arrangements in relation to quorum and voting when Executive members are job-sharing;                   <ol style="list-style-type: none"> <li>(a) in accordance with the wording in <b>Appendix 1</b> to this report, and</li> <li>(b) any further consequential amendments that are required as a result of this decision.</li> </ol> </li> </ol> </li>   <li>2. Should any changes be made by way of job-share arrangements and / or the number of individuals in receipt of a senior salary change due to job-share arrangements, the Council will inform the Independent Remuneration Panel for Wales (IRPW) and promptly publicise the same.</li> </ol> <p><b>Reasons:</b></p> <ol style="list-style-type: none"> <li><b>1. Legislative background</b> <ol style="list-style-type: none"> <li>1.1 The Local Government and Elections (Wales) Act 2021 includes a requirement that local authorities must include in their Executive arrangements provision enabling two or more councillors to share office on an Executive. <a href="#">Section 58 of the Act</a> also details that this provision must include job-sharing in the office of deputy leader and leader; and when such arrangements are exercised, the maximum number of members of an Executive are increased from the current maximum of 10 and consequential voting and quorum provisions will apply.</li> </ol> </li> </ol>

## A –Recommendation/s and reason/s

1.2 The setting up of Executive arrangements for local authorities in Wales is included in the Local Government Act 2000. [Schedule 7](#) of the 2021 Act changes the original provision of the 2000 Act by:

- Allowing more than one councillor to share office as Executive leader
- Requiring that Executive arrangements must include provision which enables either the authority or the Executive leader to determine the number of councillors to be appointed to the Executive
- Requiring that Executive arrangements must include provision for two or more councillors to share appointment to the Executive
- When members share office, they have one vote between them in respect of any matter
- If members share office and they attend a meeting in their capacity as an Executive member, they count only as one person for determining if the meeting is quorate
- Though leader and cabinet Executive in Wales may not exceed 10 members, if two or more councillors are elected to share office, this number can exceed 10 but not 13:
  - For 11 or 12 members, at least two of the members must have been elected/appointed to share office;
  - For 13 members, at least three members must have been elected/appointed to share office.

Welsh Ministers are able to pass Regulations to amend these numbers, though numbers are not to exceed 10 or 13 (respectively) on the Executive.

### 2. The current Constitutional position

2.1 Whilst the Council's Constitution includes provision for the Leader to share office (paragraph 2.7.3.4) and for two or more Councillors to share office as Executive Members (paragraph 2.7.5.5) – and further included in paragraph 2.7.9; there is no express provision for the Deputy Leader role to be shared.

2.2 The Constitution does not include details of how issues of quorum or voting will be affected where there is an arrangement for an office to be shared.

2.3 The Constitution does not detail how job-sharing arrangements will affect the overall number of members on the Executive.

### 3. The proposal

3.1 It is proposed that the Constitution be amended to reflect and provide for the statutory changes included in the 2021 Act (detailed above), as further detailed in accordance with the tracked changes in **Appendix 1**, together with any other consequential constitutional changes that arise.

3.2 The changes include detailing that:

3.2.1 More than one person can job-share the role of Leader, Deputy Leader and Portfolio Holder on the Executive:

3.2.1.1 The Council appoints to the role of Leader. The arrangements of how



## A –Recommendation/s and reason/s

to share the duties and responsibility of the role of Leader will be made amongst the Councillors job-sharing the role.

3.2.1.2 The Leader appoints the members of the Executive including appointing to the role of Deputy Leader and allocating Portfolios. The arrangements of how to share the duties and responsibility of those roles between two or more Councillors will be directed by the Leader, or if the Leader is indisposed, the Councillors job-sharing will discuss amongst each other.

3.2.2 Where there is more than one Executive Member sharing office (the office of Leader or Deputy Leader or Portfolio Holder), if they are attending a meeting in their capacity as Executive member,

3.2.2.1 they will have one vote between them (the vote is allocated to the job-sharing arrangement and not to the individuals themselves) and

3.2.2.2 they only count as one person for the purpose of calculating the quorum.

3.2.3 Where there is a job-share arrangement, the total number of members on the Executive rises above the usual statutory maximum, in accordance with the statutory provision.

