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CYNGOR SIR
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ISLE OF ANGLESEY
COUNTY COUNCIL

Mr Dylan Williams
Prif Weithredwr – Chief Executive

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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR GWAITH ARBENNIG (CYLLIDEB)	EXTRAORDINARY EXECUTIVE (BUDGET)
DYDD IAU 29 CHWEFROR 2024 9.00 o'r gloch	THURSDAY 29 FEBRUARY 2024 9.00 am
CYFARFOD HYBRID – YN YSTAFELL BWYLLGOR 1 AC YN RHITHWIR	HYBRID MEETING – VIRTUAL AND IN COMMITTEE ROOM 1
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU/MEMBERS

Plaid Cymru/The Party of Wales

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

Y Grŵp Annibynnol/The Independent Group

Dafydd Roberts, Dafydd Rhys Thomas

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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 REVENUE BUDGET MONITORING - QUARTER 3, 2023/24 (Pages 1 - 20)

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

4 CAPITAL BUDGET MONITORING - QUARTER 3, 2023/24 (Pages 21 - 38)

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

5 HOUSING REVENUE ACCOUNT BUDGET MONITORING - QUARTER 3, 2023/24 (Pages 39 - 50)

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

6 MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2024/25 (Pages 51 - 76)

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

7 CAPITAL STRATEGY 2024 - 2029 (Pages 77 - 114)

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

8 CAPITAL BUDGET 2024/25 (Pages 115 - 124)

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

9 IMPROVING THE RELIABILITY AND THE RESILIENCE ACROSS THE MENAI STRAITS (Pages 125 - 152)

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

Isle of Anglesey County Council	
Report to:	EXECUTIVE
Date:	29 FEBRUARY 2024
Subject:	REVENUE BUDGET MONITORING, QUARTER 3 2023/24
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS – DEPUTY LEADER & FINANCE PORTFOLIO HOLDER
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Report Author:	BETHAN HUGHES-OWEN – ACCOUNTANCY SERVICES MANAGER
Tel:	01248 752663
E-mail:	BETHANOWEN2@YNYSMON.LLYW.CYMRU
Local Members:	N/A
A –Recommendation/s and reason/s	
<ol style="list-style-type: none"> 1. On 9 March 2023, the Council set a net budget for 2023/24 with net service expenditure of £174.569m, to be funded from Council Tax income, NDR and general grants, as well as £3.780m from general reserves. This includes a total for general and other contingencies amounting to £3.109m. The budget for the Council Tax Premium was increased by £0.943m, to £2.893m. A balanced budget was set with the agreed Council Tax rise of 5.00%. 2. As for the previous year, the budget for 2023/24 does not include any requirements on the services to make savings. <p style="margin-left: 40px;">This report sets out the financial performance of the Council's services at the end of quarter 3, 31 December 2023. The projected position for the year as a whole is also summarised. 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</p> 3. The NJC pay award was accepted by 2 of the 3 Unions on 2 November 2023, with the pay award backdated to April 2023. The additional costs have been factored into the individual service budgets and, as the final pay award did not differ from the sum offered by the employers in March 2023, the inflationary increase allowed for in the 2023/24 Service budgets, along with the £2m held as a contingency, was sufficient enough to meet the additional cost of £1.806m. 4. The overall projected financial position for 2023/24, including Corporate Finance and the Council Tax fund, is a projected underspend of £0.842m. This is 0.49% of the Council's net budget for 2023/24. 5. It is recommended that:- <ol style="list-style-type: none"> (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 2023/24; (ii) To note the summary of Contingency budgets for 2023/24, detailed in Appendix C; (iii) To note the monitoring of agency and consultancy costs for 2023/24 in Appendices CH and D. 	

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 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.	Not applicable
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Not applicable
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	Not applicable
E – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	The report has been considered by the Leadership Team at its meeting on 13 February 2024, 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 and comments made have been considered.
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 2024.
9	Local Members	N/A

F - Appendices:

- Appendix A – Provisional Revenue Outturn Report for 2023/24
- Appendix B - Table of Provisional Outturn 2023/24
- Appendix C - Summary of Contingency Budgets position for 2023/24
- Appendix CH - Information regarding monitoring of Agency Staff 2023/24
- Appendix D - Information regarding monitoring of Consultants 2023/24

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

2023/24 Revenue Budget (as recommended by this Committee on 2 March 2023 and adopted by the County Council on 9 March 2023).

REVENUE BUDGET MONITORING – QUARTER 3

1. General Balance

The Council Fund held £19.637m of earmarked reserves and school reserves amounting to £6.716m at the start of the financial year. The audited outturn for 2022/23 resulted in a general balance at the start of the current financial year of £14.039m. This was an improvement on the opening balance for the previous year, 2021/22, where the general balance stood at £12.278m. The underspend of £1.284m contributed to this and the movements in reserves, such as the return of earmarked reserves no longer needed.

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

Executive Meeting	Amount £m	Purpose
Opening balance	(14.039)	Audited general reserve at 31 March 2023.
Budget Setting 2023/24 agreed March 2023	3.780	
Oriel Ynys Môn Business Rates Refund	(1.201)	The Council has successfully appealed the Rateable Value of Oriel Ynys Môn, dating back to 2010. This has resulted in the Council receiving a refund of the majority of the rates paid dating back to 2010.
Revised Council Fund General Balance	(11.460)	

The current predicted outturn for 2023/24 is an estimated underspend of £0.842m. If this forecast is accurate, the Council General Balance would increase to £12.302m by the year-end, this compares to the minimum level of £8.73m, which equates to 5% of the 2023/24 net revenue budget.

The 2023/24 budget was set prior to a settlement in the non teaching staff pay award for 2023/24. In setting the budget, a contingency sum of £2m was included in the budget to cover the potential additional cost between the sum allowed for in the draft budget and the Employer's pay offer. In addition, an earmarked reserve of £3.177m was created to provide additional funding to meet the costs of any pay award settlement above what was set in the budget, this reserve can also be used to meet any rise in cost pressure due to high level of inflation. The £2m that was included within the contingency budgets was sufficient to fund the additional pay increase. The total additional cost above the pay rise that was not included within the departmental budget was £1.806m.

2. Financial Performance by Service

2.1 The details of the financial performance by service for the period, and the projected outturn position for each, is set out in Appendix B. An underspend of £0.336m on services is predicted as at 31 March 2024. An underspend of £0.612m is estimated on Corporate Finance. In addition, an under achievement of income of £0.378m is forecast on the standard Council Tax debit, with a further over achievement of income of £0.272m on the Council Tax Premium. The current total revenue forecast for 2023/24 is an underspend of £0.842m, which equates to 0.49% of the Council's total net revenue budget.

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

Table 1

	(Under) / Overspend £'000	%
Central Education	(326)	(5.85)
Adults	188	0.53
Children's Service	1,000	7.61
Waste	(301)	(2.97)
Highways	(196)	(2.47)
Economic Development	(154)	(4.63)
ICT	(393)	(8.98)
Planning and Public Protection	(111)	(3.95)
Unbudgeted uncontrollable costs - insurance, capital pension costs and bad debt	400	
Other (total of variances less than £100k)	(443)	
Total Variance over / (under)spend (excluding funding)	(336)	(0.21)

3. Explanation of Significant Variances

3.1 Lifelong Learning

3.1.1 Delegated Schools Budget

Once the Council sets the budget for schools, responsibility for the budget is delegated to the schools and annual under or overspends are held in individual school reserves. The balances of the schools reserves now stands at £6.716m, compared to £7.827m at 31st March 2022. However, grants were received by schools in the previous financial years to deal with the impact of the pandemic. Over this financial year, it is anticipated that school balances will fall significantly by the end of the 2023/24 financial year. Schools have estimated that £2.82m of balances will be used to balance the revenue budget in 2023/24. The budget forecast for 2024/25 suggests that balances will decrease further during the next financial year, with a number of schools expected to set a deficit budget.

Central Education

3.1.2 This service was underspent by £382k (34.87%) at the end of quarter 3. The forecast for the year-end is an underspend of £326k (5.85%), which is slightly more than the underspend reported in quarter 2 of £289k. Many of these budgets are demand led.

3.1.3 There are a number of over and underspends across the Service. The most significant changes from those reported in quarter 2 are listed below:-

- School Transport (Taxis and Buses) – forecast underspend of £121k. This has increased slightly from £85k in the previous quarter. The beginning of the new academic year requires contracts to be amended to meet the new requirements of pupils with some contracts ending and new contracts commencing. The position for the 2023/24 academic year is a net reduction in costs.
- The School Meals – forecast overspend of £83k. This is a significant change from the previous quarter of an overspend of £2k. There are 3 key area's which contribute to this increase:-
 - a. Following the roll out of the Universal Primary Free School Meals, the uptake has increased substantially, with the uptake being 69% increase in September but, by December, the uptake increase was 73%.

- b. Two secondary schools were partly closed whilst there were ongoing works to deal with the RAAC emergency. During this partial closure, the Council were making Free School Meals payments to parents for children not attending school, which was an additional cost to the Authority.
 - c. The Authority continues to pay tariffs for secondary school meals. Previously, the contract costs were paid by the parents. However, the contract price has risen to £2.88 per meal and parents continue to pay £2.60 per meal. This has resulted in the Authority subsidising £0.28 per secondary school meal, which is a further cost to the Authority.
- Strategaeth ADY Môn a Gwynedd is forecasted to underspend by £208k, this is a substantial change from previously reported throughout the year, which was at breakeven position. Agreement is now in place between Anglesey and Gwynedd Council regarding the costs going forward and, therefore, it is possible to more accurately forecast the spend against our budget. £208k will be re-distributed to the schools through the formulas.
 - Additional Learning Needs (new legislation) forecast underspend of £30k at quarter 3, compared to an underspend of £6k in quarter 2. This increase in underspend is due to the result of delays in making an appointment to a vacant post within the section. The post has now been recruited to and this underspend is not expected to change in the final quarter.
 - The Early Years provision has seen a swing in its forecast of an underspend of £66k in quarter 2 to a forecast of a £112k underspend in quarter 3. This is the result of the Cynllun Cyfeirio, which now comes under the new Additional Learning Needs legislation. Following changes to Early Years provision, a refund from the cynllun cyfeirio regional budget has now been received.

3.1.4 Culture

3.1.4.1 This service was £115k (10.25%) underspent during the period, and the forecast outturn for the year is an underspend of £17k (1.18%), this is as was reported in quarter 2. Vacancies in the Libraries Service and a staffing restructure within the Archives Service are the main reasons for the underspend and these underspends have increased slightly between the 2nd and 3rd quarters.

3.2 Adults Social Care

3.2.1 This service was £887k (3.56%) overspent for the period, and is forecast to overspend by £188k (0.53%) by the end of the financial year. This is £798k better than was reported in quarter 2, which was an overspend of £986k.

3.2.2 The elements within the outturn variance are shown in Table 2 below, and explanations for the variances noted below:-

Table 2
Analysis of Adult Services Forecasted Year End Position 2023/24

Service	Expenditure / Income Analysis								TOTAL
	Residential	Nursing	Home Care	Day Care	Supp. Accom	Staffing	Other	Grants Applied	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Elderly	281	(7)	204	0	0	201	(23)	(187)	469
Physical Disabilities	423	(21)	275	0	0	70	5	(332)	420
Learning Disabilities	237	0	(106)	125	613	2	(71)	(494)	306
Mental Health	450	0	50	0	162	(85)	7	(332)	252
Provider Unit – Management and Staffing	352	0	(696)	(158)	(43)	(486)	(83)	(17)	(1,042)
Provider Unit - Income	(206)	0	0	82	0	0	0	0	(124)
TOTAL	1,537	(28)	(273)	49	732	(298)	(168)	(1,362)	189

- 3.2.3** Management and support: the underspend here has increased from £134k at quarter 2 to £202k at quarter 3. This is the result of receiving additional grant income and the costs of the delivery transformation team being lower than anticipated by £50k. This element is in relation to the regional collaboration team.
- 3.2.4** Physical Disabilities: the overspend here has increased by £120k from an overspend of £300k at quarter 2 to an overspend of £420k. This is a demand led budget and the section reacts to cases that arise. Within the assessment and care managements, there has been an increase in staffing costs £47k and the use of agency staffing £20k. The homecare element has also seen an increase of £45k in forecasted costs due to increase in demand and availability of external providers to provide the required level of care.
- 3.2.5** Learning Disabilities: the overspend here has reduced from £396k overspend in quarter 2 to £306k in quarter 3. Again, this is a demand led service, and costs of independent placements are reduced along with homecare and a slight reduction in direct payments contribute to the reduction forecasted in the previous quarter.
- 3.2.6** Provider Unit: the increase in underspend within this section has risen substantially, from £299k underspend at quarter 2 to an underspend of £1,060k in quarter 3. This is an increase of £761k from one reporting period to the next. £422k of the movement relates to Residential Income and deferred charges income. The Client Finance section has caught up with a backlog of financial assessments, this income predominantly relates to 2023-24. In addition, £306k of the movement relates to a reduction in staffing costs and agency costs. During quarter 2, the Reablement Team was restructured and it was expected that the vacant posts would have been filled but, given the current recruitment difficulties, not all the posts have been recruited to. Furthermore, residential care staff returning from long term sickness absence has resulted in a reduction in the use of relief staff and agency workers.

3.3 Children's Services

- 3.3.1** The service is overspent by £996k (8.38%), compared to the profiled budget to the end of the third quarter. However, it is forecasted to be overspent by £1,000k (7.61%) at year end, this is slightly less than forecasted as an overspend reported at the end of quarter 2 £1,075k. Whilst there are slight differences to the forecasts across the Service, there are four key areas of change from one reporting period to the next as shown below:-
- 3.3.2** Looked After Children : The forecasted overspend has decreased from £1,308k reported at quarter 2, to £1,214 at quarter 3. This budget is very much demand led and the change in overspend forecast is following changes with placements and corresponding changes to the costs associated with placements.
- 3.3.3** Commissioning and Social Work : The underspend forecasted at quarter 3 is £329k, which is slightly different from the underspend of £297k reported at quarter 2. This difference relates to changes in staffing forecasts.
- 3.3.4** The Children with Disabilities budget is forecasted to overspend by £12k, which is an improvement of £39k from the previous reporting period where the overspend was forecasted at £51k. This mainly relates to Direct Payment clients.
- 3.3.5** The "Other Children and Family" service is forecasted to overspend by £64k, which is an increase in overspend from the previous reporting period by £53k. This is the result of an increase in therapy costs and costs associated with responses to complaints raised.

3.4 Housing (Council Fund)

3.4.1 This service is forecast to be underspent by £85k (5.25%) at outturn, this is a difference of £21k from the underspend forecasted in quarter 2 of £64k. The main area of improvement in the forecast is within the Housing Administration budgets. It was forecasted in quarter 2 that Housing Administration would be underspent by £12k, however, at quarter 3, the forecast is now an underspend of £30k. This is due to vacant posts not being filled. Private Sector Housing Renewals area was forecasted to underspend by £24k in quarter 2, however, we have not been successful in filling the vacant post, therefore, our revised forecast for quarter 3 is an underspend of £34k. Our forecast for Homelessness Prevention and General Homelessness in quarter 2 was an underspend of £31k, however, we have been able to attribute £12k against grant funding, our revised forecast for this area for quarter 3 is an underspend of £43k. We continue to forecast a breakeven position for homelessness Corporate Risk.

3.4.2 The number of homelessness presentations continues to be significantly higher than in previous years, for a number of reasons. This reflects a similar pattern seen across Wales as Councils deal with refugees, increased immigration, the impact of the cost of living crisis and a shortage of private sector rented accommodation. However, the additional costs are currently being met from Welsh Government grant funding, and an increase in the Housing Benefit recovery in recent months. This, along with the Council finding alternatives to placing clients in Bed & Breakfast accommodation, has kept the expenditure within the funding available and has contributed to the breakeven forecast for the year.

3.5 Regulation and Economic Development

3.5.1 Economic and Community (includes Destination and Leisure)

3.5.1.1 The service, overall, was underspent by £165k (6.38%) for the period, and is forecasted to be underspent by £154k (4.63%) at year end.

3.5.1.2 The Economic Development element of the service is expected to be underspent by £63k at year end, which is slightly different from the £31k overspend forecasted in quarter 2. This is, in part, due to the delaying of the starting of the recruitment process for several vacant posts.

3.5.1.3 The Destination section is forecasted to be £85k underspent by year end. Targets for personal watercraft registrations are fully achieved following the summer season, however, only 60% of the launches have been achieved to date. The collection of mooring fees is ahead of the position it was last year and it is on its way to returning to the level it was pre covid. The seasonal beach wardens and staff budgets are underspent and there is a vacant post of harbour master in Menai Bridge, and the post of Senior Maritime Officer remains vacant.

3.5.1.4 The Leisure section is currently forecasting an underspend at year end of £56k, compared to the £43k overspend reported in quarter 2. The direct debit income targets has recovered to the pre pandemic position and is over achieving its income targets for the first part of the financial year. There are vacant posts that are contributing to the changing financial position.

3.5.2 Planning and Public Protection

3.5.2.1 This service is £700k underspent (27.71%) compared to the profiled budget to the end of the period, and is forecasted to be underspent by £111k (3.95%) at outturn.

- 3.5.2.2** The Planning Service has a forecast outturn of £1k overspend, this is slightly different from the £63k underspend that was forecasted in the quarter 2 report. The difference is the result of a change in the level of demand in Building Regulation being significantly less in the third quarter compared with the first part of the financial year, which has resulted in the forecasted underspend being reduced to £22k. The forecasted overspend within Planning Control is now £19k compare to £42k in the previous quarter, this is the result of an increase in the level of planning applications being received. With future costs in relation to the Planning Policy Unit's work on the Local Development Plan, it is proposed that the increasing underspend is transferred to an earmarked reserve for costs expected in 2024/25.
- 3.5.2.3** The Public Protection Service has seen a slight increase in the forecasted underspend from £96k in quarter 2 to £112k in quarter 3. There are a number of factors which have increased the forecasted underspend, but the main issues relate to Environmental Health and Trading Standards. Trading Standards have incurred an increase in travelling costs than originally forecasted due to the recent confiscation and subsequent prosecution following an incident at the Port of Holyhead. Environmental Health forecast underspend has increased from £25k to £53k, following on from a post becoming vacant. This post has now been recruited to.

3.6 Highways, Waste and Property

3.6.1 Highways

- 3.6.1.1** This service was £1,268k (16.19%) underspent for the period. The forecasted position at year end is £196k underspent (2.47%), which is £10k less than the underspend reported in quarter 2 (£345k). The change in forecast is made of small adjustments throughout the whole department, as well as additional works being funded from the surplus Street Works income previously forecasted.

3.6.2 Waste

- 3.6.2.1** The Waste Service was £285k (3.97%) underspent for the period, and the service is predicted to have an outturn position of a £301k underspend (2.97%). This is a substantial change from the forecast at quarter 2 of £200k.
- 3.6.2.2** There are two distinctive areas where the budgetary forecast has changed, and they are within the Recycling Income, where the forecast underspend has increased from £70k to £100k, and Recycling, where the forecast overspend has been reduced from £214k to £140k which is the result of over achieving income targets. There has been an increase in costs in general, especially within fuel consumption as well as receptacles. In looking at the forecast, there are key areas that could impact the final position, and they include the possibility of the Welsh Government imposing a penalty for non achievement of recycling targets for 2021-22 and 2022-23. The price of recycling material sold may decrease, and the impact of the settling of an employment matter has yet to be quantified.

3.6.3 Property

- 3.6.3.1** The service's position for the period is a £155k (12.17%) underspend, with a forecast for the year end position being underspent by £67k (3.23%). This is a significant swing from one forecasting period to the next, with the forecast at quarter 2 being an overspend of £59k. The variances are explained below.

3.6.3.2 The cleaning service forecast underspend has increased by £74k due to delaying advertising for a vacant posts. The departmental restructure, while nearing completion, has some way to go again and, while some posts have been successfully recruited to, there are still vacant posts within the service. Consultancy and surveys budget was forecasting an overspend of £150k at quarter 2, however, works have not progressed as anticipated, therefore, the cost has not been realised. The consultancy budget forecast at quarter 3 is a balanced budget. The repairs and maintenance budgets are now showing an overspend of £119k compared to a forecast of a balanced budget at quarter 2. This is the result of unavoidable works required on the HQ and the anticipated expenditure on smallholdings following recent storms. A review of rental income invoices has resulted in having to cancel raised invoices, which has meant that the rental income budgets will now be overspent by £61k. The capitalised salaries budget is forecasting an overspend due to the team being unable to allocate their time to projects due to the grant conditions.