3.2.4 Voting: In meetings of the Executive, each Executive role has a vote.

- Leader(s) could be appointed as Leader(s) or as Leader(s) and Portfolio Holder(s); that role will have one vote - each person carrying out that role does not. The vote is allocated to the job-sharing arrangement and not to the individuals themselves.
- Deputy Leader(s) are appointed by the Leader from amongst Councillors already appointed on the Executive as Portfolio Holders. The role of Deputy Leader does not in itself carry a separate vote and so a job-share arrangement for the role of Deputy wouldn't affect voting at Executive meetings. The vote is linked to the Portfolio.
- Each Portfolio has a vote. As the vote is allocated to the job-sharing arrangement and not to the individuals themselves, only one vote could be cast in relation to each Portfolio and the Councillors within that job-share would need to decide in advance who would cast the vote on behalf of the Portfolio.

### **4. Effect on remuneration and senior salary roles within the Council**

4.1 Part 6 of the Constitution details the payments available to local authority members, in accordance with the determinations made by The Independent Remuneration Panel for Wales. All Councillors are entitled to a basic salary. Senior salaries (which include the basic salary) are payments to members who are executive, chairs of committees and the leader of the opposition.

4.2 The Independent Remuneration Panel for Wales provides annual reports detailing the basic and senior salaries payable to Councillors. It also details the maximum

## A –Recommendation/s and reason/s

number of senior salaries available within each Council.

4.3 At present, a maximum of 17 senior salaries (inclusive of civic salaries) may be paid by the Isle of Anglesey County Council. 15 senior salaries are currently paid and the details of these amounts/the individuals in receipt of the same are included in the Schedule of Member Remuneration in Part 6 of the Council's Constitution.

4.4 For job-share arrangements, the Schedule within Part 6 of the Constitution details (paragraph 10):

### “10.0 Job Share arrangements

*10.1 For members of the Executive: Each “sharer” will be paid an appropriate proportion of the salary of the Population Group.*

*10.2 The statutory maximum for cabinets cannot be exceeded so each job sharer will count toward the maximum.*

*10.3 Under the Measure, it is the number of persons in receipt of a senior salary, not the number of senior salary posts that count towards the cap. Therefore, for all job share arrangements the senior salary cap will be increased subject to the statutory maximum of 50% of the council's membership.*

*10.4 The Independent Remuneration Panel for Wales must be informed of the details of any job share arrangements.”*

4.5 If a job share occurs between current members of the Executive, E.g. should there be more than one deputy leader appointed from among the Portfolio Holders, this would not affect the number of senior salaries paid and would not affect the total sum paid by way of senior salaries. As regards the financial implication of such an arrangement, the Schedule details (paragraph 2.7): *“If the Council chooses to have more than one remunerated deputy leader, the difference between the senior salary for the deputy leader and other Executive members should be divided by the number of deputy leaders and added to the senior salary for other executive members in order to calculate the senior salary payable to each deputy leader.”* There would not be any cost implication of such an arrangement; the same amount would be paid in proportions to the number of individuals appointed to the role.

4.6 If a Councillor (currently in receipt of the basic salary only) is appointed to job share as Portfolio Holder on the Executive, that individual would share the appropriate proportion of the senior salary allocated to a member of the Executive with the other Portfolio Holder. There would be two persons carrying out the one senior salary post whilst sharing the senior salary remuneration amount. This arrangement would not affect the total sum paid by way of senior salaries but it would result in an additional person being in receipt of a senior salary (it is the number of persons in receipt of a senior salary, not the number of senior salary posts that count towards the cap); on the basis of the current numbers, this would take the Council to sixteen senior salaries (which remains below the current cap of 17). Again, there would not be any cost implication of such an arrangement; the same amount would be paid in proportions to the number of individuals appointed

<b>A –Recommendation/s and reason/s</b>
<p>to the role.</p> <p>4.7 The Schedule details (paragraph 2.8) that “A Senior Salary may not be paid to more than the number of members specified by the Independent Remuneration Panel for Wales in its Annual Report and cannot exceed fifty percent of the total membership of the authority, unless the consent of Welsh Ministers has been obtained.”</p> <p>4.8 Schedule 3 to the IRPW’s annual report details “Any changes to the schedule during the year must be promptly publicised in the above manner and all changes notified to Panel Secretariat promptly”. If any changes were made to the Executive arrangements, including job-sharing among the Executive members, the IRPW would need to be informed.</p>

<b>B – What other options did you consider and why did you reject them and/or opt for this option?</b>
Statutory changes have come into effect due to the Local Government and Elections (Wales) Act 2021. The Constitution must be adapted to reflect these statutory changes.

<b>C – Why is this a decision for the Executive?</b>
Changes to the Constitution will only be approved by full Council after consideration of the proposal by the Executive. (Paragraph 2.15.2 of the Council’s Constitution)

<b>Ch – Is this decision consistent with policy approved by the full Council?</b>
The changes to the Council’s Constitution are in line with the amended statutory provisions.

<b>D – Is this decision within the budget approved by the Council?</b>
<p>No current budget implications.</p> <p>Should job-sharing be exercised between Executive members, any arrangement must be considered in accordance with Part 6 of the Constitution (Remuneration for Members) and subject to the provisions of the Independent Remuneration Panel for Wales.</p> <p>A job-share arrangement between members in itself would not have a cost implication as the “additional” part of the salary would be paid in proportion to the number of individuals involved in the job share.</p>

<b>Dd – Assessing the potential impact (if relevant):</b>		
1	How does this decision impact on our long term needs as an Island?	Allowing Executive Members to job-share could result in a more diverse Executive as the responsibility would be shared between Councillors, and this could result in individuals who would not consider an Executive role (perhaps due to other responsibilities such as family or work) being able to contribute.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	This proposed decision is cost neutral
3	Have we been working collaboratively with other organisations to come to this	No but changes in the recent Local

Dd – Assessing the potential impact (if relevant):		
	decision? If so, please advise whom.	Government and Elections (Wales) Act 2021 have now provided this opportunity for flexibility.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	No. There should be no direct impact on citizens
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	It could have a positive impact –as detailed in box 1 above.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not relevant
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 proposal could have a positive effect to the extent that it could give more opportunity to practice for members who would like to gain confidence in speaking Welsh at public meetings.

E – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	Yes, consulted; their contribution is included in the final report / Appendix 1
2	Finance / Section 151 (mandatory)	Yes, consulted; his contribution is included in the final report / Appendix 1
3	Legal / Monitoring Officer (mandatory)	Report Author
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

F - Appendices:
Appendix 1 – Proposed amended wording for Article 7 and the Executive Procedure Rules in the Council's Constitution

Ff - Background papers (please contact the author of the Report for any further information):
None

## 2.7 Article 7 – The Leader and The Executive

### 2.7.1 Role

The Executive will carry out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under this Constitution.

### 2.7.2 Form and composition

The Executive will consist of the Leader together with at least 2, but no more than 9 other Councillors, [\(unless there is job-sharing between Executive members, and the provision of paragraph 2.7.9 below applies\)](#), to include [the role of a Deputy Leader](#); all of whom shall be appointed to the Executive by the Leader.

### 2.7.3 The Leader

The leader will be a Councillor [\(or more than one – see paragraph 2.7.3.4 below\)](#) elected to the position of Leader by the Council at its first Annual Meeting after the ordinary local government elections.

#### 2.7.3.1 Term of office of the Leader

2.7.3.1.1 The Leader's term of office will be for the duration of the term of the Council, subject to paragraph 2.7.3.3 below.

#### 2.7.3.2 Election of the Leader

2.7.3.2.1 Each candidate who wishes to be considered to be appointed Leader must make a written presentation (manifesto) and oral presentation of his/her vision and values to the County Council. Every candidate to be Leader has to be nominated and seconded by 2 fellow elected Councillors. Each nomination and manifesto must be in writing and must be presented to the Chief Executive before 5pm on the 7th day (5th working day) after the ordinary local government elections, (which will be at least 5 working days before the first meeting).

2.7.3.2.2 At the first meeting of the Annual Meeting after the ordinary local government elections the nominated persons are asked in alphabetical order to present their proposals and programmes to the Council. They should be prepared to take questions from the newly elected membership.