3.7 Transformation

3.7.1 The Transformation Service underspent its budget by £106k at the end of the period, however, the position over the remainder of the financial year should improve, and the service is forecast to achieve an underspend of £458k by the end of the financial year.

3.7.1.1 The HR function was overspent by £3k (0.26%) for the period, compared to the profiled budget, and projected to be £12k (0.72%) overspent at year end. This is £1k less of a forecasted overspend of £13k reported at the end of quarter 2. When staffing budgets are set, there is an expectation that a small number of staff in each service will leave and posts will be vacant during the recruitment process, as a result, the staffing budget does not fund 100% of all the costs. In smaller services, where the turnover of staff is low, this can result in an overspend on staffing budgets and this is the expectation for the HR function, although this can change over the remainder of the year if staff leave their current posts. This forecast overspend of £26k will be offset by a forecasted underspend of £11k on central training.

3.7.1.2 The ICT section was underspent by £60k (1.73%), compared to the profiled budget. However, the forecast for outturn is an underspend of £393k (8.98%), this is an increase of £110k in underspend since the last reporting period. This is the result of continuing difficulties in filling vacant posts and an ongoing restructure process following the transfer of responsibility for schools' ICT into the service. Further delays may increase the underspend further as the year comes to a close.

3.7.1.3 The Corporate Transformation Section was underspent by £49k (5.65%) for the period, and expected to be underspent at the year end by £77k (6.27%), which is slightly more than the forecast of £58k reported at the end of quarter 2. This is the result of an outstanding vacant post which remains empty and a new vacant post.

3.8 Resources (excluding Benefits Granted)

3.8.1 The Resources function budget is £120k (3.75%) overspent compared to the profiled budget at the end of the period. However, the projection for the outturn is an underspend of £90k (2.29%), which is slightly more than that reported at the end of quarter 2 of £26k.

3.8.2 The majority of the costs within the Service are staff related, and some vacancies (Internal Audit, Council Tax and Benefits) are being covered by agency staff, to ensure continued service and to deal with backlogs that have arisen from the increased workload (cost of living grants, free school meal payments). The change in forecast from quarter 2 to quarter 3 is the result of vacant posts becoming available in Internal Audit, which has partly been offset by an increase in bank charges. The Procurement Section is expected to be £51k underspent due to initiatives in purchasing, i.e. centralised purchasing budgets and procurement card rebates' and lower demand for certain expenditure which are covered by the central procurement budgets as a result of increased home working (paper, photocopiers, stationery, furniture).

3.9 Council Business

3.9.1 The function was £28k (1.91%) underspent for the period compared to the profiled budget, with the forecast for the year end position being a £65k (3.14%) underspend which is slightly different from the £52k underspend reported in quarter 2. This increase in the underspend is the result of ongoing vacancies and staffing changes.

3.10 Corporate and Democratic Costs

3.10.1 The function was £419k (15.66%) underspent for the period compared to the profiled budget, and the forecast year end position is an underspend of £59k (21.41%)

3.10.2 Members Support & Expenses are forecasting an overspend of £5k, this was £7k at quarter 2.

3.10.3 The secondary LGPS employer pension contributions budget is held under the Corporate & Democratic budget initially, and released to Service budgets as contributions are paid. The current forecast is that the secondary employer contribution costs will be lower than the budget by £729k,

3.10.4 Staff Counselling is forecasted to overspend by £38k, based upon current figures. This is a demand led budget, therefore, the figure will fluctuate based upon need. Audit Fees and Coroners fees are also expected to overspend by £38k and £72k respectively.

3.11 Corporate Management

3.11.1 The function was £10k (1.99%) overspent for the period, and it is forecasted to overspend by £5k (1.91%) at outturn. This is as was forecasted in quarter 2 and it is due to the fact that the staff costs are not budgeted for 100% (as explained in paragraph 3.7.1.1 above).

4. Corporate Finance (including Benefits Granted)

4.1 Corporate Finance, including Benefits Granted, is expected to underspend by £119k at year end.

4.2 The budget for 2023/24 included some items retained centrally as contingency budgets, these amounted to £4,479k. The majority of these budgets will be transferred into Service budgets during the year. Appendix C provides a summary of the contingency budgets, this shows that £2,337k has already been vired to approved budgets. Of this amount, £1,806k related to the additional budget required following the pay settlement in November 2023.

4.3 The capital financing budget is made up of 3 elements: the sum set aside to meet future repayments (Minimum Revenue Provision - MRP), interest payable on outstanding loans and interest received on cash balances held in the Council's bank accounts and other investments. Delays in capital projects, in particular the 21st Century Schools programme, lowered the Council's borrowing requirement which, in turn, has led to lower MRP and interest costs. The Council has benefitted from the rise in interest rates, with investments generating significant amounts of interest income and the total interest received has exceeded the £1m budget. As a result, the Capital Financing budget is forecasted to underspend to the sum of £382k.

4.4 The Council Tax Reduction Scheme budget allowed for an increase in the number of cases and for the increase in Council Tax. Generally, the number of applications increases at the end of the summer as seasonal work ends, but in Autumn 2023 there was no significant increase in the caseload. Based on the current level of awards granted, there is the potential for an underspend on this budget, but the position changes as the cost of living crisis continues and the forecasted rise in unemployment over the coming months may also increase the number of people receiving help through this scheme. The forecast at quarter 3 is an underspend of £200k.

5. Collection of Council Tax

- 5.1** The Council Tax Fund budget is determined using the estimated collectable debt for the current year only, based on the tax base figure set in November 2022. 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. Going forward, with the impending recession and costs of living increasing, this budget will need to be monitored closely. The current core Council Tax income is forecasted to be £378k below the budget.
- 5.2** The Council Tax premium is designed to encourage owners of empty properties and second homes to return the property to general use and, as such, there is a risk that the number of properties paying the premium can reduce significantly during the year. In order to mitigate this risk, the tax base for premium properties is set at 80% and, if the numbers of properties paying the premium does not fall significantly, then the budget will generate a surplus. Again, the transfer of properties from the domestic to the Business Rates register has reduced the premium payable on second homes but, despite the transfer of properties, overall the numbers of second home properties remained fairly constant and, as a result, the Council Tax premium budget is forecasting a surplus of £272k at the end of the financial year.

6. Budget Savings 2023/24

- 6.1** No Budget Savings were required by the services for the financial year 2023/24.

7. Agency and Consultancy Costs

- 7.1** During the year to date, £1.206m was spent on Agency staff. These were, in the main, part-funded from staffing budgets as they related to staff vacancies, while £818k related to staff cover for vacant posts. The Waste Service spent £227k for site agents at the recycling centres. The full details can be seen at Appendix CH.
- 7.2** A total of £602k was spent on Consultancy during the period October to December 2023, with £434k funded through grant or external sources. A full summary of expenditure per service, and additional details of the expenditure, can be seen at Appendix D.

8. Conclusion

- 8.1** There has been a significant improvement in the Council's financial position at the end of the third quarter, with an underspend of £0.842m now being forecast. As the year moves on, and estimated costs become actual costs, the forecasts become more accurate and a change in the reported position between the 2nd and 3rd quarter is not unexpected. However, the movement in 2023/24 has been more significant than in previous years.
- 8.2** At the end of the 2nd quarter, Services were asked to try and slow expenditure and delay the filling of vacancies. This request has been very successful, with the majority of services showing an improved position compared to quarter 2. Difficulties in recruitment, the identification of additional income and a fairly uneventful first part of the winter have also contributed to the change.
- 8.3** Although the forecast is encouraging and, if achieved, it does significantly strengthen the Council's financial position, it should be noted that there are still underlying financial pressures which need to be addressed in the 2024/25 budget. The forecast position is improved by one off savings generated from staff vacancies, which may not re-occur in 2024/25, and additional grant funding, which are unlikely to be received again at the same level in 2024/25.
- 8.4** Demand for services is always an ongoing risk and increase in the demand for services (Adult Services, Children's Services, Homelessness and Council Tax Reduction Scheme) can quickly change the financial outturn. The current forecasted financial position will allow the Council to meet the costs, should demand increase significantly during the final quarter.

- 8.5** The improved forecasted financial position does allow the Council to reconsider some of the assumptions made in setting the draft revenue budget for 2024/25, and may result in a change in the final budget proposals which will be considered by the Council on 7 March 2024.

Projected Revenue Outturn for the Financial Year ending 31 March 2024 - Quarter 3

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymiadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)	2023/24 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
	£'000	£'000	£'000	£'000	%	£'000	£'000	%	£'000
<u>Addysg, Sqiliau a Phobl Ifanc Education, Skills and Young People</u>									
Cyllideb Datganoledig Ysgolion <i>Delegated Schools Budget</i>	56,906	40,864	40,864	0	0.00%	56,906	0	0.00%	0
Addysg Canolog <i>Central Education</i>	5,575	(1,097)	(1,479)	(382)	34.87%	5,249	(326)	-5.85%	(289)
Diwylliant <i>Culture</i>	1,438	1,119	1,004	(115)	-10.25%	1,421	(17)	-1.18%	(18)
<u>Gwasanaethau Oedolion Adult Services</u>	35,789	24,894	25,781	887	3.56%	35,977	188	0.53%	986
<u>Gwasanaethau Plant Children's Services</u>	13,135	11,888	12,884	996	8.38%	14,135	1,000	7.61%	1,072
<u>Tai Housing</u>	1,618	1,756	1,824	68	3.90%	1,533	(85)	-5.25%	(64)
<u>Priffyrdd, Gwastraff ac Eiddo Highways, Waste & Property</u>									
Priffyrdd <i>Highways</i>	7,933	7,829	6,561	(1,268)	-16.19%	7,737	(196)	-2.47%	(206)
Eiddo <i>Property</i>	2,076	1,272	1,117	(155)	-12.17%	2,009	(67)	-3.23%	59
Gwastraff <i>Waste</i>	10,141	7,178	6,893	(285)	-3.97%	9,840	(301)	-2.97%	(200)

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)	2023/24 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over (Under) spend as a % of Total Budget	Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
<u>Rheoleiddio a Datblygu Economaidd</u> <u>Regulation & Economic Development</u>									
Datblygu Economaidd <i>Economic Development</i>	3,325	2,583	2,418	(165)	-6.38%	3,171	(154)	-4.63%	(59)
Cynllunio a Gwarchod y Cyhoedd <i>Planning and Public Protection</i>	2,807	2,526	1,826	(700)	-27.71%	2,696	(111)	-3.95%	(159)
<u>Trawsnewid</u> <u>Transformation</u>									
Adnoddau Dynol <i>Human Resources</i>	1,678	1,311	1,314	3	0.26%	1,690	12	0.72%	13
TGCh <i>ICT</i>	4,377	3,481	3,421	(60)	-1.73%	3,984	(393)	-8.98%	(283)
Trawsnewid Corfforaethol <i>Corporate Transformation</i>	1,229	869	820	(49)	-5.65%	1,152	(77)	-6.27%	(58)
<u>Adnoddau</u> <u>Resources</u>									
	3,932	3,209	3,329	120	3.75%	3,842	(90)	-2.29%	(26)
<u>Busnes y Cynghor</u> <u>Council Business</u>									
	2,068	1,477	1,449	(28)	-1.91%	2,003	(65)	-3.14%	(52)
<u>Costau Corfforaethol a</u> <u>Democratiaidd</u> <u>Corporate & Democratic costs</u>									
	2,611	2,674	2,255	(419)	-15.66%	2,552	(59)	-2.26%	(557)
<u>Rheolaeth Corfforaethol</u> <u>Corporate Management</u>									
	802	607	617	10	1.60%	807	5	0.62%	15
-						400	400	0.00%	400
Costau heb gyllideb, ac na ellir eu rheoli: yswiriant, costau pensiwn a dileu drwg ddyledion / amhariad ar incwm gwasanaethau <i>Unbudgeted, uncontrollable costs: insurances, pension costs and bad debt write offs/impairment allowances on services income</i>									
Cyfanswm Cyllideb Gwasanaethau Total Service Budgets									
	157,437	114,438	112,898	(1,540)	-1.35%	157,101	(336)	-0.21%	574

Gwasanaeth/Swyddogaeth Service/Function	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)	2023/24 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over (Under) spend as a % of Total Budget	Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
Ardollau Levies	4,495	4,419	4,419	0	-0.01%	4,495	0	0.00%	0
Rhyddhad Trethi Dewisol Discretionary Rate Relief	105	0	0	0	0.00%	105	0	0.00%	0
Cyllido Cyfalaf Capital Financing	4,329	2,220	1,785	(435)	0.00%	3,947	(382)	-8.83%	(89)
Cronfeydd wrth Gefn Cyffredinol ac Eraill General & Other Contingencies	2,142	2,142	777	(1,365)	-63.71%	911	(1,231)	-57.47%	(12)
Cronfeydd wrth Gefn Cyffredinol y Cyngor Council's General Reserves	(3,780)	0	0	0	0.00%	(2,579)	1,201	0.00%	0
Cyfraniad CRT y Gwasanaethau Cefnogol Support Services contribution HRA	(800)	0	0	0	0.00%	(800)	0	0.00%	0
Budd-daliadau a Roddwyd Benefits Granted	6,861	1,111	8,317	7,206	648.58%	6,661	(200)	-2.92%	0
Na ellir ei reoli Uncontrollable									
Cyfanswm Cyllid Corfforaethol Total Corporate Finance	13,352	9,893	15,299	5,406	54.65%	12,739	(612)	-4.59%	(101)
Cyfanswm 2023/24 Total 2023/24	170,789	124,331	128,197	3,866	3.11%	169,841	(948)	-0.56%	473
Cyllido Funding									
Trethi Annomestig NDR	(22,823)	(17,556)	(17,556)	0	0.00%	(22,823)	0	0.00%	0
Y Dreth Gyngor Council Tax	(44,231)	0	0	0	0.00%	(43,853)	378	-0.85%	216
Premiwm y Dreth Gyngor Council Tax Premium	(2,893)	0	0	0	0.00%	(3,165)	(272)	9.40%	(325)
Grant Cynnal Refeniw Revenue Support Grant	(100,842)	(77,571)	(77,571)	0	0.00%	(100,842)	0	0.00%	0
Cyfanswm Cyllid 2023/24 Total Funding 2023/24	(170,789)	(95,127)	(95,127)	0	0	(170,683)	106	0	(109)

Gwasanaeth/Swyddogaeth <i>Service/Function</i>	2023/24 Cyllideb Blynyddol Annual Budget	2023/24 Ch3 Cyllideb hyd yma Q3 Budget Year to Date	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed spend	2023/24 Ch3 Amrywiad Q3 Variance	2023/24 Ch3 Gwir Wariant ac Ymrwymadau Q3 Actual & Committed Spend	Ch3 : Q3 Amcangyfrif Gwariant i 31 Mawrth 2024 Estimated Expenditure to 31 March 2024	Ch3 : Q3 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)	2023/24 Gor/(tan) wariant fel % o'r Gyllideb Gyfan Projected Over /(Under) spend as a % of Total Budget	Ch2 : Q2 Amcangyfrif o Alldro 31 Mawrth 2024 gor/(tan) wariant Estimated Outturn 31 March 2024 over/(under)
Cyfanswm yr alldro yn cynnwys effaith y cyllido <i>Total outturn including impact of funding</i>	0	29,204	33,070	3,866	13.24%	(842)	(842)	-0.49%	364

APPENDIX C

Summary of the Outturn Position on Contingency Budgets 2023/24

	Budget	Virements to Service Lines	Amended Budget YTD	Committed YTD	Currently Uncommitted Budgets	Budget Forecast
	£	£	£	£	£	£
General Contingency	400,737	- 149,991	250,746	118,900	131,846	-
Salary and Grading	100,000	-,61,780	38,220	18,130	20,090	18,130
Pay Inflation	2,000,000	-1,805,968	194,032	194,032	-	-
Housing Help to Buy Scheme	1,501,907	-	1,501,907	1,501,907	-	-
Regional Growth – Economic Ambition Board	86,250	-	86,250	74,070	12,180	-12,180
Trainee Scheme	340,000	-319,190	20,810	20,810	-	-
Climate Change	50,000	-	50,000	50,000	-	-
Rateable Value Oriel Ynys Môn	-	-	-	1,219,853	-	-1,219,853
Total General and other Contingencies	4,478,894	-2,336,929	2,141,965	2,661,230	164,116	-1,250,163

Agency costs October to December 2023

Service	Amount £	Source of Funding (Specific Core Budget / Un- utilised staffing budget / Grant / External Contribution)	Permanent / Temporary	Reason for Cover
Economic & Regeneration	5,257	Unitilised Staff Budget	Temporary	Maternity Leave of postholder. Agency finished 12 May, 2023
	-630	Core Budget	Temporary	Housing Enforcement
	4,627			
Schools	34,258	Core Budget	Temporary	Supply teachers in specialist field
	34,258			
Waste	181,051	Specific Core Budget	Temporary	Additional tasks required short team
	45,760	Specific Core Budget / External Contribution		Specific Tasks on Site
	226,812			
Children's Services	250,040	Core Budget	Temporary	To cover vacant posts
	250,040			
Adult Services	567,742	Core Budget	Temporary	To cover vacant posts
	567,742			
Resources	29,155	Un-utilised staffing budget	Temporary	Subsidy work
	34,943	Un-utilised staffing budget	Temporary	Volume of work
	57,980	Earmarked Reserve	Temporary	Volume of work
	122,078			
Total	1,205,557			

Summary Consultancy Expenditure Q3 2023/24

Summary Consultancy Expenditure per Service				
Service	Qtr1 £	Qtr2 £	Qtr3 £	Total 2023/24 £
Central Education	4,525	8,714	9,025	22,264
Culture	0	0	17,500	17,500
Economic & Regeneration	101,463	176,417	482,417	760,297
Property	0	0	7,537	7,537
Highways	4,727	22,227	42,402	69,356
Schools	0	0	0	0
Waste	6,236	8,885	6,279	21,400
HRA	0	0	0	0
Housing	0	0	2,900	2,900
Corporate & Democratic	0	0	0	0
Adult Services	0	0	0	0
Children Services	0	0	0	0
Corporate	0	0	0	0
Transformation	5,365	2,466	6,973	14,804
Council Business	14,995	18,696	6,620	40,310
Resources	9,970	0	38,426	48,396
Total	147,280	237,405	620,079	1,004,764
Funded by:				
Core Budget	44,046	103,980	181,943	329,969
Grant	5,227	73,435	376,828	455,490
External Contribution	82,524	55,473	57,218	195,215
Reserves / Provisions	15,484	4,517	4,090	24,091
Total	147,280	237,405	620,079	1,004,764

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	EXECUTIVE	
Date:	29 FEBRUARY 2024	
Subject:	BUDGET MONITORING REPORT THIRD QUARTER 2023/24 - CAPITAL	
Portfolio Holder(s):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & FINANCE PORTFOLIO HOLDER	
Head of Service / Director:	MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER (EXT. 2601)	
Report Author: E-mail:	JEMMA ROBINSON JemmaRobinson@ynysmon.llyw.cymru	
Local Members:	n/a	
A –Recommendation/s and reason/s		
<ul style="list-style-type: none"> It is recommended that the Executive note the progress of expenditure and receipts against the capital budget 2023/24 at quarter 3. Approve the additional schemes amounting to £9.396m to the capital programme and amendments to funding as per Appendix C, which will result in a revised capital budget of £62.095m for 2023/24. 		
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"> This report sets out the financial performance of the capital budget for the third quarter of the financial year. Budget monitoring is a designated Executive function. 		
CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
Setting of the annual Capital Budget.		
DD – Who did you consult? What did they say?		
1	Chief Executive / Leadership Team (LT) (mandatory)	Report has been reviewed by the Leadership Team and comments incorporated into the final report.
2	Finance / Section 151(mandatory)	n/a – this is the Section 151 Officer’s report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is part of the Leadership Team and comments made have been considered.
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

E – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	The capital budget funds investments in assets and infrastructure which are required to allow the Council to meet the long-term objectives which are set out in its Corporate Plan and Capital Strategy.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Some of the individual investments, e.g., flood prevention work, will prevent future costs, whilst others, e.g., ICF projects, will reduce the dependency on the Council to provide more expensive services.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The Council's Corporate Plan and Capital Programme 2023/24 have been subject to a consultation process with Anglesey citizens.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Some of the projects funded by the capital programme do impact on the equalities agenda, e.g. disabled access in schools, disabled facilities grants. No impact on the Welsh language agenda.
F - Appendices:		
<p>Appendix A - Capital Budget Monitoring Report – Quarter 3 2023/24 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>		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2023/24 Capital Budget, as approved by the full Council on 9 March 2023; • 2023/24 Treasury Management Strategy Statement, approved by the full Council on 9 March 2023; and • 2022/23 Capital Outturn Report, presented to this Committee on 27 June 2023; • 2023/24 Quarter 1 Capital Budget Monitoring report, presented to this Committee on 26 September 2023; and • 2023/24 Quarter 2 Capital Budget Monitoring report, presented to this Committee on 28 November 2023. 		