2.7.3.2.3 If there are two or more nominations for Leader the decision will be made after the presentations and by secret ballot and rule of procedure paragraph 4.1.18.5 "recorded vote" will be suspended for this purpose. If there are two candidates the successful candidate must secure more than 50% of the votes cast. For elections where there are three or more candidates, then (if necessary) the candidate receiving the lowest number of votes is eliminated and a new ballot is held with the process to be repeated until one candidate receives more than 50% of the votes cast. In the event of two or more candidates receiving an equal lowest number of votes no candidate will be eliminated and a new ballot will be held. Officers are responsible for the collection and counting of votes and for declaring the result of the secret ballot(s). After the declaration(s) the ballot papers

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will be kept in the custody of the Chief Executive or a specified officer on his/her behalf and after the meeting destroyed.

2.7.3.2.4 If there is only one nomination for Leader, that single candidate will make his/her presentation of his/her vision and values to the Council and the decision will be made by a show of hands.

2.7.3.2.5 If a Leader dies, resigns, is suspended, is no longer a Councillor or is removed from office, the election of a new Leader will follow a similar procedure as is detailed in 2.7.3.2.1 to 2.7.3.2.4 inclusive and take place at the next meeting of the Council, annual meeting, ordinary or extraordinary, whichever is the earliest.

### 2.7.3.3 Termination of Leader's period of office

The Leader's period of office will end if:-

2.7.3.3.1 he/she resigns from the office; or

2.7.3.3.2 he/she is suspended from being a Councillor under Part III of the Local Government Act 2000; or

2.7.3.3.3 he/she is no longer a Councillor; or

2.7.3.3.4 he/she is removed from office by resolution of the Council on an issue of confidence – provided that the Council may only so resolve on an issue of confidence by a majority of two thirds of those present and voting; or

2.7.3.3.5 if the Leader ceases to be a member of the Council for any reason, or is suspended from such membership, the Deputy Leader will assume the office of the Leader until the election of a new Leader. In the event of a vote of no confidence in the Leader being successful or when a Leader resigns, the powers of the Leader are vested in and delegated to the Deputy Leader until the election of the new Leader.

### 2.7.3.4 The Leader may share office

2.7.3.4.1 Two or more Councillors may be elected by the Council to share office as Executive Leader, [if they mutually make an arrangement to stand for election as Leader on the basis of a job sharing arrangement](#), and references in any enactment, and in this Constitution, to a Leader shall be construed as including a Leader elected by virtue of this provision.

[2.7.3.4.2 Where two or more Councillors share office as Leader, they will decide amongst themselves how the duties and responsibilities of the Leader are to be carried out.](#)

### 2.7.4 The Deputy Leader

[2.7.4.1](#) The Deputy Leader will be a Councillor ([or more than one – see paragraph 2.7.4.3 below](#)) appointed to the position of Deputy Leader by the Leader as specified in 4.1.1.2.6. He/she shall be a member of the Executive.

[2.7.4.2](#) The Deputy Leader's period of office will end if:-

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2.7.4.2.1 he/she resigns from the office; or

2.7.4.2.2 he/she is suspended from being a Councillor under Part III of the Local Government Act 2000; or

2.7.4.2.3 he/she is no longer a Councillor; or

2.7.4.2.4 he/she is removed from office by the Leader who must give written notice of any removal to the Chief Executive.

### 2.7.4.3 The Deputy Leader may share office

2.7.4.3.1 Two or more Executive Members may be appointed by the Leader to share office as a Deputy Leader and references in any enactment, and in this Constitution, to a Deputy Leader shall be construed as including Deputy Leaders selected by virtue of this provision.

2.7.4.3.2 Where two or more Councillors share office as Deputy Leader, the Leader will select, on an ad hoc basis, how the role will be carried out by the Councillors. Should the Leader be indisposed, the Deputy Leaders will decide amongst themselves how the duties and responsibilities of the Deputy Leader are to be carried out.

## 2.7.5 Other Executive members

2.7.5.1 Other Executive members shall be appointed to office by the Leader and shall hold office until:

2.7.5.1.1 they resign from office; or

2.7.5.1.2 they are suspended from being Councillors under Part III of the Local Government Act 2000 (although they may resume office at the end of the period of suspension); or

2.7.5.1.3 they are no longer Councillors; or

2.7.5.1.4 they are removed from office by the Leader who must give written notice of any removal to the Chief Executive.

### 2.7.5.2 Executive Members may share office

2.7.5.2.1 Two or more Councillors may be appointed by the Leader to share office as an Executive Member and references in any enactment, and in this Constitution, to an Executive Member shall be construed as including Executive Members elected by virtue of this provision.