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 2023, the Council approved a capital programme for non-housing services of £24.405m for 2023/24, and a capital programme of £13.557m for the Housing Revenue Account (HRA). In addition, in June 2023, the Executive approved capital slippage of £13.477m to be brought forward from 2022/23, bringing the capital programme for non-housing services to £33.532m, and £17.907m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, and some amending of funding, which amounted to £9.396m. There has also been Executive approval of additional £1.26m for an HRA scheme. This brings the total capital budget for 2023/24 to £62.095m. This is illustrated in the table below:

Funded By:	Original 2023/24 budget as approved by full Council £'000	Slippage as approved in Q4 2022/23 outturn £'000	HRA increase as approved by Executive June 2023 £'000	Additional schemes / amendments since budget setting £'000	TOTAL £'000
Grant	22,367	2,909		12,025	37,301
Supported Borrowing	3,077	3,294		2,129	8,500
Unsupported Borrowing	2,797	38		(2,797)	38
Revenue Contribution	9,221	3,936	1,260	(2,782)	11,635
Capital Receipts	500	443		(500)	443
Reserves		2,780		1,321	4,101
Loan		77			77
TOTAL	37,962	13,477	1,260	9,396	62,095

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

2. PROGRESS ON EXPENDITURE 2023/24

- 2.1 Below is a summary table of the capital expenditure to 31 December 2023, the profiled budget to 31 December 2023 and the proposed funding of the capital programme for 2023/24:-

Service	Annual Budget £'000	Profiled Budget £'000	Actual Expenditure £'000	Committed Expenditure £'000	Total Expenditure £'000	Profiled Budget Spend %	Annual Budget Spent %
Housing - General Fund	1,877	820	840	0	840	102	45
Housing - HRA	19,988	14,710	13,362	0	13,362	91	67
Lifelong Learning	12,556	6,322	7,647	509	8,156	129	65
Economic and Regeneration	14,405	5,298	5,050	317	5,367	101	37
Highways	8,404	3,370	3,028	380	3,408	101	41
Waste Management	366	66	58	6	64	97	17
Property	3,861	449	429	0	429	96	11
Transformation	391	251	147	110	257	102	66
Adult Services	247	225	229	0	229	102	93
Total	62,095	31,511	30,790	1,322	32,112	102	52
Funded By:							
Capital Grant	37,301						
Capital Receipts	443						
Supported Borrowing	8,500						
Unsupported Borrowing	38						
Revenue Contribution	11,635						
Reserves	4,101						
Loan	77						
Total Funding	62,095						

- 2.2** The profiled budget spent to the end of the third quarter for the general fund is 112%, however, only 45% 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, and some capital schemes have yet to commence, but their budget is profiled in the next quarter towards the latter part of the financial year, such as Holyhead Leisure Centre Flooring, Low Carbon Heat Grant at various locations and Ysgol Uwchradd Bodedern floodlights. These schemes and their profiles can be seen in Appendix B. There are a number of Capital Grants schemes in 2023/24, and an update on these is provided in Section 3.1 of this report.
- 2.3** The HRA has spent 91% of its profiled budget and 67% of the annual budget. 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 29 February 2024.

3. FUNDING

3.1 Capital Grants

3.1.1 There are a number of Capital Grant schemes in the Capital Programme for 2023/24, 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. New Foundation Phase Unit at Ysgol y Graig – the timber Structural Insulated Panels Frame superstructure works for the whole school building is now complete. Internal plaster boarding and plastering is complete, together with window installations. Roof finishes are almost complete. Works are progressing well to the car park areas and site drainage works are ongoing. The building services first fix is almost complete. The Band B Ysgol y Graig budget and funding has now been amended to reflect the latest matrix, and an underspend is predicted against the budget this financial year. This is due to delays on site earlier in the project.
- **Valley Childcare Unit** - £0.85m of grant funding has been secured. Works have commenced on site to prepare the substructure. The new childcare unit will be arriving on site at the end of February 2024.
- **Holyhead Townscape Transformation (Phase II Townscape Heritage Initiative (THI))** - The project on Stanley Street for four properties commenced prior to Christmas, with initial setting out and survey work completed. All remaining design tenders related to both shopfronts and priority projects were issued in quarter 3, with one appointed in December and the remainder in January. This will facilitate final design work to tender, building off previous survey and design work. This will reduce the delays and quoted higher costs experienced through the previously planned use of a framework contractor.
- **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. Progress on projects which are jointly funded through the ERDF include:-
 - **Conserving our Heritage** – The works on Ffynnon y Wrach, Tŵr Ellin and the Lookout above South Stack have now been completed. Works on Ynys Peibio and the Pillbox in Trearddur Bay have also recently been completed. The works on the Battery at Penrhos have started, although slightly delayed by the weather. The work on Skinners Monument Pillbox will follow once the Battery is completed. All of the works should be completed by the end of January 2024.
- **Tourism Gateway** – The Breakwater Country Park visitor centre: works are now complete, and the Visitor Centre was opened in June 2023. Final claims have been submitted and paid but could be subject to further European Audits in the future.

- **Levelling Up** - During quarter 3, the works on the Ucheldre Centre started on site and are progressing well. Mon CF have gone out to tender for the works to the HSBC building, with a closing date of 16 January. They have also been preparing tender documentation for Central Buildings. Contractors have been appointed for the refurbishment of 9 Stanley Street, and work will commence in January. Holyhead Town Council have appointed contractors for the redevelopment of the Newry Beach Shelters but have had to go out to tender for a second time for the extension to the Empire Play Centre as tender prices were significantly over budget. Archaeological works in St Cybi's Church Yard have been completed with no issues. Works on Eglwys y Bedd are scheduled to start late March, but the project is running 6 months behind schedule. Design Teams have been appointed for the Public Realm works and some of the Shop Frontages. The quarter 3 expenditure will be claimed in January and the next payment of grant from the UK Government is also due in January. There are ongoing concerns about increasing costs and delays in starting the projects. Discussions have been held with UK Government Officers regarding a 6-month time extension, taking the programme completion to September 2025. A formal submission for this will be made in February 2024.
- **Safer Streets** – Funding, provided through the Home Office via the North Wales Police and Crime Commissioner, is aimed at reducing neighbourhood crime and anti-social behaviour in Holyhead. It has provided funding for Highways to improve street lighting, provide additional CCTV for Holyhead Town Council and undertake improvement works on the Celtic Bridge. All works were completed, and the funding came to an end in September 2023, although there is an ongoing commitment to provide match funding until March 2024.
- **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. Marketing of these units expected to commence imminently, subject to receipt of EPC assessments. Project has been formally closed with funders.
- **Penrhos Phase 3 project** – £3.1m funding initially secured from ERDF, with a further £0.399m awarded. The aim of this scheme was to construct an additional six new business units on the Penrhos Industrial Estate. Works on-site has now been completed. Marketing of these units are set to commence imminently, subject to receipt of their EPC assessments. Project has been formally closed with funders.
- **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)** – All units have now been let out.
 - **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). Marketing for sale of available plots to commence in liaison with property services.
- **Small Scale Grants Work** - 7 construction schemes have been approved for 2023/24. Subsequently, one scheme has been withdrawn (Capel Moriah, Gwalchmai) due to complexity and excessive cost. Construction work on the remainder is progressing.
- **Llanfair PG, Menai Bridge (FBC)** – Menai Bridge FBC is progressing well. However, work on Llanfair PG business case is delayed due to resourcing issues.
- **Mill Lane Structure** – The revised sensor system has now been implemented and will be monitored over the winter period. Specialists have also visited the site to assess the sensor system.
- **Active Travel (AT)** - £2.253m of Welsh Government (WG) grant has been secured to increase levels of active travel, improve health & well-being, improve air quality, reduce carbon emissions, connect communities and improve active travel access to employment, education and key services, destinations and public transport. A re-profile exercise has been undertaken on the AT Programme, whereby the new allocated sum of the grant equals to £2.130m and is awaiting approval from WG / TfW. Following approval, a revised funding offer letter will be issued

- £0.500m is for core works covering a number of scheme proposals, broken down to pre-scheme development, minor works and M&E activities.
 - **Pre scheme development**
 - Benllech (two routes that adjoin the A5025 and improvements to Square (A5025)) – quarter 3 - completion of the consultation report and undertaking a scheme review and design amendments to reflect the comments received as well as further consultation with the Emergency Services (in particular the NW Fire Service).
 - Menai Bridge - Pentraeth Road & A5025 to Llanfairpwll Park and Share – quarter 3 – scheme paused at end of quarter 2 – undertaken a re-profile / variation and this scheme will not be delivered any further in 2023/24 due to reasons previously outlined. Removed from programme.
 - Gaerwen (& Llanddaniel) – Quarter 3 – Consultant appointed and inception meeting undertaken (utilised (NMWTRA) Framework Agreement as procurement route)
 - Valley - quarter 3 – Consultant appointed and inception meeting undertaken (utilised North & Mid Wales Trunk Road Agent NMWTRA Framework Agreement as procurement route).
 - Amlwch Secondary School and Leisure Centre to Porth Amlwch (incorporating link to access employment) - Quarter 3 - started the Detailed Design phase for majority of routes and preparation for public consultation etc. Public Consultation to be undertaken in quarter 3/4.
 - **Minor Works (Core Package)**
 - Activities in quarter 3 included completing detailed design for critical fail improvements at Amlwch and Valley.
 - **Active Travel Network Map Development & M&E Related Activities**
 - Quarter 3 activities includes undertaking procurement process for Audit activities and ordering of user counters.
- £0.250m in relation to Active Travel Main Scheme Malltraeth – Newborough (A4080) – during quarter 3, re-profiled for higher spend on the project to £0.324m. Minor works at Newborough completed, designs completed for the formal crossing of the A4080 and the Cob Entrance and Flood Risk Activity Permit (FRAP) application submitted to NRW. In respect of the wider assessment of the whole corridor from Pont Marquis to Newborough, Consultants have been appointed to undertake WelTAG Stage 3 pre-scheme development work on the route which includes Stage 3E on the unclassified route from Pont Marquis to Malltraeth, Stage 3C on the section from Pen Cob Car Park to Newborough and further assessments / exploration for a segregated route from Pont Marquis to A4080 along the riverbank.
- £0.158m in relation to Active Travel Main Scheme Llanfairpwll – during quarter 3, re-profiled for higher spend on the project to £0.225m. Designs have been completed on the minor works element along the A5 and Y Gors and term contractor appointed with works scheduled to start in January. In respect of the route from Lon Graig to Lon Refail, an assessment is required on the opposite side of the carriageway, with options being assessed by consultants following further survey work.
- £1.345m in relation to Active Travel Main Scheme Holyhead – Trearddur Bay (North Wales Metro) - during quarter 3, re-profiled for lower spend on the project to £1.034m. Appointed Principal Contractor on the scheme following successful tender process and continued pre-scheme development work for potential subsequent phases of the project.

- **Ultra Low Emission Vehicle (ULEV) Transformation Fund (2022/23)** – All activities associated with the funding from 2022/23 has been completed. The Council secured grant funding from the WG ULEV fund for 2023/24 to continue for completion (as per below).
- **Ultra Low Emission Vehicle (ULEV) Transformation Fund (2023/24)** - £0.377m has been awarded to aid in the completion of activities awarded in 2022/23 and charging at Benllech, Amlwch Leisure Centre and Valley village. Approval granted from Welsh Government for a time-extension on the construction of the EV Hub at Plas Arthur until end of August 2024 on the basis of the contractor being appointed by no later than 30 April 2024 (progress in quarter 3 on this particular scheme includes securing planning permission for the EV hub at Plas Arthur and the start of the detailed design phase). Other progress in quarter 3 includes continued assessment of procurement and tender documentation, with external consultants providing expert advice due to the complexities of the long-term contract, and planning for the enabling works at Amlwch and Valley, as well as submitting quotes for DNO connection at a number of different sites (due to issues at the Benllech site). Currently, the intention is to commit the entire budget during 2023/24 (with the Plas Arthur EV hub being extended for completion by end of August 2024).
- **Local Transport Fund – infrastructure enhancements** - Site acceptance visit was completed in August 2023 and final capital payment issued. The project is now complete.
- **Local Transport Fund** – The remaining grant funding was drawn down at the end of quarter 1, as per the grant conditions and further activities in relation to this scheme in quarters 2 and 3 will be funded by the service. All activities in relation to this scheme are now complete.
- **Low Carbon Heat Grant (Council Offices)** – Planning permission granted in November 2023, ground surveys have subsequently taken place and work is expected to complete by 31 March 2024.
- **Low Carbon Heat Grant (10 locations)** – £2.421m has been secured, with Welsh Government Energy Service providing grant funding that covers 90% of the costs and the Council providing match funding for the remaining 10% from existing capital budgets. Survey work and pre-start meetings ongoing, with building work to begin on site at some locations in quarter 4, with grant funding to be drawn down in full by year end.
- **Plas Arthur Floodlights** - The project was completed during the first week of November 2023. This is included replacement of two columns and new LED lighting in all of the 8 columns. The project was funded through the Cymru Football Foundation and Leisure capital funding.
- **Ysgol Uwchradd Bodedern – 3G pitch** – The project was completed mid-November 2023, with both pitches being used by the school. There are minor alterations that will be completed in the Spring when the weather improves, such as the painting of the lines and the sand in-fill.
- **Ysgol Uwchradd Bodedern – Floodlights** - £0.100m of grant funding has been secured via Sport Wales to erect floodlights to the new 2G and 3G sports pitches. The total cost of the project is expected to be £0.123m, with the Council providing match funding for the remainder. Works will start on the project week commencing 5 February 2024, with works scheduled to be completed by mid-March. This could be delayed due to the weather.
- **Holyhead Leisure Centre Flooring** - £0.100m of grant funding has been secured from Sport Wales to install a new floor in the main hall at Holyhead Leisure Centre. The total project cost is estimated at £0.140m, with the Council providing £0.040m match funding. Start date of the project has been confirmed for the 18 March 2024. This is later than first anticipated, however, this is the best outcome for the leisure service as it coincides with the Easter Holidays which, traditionally, is a quiet period for use of the hall and it will allow some of the clubs that use the facility to use external alternatives. The project will be completed within a 3-week period, which has been agreed with Sport Wales.

- **Môn Coastal Gateway** – The contractor started work at Moelfre and Traeth Bychan in November 2023, and at Beaumaris and Rhosneigr in December 2023. Work at all 4 sites is on-going and currently on schedule to be completed by the end of February 2024.
- **Community Focused Schools (CFS) grant (2022/23)** - Most of the works have now been completed. Outstanding work relates to Ysgol Syr Thomas Jones and now having had planning consent, will occur during March 2024. Therefore, full expenditure of the funding is expected.
- **Community Focused Schools (CFS) grant (2023/24)** - £0.200m has been awarded in 2023/24 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. The awarded sum relates to three specific schools. It is expected that a small amount of the grant will be spent within quarter 4, with full expenditure of the budget expected in 2024/25. This has been communicated to Welsh Government and a reprofile of spend submitted and approved, with the revised allocation for 2023/24 being £0.030m.
- **Additional Learning Needs (ALN) grant (2022/23)** - Most work under this scheme was completed over the Summer 2023 holiday period. There was a sum allocated for works in Holyhead High School, which is now not possible to carry out in the original time frame and, therefore, an underspend of £0.215m is expected to be repaid back to Welsh Government.
- **Additional Learning Needs (ALN) grant (2023/24)** - £0.478m has been secured from Welsh Government to optimise learning environments for disabled children and young people, and those with additional learning needs, to increase accessibility, promote inclusive practice, support learning and pupil wellbeing. Works have been identified by the ALN team and, due to work not being able to being carried out as per the terms and conditions of the grant, an underspend of £0.139m is expected to be repaid back to Welsh Government.
- Social care funding has been awarded from the Regional Partnership Board from a number of different funding streams, as follows:-
 - **Integrated Care Fund (ICF)** - £0.694m was claimed through the ICF in prior years and through displaced funding, for the projects to slip into 2023/24 to be completed. There are 4 projects included in the programme managed monies, which are:-
 - Specialist small group homes;
 - Extra Care south of the Island;
 - Disabled Friendly Investment;
 - Learning Disability Enabling Accessibility.

It is currently envisaged that the remaining funds will be spent in full this financial year, which will be used as a contribution to the above expenditure schemes that sit within the HRA budget.

- **Integration and rebalancing capital fund (IRCF)** – £0.244m of capital funding has been granted through IRCF to fund:-
 - **Amlwch Wellbeing HUB (£0.128m)** – 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. £104k was used in 2022/23 and the remainder (£25k) utilised in 2023/24 to complete the project. The project was complete by the end of June 2023.
 - **Dementia Friendly Care Homes (£0.115m)** – The funding will be used to create a 3rd secure unit at Garreglwyd care home to support an increased specialised local dementia support. The project commenced in June 2023 and has now been completed.

- **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. £0.445m was drawn down in 2022/23, with the remaining £0.655m available in 2023/24. One of the properties has been fully renovated and the second property is still in progress, with an aim to complete by the end of the financial year. The third property will be a purpose-built unit and the pre planning process is currently being undertaken. It is currently expected that £0.300m will be drawn down in 2023/24, with the remaining requested to be carried forward for completion of the above activities in financial year 2024/25.

3.2 Capital Receipts

3.2.1 The capital receipts for this year to date and the budgeted capital receipts are:-

	Budget 2023/24 £'000	Received to 31-Dec-2023 £'000	Projection to 31-Mar-2024 £'000
Council Fund:			
Smallholdings	0	0	0
General	584	524	524
Industrial	0	0	0
Schools	480	0	0
Total	1,064	524	524

3.2.2 The projected capital receipts at 31 March 2024 is £0.524m, with £0.524m being received at 31 December 2023 (100%). There are assets that were included within the budget to sell this financial year that, due to the timing of auction and potential sale, will carry over to complete in financial year 2024/25.

3.2.3 Although the projected capital receipts is £0.524m, there is £2.428m of capital receipts available to fund the capital programme, as £1.904m of capital receipts were brought forward from 2022/23 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, as well as funding earmarked for slippage schemes from previous year.

4. PROJECTED ACTUAL EXPENDITURE 2023/24

4.1 Below is a table with projected Expenditure at 31 March 2024 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000	Variance %
Housing General Fund	1,877	1,170	(707)	(38)
Housing HRA	19,988	20,529	541	3
Lifelong Learning	12,556	11,597	(959)	(8)
Economic and Regeneration	14,405	7,780	(6,625)	(46)
Highways	8,404	7,468	(936)	(11)
Waste Management	366	111	(255)	(70)
Property	3,861	3,586	(275)	(7)
Transformation	391	371	(20)	(5)
Adult Services	247	247	0	0
Total	62,095	52,859	(9,236)	(15)
Funded By:	Annual Budget £'000	Projected Funding £'000	Variance £'000	Variance %
Capital Grant	37,301	30,169	(7,132)	(19)
Capital Receipts	443	157	(286)	(65)
Supported Borrowing	8,500	7,492	(1,008)	(12)
Unsupported Borrowing	38	38	0	0
Revenue Contribution	11,635	11,665	30	0
Reserves	4,101	3,261	(840)	(20)
Loan	77	77	0	0
Total Funding	62,095	52,859	(9,236)	(15)

4.2 As can be seen from Table 4.1 (above), the forecast underspend on the capital programme for 2023/24 is £9.236m, with this being potential slippage into the 2024/25 capital programme. The funding for this slippage will also slip into 2024/25 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2024/25.

There is a forecast overspend of £0.541m in Housing HRA, further detail as explained in the HRA quarter 3 budget monitoring report, presented to this Committee on 29 February 2024.

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

Housing

The Disabled Facilities Grant scheme is now predicting a £0.215m underspend in the year, however, the funding will be committed in this financial year and it is requested to be carried forward to fulfil the committed spend.

The decision not to move ahead with any further development of the gypsy and traveller site at Star at this point in time, allows the remaining funding of £0.490m to be de-committed and is available to fund new capital expenditure.

Lifelong Learning

There is an underspend forecast for disabled adaptations in education buildings. The availability of the Additional Learning Needs (ALN) Grant means that many works that would have ordinarily been financed from this budget are now grant funded. It has been requested that this budget be carried over to 2024/25 as school buildings surveys are underway and are likely to reveal necessary work, and there is no certainty as to the availability of ALN grants going forward.

There is also an underspend forecast in relation to the School Safety Scheme. Due to the scope of the works for the remaining budget and the planning process required, it is estimated that the required works cannot take place until Summer 2024 and it is, therefore, requested at this stage that any underspend on this budget be carried forward to 2024/25 to carry out the necessary works.

Capital works to education buildings is now predicting to be spent in full. This is due to the award of Low Carbon Heat Grants providing significant grant funding at 90% and using this budget to fund the Council match of 10%.

The Additional Learning Needs grant predicted underspend, and the underspend forecast for Sustainable Communities for Learning has been explained in 3.1.1 above.

Highways

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 2024/25 for completion.

Funding will also slip into the next financial year, as described above, and no funding will be lost.

The Vehicle Transformation Fund grant is predicting an underspend against budget, however, there has been agreement from Welsh Government for an extension on the grant award, as explained in 3.1.1 above, and therefore, the remaining budget will be carried forward to financial year 2024/25 based on the budget being committed in full.

The budget for gritters will not be spent this financial year and it is requested the budget be carried forward to financial year 2024/25. This is due to the availability to procure suitable vehicles.

Property

The Upgrade of Public Conveniences scheme budget will not be spent in full, and it is estimated that there will be minimal 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.

Waste Management

The budget for the Recycling Equipment will not be spent in its entirety, and an underspend is anticipated. The service has reviewed and prioritised their capital spend in line with their strategy and 5-year financial plan and are now procuring four items of plant and machinery. However, the potential lead time after successful tenders mean that the plant and machinery are unlikely to be delivered this financial year, however, the funding is fully committed.

Economic & Regeneration

The Holyhead Regeneration Scheme (THI Phase II) is still predicting an underspend against budget as at quarter 3. There has been a general slowdown this financial year, and it is foreseen that spend will pick up in quarter 4 as more of the smaller projects get underway on site, while the larger projects remain in development due to their scale and complexity. As a result, the majority of the spend will be in 2024/25.

The Maritime Infrastructure scheme is predicting an underspend this financial year due to recent discussions with RWE over potential use which, therefore, means another design change. The scheme is currently in the re-design stage and due to timing, the budget is requested to roll forward into 2024/25 in order to complete the scheme.

Visitor Infrastructure budget is now predicting a £0.140m underspend – this is due to match funding being required for Shared Prosperity Fund grant and it being beneficial to the region to maximise grant expenditure this year and provide our match funding next financial year. It is, therefore, requested to carry this over to financial year 2024/25.

The budget for Porth y Wrach slipway enforcement cameras will not be spent in full this financial year as the system being procured is expected to be significantly less than the budget allocated. It is expected there will be approximately £0.020m of an underspend, and the service has requested the remaining budget be used for similar equipment at another maritime site.

The underspend of £5.776m on the Levelling Up Fund has been explained in 3.1.1 above, with a formal bid for a 6-month extension being submitted in February 2024 due to various delays within the programme.

- 4.3** The Capital Finance Requirement forecasted at 31 March 2024 is £150.180m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £123.413m, meaning the Authority essentially needs to borrow £26.767m 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 2023/24 Treasury Management Strategy Statement (Appendix 11).

5. FUTURE YEARS

- 5.1** The Capital Strategy recommended that the 2023/24 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 2024/25 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 Council Plan 2023– 2028, and any schemes which can generate future revenue savings or generate additional income.

The proposed capital budget will be presented to this Committee on 29 February 2024, with the final budget presented to full Council for approval on 7 March 2024. The Capital Strategy for 2024/25 will also be presented to this Committee and the full Council on 7 March 2024.

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. While some schemes are expected to underspend at this stage, it must be noted that the budgets are committed and required, and slippage to 2024/25 is requested for these schemes to complete next financial year. The Council is also expecting to receive £0.524m of Capital Receipts in 2023/24 to contribute towards the funding of the Capital Programme.

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 (%)
Housing General Fund											
Disabled Facilities Grants	1,215,948	800,000	822,520	0	822,520	22,520	103	68	1,000,000	(215,948)	(18)
Enable Grant	139,786	20,000	17,393	0	17,393	(2,607)	87	12	139,786	0	0
Residential Site for Gypsies and Travellers	490,841	0	0	0	0	(0)	0	0	0	(490,841)	(100)
Affordable Housing	30,650	0	0	0	0	(0)	0	0	30,650	0	0
TOTAL	1,877,225	820,000	839,914	0	839,914	19,913	102	45	1,170,436	(706,789)	(38)
Housing HRA											
Central Heating Contract	1,250,000	805,000	692,909	0	692,909	(112,091)	86	55	1,100,000	(150,000)	(12)
Planned Maintenance Contract	4,450,000	2,635,000	2,634,238	0	2,634,238	(762)	100	59	4,450,000	0	0
Energy Performance Improvement	600,000	450,000	(0)	0	(0)	(450,000)	(0)	(0)	0	(600,000)	(100)
Environmental Works	700,000	400,000	174,654	0	174,654	(225,346)	44	25	400,000	(300,000)	(43)
Acquisition of Existing Properties and Development of new properties	10,288,000	8,421,000	7,862,307	0	7,862,307	(558,693)	93	76	11,879,424	1,591,424	15
Public Sector Adaptations	400,000	273,000	347,498	0	347,498	74,498	127	87	500,000	100,000	25
Fire Risk	400,000	191,000	115,557	0	115,557	(75,444)	61	29	300,000	(100,000)	(25)
WHQS	1,900,000	1,535,000	1,534,695	0	1,534,695	(305)	100	81	1,900,000	0	0
TOTAL	19,988,000	14,710,000	13,361,858	0	13,361,858	(1,348,142)	91	67	20,529,424	521,424	3
Capital											
Lifelong Learning											
Disabled Access in Education Building	144,512	21,500	20,076	0	20,076	(1,424)	93	14	20,076	(124,436)	(86)
Refurbish Education Buildings	1,944,133	1,350,000	1,349,537	1,361	1,350,898	898	100	69	1,944,133	0	0
School Safety	107,648	40,000	38,595	0	38,595	(1,405)	96	36	40,000	(67,648)	(63)
Free School Meals Grant	600,205	400,000	358,552	782	359,334	(40,666)	90	60	600,205	0	0
External Canopies	22,420	22,420	19,343	0	19,343	(3,077)	86	86	22,420	0	0
Additional Learning Needs	435,677	435,677	150,142	0	150,142	(285,535)	34	34	220,677	(215,000)	(49)
Additional Learning Needs 2023/24	478,225	5,000	460	4,866	5,326	326	107	1	339,000	(139,225)	(29)
Community Focused Schools	450,993	400,000	417,955	0	417,955	17,955	104	93	450,993	0	0
Community Focused Schools 2023/24	30,000	1,000	920	0	920	(80)	92	3	30,000	0	0
Ysgol Uwchradd Bodedern - pitches	300,000	294,000	276,050	950	277,000	(17,000)	94	92	294,000	(6,000)	(2)
Ysgol Uwchradd Bodedern - floodlights	123,000	0	0	0	0	(0)	0	0	123,000	0	0
Increasing Capacity for Childcare Grant (Grant scheme)	380,000	100,000	102,867	0	102,867	2,867	103	27	380,000	0	0
Increasing Capacity for Childcare Grant (Childcare provisions)	49,481	52,000	52,659	0	52,659	659	101	106	52,659	3,178	6
Valley Childcare Unit	850,000	450,000	22,116	448,333	470,449	20,449	105	55	850,000	0	0
Completion of Band A Programme	370,000	250,000	225,564	13,963	239,526	(10,474)	96	65	379,526	9,526	3
Commencement of Band B Programme	6,269,995	2,500,000	4,612,148	38,341	4,650,489	2,150,489	186	74	5,850,489	(419,506)	(7)
TOTAL	12,556,289	6,321,597	7,646,984	508,596	8,155,580	1,833,983	129	65	11,597,180	(959,110)	(8)

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 (%)
Economic and Regeneration											
Amlwch Fitness Suite	1,468	0	0	0	0	(0)	0	0	1,468	0	0
Amlwch Lesiure Centre - Flooring	75,635	75,635	75,635	0	75,635	(0)	100	100	75,635	(0)	(0)
Plas Arthur 3G Floodlights	74,514	74,514	74,514	0	74,514	(0)	100	100	74,514	(0)	(0)
Holyhead Leisure Centre Flooring	149,000	0	0	148,378	148,378	148,378	148,378,000	100	149,000	0	0
Tourism Gateway	50,000	0	0	0	0	(0)	0	0	0	(50,000)	(100)
Holyhead Landscape Partnership	106,000	40,000	78,830	0	78,830	38,830	197	74	106,000	0	0
Holyhead Regeneration (THI Phase II)	762,000	150,000	51,270	137,127	188,397	38,397	126	25	320,000	(442,000)	(58)
Breakwater Park	110,000	80,000	55,923	0	55,923	(24,077)	70	51	55,923	(54,077)	(49)
Penrhos Phase 2	23,345	23,345	23,345	0	23,345	0	100	100	23,345	0	0
Penrhos Phase 3	2,820,804	2,750,000	2,757,456	390	2,757,846	7,846	100	98	2,820,804	0	0
Economic Development & Environmental Wellbeing	122,543	0	0	0	0	(0)	0	0	122,543	0	0
Porth Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	(0)	0	0	10,000	(20,000)	(67)
Newry Community Centre	52,289	0	0	0	0	(0)	0	0	52,289	0	0
Gateway Site JV	21,514	0	0	0	0	(0)	0	0	21,514	0	0
Maritime Infrastructure	177,514	30,000	0	28,573	28,573	(1,427)	95	16	30,000	(147,514)	(83)
Visitor Infrastructure	198,930	0	0	0	0	(0)	0	0	58,930	(140,000)	(70)
Melin Llynonn	70,397	70,000	67,849	3,925	71,774	1,774	103	102	75,000	4,603	7
Transforming Towns Covid Grant	10,064	0	0	0	0	(0)	0	0	10,064	0	0
Mon Coastal Gateway	313,000	5,000	5,395	0	5,395	395	108	2	313,000	0	0
Levelling Up Fund	9,236,000	2,000,000	1,859,514	0	1,859,514	(140,486)	93	20	3,459,514	(5,776,486)	(63)
TOTAL	14,405,017	5,298,495	5,049,732	318,393	5,368,125	69,630	101	37	7,779,543	(6,625,474)	(46)
Highways											
Upgrade Pay and Display Machines in Car Parks	4,533	4,533	0	5,469	5,469	936	121	121	5,469	936	21
Vehicles	800,408	350,000	190,350	163,678	354,028	4,028	101	44	800,408	0	0
Gritters	250,000	0	0	0	0	(0)	0	0	0	(250,000)	(100)
Highways Resurfacing	2,500,000	2,000,000	1,960,234	0	1,960,234	(39,766)	98	78	2,500,000	0	0
Llanfair Flood Scheme	391,646	30,000	29,489	0	29,489	(511)	98	8	30,000	(361,646)	(92)
FBC Menai Flood Scheme	150,771	60,000	55,833	0	55,833	(4,167)	93	37	60,000	(90,771)	(60)
Valley Construction	13,248	1,000	630	13,476	14,106	13,106	1,411	106	13,476	228	2
Flood Relief Schemes (Match Funding)	346,800	0	0	0	0	(0)	0	0	346,800	0	0
Mill Lane - NFM	30,888	30,000	40,898	0	40,898	10,898	136	132	40,898	10,010	32
Invest to Save - Vehicles	5,068	0	0	0	0	(0)	0	0	5,068	0	0
Small scale grants work	601,024	40,000	100,027	0	100,027	60,027	250	17	601,024	0	0
Active Travel	2,253,103	275,000	103,844	166,716	270,560	(4,440)	98	12	2,130,250	(122,853)	(5)
Local Transport Fund - Bus Infrastructure enhancements 2021/22	28,014	28,014	28,014	0	28,014	0	100	100	28,014	0	0
Local Transport Fund - Bus Infrastructure enhancements 2022/23	387,265	387,265	387,265	0	387,265	0	100	100	387,265	0	0
Vehicle Transformation Fund - Electric Vehicle Charge Points	57,334	57,334	56,958	0	56,958	(376)	99	99	56,958	(376)	(1)
Safer Streets	18,000	17,100	17,100	0	17,100	(0)	100	95	17,100	(900)	(5)
Vehicle Transformation Fund - Electric Vehicle Charge Points 2023/24	376,550	80,000	49,317	31,690	81,007	1,007	101	22	256,550	(120,000)	(32)
Electric Vehicle Charging Infrastructure	189,152	10,000	8,617	0	8,617	(1,383)	86	5	189,152	0	0
TOTAL	8,403,803	3,370,246	3,028,575	381,029	3,409,604	39,358	101	41	7,468,431	(935,373)	(11)

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 (%)
Waste Management											
IVC Works	13,595	6,000	0	5,804	5,804	(196)	97	43	13,595	0	0
Recycling Equipment	289,315	0	0	0	0	(0)	0	0	34,000	(255,315)	(88)
Gwalchmai Roofing	63,000	60,000	57,950	0	57,950	(2,050)	97	92	63,000	0	0
TOTAL	365,910	66,000	57,950	5,804	63,754	(2,246)	97	17	110,595	(255,315)	(70)
Property											
Refurbish Existing Assets	1,040,546	400,000	405,112	0	405,112	5,112	101	39	1,040,546	0	0
Invest To Save Property	77,068	0	0	0	0	(0)	0	0	77,068	0	0
Low Carbon Heat Grant - Council Offices	23,900	23,900	0	0	0	(23,900)	0	0	23,900	0	0
Low Carbon Heat Grant - Various	2,420,745	0	0	0	0	(0)	0	0	2,420,745	0	0
Upgrade Public Conveniences	298,839	25,000	24,147	0	24,147	(853)	97	8	24,147	(274,692)	(92)
TOTAL	3,861,098	448,900	429,259	0	429,259	(19,641)	96	11	3,586,406	(274,692)	(7)
Transformation											
ICT- Core Infrastructure	135,278	67,639	15,734	32,374	48,108	(19,531)	71	36	135,278	0	0
ICT - Desktop Refresh	99,456	50,000	0	54,733	54,733	4,733	109	55	99,456	0	0
ICT - Anglesey Connected (AC) to PSBA transition	43,088	20,000	18,493	22,502	40,995	20,995	205	95	22,502	(20,586)	(48)
Hwb IT	113,471	113,471	112,471	0	112,471	(1,000)	99	99	113,471	0	0
TOTAL	391,293	251,110	146,698	109,610	256,308	5,198	102	66	370,707	(20,586)	(5)
Adult Services											
Discretionary Capital Programme	47,353	45,000	44,153	0	44,153	(847)	98	93	47,353	0	0
Integration and Rebalancing Capital Fund (IRCF)	175,066	170,000	174,440	0	174,440	4,440	103	100	175,066	0	0
Plas Mona Refurbishment	24,104	10,000	10,584	0	10,584	584	106	44	24,104	0	0
TOTAL	246,523	225,000	229,177	0	229,177	4,177	102	93	246,523	0	0
TOTAL	62,095,159	31,511,348	30,790,147	1,323,432	32,113,579	602,231	102	52	52,859,245	(9,235,914)	(15)

Changes to budgets / additional schemes added since budget setting.

Scheme	Budget £	FUNDING						
		Grant £	Revenue Contribution £	Capital Receipts Reserve £	Capital Reserve £	Supported borrowing £	Unsupported Borrowing £	Other Reserve £
Highways Resurfacing*	0	(1,701,000)				591,000		1,110,000
Community Focused Schools	30,000	30,000						
Enable	139,786	139,786						
Active Travel	2,253,103	2,253,103						
Mill Lane NFM	(241,640)	(241,640)						
ULEV	376,550	376,550						
Brilliant Basics	250,400	250,400						
Small Grants Childcare	380,000	380,000						
Plas Arthur Floodlights	51,305	51,305						
Bodedern pitches	300,000	300,000						
Bodedern Floodlights	123,000	100,000						23,000
Breakwater Park	110,000	110,000						
Safer Streets	18,000	18,000						
Phase 3	22,187	22,187						
Phase 3	398,617	398,617						
Llangefni JV	21,514	21,514						
Small Scale Grants	478,636	478,636						
Small Scale Grants	47,388							47,388
HRA***	821,000	1,229,000	(875,945)			467,945		
ICF	(693,966)		(226,021)			(467,945)		
Corn Hir	370,000	107,328				262,672		
Vehicles**	0	58,000		(58,000)				
Gritters**	0	150,000		(150,000)				
IT budget**	0	292,000		(292,000)				
Mill Lane Structure	30,888	26,255			4,633			
Waste Recycling	70,634	70,634						
Additional Learning Needs 2023/24	478,225	478,225						
Valley Childcare Unit	850,000	850,000						
Gwalchmai Roof	63,000							63,000
Holyhead Leisure Centre	149,000	100,000			36,949			12,051
Leisure Capital pot	(36,949)				(36,949)			
IT Hwb	(39,221)	(39,221)						
Band B	305,995	1,827,497				1,275,498	(2,797,000)	
Bus Infrastructure 2022/23	(587)	(61,589)			61,002			
Discretionary Capital Programme	47,353	47,353						
Low Carbon Heat Grant	2,178,671	2,178,671						
Landscape Partnership	56,000	56,000						
Bryn Hwfa Community Hub	(13,155)	(13,155)						
HRA	0	1,680,000	(1,680,000)					
TOTAL	9,395,734	12,024,456	(2,781,966)	(500,000)	65,635	2,129,170	(2,797,000)	1,255,439

*Included in the 2023/24 budget was £1.701m of funding from extra general capital grant. Upon reviewing the restrictions of the grant conditions, it had to be utilised in 2022/23 and, therefore, the grant was used to fund capital expenditure in 2022/23, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund capital expenditure in 2023/24.

** Reallocation of funding from what was originally funded by capital receipts in the 2023/24 programme, to now be funded by general capital grant.

***Included in the 2023/24 budget for HRA, there was an underestimation of grant funding and, along with the required increase in budget, the funding has now been amended.

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Isle of Anglesey County Council	
Report to:	EXECUTIVE COMMITTEE
Date:	29 FEBRUARY 2024
Subject:	HOUSING REVENUE ACCOUNT BUDGET MONITORING, QUARTER 3 2023/24
Portfolio Holder(s):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER FINANCE
Head of Service / Director:	MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER (EXT. 2601)
Report Author:	CARWYN EDWARDS
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Local Members:	N/A

A –Recommendation/s and reason/s

1. The Executive is requested to note the following: -
 - (i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for quarter 3 2023/24.
 - (ii) The forecast outturn for 2023/24.

2. **Background**
 - (i) The report here shows the revenue budget with a budgeted surplus of £8,044k.
 - (ii) The gross capital budget for 2023/24 is £19,988k. Grant and other funding budget of £6,898k reduces the net budget to £13.090k.
 - (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £5,046k, which would be funded from the HRA reserve.
 - (iv) The HRA is ‘ringfenced’, and its reserves cannot be transferred to the General Fund, nor can General Fund reserves be used to fund the HRA.

3. This report sets out the financial performance of the HRA for the period from 1st April 2023 to 31st March 2024.

4. **Overview**
 - 4.1 The HRA revenue surplus / deficit at the end of quarter 3 shows an underspend of £509k compared to the profiled budget. The forecast at year end is an underspend of £708k. More detail is shown in Appendix A.
 - 4.2 The capital expenditure is £404k above the profiled budget at the end of quarter 3. The forecast expenditure is £541k above budget at year end, as explained in Appendix B below. The forecasted overspend on capital expenditure of £541k and the underachievement of £113k on other contributions is offset by £2,191k overachieved grant funding. The net underspend, combining capital expenditure, capital grants receivable and other contributions, is an underspend of £1,536k.
 - 4.3 The forecast deficit (combining both revenue and capital) is now £2,802k, £2,244k less than the budget.

5. Income

- 5.1** At the end of quarter 3, the level of income received was £110k below the profiled budget, as noted below.
- 5.2** Rental income was £50k below the profiled budget at the end of quarter 3. The deficit is due to fewer-than-expected rentable properties being added to the rentable stock during the year, but the deficit is not expected to increase further.
- 5.3** The overall level of bad debt provision is estimated as 1.5% of rental income. Having considered the current outstanding balance and the debts written off in the year to date, it is expected that the amount that will be charged to the revenue account, to restore the bad debt provision balance to the required level at the end of the year will be in the region of £100k, thus resulting in a £216k underspend on this budget.