2.7.5.2.2 Where two or more Councillors share an office as Portfolio Holders on the Executive, the Leader will select, on an ad hoc basis, how the role will be carried out by the Councillors. Should the Leader be indisposed, the Executive Members sharing that office will decide amongst themselves how the duties and responsibilities of the Portfolio Holder are to be carried out.

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### 2.7.6 Proceedings of the Executive

Proceedings of the Executive shall take place in accordance with the Executive Procedure Rules set out in Part 4.4 of this Constitution.

### 2.7.7 Responsibility for functions

The Leader will maintain a list in Part 3 of this Constitution setting out which individual members of the Executive, Committees of the Executive or Officers are responsible for the exercise of particular executive functions.

### 2.7.8 Appointment of Assistants to the Executive

2.7.8.1 The Council authorises the appointment of no more than three Councillors to be appointed at any one time as Assistants to the Executive, to assist the Executive in discharging functions which are the responsibility of the Executive.

2.7.8.2 Assistants to the Executive are appointed by the Executive Leader.

2.7.8.3 The Executive Leader may specify

- a) the number of Assistants to the Executive that may be appointed, within the overall cap of 3 as set out by Council (this includes the possibility of not appointing any Assistants to the Executive);
- b) any appointment process for selecting Assistants to the Executive;
- c) the individuals selected as Assistants to the Executive;
- d) the term of office for any Assistant to the Executive, and
- e) the responsibilities and duties for any Assistant to the Executive.

2.7.8.4 Any Assistants to the Executive of a Council may not include the Chairman or Vice Chairman of the Council, nor any member of the Council's Scrutiny Committees;

2.7.8.5 An Assistant to the Executive of a Council is not a member of the Executive of the Council.

2.7.8.6 An Assistant to the Executive shall not be remunerated. Any application for remuneration for Assistants to the Executive shall be authorised by full Council before being submitted to the Independent Remuneration Panel for Wales (or equivalent).

2.7.9 Sharing office as The Leader or and a members of the Executive may share office.

2.7.9.1 The role of Leader and other roles on the Executive may be shared by more than one individual.

2.7.9.2 If two or more Councillors are elected to share office as Executive Leader (see paragraph 2.7.3.4 above) or are appointed to the Executive to share office (see paragraphs 2.7.4.3 and 2.7.5.2 above), the number of members of the Executive may be increased to—

- (a) 11 or 12, if at least two of the members have been elected or appointed to share office;
- or
- (b) 13, if at least three of the members have been elected or appointed to share office.



2.7.9.3 Individuals sharing an Executive role will have one vote between them in respect of any matter on which they have a right to vote because they are a member of the Executive. The vote is allocated to the job sharing arrangement and not to an individual, so the Executive members subject to the job sharing arrangement should have appropriate preparatory discussions, subject to paragraph 2.7.9.7 below.

2.7.9.4 If two or more members sharing an Executive role attend an Executive meeting, in their capacity as a member of the Executive, they should all be recorded as having attended the meeting and all may speak at the meeting. However, where a vote is required in respect of an Executive decision, they must decide between them in advance who will cast their vote and inform the Chair of the meeting.

2.7.9.5 If an individual that shares an Executive role attends a meeting of the Executive, in their capacity as a member of the Executive, and a vote is required in respect of an Executive decision, then the attending Executive member must cast their vote taking into account preparatory discussions with the member(s) with whom they share the role.

2.7.9.6 In the absence of agreement between the individuals within a job share arrangement, their vote shall not be counted.

2.7.9.7 If one of the Executive members that share an Executive role has a personal and prejudicial interest in a matter, the non-conflicted Executive member should cast the vote without having had any preparatory discussions about the matter with the other Executive member within the job-share.

2.7.9.8 Any arrangements for job-sharing will be made in accordance with the provisions of the Members' Schedule of Remuneration included in Part 6 of the Constitution.