6. Non-Repairs and Maintenance Expenditure

- 6.1** At the end of quarter 3, non-repairs and maintenance expenditure was £149k below the profiled budget.
- 6.2** Other revenue expenditure shows an underspend of £37k against the profiled budget, but is expected to increase to £165k over budget at year end. This is due to an unforeseen expenditure of £185k on Telecare switch from analogue to digital services provision, and an associated hardware upgrade.
- 6.3** The Tenant Participation heading shows an underspend of £27k at the end of quarter 3. We are forecasting an underspend of £28k at year end.
- 6.4** The rent administration heading shows an underspend of £7k at the end of quarter 3. We are forecasting an underspend of £6k at year end.
- 6.5** The Estate Management heading shows an underspend of £77k at the end of quarter 3. We are forecasting an underspend of £76k at year end.

7. Repairs and Maintenance

- 7.1** The Housing Maintenance Unit (HMU) shows an underspend of £432k at the end of quarter 3. Significant work has been undertaken to review budgetary requirements and a more realistic budget has been set for 2023/24. New legislation has come into force, which expects Social Housing Landlords to provide suitable floor coverings at change of tenancy, a provision of £85k has been factored into our forecast in light of this requirement. Even so, we are still forecasting an underspend of £73k at year end.
- 7.2** Expenditure on non HMU building maintenance staff is £47k below the profiled budget at the end of quarter 3. It is expected that this service area will underspend by £55k at year end.
- 7.3** Other repairs and maintenance was £10k above profiled budget in quarter 3. We are forecasting an underspend of £32k at year end.

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 forecasted that there will be an underspend of £138k on Capital Finance Charges and an overachievement of £330k on interest receivable. Overall, the Council's surplus cash balances and the level of the interest rate received have been higher than anticipated, and the HRA account has benefitted as a result.

9. Capital Expenditure

- 9.1 The gross capital budget for 2023/24 is £19,988k, the grant funding budget for 2023/24 is £6,205k, and other contributions budget is £693k. We are forecasting an overspend of £542k on capital expenditure (see Appendix B for a detailed breakdown) and we are forecasting to underachieve on other contributions income by £113k because of lower than expected spend on the Extra Care project. This overspend on capital expenditure and underachieved other contributions income is offset against overachieved grant income of £2,191k. The net forecasted underspend on capital is £1,536k. The amount funded from the HRA revenue account is reduced by the same amount. The balance is then available to fund projects that have been deferred into next year.

The Grant funding forecast of £8,396k is summarised below:-

Source	Quarter 3 Forecast £
HCF	300,000
CADW	121,000
Place Making	250,000
Transitional Accommodation Capital Programme	650,000
Social Housing Grant (SHG)	2,872,433
Major Repairs Allowance (MRA)	2,690,000
Optimised Retrofit Programme 2023/24	873,000
Optimised Retrofit Programme 2022/23 – carried forward	371,000
Fire Safety Grant	269,000
Total Grant Funding	8,396,433

The main source of additional grant funding in quarter 3 is as a result of a successful application for further Social Housing Grant. The table below summarises the amounts of Social Housing Grant that we expected in quarter 2 and the revised amounts that we are currently forecasting for the year as at quarter 3:-

Scheme	Quarter 2 amount	Quarter 3 amount	Variance from Quarter 2
Niwbwrch Old School Site	£277,500	£277,500	£0
Lon Lwyd, Pentraeth	£701,536	£1,500,000	£798,464
Plas Alltran, Caergybi	£267,651	£292,500	£24,849
Cae Braenar, Caergybi	£501,400	£397,433	(£103,967)
Garreglwyd Road, Caergybi	£155,870	£405,000	£249,130
Stad Y Bryn, Llanfaethlu	£207,100	£0	(£207,100)
Total	£2,111,057	2,872,433	£761,376

- 9.2** WHQS expenditure – The £1,900k budget is split between planned kitchen replacements involving approximately 80 properties and demand led capital works undertaken on the change of tenancy. A contract was awarded for the planned works during quarter 4 of 2022/23, to the value of £484k. A sum of £1,400k has been earmarked for capital works undertaken by the Housing Maintenance Unit, predominantly at change of tenancy. WHQS works are progressing well, with total WHQS expenditure up to quarter 3 amounting to £1,535k.
- 9.3** Fire Risk expenditure – The £400k budget was planned to be spent on completing retrospective installations of fire suppression systems at Maes y Coed, Menai Bridge, and Glan Cefni, Llangefni, as well as fire compartmentation improvements at all four medium rise blocks of flats which form part of the housing stock. In addition, capital works involves upgrades to fire alarm systems and replacement of fire doors. Expenditure to date is lower than expected, however, fire compartmentation works were completed during quarter 3, and the installation of both fire suppression systems are scheduled to be completed during quarter 4. The Housing Service confirms that, whilst the budget is fully committed, actual expenditure during 2023/24 is now likely to be in the region of £300k, resulting in an underspend of £100k in 2023/24. The specialist contractor undertaking the work has been instructed to prioritise the completion of fire suppression systems prior to commencing fire alarm upgrades.
- 9.4** Public Sector Adaptations expenditure – During quarter 3, demand for medium or large-scale adaptations remained high, and expenditure up to the end of quarter 3 indicates that the £400k budget will not be sufficient. We expect this area to overspend by £100k due to the level of demand. Expenditure on Adaptations is demand led and typically involves the installation of stairlifts, level access showers and alterations to existing access arrangements.
- 9.5** Energy Performance expenditure – We are currently in consultation with the District Network Operator (DNO) prior to installing Solar PV panels to generate renewable electricity. The Energy Performance budget was reduced from £1,000k to £600k due to the delays. 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. The DNO has commenced the process of arranging network upgrades at certain locations but, unfortunately, timescales for completion of the upgrades are currently unknown. The current forecast is that there will be no expenditure during 2023/24, with an underspend of £600k on this project in 2023/24. As a result of positive outcomes to further discussions with the DNO during quarter 2 and quarter 3, Housing Services anticipate that they will complete the preparation of tender documents for the installation of Solar PV systems across several estates during quarter 4. Any contract award is unlikely to be completed before the final quarter of 2023/24 which will impact negatively on expenditure during this financial year.
- 9.6** Planned Maintenance expenditure – Following the award of a contract for Phase 2 of works at Cemaes Bay during quarter 1, the planned maintenance budget is fully committed, and work commenced on site at the end of June. This contract, together with committed expenditure carried forward from 2022/23, is expected to utilise the £4,450k budget in full. Housing Services expect, subject to the impact of adverse weather, that expenditure will gather further momentum during quarter 4 as schemes approach practical completion and final accounts.

9.7 Environmental Works Expenditure – The £700k budget is split into two projects. The continued demolition of 30 garages at Bro Tudur, Llangefni reached practical completion during quarter 3. The second project involving improvements to sewage disposal at Carreglefn to comply with Natural Resources Wales directions have not progressed as well as we had first anticipated. The Highway Services term contractor is currently working on detailed designs for alternative sewage arrangements. Housing Services currently forecast that work will commence on site towards the end of quarter 4, and are forecasting an underspend of £300k.

9.8 Central Heating Contract Expenditure - During 2023/24, Housing Services aim to replace approximately 500 boilers. A contract was awarded for this year's boiler replacement programme during quarter 1. Expenditure during quarter 3 has increased and it is expected to continue into quarter 4. Housing Services currently forecast expenditure of £1,100k during 2023/24. The £150k anticipated underspend is primarily as a result of access issues to undertake the work.

9.9 Acquisition of Existing Properties and Development of new properties – Details of significant variances between quarter 2 forecasts and quarter 3 forecasts are listed below, more detail can be found in Appendix C:-

During quarter 2, it was expected that we would utilise the full allocation of £1,400k for Parc Y Coed, Llangefni phase 2. However, delays in acquiring the site has resulted in a forecasted underspend of £532k for the year.

Again, during quarter 2, it was expected that we would utilise the full allocation of £1,200k for Plas Alltran, Caergybi, however there have been some delays to the programme due to unforeseen essential works. This project is expected to slip into early 2024/25, resulting in a forecasted underspend of £356k in 2023/24.

There has been a delay with commencement of work on the Niwbwrch old school site due to the need to discharge a Planning Condition. The forecasted underspend has increased from £250k in quarter 2 to £388k in quarter 3 as a result of these delays.

The Stad Y Bryn, Llanfaethlu scheme was not included in the original budget, however, a decision was taken to purchase the land off the open market during 2023/24. It was initially anticipated that the site would have been acquired and the development commenced during the current financial year, but the site has yet to be formally acquired. It is expected to complete the purchase of the land during the current financial year, however, development work is likely to slip into 2024/25. An overspend of £200k is now forecasted compared to a forecasted overspend of £400k in quarter 2 as a result of the delay in acquiring the land.

Works at Garreglwyd Road, Caergybi are progressing better than we initially expected. An overspend of £651k is now forecast as at the end of quarter 3, compared to a forecasted overspend of £401k in quarter 2.

Forecasted expenditure on buybacks and renovations have increased by £349k compared to our quarter 2 forecasts. One additional property has been acquired and expenditure on renovation works are higher than first anticipated. It is, therefore forecasted to overspend by £1,749k, compared to our forecasted overspend of £1,400k in quarter 2

Expenditure on schemes in the pre planning stage, predominantly Plas Penlan, Llangefni and Maes Mona, Llanerchymedd, are expected to overspend by £133k. Applications for Planning Permission are expected to be submitted in 2024/25 for both schemes.

10. HRA Balance

10.1 The opening balance of the HRA reserve stood at £12,107k. The revised budget allowed for the use of £5,046k of this balance. However, the revised forecasts highlighted above will only use £2,802k. This will give a reserve balance of £9,305k by the end of the financial year. This balance is ringfenced and is, therefore, only available to fund future HRA expenditure.

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

Not applicable

C – Why is this a decision for the Executive?

This matter is delegated to the Executive.

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

Yes

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

Yes

Dd – Assessing the potential impact (if relevant):

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

E – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	The report was considered by the Leadership Team at its meeting on 13 February 2024. Any comments will have been incorporated into the report.
2	Finance / Section 151(mandatory)	N/A – this is the Section 151 Officer’s report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is a member of the Leadership Team and comments will have been considered at the meeting on 13 February 2024.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	The results of the HRA quarterly monitoring reports are reported to the Finance Scrutiny Panel.
9	Local Members	N/A
F - Appendices:		
<ul style="list-style-type: none"> • Appendix A – Revenue expenditure and forecasts to end of quarter 3 2023/24 • Appendix B – Capital expenditure and forecast to end of quarter 3 2023/24. • Appendix C – New Build capital schemes and forecast to end of quarter 3 2023/24 		
Ff - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • HRA 30 Year Business Plan 2023/53 (as approved by this Committee in May 2023). 		

HRA ACCOUNT 2023/24								
	Annual Budget 2023/24	Profiled Budget to Month 9	Actual to Month 9	Variance to Month 9	Year end Forecast	Year End Variance	Forecast variance at Month 6	Change from Q2 forecast
	£	£	£	£	£	£	£	£
REVENUE ACCOUNT								
Income								
Dwellings	(20,693,000)	(15,418,314)	(15,368,061)	50,253	(20,642,747)	50,253	(22,525)	72,778
Garages	(247,000)	(184,039)	(183,762)	277	(246,723)	277	(919)	1,196
Service Charges	(213,070)	(158,842)	(145,112)	13,730	(198,379)	14,691	(4,581)	19,272
Other	(262,100)	(225,550)	(208,791)	16,759	(245,341)	16,759	27,130	(10,371)
Bad Debt Provision	316,000	0	29,000	29,000	100,000	(216,000)	0	(216,000)
TOTAL INCOME	(21,099,170)	(15,986,745)	(15,876,727)	110,018	(21,233,190)	(134,020)	(895)	(133,125)
Non Repairs & Maintenance Expenditure								
Tenant Participation	241,070	180,831	153,785	(27,046)	213,006	(28,064)	(31,475)	3,411
Rent Administration	543,340	407,518	400,192	(7,326)	537,534	(5,806)	(4,820)	(986)
Estate Management	644,500	483,394	405,937	(77,457)	568,343	(76,157)	(93,445)	17,288
Other Revenue								
Expenditure	1,763,630	1,251,024	1,213,857	(37,167)	1,928,630	165,000	(53,454)	218,454
Total Non R & M Expenditure	3,192,540	2,322,767	2,173,771	(148,996)	3,247,513	54,973	(183,194)	238,167
Repairs and Maintenance								
Housing Maintenance Unit (HMU)	5,470,600	4,103,008	3,670,684	(432,324)	5,397,293	(73,307)	(64,756)	(8,551)
Building Maintenance Staff (non HMU)	1,211,860	908,906	861,732	(47,174)	1,156,556	(55,304)	(53,489)	(1,815)
Other Repairs and Maintenance	752,320	574,757	584,721	9,964	720,032	(32,288)	4,042	(36,330)
Total Repairs & Maintenance	7,434,780	5,586,671	5,117,137	(469,534)	7,273,881	(160,899)	(114,202)	(46,697)

	Annual Budget 2023/24	Profiled Budget to Month 9	Actual to Month 9	Variance to Month 9	Year end Forecast	Year End Variance	Forecast variance at Month 6	Change from Q2 forecast
Year End Adjustments								
Capital Financing Charges	1,742,430	1,597,170	1,597,170	0	1,604,600	(137,830)	(130,830)	(7,000)
Interest Receivable	(200,000)	(529,956)	(529,956)	0	(529,956)	(329,956)	(124,000)	(205,956)
Recharge from Housing Services	100,090	0	0	0	100,090	0	0	0
Recharge from Central Services	785,550	0	0	0	785,550	0	0	0
Total Year End Adjustments	2,428,070	1,067,214	1,067,214	0	1,960,284	(467,786)	(254,830)	(212,956)
TOTAL REVENUE								
EXPENDITURE	13,055,390	8,976,652	8,358,122	(618,530)	12,481,678	(573,712)	(552,226)	(21,486)
TOTAL REVENUE (SURPLUS) / DEFICIT	(8,043,780)	(7,010,093)	(7,518,605)	(508,511)	(8,751,512)	(707,732)	(553,121)	(154,611)
CAPITAL EXPENDITURE ACCOUNT								
2023/24 Expenditure	19,988,000	12,957,740	13,361,858	404,118	20,529,424	541,424	1,889,802	(1,348,378)
Grant Funding	(6,205,000)	0	0	0	(8,396,000)	(2,191,000)	(1,680,000)	(511,000)
Other Contributions	(693,460)	0	0	0	(580,381)	113,079	0	113,079
TOTAL CAPITAL (SURPLUS) / DEFICIT	13,089,540	12,957,740	13,361,858	404,118	11,553,043	(1,536,497)	209,802	(1,746,299)
NET (INCREASE) / DECREASE IN HRA RESERVE	5,045,760	5,947,647	5,843,253	(104,393)	2,801,531	(2,244,229)	(343,319)	(1,900,910)
Opening HRA Balance	(12,107,000)				(12,107,000)			
Net (Increase) / Decrease in HRA Reserve	5,045,760				2,801,531			
Closing HRA Balance	(7,061,240)	0	0	0	(9,305,469)	0		

	Annual Budget 2023/24	Profiled Budget to Month 9	Actuals to Month 9	Variance to Month 9	Year End Forecast	Year End Variance	Forecast Variance at Month 6	Change from Q2 Forecast
	£	£	£	£	£	£	£	£
Central Heating Contract	1,250,000	805,000	692,909	(112,091)	1,100,000	(150,000)	0	(150,000)
Planned Maintenance Contract	4,450,000	2,635,000	2,634,238	(762)	4,450,000	0	0	0
Energy Performance Improvement	600,000	450,000	0	(450,000)	0	(600,000)	(500,000)	(100,000)
Environmental Works	700,000	400,000	174,654	(225,346)	400,000	(300,000)	(100,000)	(200,000)
Acquisition of Existing Properties and Development of New Properties	10,288,000	6,668,740	7,862,307	1,193,567	11,879,424	1,591,424	2,389,802	(798,378)
Public Sector Adaptations	400,000	273,000	347,498	74,498	500,000	100,000	100,000	0
Fire Risk	400,000	191,000	115,557	(75,443)	300,000	(100,000)	0	(100,000)
WHQS	1,900,000	1,535,000	1,534,695	(305)	1,900,000	0	0	0
Total	19,988,000	12,957,740	13,361,858	404,118	20,529,424	541,424	1,889,802	(1,348,378)

Scheme	Number of Additional Units	2023/24 Budget £	Expenditure to P9 £	Forecasted Expenditure P10 - 12 £	Total Forecasted Expenditure 2023/24 £	Forecasted Variance at Month 9 £	Variance at Month 6 £
Lôn Lwyd, Pentraeth	10	2,250,000		2,250,000	2,250,000	0	0
Extra Care Menai Bridge	55	250,000	78,517	30,000	108,517	-141,483	0
Plas Alltran, Caergybi	4	1,200,000	644,367.04	200,000	844,367	-355,633	0
Ysgol Llaingoch, Caergybi	26	4,000		0	0	-4,000	0
Cae Braenar, Caergybi	23	500,000	818,460	100,000	918,460	418,460	501,500
Parc y Coed, Llangejni Phase 1	12	990,000	961,583.10	0	961,583	-28,417	0
Clwb Cymdeithasol Biwmares	6	408,000	320,883	87,117	408,000	0	29,000
Renovation 16 Units	0	750,000	1,182,315	300,000	1,482,315	732,315	500,000
Buyback 16 Units	16	1,100,000	1,916,413	200,000	2,116,413	1,016,413	900,000
Niwbrwrch Old School Site	14	500,000	11,961	100,000	111,961	-388,039	-250,000
Ysgol Thomas Ellis Old School Site	43	50,000	23,405	0	23,405	-26,595	-27,193
Parc y Coed, Llangejni Phase 2	10	1,400,000	668,057	200,000	868,057	-531,943	0
Haulfryn Renovation and Phase 2	1	365,000	251,323	0	251,323	-113,677	-65,000
Pen y Coed, Rhostrehwfa	1	482,000	511,538	0	511,538	29,538	0
Stad y Bryn, Llanfaethlu	9			200,000	200,000	200,000	400,000
Garreg Lwyd Road, Caergybi	8		301,469	350,000	651,469	651,469	401,495
Schemes in pre planning stage		39,000	172,017	0	172,017	133,017	0
Total	238	10,288,000	7,862,307	4,017,117	11,879,424	1,591,424	2,389,802

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ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	29 FEBRUARY 2024
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2024/25
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES / SECTION 151 OFFICER
REPORT AUTHOR:	MARC JONES
TEL:	01248 752601
E-MAIL:	rmjfi@ynysmon.gov.wales
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. MEDIUM TERM FINANCIAL STRATEGY AND 2024/25 REVENUE BUDGET

1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2024/25 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 7 March 2024. The matters requiring agreement are:-

- The Council’s Revenue Budget and resulting Council Tax for 2024/25;
- 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 2024/25, 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. 2024/25 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 £9.2m general balances;
- To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in Section 5 of Appendix 1;
- to recommend a net budget for the County Council of £184.165m and resulting increase in the level of Council Tax of 9.50% (8.6% for Council Services and 0.9% for the Fire Levy) (£136.44 – Band D) to the full Council, noting that a formal resolution, including the North Wales Police and Town / Community Council precepts, will be presented to the Council on the 7 March 2024;

<ul style="list-style-type: none"> • That any minor differences between the provisional settlement and the final settlement will be adjusted for by using the general contingency which is included in the 2024/25 budget, or by making a contribution to / from the Council's general reserves in order to set a balanced budget; • To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council; • To agree that any unforeseen pressures on demand led budgets during the financial year will be able to draw upon funding from the general contingencies budget; • To request the Council to authorise the Executive to release up to £250k from general balances if the general contingencies budget is fully committed during the year; • To delegate to the Section 151 Officer the power to release funding from the general contingency up to £50k for any single item. Any item in excess of £50k not to be approved without the prior consent of the Executive; • To confirm that the level of Council Tax Premium for second homes increases to 100% and for empty homes remains at 100%. 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
A number of options were considered following the issue of the initial budget proposals. The final budget proposals take account of the final local government settlement, views expressed during the consultation process and the views of the Scrutiny Committee.		
C - Why is this a decision for the Executive?		
The Council's Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes. The final decision on the 2024/25 revenue budget will be taken by the full Council at its meeting on 7 March 2024.		
D - Is this decision within the budget approved by the Council?		
N/A		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	In drawing up the budget proposal, the Executive has considered its statutory duties and the objectives set out in its Corporate Plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The details of any savings proposals are set out in the report.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	The Council has been working with other Councils and the WLGA to press the Welsh Government for the best financial settlement possible.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The budget proposals have been subject to a consultation process, the details of which are included in the report. The Executive has considered the results of the consultation before agreeing the final budget proposal.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Any proposals included in the final budget for 2024/25 will take into account the impact on any protected groups.