## **4.4 Executive Procedure Rules**

### **4.4.1 How Does the Executive Operate?**

#### **4.4.1.1 Who may make executive decisions?**

The Leader may provide for executive functions to be discharged by:

- 4.4.1.1.1 the Executive as a whole
- 4.4.1.1.2 a Committee of the Executive
- 4.4.1.1.3 an individual Member of the Executive
- 4.4.1.1.4 an Officer
- 4.4.1.1.5 an Area Committee
- 4.4.1.1.6 Joint Arrangements; or
- 4.4.1.1.7 another Local Authority

#### **4.4.1.2 Delegation by the Leader**

At the Annual Meeting of the Council, the Leader will present to the Council a written record of delegations made by him/her for inclusion in the Council's scheme of delegation at Part 3 to this Constitution. The document presented by the Leader will contain the following information about executive functions in relation to the coming year:-

- 4.4.1.2.1 the names, addresses and electoral divisions of the people appointed to the Executive by the Leader;
- 4.4.1.2.2 the extent of any authority delegated to Executive Members individually, including details of the limitation on their authority;
- 4.4.1.2.3 the terms of reference and constitution of such Executive Committees as the Leader appoints and the names of Executive Members appointed to them;
- 4.4.1.2.4 the nature and extent of any delegation of executive functions to Area Committees, any other Authority or any Joint Arrangements and the names of those Executive Members appointed to any Joint Committee for the coming year; and
- 4.4.1.2.5 the nature and extent of any delegation to Officers with details of any limitation on that delegation, and the title of the Officer to whom the delegation is made.

#### **4.4.1.3 Sub-delegation of executive functions**

4.4.1.3.1 Where the Executive, a Committee of the Executive or an individual Member of the Executive is responsible for an executive function, they may delegate further to an Area Committee, Joint Arrangements or an Officer.

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4.4.1.3.2 Unless the Council directs otherwise, if the Leader delegates functions to the Executive, then the Executive may delegate further to a Committee of the Executive or to an Officer.

4.4.1.3.3 Unless the Leader directs otherwise, a Committee of the Executive to whom functions have been delegated by the Leader may delegate further to an Officer.

4.4.1.3.4 Even where executive functions have been delegated, that fact does not prevent the discharge of delegated functions by the person or body who delegated.

4.4.1.3.5 Written notice must be given to the Chief Executive and to the person, body or Committee concerned of any sub-delegation or changes to such sub-delegations. The notice must set out the extent of the sub-delegation or changes to sub-delegation. The Chief Executive will maintain a record of the extent of any sub-delegation or changes to sub-delegation.

### **4.4.1.4 The Council's scheme of delegation and executive functions**

4.4.1.4.1 Subject to 4.4.1.4.2 below the Council's scheme of delegation will be subject to adoption by the Council and may only be amended by the Council. It will contain the details required in Article 2.7 and set out in Part 3 of this Constitution.

4.4.1.4.2 The Leader may amend the scheme of delegation relating to executive functions at any time during the year. To do so, The Leader must give written notice to the Chief Executive and to the person, body or Committee concerned. The notice must set out the extent of the amendment to the scheme of delegation, and whether it entails the withdrawal of delegation from any person, body, Committee or the Executive as a whole. The Chief Executive will present a report to the next Ordinary Meeting of the Council setting out the changes made by the Leader.

4.4.1.4.3 Where the Leader seeks to withdraw delegation from a Committee, notice will be deemed to be served on that Committee when he/she has served it on its Chairperson.

### **4.4.1.5 Conflicts of Interest**

4.4.1.5.1 Where the Leader has a conflict of interest this should be dealt with as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution.

4.4.1.5.2 if every Member of the Executive has a conflict of interest this should be dealt with as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution.

4.4.1.5.3 If the exercise of an executive function has been delegated to a Committee of the Executive, an individual Member or an Officer, and should a conflict of interest arise, then the function will be exercised in the first instance by the person or body by whom the delegation was made and otherwise as set out in the Council's Code of Conduct for Members in Part 5 of this Constitution.

### **4.4.1.6 Executive Meetings - when and where?**

The Executive will meet at least 12 times per year at times to be agreed by the Leader.

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The Executive shall meet at the Council's main offices or another location to be agreed by the Leader.

### **4.4.1.7 Public or private Meetings of the Executive?**

The Access to Information Procedure Rules in Part 4.2 of this Constitution set out the legal requirements covering public and private Meetings.

### **4.4.1.8 Quorum**

[4.4.1.8.1](#) The quorum for a Meeting of the Executive, or a Committee of it, shall be one quarter of the total number of Members of the Executive (including the Leader), or 3 including the Leader, whichever is the larger.