6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The budget will result in an increase in the Council Tax payable by the taxpayers of Anglesey. Those experiencing socio-economic disadvantage are more likely to qualify for help through the Council Tax Reduction Scheme, which should result in no financial impact / limited financial impact to those who are experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.
DD - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (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	Finance / Section 151 (mandatory)	N/A – this is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is part of the LT and, as such, the Officer's comments have been taken into account.
4	Human Resources (HR)	-
5	Property	-
6	Information Communication Technology (ICT)	-
7	Scrutiny	Final budget proposals were considered by the Scrutiny Committee at its meeting on 27 February 2024. A verbal update on the outcome of the meeting will be provided to the Executive.
8	Local Members	The Council's budget is applicable to all Members and consultation has taken place throughout the budget setting process.
9	Any external bodies / other/s	See Section 2 of the report.
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Detailed report on the Budget Proposals • Appendix 2 – Summary of the Proposed Revenue Budget 2024/25 by Service 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Initial Budget Proposals for 2024/25 – Executive Committee – 23 January 2024 • Initial Budget Proposals for 2024/25 – Corporate Scrutiny Committee – 16 January 2024 • Medium Term Financial Plan for 2023/24 to 2024/25 – Executive Committee – 26 September 2023 		

1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2024/25 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 2023, and can be summarised as follows:-

Table 1
Medium Term Financial Plan 2024/25 to 2025/26

	2024/25 £'m	2025/26 £'m
Net Revenue Budget B/F	174.569	177.710
Budget Pressures and Inflation	13.072	5.368
Revised Standstill Budget	187.641	183.078
Aggregate External Finance (AEF) (assuming 3.0% rise in 2024/25 and 1.0% rise in 2025/26)	127.375	128.649
Council Tax (assuming 5% rise in 2024/25 & 2025/26)	50.335	52.852
Total Funding	177.710	181.501
Additional Funding Requirement / Savings Required	9.931	1.577
Main Assumptions		
Pay Awards – Non Teaching	3.5%	2.0%
Pay Awards – Teaching	5.6%	2.0%
General Inflation	4.9%	1.6%
Note – The figures for 2024/25 allowed for a correction of the base budget due to an under provision for pay and price inflation in 2023/24 budget.		

- 1.3. The figures quoted in the MTFP were based on assumptions and information available at the time the MTFP was drawn up. The purpose of the MTFP was not to provide an accurate assessment of the budget requirement, but to give a high level assessment of the potential budget gap.
- 1.4. In drawing up the initial budget proposal, the 2023/24 pay award had been settled, inflation had begun to fall rapidly and the scope for the inflation assumptions to be inaccurate was reduced, new energy prices for the year October 2023 to September 2024 had been received. This allowed for more certainty around the base budget.
- 1.5. The overall draft settlement figures for Wales received from the Welsh Government were in line with the forecast included in the MTFP, although the figure for Anglesey was slightly lower, due to how the funding formula works, with the Council receiving an increase of 2.5% compared to the 3.0% 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 2024/25 and 2025/26, 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 23 January 2024, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 20 December 2023.
- 2.2.** The provisional settlement was slightly lower than anticipated, and would provide the Council with £126.973m, which is an increase in cash terms of £3.308m (2.67%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £3.107m (2.51%).
- 2.3.** The Executive proposed a budget for 2024/25 of £184.219m and, given the provisional AEF of £126.973m, this would require an increase of 10.9% in Council Tax and the use of £4.425m 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.
- 2.5.** The budget proposal included capping the inflation increase for the delegated schools budget by 2.5%, which reduced the budget by £1.25m, included a savings target of £1m to be generated from workforce reductions, the postponement of the use of the Council Tax premium to fund housing projects for one year, saving £1.2m and other budget savings and income generation projects of £1.327m.
- 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 2024/25 is £175.877m and the proposed budget is, therefore, 104.7% of the SSA.

3. SCRUTINY COMMITTEE

- 3.1.** Due to the delays in receiving the provisional and final settlement, the budget timetable for 2024/25 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 11 January 2024, and the Panel's comments were reported to the Corporate Scrutiny Committee meeting on 16 January 2024.
- 3.2.** The 2024/25 initial budget proposal was considered by the Corporate Scrutiny Committee at its meeting on 16 January 2024. 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 27 February 2024, and a verbal report on the Committee's deliberations will be presented to the Executive at the Committee meeting.

4. CONSULTATION PROCESS

- 4.1.** Despite the short timescale between the publishing of the initial budget proposal and the date of the deadline for setting the Council Tax, a short consultation process was undertaken, with residents asked to answer a number of questions on their spending and funding priorities. The short timescale did limit the number and type of questions asked in order to have sufficient time to analyse the responses.
- 4.2.** A summary of the responses received is summarised in Appendix 2. The main points arising from the consultation was that:-
 - Of the responses received 77% made education and schools one of their 5 top priorities, followed by supporting vulnerable adults and children 68%, and waste collection and recycling 66%.

- 61% of the respondents agreed or strongly agreed with the Statement.
“The council’s budget strategy aims to safeguard services for the most vulnerable people in our community, ensure the financial viability of the council, recover the cost of services through fees and charges, where it can continue to invest, and where possible, to modernise and transform the way the council provides its services”.
- 49.3% of respondents were willing to pay more through fees and charges to protect services, whilst 50.7% would not be willing.
- 79% agreed or strongly agreed to use the additional funding generated from the Council Tax premium on second homes and empty homes to support the funding of service sin 2024/25.
- A varied response was received to the question as to whether the respondents agreed or disagreed with the savings proposals, with less support for the proposals which impact on Schools and Adult Services.
- Only 29% supported the proposed rise in Council Tax of 10.9%, with 36% not wishing to see any rise, with 88% supporting a rise of 5% or less.
- To achieve a balanced budget, 36% wanted all of the budget shortfall to be funded from reserves with 84% wanting at least 50% of the shortfall to be funded from reserves.
- In terms of which services the respondents were willing to see reduced, the services which were more discretionary in nature (Archives, Museums, Tourism and Library Services) were top of the list, whilst respondents wanted to see the more essential type services (social care, schools, fire and waste collection) be protected.

5. FINAL BUDGET PROPOSAL

- 5.1. 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.
- 5.2. The UK Government announced that Councils in England would receive an additional £600m in funding for 2024/25, and this will be formally confirmed in the Chancellor’s budget on 6 March 2024. This additional funding creates an additional £25m as consequential funding for the Welsh Government and they have confirmed that £10.6m of this additional funding will return the Social Care Workforce Grant to the 2023/24 level. The remaining £14.4m has been allocated through the Local Government settlement formula. The impact of this additional funding is that the Aggregate External Finance increases by £332k.
- 5.3. There is one outstanding point which have not been reflected in the final Local Government settlement, which relates to the increased employers’ contribution rate for teachers and fire service pensions. It is still anticipated that the additional costs will be fully funded by the UK Government and that funding will be made available to Welsh Government to allow the funding to be passed on to Councils. The discussions between the two Governments are ongoing and it may result in the Council receiving additional funding in 2024/25.

5.4. The Welsh Government have also transferred 3 revenue grants into the final settlement:-

- Implementation of the Performance and Improvement Framework - £40,000;
- Delivery of Flood Prevention - £225,000;
- Child Burials - £16,240.

Given the lateness of the notification, these grants will be incorporated into the budget of the relevant service in 2024/25 and the budget will be reviewed during 2024/25 and adjusted accordingly in 2025/26, if the sum transferred into the budget is not fully required.

5.5. In drawing up the final budget proposal a number of budgets have been reviewed and this has allowed the Executive some flexibility surrounding the final proposal. These changes are as follows:-

- The North Wales Fire Authority have reviewed their final budget proposal which has resulted in a reduction of £87k in the levy that the Council must fund.
- Energy prices for the period October 2023 to September 2024 have now been received and this has shown a fall in prices. The level of inflation for 2024/25 has been reviewed and it is assessed that energy budgets can be reduced by £220k.
- The Welsh Government capped the Non Domestic Rate multiplier and this along with the transitional relief scheme has resulted in a reduction of £84k in the budget requirement.
- In determining the budget to fund the cost of the Council Tax Reduction Scheme, there was an anticipation that the number of claimants would increase at the end of the summer 2023 period. The review at the end of quarter 3 of the 2023/24 financial year has identified that the increase in claimants did not occur as expected. This has allowed a reduction of £150k in the budget requirement.
- In the initial budget proposal, £2.88m was included in the budget to meet the cost of additional service demands within Adult Services, where costs were expected to rise higher than inflation and to take account of the Welsh Government's proposed reduction in the Social Care Workforce Grant. The financial position at the end of quarter 3 shows a significant reduction in the forecasted overspend for the service. The majority of the shift is due to one off items including vacant posts and accrued income from previous years which do not impact on the 2024/25 budget but there were some changes which have reduced the budget requirement for 2024/25. The increase in the Social Care Workforce Grant back to the 2023/24 level (see paragraph 5.2 above) and the other changes has reduced the additional funding required by Adult Services by £500k.

5.6. The impact of all these changes are summarised in Table 2 below:-

Table 2
Revised Council Net Revenue Budget

	£m	£m
Initial Proposed Net Revenue Budget 2024/25		184.219
Adjustments		
Fire Service Levy	(0.087)	
Energy Inflation	(0.220)	
Non Domestic Rates Multiplier	(0.084)	
Council Tax Reduction Scheme	(0.150)	
Adult Services Budget Pressures	(0.500)	
Grants Transferring into the Settlement	0.281	
		(0.760)
Revised Net Revenue Budget 2024/25		183.459
Funded by		
Aggregate External Finance - Provisional	126.973	
Additional Aggregate External Finance	0.332	
Grants Transferring into the Settlement	0.281	
		127.586
Council Tax (including 2 nd Home and Empty Home Premium)		52.821
Reserves		4.425
Revised Funding 2024/25		184.832
Excess of Funding over Net Revenue Budget		1.373

5.7. The Executive considered the various options in order to match the revised funding with the net revenue budget:-

- Reduce the rise in Council Tax down to 8.02%, this utilises all of the excess funding over the net revenue budget;
- Reduce the budget saving proposals by £1.373m. This would increase the net revenue budget to £184.832m which matches the level of revised funding;
- Reduce the use of reserves to balance the budget from £4.425m to £3.052m;
- A combination of the 3 options noted above.

5.8. Although the Executive understand the pressure that families are facing due to the cost of living crisis, they also recognise that the level of the rise must not just balance the budget for 2024/25, but they have to consider the impact on the 2025/26 budget. Setting a lower Council Tax does impact on the starting point for 2025/26, and having too low a level of Council Tax will only increase the budget shortfall in 2025/26 and weaken the overall financial position of the Council.

5.9. The majority of the proposed savings are deliverable and the impact on the Council assessed prior to agreeing to the proposals. The savings proposal that has the most impact on service delivery is the capping of the inflationary increase for schools. The financial position of each school varies depending on a number of factors, including the movement in pupil numbers, additional grant funding outside of the core budget and the level of school balances. The current budget setting process has identified that a small number of schools are having great difficulty in setting a balanced budget for 2024/25 and, although reducing the cap would not solve the budget issues for all schools in 2024/25, any reduction would go some way to alleviate the financial difficulties for schools.

- 5.10.** The level of reserves to be used to balance the 2024/25 budget is significant and the highest level proposed for a number of years. Based on current projections, it will not be possible to use reserves again in 2025/26 to contribute to the overall funding. Reducing the contribution in 2024/25 may allow reserves again to be used in 2025/26, but to a lesser extent. This again will reduce the budget shortfall the Council will face in 2025/26 and allow for a more gradual reduction in services rather than having to implement a wide range of service reductions in the year. However, it should be noted, that the use of reserves only delays the need to reduce the Council's overall net revenue budget, and their use are not a permanent solution to the financial position faced by the Council.
- 5.11.** Having considered all of the above factors, the Executive's final proposal amends the initial proposal as follows:-
- The increase in Council Tax is reduced to 9.5%, of which 0.9% relates to the increase in the Fire Authority levy and 8.6% relates to the Council's budget requirement. This increases the Band D Council Tax by £136.44 taking the Band D charge to £1,572.30. This reduces the overall income generated from Council Tax by £667k.
 - That the cap on the inflationary increase to schools is reduced from 2.5% to 1.5%. This increases the overall schools budget by £498k compared to budget set in the initial proposal.
 - That the savings proposals for Additional Learning Needs (£100k) are not implemented in 2024/25.
 - That £50k of the proposed savings in respect of non statutory social care support services is retained in order to fund the transitional costs incurred in re-modelling the service.
 - £46k is added to the public conveniences cleaning budget to meet the additional costs following the retendering of the service.
 - That the proposal to reduce the opening hours of Leisure Centres is modified to allow for Amlwch Leisure Centre to remain open until 3pm, rather than close at 1pm, as proposed in the initial budget proposals at an additional cost of £12k.

5.12. These adjustments give a final budget proposal as shown in Table 3 below:-

Table 3
Final Budget Proposal 2024/25

	£m	£m
Revised Proposed Net Revenue Budget 2024/25 as per Table 2		183.459
Final Adjustments		
Reduce the Inflationary Cap for Schools to 1.5%		0.498
Adjustment to Savings Proposals		0.150
Additional Funding for Public Convenience Cleaning		0.046
Adjustment to Leisure Centre Opening Hours		0.012
Balance of Funding to General Contingency		(0.001)
Revised Net Revenue Budget 2024/25		184.164
Funded by		
Aggregate External Finance	127.586	
Council Tax (including 2 nd Home and Empty Home Premium)	52.153	
Reserves	4.425	
Revised Funding 2024/25		184.164

6. ROBUSTNESS OF ESTIMATES

- 6.1. 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.
- 6.2. 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.
- 6.3. 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:-
- **Pay 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. Given that there is no pay offer made for NJC staff for 2024/25 and that the Welsh Government have yet to indicate what the Teacher’s pay award will be from September 2024, there is still considerable uncertainty in respect of pay inflation and, with a pay bill in excess of £100m, a 1% error in the pay inflation assumption could result in a £1m under funding position in 2024/25. This risk is mitigated by the fact that the Council holds an earmarked reserve to fund any inflationary pressures. This would be released to fund any additional pay budget requirement, with the long term budget then being corrected in 2025/26.

- **Price Inflation Risk** - The general measure of inflation (CPI) peaked in December 2022, and begun to fall significantly during 2023, and is forecast to fall to on or around 2% by the mid to late summer. When setting the initial budget, the expectation was that the fall of CPI to 2% would be slower and, therefore, if inflation falls at a slower rate than predicted, then sufficient budget provision has been allowed to cover this risk. However, it is noted that 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 2023 to determine the inflation for 2024/25. Given that these figures are known, they have been built into the proposed budget for 2024/25.
- **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 remained high, with the Council achieving over 5% returns on 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 Welsh Government (WG), or other bodies, which provide in excess of £25m additional funding. The final settlement indicates that the majority of the grants received from WG will remain at the 2023/24 level or will be reduced on an all Wales basis. What is not clear for all grants is the specific grant funding for Anglesey. Initial indications are that the grant funding to schools will be 8% to 10% lower than in 2023/24. 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 5% increase in fees, and a number of services have assumed rises up to 5%. 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 2024/25 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 2024/25 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.
- **Optimism 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 2024/25, the budget does include over £2.3m of savings that have to be delivered, which includes a savings target of £1m from staff reductions which will be found as posts become vacant. Failure to achieve the savings target will result in an overspend at the end of the 2024/25 financial year, which would be funded from Council reserves.
- **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 417 properties in October 2022 to 431 properties in October 2023, and the number of second homes fell from 2,724 to 2,443. Many factors influence the number of second homes, but the increase in the second home premium from 50% to 75% in April 2023 may be a contributory factor and, as a result, the change in the level of the second home premium from 75% to 100% presents a significant risk in 2024/25. 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 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 2024/25, or future years, when uncollectable debts are eventually written off.

- 6.4. 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.

7. GENERAL AND SPECIFIC RESERVES

- 7.1. 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.
- 7.2. 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.
- 7.3. 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.
- 7.4. 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.
- 7.5. As at 31 March 2023, the Council's general reserves stood at £14.039m, which is equivalent to 8.04% of the Council's net revenue budget for 2023/24, 11.29% if the delegated schools' budget is excluded. During the year, £3.78m was allocated as funding for the 2023/24 budget and, after taking into account the financial position for 2023/24 and allowing for earmarked reserves of £2.825m transferring back to general balances, it is forecast that the balance will stand at £15.219m. After allowing for the use of £4.425m as funding for the 2024/25 revenue budget, the revised balance would fall to £10.79m, or 5.88% of the 2024/25 net revenue budget.
- 7.6. The transfer of earmarked reserves back to general balances, and the use of these reserves during the year, has reduced the balance from £19.637m at the beginning of 2023/24 down to a forecasted level of £14.038m at the end of the financial year.
- 7.7. School balances began the 2023/24 financial year at £6.751m but are forecast to fall to £3.799m by the end of 2023/24. It is expected that schools will use the majority of these balances in order to fund the 2024/25 budget.
- 7.8. 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 2024/25 financial year.
- 7.9. 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 2024/25 if the proposed revenue budget is insufficient to meet the actual costs incurred by the Council during 2024/25.

8. COUNCIL TAX

- 8.1. The Council's Band D Council Tax charge for 2023/24 was £1,435.86, which was 18th from the 22 Authorities in Wales, and is lower than the Welsh Average of £1,541. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 4 below:-

Table 4
Comparison of Council Tax Band Charges for North Wales Authorities

Authority	Band D Charge 2023/24 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,435		
Gwynedd	1,603	+ 168	11.65
Conwy	1,580	+ 145	10.10
Denbighshire	1,535	+ 100	6.96
Flintshire	1,522	+ 87	6.02
Wrexham	1,454	+ 19	1.32

- 8.2. The Council Tax budget for 2024/25 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £47.63m. Therefore, each 1% increase generates an additional £476k.
- 8.3. After taking into account the anticipated final settlement figure of £127.305m, the revised budget requirement of £183.551m (see Appendix 2) and the use of £4.093m of reserves, it would require £52.153m in Council Tax funding. To fund the revised budget requirement, the increase in the level of Council Tax would be 9.50%, taking the Band D charge to £1,572.30, an increase of £136.44, or £2.62 per week.

9. EQUALITIES IMPACT ASSESSMENT

- 9.1. In delivering its services, the Council has to be mindful of its duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Well Being of Future Generations (Wales) Act 2015 to assess the impact of key financial decisions on protected groups, and have due regard to the result of such assessments.
- 9.2. The proposed budget will not impact on any of the protected groups set out in the Regulations and, as a result, no Equality Impact Assessments are considered necessary.

10. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

- 10.1. As stated in paragraph 1, the economic situation has changed considerably since the Council approved the Medium Term Financial Plan (MTFP) in September 2023.
- 10.2. The main area of uncertainty for the MTFP 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.

10.3. The updated MTFP for 2025/26 and 2026/27 is shown in Table 5 below:-

Table 5
Summary Medium Term Financial Plan 2025/26 & 2026/27

	2025/26 £'m	2026/27 £'m
Net Revenue Budget B/F	184.164	183.619
Budget Pressures and Inflation	6.820	5.500
Revised Standstill Budget	190.984	189.119
Aggregate External Finance (AEF) (assuming 1.0% rise in 2025/26 and 2.0% rise in 2026/27)	(128.862)	(131.439)
Council Tax (assuming 5% rise in 2025/26 & 4% rise in 2026/27)	(54.757)	(56.947)
Total Funding	(183.619)	188.386
Additional Funding Requirement / Savings Required	7.365	0.733
Main Assumptions		
Pay Awards – Non Teaching	2.0%	2.0%
Pay Awards - Teaching	2.4%	2.0%
General Inflation	1.7%	2.0%

10.4. The MTFP estimate above is based on a number of assumptions which may change as we move towards 2025/26, but the plan indicates that there will be a need to make significant reductions in the net revenue expenditure budget in 2025/26 in the region of £7m. This again could be partly offset by the further use of reserves but again this only postpones the need to make budget reductions until 2026/27.

10.5. The capital funding situation also has an impact on the revenue budget moving forward, with the current level of funding being insufficient to maintain the Council's buildings and roads to their current standard and to invest in new vehicles and I.T. hardware. This lack of funding will increase repair and maintenance costs of all the Council's assets as their useful lives are extended. Investment and asset rationalisation will have to be considered in order to ensure that services can be maintained, whilst minimising the additional costs that will fall on the revenue budget moving forward.

10.6. The situation does improve in 2026/27 with the expectation that inflation will have fallen back to the Bank of England's target of 2% and that the funding increase from Welsh Government will match inflation. The unknown variable will be demand for social care and homelessness services, which can place a significant pressure on budgets should they increase. Any significant increase in demand will impact on the forecasted figures shown in table 5.

10.7. An updated MTFP will be presented to the Executive in September 2025.

11. CONCLUSIONS

11.1. 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 would have a significant impact on the Council's budget. The financial position faced by the Council is not unique to Anglesey but it is a situation that all 22 Welsh Councils are facing along with the vast majority of English Councils.

- 11.2.** The local government settlement is in line with the forecast and is insufficient to meet the rising costs as a result of high inflation, pay awards and increased demand for services. As anticipated the only way open to the Council to set a balanced budget, whilst maintaining services and catering for increased demand is to make budget reductions, combined with an increase in Council Tax and the controlled use of reserves.
- 11.3.** The Council's general financial position is still fairly strong, although the level of balances and earmarked reserves have diminished during 2023/24 and, although the use of reserves to balance the 2024/25 budget is a fairly safe strategy, it is not a strategy that can be used long term. There is a potential to use reserves to a lesser extent to balance the 2025/26 budget but this position can change during 2024/25.
- 11.4.** The position in 2025/26 appears to be more difficult with only a limited increase in Welsh Government funding expecting which will be lower than the level of inflation, pay awards etc. The Council will be unable to rely on reserves to provide funding to the same level and therefore it will require reductions in services and / or an above inflation increase to enable the Council to set a balanced budget in 2025/26.
- 11.5.** Therefore, in the professional opinion of the Section 151 Officer, the proposed revenue budget for 2024/25 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.

12. RECOMMENDATIONS

- 12.1.** The Executive is recommended to approve the final budget proposal, as set out in Paragraph 4, to the full Council meeting on 7 March 2024.

FINAL BUDGET PROPOSAL 2024/25 BY SERVICE

	Final Proposed Budget 2024/25 £'m
Education and Culture	67.919
Adult Services	39.212
Children's Services	14.437
Housing Services	1.661
Highways, Waste and Property	20.357
Regulation and Economic Development	6.137
Corporate Transformation	7.626
Resources	4.021
Council Business	2.128
Corporate Management	0.802
Total Service Budgets	164.300
Corporate and Democratic Costs	2.143
Recharges to HRA	(0.800)
Support for Local Housing Help to Buy Schemes	0.000
Levies	4.931
Capital Financing	5.753
Benefits Granted	0.109
Discretionary Rate Relief	0.105
Council Tax Reduction Scheme	7.283
Unallocated Staffing Savings	(1.000)
Total Allocated Budgets	182.824
General & Other Contingencies	1.340
Total Budget 2024/25	184.164
Funded By	
Revenue Support Grant	102.245
Non Domestic Rates	25.341
Council Tax (Including Council Tax Premium)	52.153
Council Reserves	4.425
Total Funding	184.164
Difference Budget to Funding	0.000



Council Budget 2024 / 2025

Summary of consultation responses

12 February 2024

1. Introduction

The consultation opened on 24 January 2024 until 8 February 2024. The consultation was published on the Council website and promoted via our social media channels. Paper copies of the survey was also shared amongst Anglesey's public buildings.

Purpose of the consultation was to gather feedback from Anglesey residents on the proposed budget for 2024/25.

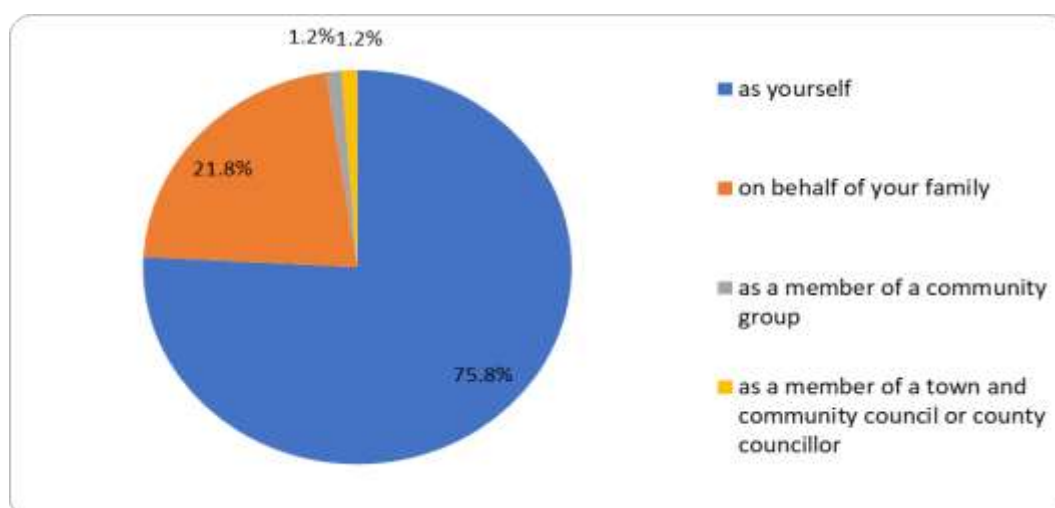
We received a total of 864 fully completed responses, including;

- 734 completed an online survey
- 120 completed a paper copy of the survey
- 10 responses via email
- We received a further eight written responses by letter.

This report is a summary of the consultation survey results and the main themes identified from feedback. The results are based on the 854 fully completed surveys. A summary of the responses from the 10 e-mails and 8 letters is included in section 3 below.

2. Summary of Results

2.1.1. Question 1 asked - We would like to hear from everyone about the communities in which they live. Please tell us if you are filling out this questionnaire:



2.1.2. Question 3 asked - Which services are most important to you?

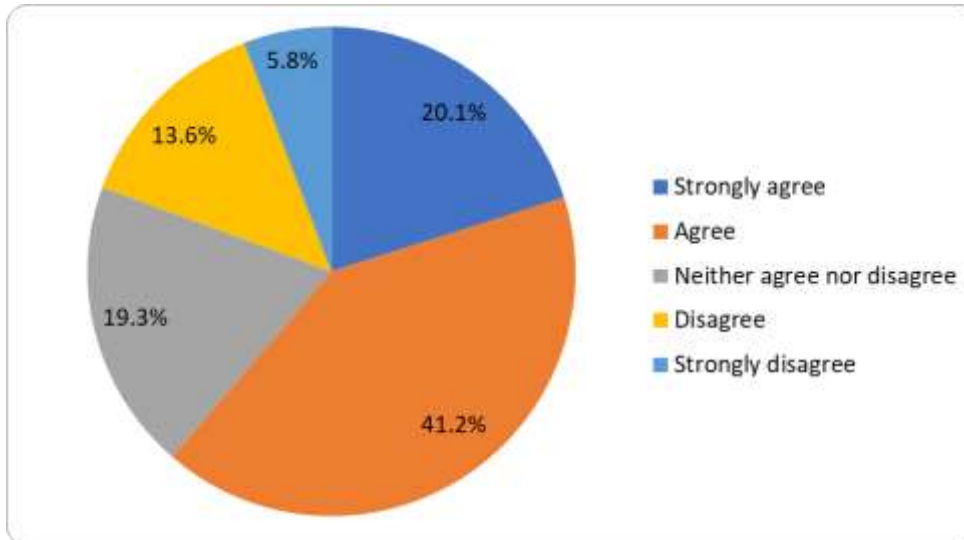
Results showed that the top five priorities are (respondents were asked to select 5):

Answer Choice	Response Percent	Response Total
Education and schools: £61.2m	77%	651
Supporting vulnerable children, families, adults and older people: £47.3m	68%	572
Waste collection, disposal and recycling: £10.3m	66%	555
Roads and infrastructure: £7.9m	56%	474
Leisure centres: £1.2m	42%	352

- 2.1.3. **Question 4 asked - The council's budget strategy aims to safeguard services for the most vulnerable people in our community ensure the financial viability of the council recover the cost of services through fees and charges where it can continue to invest, where possible, to modernise and transform the way the council provides its services**

Do you agree with these aims?

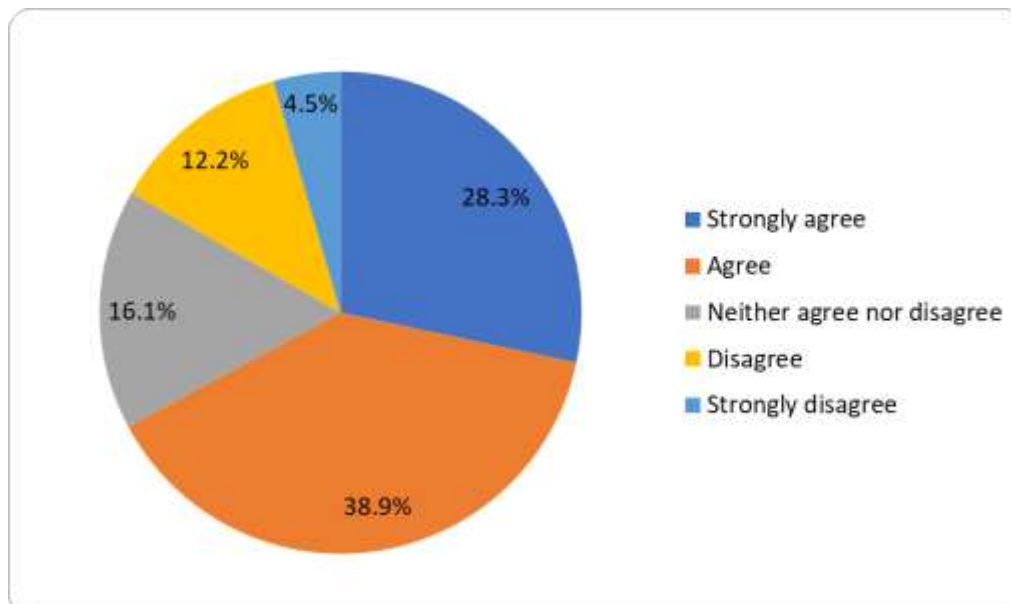
61% of respondents either strongly agreed or agreed.



- 2.1.4. **Question 5 asked - The budget proposals for 2024 to 2025 allow for significant continued investment in social care budgets in order to continue to provide services to the most vulnerable people in our communities?**

Do you agree with this proposal?

67% of respondents either strongly agreed or agreed.



- 2.1.5. **Question 6 asked - The budget proposals allow for a general increase of 5% in discretionary fees and charges. These are fees and charges for services that we provide, such as: leisure centres, school meals personal watercraft launching fees, pest control charges, admission to museums, waste collection services (including green garden waste).**

Would you be willing to pay more to protect services from budget reductions?

Yes 49.3% No 50.7%

- 2.1.6. **Question 7 asked – For which services would you pay more? (Please choose as many services as you want).**

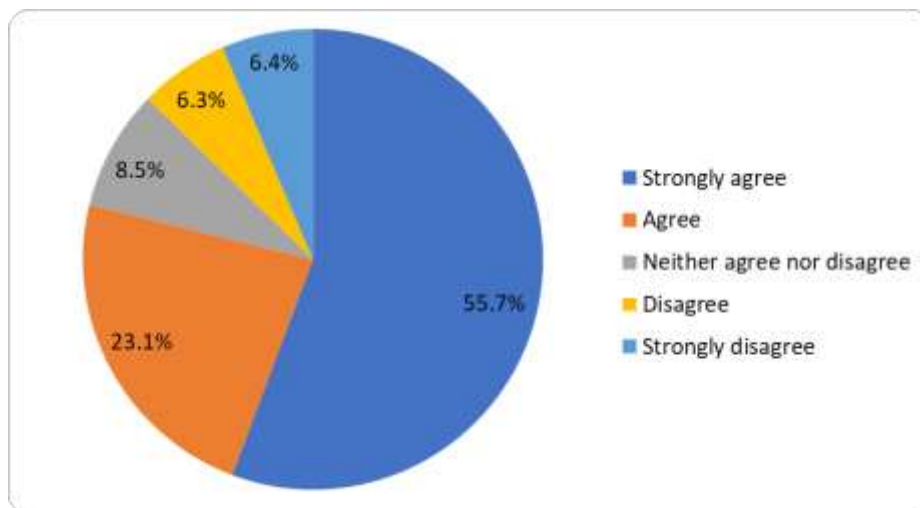
Answer Choice	Response Percent	Response Total
Leisure centres	54.6%	358
Personal watercraft launching fees	48.8%	320
Admission to museum	41.2%	270
Pest control charges	39.8%	261
Waste collection services (including green garden waste)	37.0%	243
School meals	35.8%	235

This question also had a free text section, asking respondents which other services for which they would pay more for. 164 provided further suggestions, these can be broken down into the following seven categories (also highlighted in the word cloud below):

- None (55) – respondents commented that they “already pay enough council tax”
- Car parking and highways (26) – respondents suggested increase parking fees and parking enforcements, as well as improvements to highway services
- Education (18) – respondents suggested paying more for education provision, including meals, school clubs and school trips
- Libraries and Culture (10) – respondents willing to pay to visit Oriel Môn and pay late fees on books
- Social Services (9) – respondents willing to pay more for social service related services, including blue badges, adaptations and care fees
- Planning and Environment (9) – respondents willing to pay more for planning fees, including building control, and any services linked with improving the environment.
- Leisure Activities (4) – respondents willing to pay more for leisure centre embership and maritime

- 2.1.7. **Question 8 asked – Do you agree with the proposal to use the additional funding generated from the Council Tax premium on second homes and empty homes to support the funding of services in 2024 to 2025?**

79% Strongly agreed or agreed



2.1.8. Question 9 asked - Do you agree or disagree with our major savings proposals?

Answer Choice	Agree	Disagree
Increase the Môm Actif package monthly fee by £1: Potential saving £62,000	673	153
Increase car parking fees for coastal car parks and for town centre car parks for fees for more than 4 hours but freeze the charge for 1 and 2 hour parking in town centres: Potential saving £100,000	644	190
Where possible, reduce the overall staffing costs by reviewing staffing structures and responsibilities when posts become vacant : Potential saving £1,000,000	632	197
Rationalise administrative support for the Youth Service: Potential saving £50,000	531	274
Remodel the provision of adult day care to a more community based model: Potential saving £102,000	529	281
Reduce opening times of the 4 leisure centres to reflect the current usage of the centres: Potential saving £39,500	458	366
Reduce road safety budget: Potential saving £10,000	409	399
Reduce the budget to support pupils with additional learning needs by 5%: Potential saving £87,000	181	641
Reduce the budget for the repair and maintenance of Council owned residential care homes: Potential saving £70,000	226	596
Cap the cash increase to schools to 2.5% below the inflationary pressure: Potential saving £1,246,000	289	528
Reduce out of hours non statutory care support services: Potential saving £96,500	289	525
Reduce the budget to integrate pupils into mainstream education: Potential saving £100,000	303	513

2.1.9. **Question 10 asked – Do you agree with the proposed level of rise in Council Tax of 9.78% (plus 1.12% to cover fire levy)?**

A rise of 9.78% would increase council funding by £5.2 million.

No	28.8%
Yes	71.2%

2.1.10. **Question 11 asked – By how much should Council Tax rise? (A rise of 9.78% would increase council funding by £5.2 million)**

Answer Choice	Response %	Response Total
No rise - this would leave a funding shortfall of £5.2m	35.6%	212
Rise between 3% and 5% - this would leave a funding shortfall of between £2.7m and £3.7m	30.4%	181
Rise between 0% and 3% - this would leave a funding shortfall of between £3.7m and £5.2m	22.5%	134
Rise between 5% and 7.5% - this would leave a funding shortfall of between £1.6m and £2.7m	10.1%	60
Rise between 7.5% and 10% - this would leave a funding shortfall of between £0.4m and £1.6m	1.5%	9

2.1.11. **Question 12 asked – How would you make up the funding shortfall noted in the previous question?**

Answer Choice	Response %	Response Total
Option 5: No cut in service budgets. All funded in the use of council reserves	30.9%	180
Option 3: Fund 50% with a cut to service budgets. Fund 50% by using council reserves	27.7%	161
Option 4: Some cut to service budgets. Fund majority with the use of council reserves	25.4%	148
Option 2: Majority cut to the service budgets. Some use of council reserves	12.0%	70
Option 1: All funded by a cut in service budgets. No use of council reserves	4.0%	23

2.1.12. Question 13 asked - Which service budgets would you be willing to see reduced? (Please choose as many services as you want).

Answer Choice	Response Percent	Response Total
Archives and museums	63.9%	493
Tourism and Maritime	63.2%	488
Libraries	49.9%	385
Public protection, planning, licensing and environmental health	40.7%	314
Environment and countryside management	33.4%	258
Economic development	32.3%	249
Leisure centres	31.2%	241
Housing advice and welfare support	29.5%	228
Homelessness prevention	23.7%	183
Youth Services	21.9%	169
Roads and infrastructure	18.9%	146
Waste collection, disposal and recycling	15.7%	121
Fire services	13.1%	101
Education and schools	12.6%	97
Supporting vulnerable children, families, adults and older people	8.7%	67

3 Written Responses

Six letters specifically related to education were received representing a total of 13 primary schools and school leaders (1 letter on behalf of head teachers within a catchment area / 2 letters from a school governor / 2 letters from school head teachers / 1 letter from a trade union).

All were very concerned about the funding available to undertake the provision before the proposed 2.5% reduction and are now extremely worried. Some of the main points from the letters include:

- Re-looking at the current funding formula for schools on the island
- Suggestion for secondary schools to take a 60%/ 40% split with primary schools on the school budget reduction
- Schools are having to stop provision of swimming lessons, library, culture visits, music lessons and sports activities
- Many schools are having to increase classroom sizes above the recommended 30 pupils
- Some schools are seeing numbers decrease significantly and are concerned for the schools future
- The current budget does not reflect the school requirement as it is and schools are concerned that they won't be able to meet the curriculum requirements
- Many schools can't afford paper, books and school resources

- Many headteachers and staff are working extra hours on their good will and there are real concerns for staff welfare
- There isn't enough budget to employ classroom assistants / one-to-one assistants
- The Additional Learning Needs (ALN) budget received from the Council do not meet the costs for one-to-one assistants
- The 2.5% cut in budget doesn't take into account the increase in teachers salary already taken from schools - Only 24% of trade union represented members stated that they could afford the 2023/24 pay award from existing budgets and would have to make cuts
- There is a real concern for health and safety of some sites
- Many are unsure of some of the partnership agreements and if they are getting value for money for the provision
- Allow schools to set a licensed deficit and urge those who have not to rethink position
- Schools simply do not have the resources they need at the moment, further cuts will be devastating to schools and their learners, with implications for the wider communities for generations to come

The final two letters received represented a Town & Community Council and their main comments are noted below:

- Dissatisfaction with the proposed council tax increase as initial reports from 2023 budget was that an increase in the region of 6% was expected
- The road network needs further investment due to many road closures throughout the year
- There has been many consultations held by the council over the year but nothing to say what happened as a result of the consultations
- Concerns about the future existence of the tourism department

Further comments relating to other potential savings were also provided in the open-ended responses to question 7 (2.1.6 above) alongside 10 email responses. Some of the suggestions are listed below:

- Reduce the number of councillors
- Undertake a staff restructure
- Work with other councils / amalgamate with other councils
- Change building suppliers
- Reduce the number of green bin collections during winter
- Close the half empty schools
- Ensure staff are working and efficient
- Introduce Parking Permits to densely populated areas
- Introduce a holiday tax
- Work with more voluntary organisations

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	EXECUTIVE
Date:	29 FEBRUARY 2024
Subject:	CAPITAL STRATEGY 2024 – 2029
Portfolio Holder(s):	Robin Williams – Deputy Leader and Portfolio Holder – Finance
Head of Service / Director:	Marc Jones Director of Function (Resources) / Section 151 Officer
Report Author:	Marc Jones
Tel:	
E-mail:	rmjfi@ynysmon.llyw.cymru
Local Members:	Not applicable
A –Recommendation/s and reason/s	
<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. The capital strategy is linked to a number of other plans and strategies. They include: -</p> <ul style="list-style-type: none"> • The Council Plan; • The Corporate Asset Management Strategy; • The IT Strategy, including the School’s Digitalisation Strategy; • The Net Zero Carbon Reduction Strategy; • The Leisure Improvement Strategy; • The Modernising Learning Communities and Developing Welsh Language Strategy; • The Resources and Recycling Strategic Plan; • The Housing Asset Management Strategic Plan; • The Housing Revenue Account 30 Year Business Plan; • The Treasury Management Strategy. <p>The Executive is requested to recommend the Capital Strategy to the full Council for its formal approval.</p>	
B – What other options did you consider and why did you reject them and/or opt for this option?	
<p>No other options were considered as the adoption of a capital strategy is a requirement of the CIPFA Prudential Code.</p>	
C – Why is this a decision for the Executive?	
<p>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.</p>	

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

Approval of the strategy will be given by the full Council.