[4.4.1.8.2](#) Where roles on the Executive are subject to job-share arrangements, the members within that job-share arrangement will count only as one person (in meetings of the Executive and whenever they attend meetings in their capacity as an Executive member) for the purpose of calculating if the meeting is quorate.

### **4.4.1.9 How are decisions to be taken by the Executive?**

4.4.1.9.1 Executive decisions which have been delegated to the Executive as a whole will be taken at a Meeting convened in accordance with the Access to Information Procedure Rules in Part 4 of the Constitution.

4.4.1.9.2 Where executive decisions are delegated to a Committee of the Executive, the rules applying to executive decisions taken by them shall be the same as those applying to those taken by the Executive as a whole.

[4.4.1.9.3](#) Where roles on the Executive are subject to job-share arrangements, the members within that job-share arrangement will have only one vote (in meetings of the Executive and whenever they attend meetings in their capacity as an Executive member).

### **4.4.2 How are the Executive Meetings Conducted?**

#### **4.4.2.1 Who presides?**

If ~~at~~ the Leader is present, the Leader ~~he/she~~ will preside. In the his/her absence of a Leader, a the Deputy Leader will preside. If the absence of a Leader and Deputy Leader, either is absent, then a person appointed to do so by those present shall preside.

#### **4.4.2.2 Who may attend?**

These details are set out in the Access to Information Procedure Rules in Part 4 of this Constitution.

#### **4.4.2.3 What business?**

At each meeting of the Executive the following business will be conducted:

4.4.2.3.1 consideration of the minutes of the last Meeting;

4.4.2.3.2 declarations of interest, if any;

4.4.2.3.3 matters referred to the Executive (whether by Scrutiny Committee or by the Council) for reconsideration by the Executive in accordance with the provisions contained in the Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules set out in Part 4 of this Constitution;

4.4.2.3.4 consideration of reports from Scrutiny Committees; and

4.4.2.3.5 urgent matters certified by the Chief Executive or any other Officer appointed by him to act on his behalf.

#### **4.4.2.4 Consultation**

All reports to the Executive from any Member of the Executive or an Officer on proposals relating to the budget and policy framework must contain details of the nature and extent of consultation with stakeholders and relevant Scrutiny Committees, and the outcome of that consultation. Reports about other matters will set out the details and outcome of consultation as appropriate. The level of consultation required will be appropriate to the nature of the matter under consideration.

#### **4.4.2.5 Who can put items on the Executive agenda?**

The Leader will decide upon the schedule for the Meetings of the Executive. He/she may put on the agenda of any Executive Meeting any matter which he/she wishes, whether or not authority has been delegated to the Executive, a Committee of it or any Member or Officer in respect of that matter. The Chief Executive will comply with the Leader's requests in this respect.

#### **Referrals to the Executive:**

4.4.2.5.1 Any Member of the Executive may require the Chief Executive to make sure that an item is placed on the agenda of the next available Meeting of the Executive for consideration. If he/she receives such a request the Chief Executive will comply.

4.4.2.5.2 There will be a standing item on the agenda of each meeting of the Executive for matters referred by Scrutiny Committees or full Council. However, there may only be up to 5 such items per Executive Meeting.

4.4.2.5.3 Any Member of the Council may put an item on the agenda of an Executive Meeting for consideration. The number of such items will be limited to no more than 5 per Meeting of the Executive and will be put on the Agenda in the order received by the Chief Executive. Items will be considered whenever possible at the next available Meeting of the Executive. The notice of the Meeting will give the name of the Councillor who asked for the item to be considered. This individual Councillor will be invited to attend the Meeting, whether or not it is a public Meeting and will have a right to speak but not to vote.

4.4.2.5.4 The Chief Executive, the Monitoring Officer and/or the S151 Officer may include an item for consideration on the agenda of an Executive Meeting and may require the proper officer to call such a Meeting in pursuance of their statutory duties. In other

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circumstances, where any two of the Chief Executive, the S151 Officer and the Monitoring Officer are of the opinion that a Meeting of the Executive needs to be called to consider a matter that requires a decision, they may jointly include an item on the agenda of an Executive Meeting. If there is no Meeting of the Executive soon enough to deal with the issue in question, then the person(s) entitled to include an item on the agenda may also require that a Meeting be convened at which the matter will be considered.