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

The capital strategy will form the basis for the 2024/25 capital budget, which will be approved by the full Council on 7 March 2024.

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	The capital strategy summarises the long term capital investment required by the Council to achieve its long term objectives as set out in the Council Plan. The Council Plan is a 5 year plan which sets out the Council's strategic objectives which are designed to address 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 capital strategy sets out the Council's future capital investment requirement. Capital investment is designed to ensure ongoing service delivery which can avoid significant future costs.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Delivery of the capital investment programme requires working collaboratively with UK and Welsh Government, other local authorities in North Wales, other grant funding bodies and delivery partners.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	Citizens were consulted prior to drafting the final Council Plan. The Capital Strategy will help to deliver the Council Plan.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Capital investment will help a number of protected groups, through investment in buildings, providing disabled facilities grants, investing in leisure facilities etc.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	Capital investment will inject a significant amount of money into the local economy and help to provide local employment. The investment in housing will provide additional affordable homes for local people.

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.	Capital investment will be made into local communities by investing in schools, smallholdings, commercial premises etc. The investment will help to maintain local communities, which will have a beneficial effect on the Welsh language.
E - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	Comments from the LT have been incorporated into the report.
2	Finance / Section 151 (mandatory)	n/a – the strategy was drafted by the Section 151 Officer.
3	Legal / Monitoring Officer (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.
4	Human Resources (HR)	No direct impact on staff.
5	Property	The Capital Strategy takes into account the Council's Asset Management Plan.
6	Information Communication Technology (ICT)	The Capital Strategy takes into account the Council's Digital and IT strategy.
7	Scrutiny	TBC
8	Local Members	Proposals are applicable to all Members.
9	Any external bodies / other/s	N/A
F - Appendices:		
Appendix 1 – Capital Strategy 2024 – 2029		
FF - Background papers (please contact the author of the Report for any further information):		
Council Plan 2023 – 2028 Treasury Management Strategy 2023/24 – will be updated in March 2024 Medium Term Financial Plan – Executive, 26 September 2023 Revenue Budget 2024/25 – Initial Proposals – Executive, 23 January 2024		

Ynys Môn

THE ISLE OF

Anglesey

Capital Strategy

2024-2029



Foreword by the Council Leader and Chief Executive

Capital investment is essential for Anglesey from a social, economic, environmental and community perspective but, in the current financial climate, it is important that long term investment decisions are based on clear informed information, address the long term risks faced by the Council and are affordable in the long term.

The Capital Strategy sets out the long term investment requirements arising from the Council Plan and other linked strategies, assesses the affordability of those plans and identifies the capital resources required to deliver those plans.

The Capital Strategy is a key document to ensure that capital investment decisions are taken in a planned way that allows the Council to achieve its key objectives whilst ensuring that the long term viability of the Council is not put at risk.



Councillor Llinos Medi,
Council Leader



Dylan J. Williams,
Chief Executive

Why Do We Need a Capital Strategy?

- CIPFA Prudential Code sets out a requirement that all local authorities must produce a capital strategy.
- Ideally, the Strategy should cover 10 to 15 years, but the current funding uncertainty does not allow for the development of such a long term plan.
- Ensures authorities take capital and investment decisions that properly take account of:-
 - Stewardship;
 - Value for Money;
 - Prudence;
 - Sustainability;
 - Affordability.
- Contributes to compliance with the Well Being of Future Generations (Wales) Act 2015.

Purpose of the Capital Strategy?

- It is crucial when long-term investment decisions are undertaken, that decision-makers can rely on clear and informed information. This includes:-
 - A long term view of capital expenditure plans and any financial risks to which the Council is exposed;
 - Ensuring due regard to the long-term financing affordability implications and potential risks;
 - A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resources and business planning implications.
- The Capital Strategy looks at what new assets or improvements to assets, such as Council buildings, schools, houses, social care facilities and leisure facilities are needed to help the Council deliver its strategic objectives along with its many statutory obligations.
- Through this plan, we intend to ensure appropriate levels of capital expenditure and investment to meet these priorities and objectives, whilst ensuring that our plans are affordable, prudent and sustainable.

Capital Expenditure 2019/20 – 2023/24

	2019/20 £'m	2020/21 £'m	2021/22 £'m	2022/23 £'m	2023/24 (Forecast) £'m
Maintaining Existing Assets	5.419	6.934	6.865	9.139	8.173
Sustainable Communities for Learning	0.316	0.951	4.507	6.317	7.080
Improvements to Leisure Facilities	0.119	0.123	0.211	0.336	0.718
Waste Management	0.180	3.213	2.270	0.213	0.110
Achieving Net Zero	0.000	0.052	1.742	1.372	2.947
Flood Defence Programme	3.140	1.481	1.194	2.491	1.092
EU Grant Funded Projects	2.224	2.563	1.361	4.511	3.270
UK / Welsh Government Grant Funded Projects	3.490	3.419	3.590	2.119	8.825
Schools IT Infrastructure / Equipment	1.088	0.596	0.603	0.341	0.113
Investment Properties	0.115	0.091	0.253	0.242	0.000
Other Grant Funded Projects	2.114	1.084	1.140	2.429	0.000
Housing Revenue Account	11.812	12.623	9.723	11.180	20.529
TOTAL EXPENDITURE	30.013	33.129	33.457	40.690	52.857

Council Plan 2023-2028

The Council Plan's vision is to:-

Pages
Create an Anglesey that is
healthy and prosperous
where people can thrive.'

The Council Plan is the key document serving as a focal point for decision-making at all levels; providing a framework to plan and drive forward priorities; shape annual spending; monitor performance and progress.

At its core, is our desire to work with Anglesey residents, communities and partners to ensure the best possible services, improve the quality of life for all and create opportunities for future generations.

Its six main objectives reflect the key areas the Council should be focusing its efforts on.

Our six strategic objectives



The Welsh
Language

Increasing opportunities to learn
and use the language.



Social Care and
Wellbeing

Providing the right support at the
right time.



Education

Ensuring an effective provision
for today and for future
generations.



Housing

Ensuring that everyone has the
right to call somewhere home.



Economy

Promoting opportunities to
develop the Island's economy.



Climate Change

Responding to the crisis, tackling
change and working towards
becoming a net zero organisation by
2030.



[Council Plan 2023-2028](#)

Council Plan 2023-2028

The Council Plan 2023-28 is underpinned by the organisation's core values, which are used to develop and guide the vision, strategic plans and services.

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Values



Respect

We are respectful and considerate towards others regardless of our differences.



Honesty

We are committed to high standards of conduct and integrity.



Collaborate

We work best as a team, with our communities and partners to deliver the best outcomes for the people of Anglesey.



Champion the council and the island

We create a sense of pride in working for the council and present a positive image of the council on the council and the island.

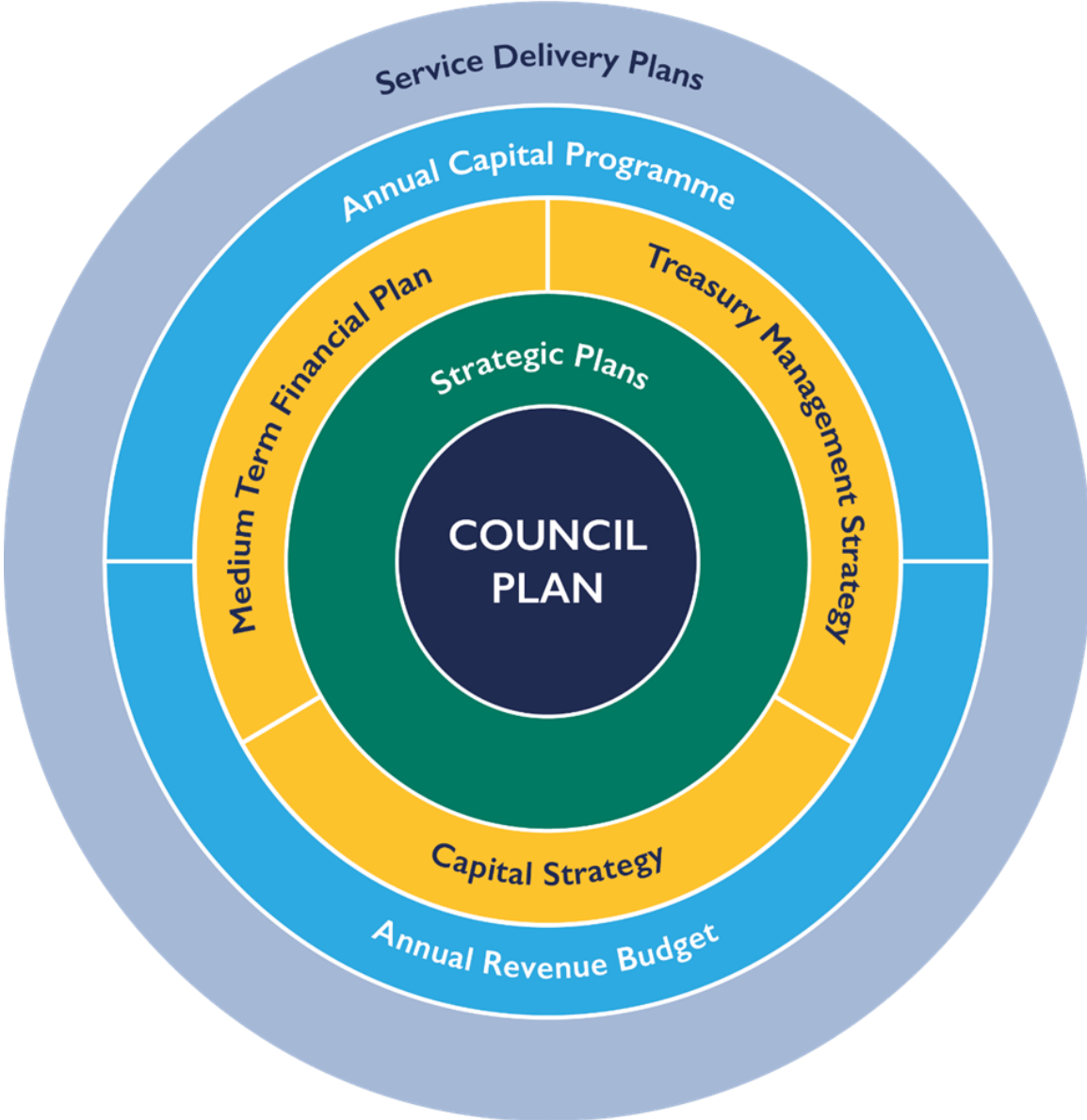


[Council Plan 2023-2028](#)

Strategic Circle

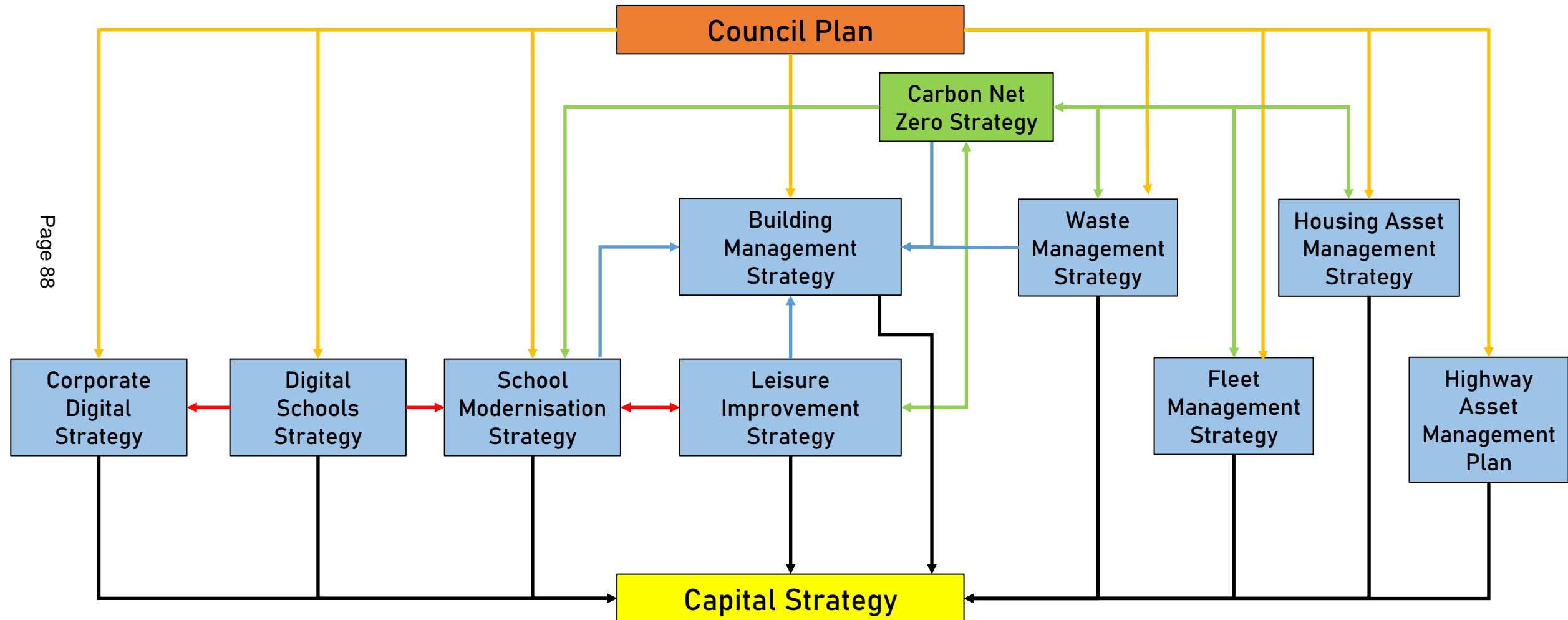
The strategic circle identifies the plans in place to ensure we are able to achieve our priorities and objectives.

This plan is a key strategic plan that aligns with the Council's Plan and contributes to the achievement of the strategic objectives and vision.



[Council Plan 2023-2028](#)

Relationship between the Council's Plans and Strategies



- **The Council Plan and key Operational Plans**

- The key strategies and plans below are important and inter-related to help identify an affordable level of revenue and capital resources needed to deliver the key priorities of the Council Plan and key operational plans. These also provide a framework for robust financial management of Council resources.

The Medium Term Financial Plan (MTFP)

This is revised regularly to help set out the likely resource requirement for the next three years and how the Council plans to balance the resource requirement. This includes the impact of revenue and capital issues on the Council Fund.

Capital Strategy

The Capital Strategy sets out the key priorities on how capital expenditure should be spent to help deliver the Council Plan 2023/28. 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.

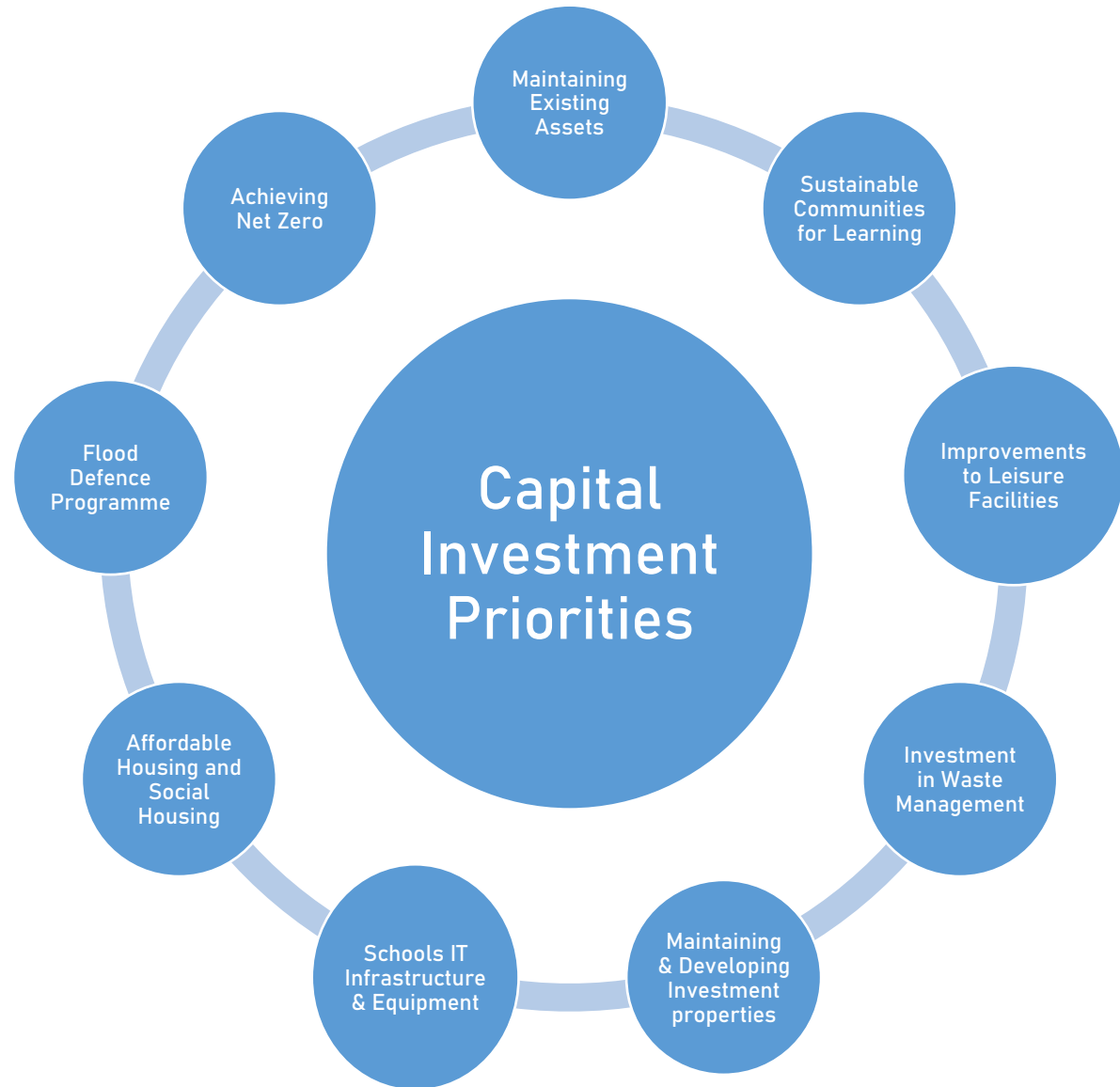
Key priority areas

Delivering the strategic priority, together with key priority areas, sets a clear and ambitious mandate.

We want to ensure that we:-

Page 90 Secure sufficient funding to invest in the capital investment priorities;

- Capital assets are maintained and continue to allow services to be provided;
- The Council's strategy is sufficiently flexible to meet emerging needs and takes advantage of funding opportunities as they arise.



Principles and Objectives to Support Achievement of the Key Priorities

- Capital projects must relate to assets which help the Council achieve its key objectives, outlined in the Council Plan, and key operational strategies and statutory responsibilities.
- 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.
- Sustainable Communities for Learning Programme will be prioritised within the Capital Programme.
- Capital Receipts from the Sale of Surplus Schools will be used as funding for the Sustainable Communities for Learning Programme (as set out in the Final Business Case) or as general capital funding.
- Receipts from the sale of Council smallholdings may be re-invested in the estate, if other spending priorities allow.
- An annual sum will be allocated to maintain or replace the Council's existing assets – Council Buildings, I.T. Equipment, Vehicles, Road Network.
- The Council will aim to utilise capital funding to transform and modernise service provision.
- Any new project that requires match funding to draw down grant funding will be assessed on a case by case basis by the Director of Function (Resources) / Section 151 Officer. The assessment will consider the level of grant funding, does the project fit into the Council's corporate priorities, the implications for the revenue budget and the ratio of match funding to grant funding.
- 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.
- 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.
- Unsupported Borrowing will be considered if the annual capital financing requirements are affordable and maintain an acceptable ratio of capital financing costs to net revenue expenditure.
- The timing of external borrowing will take place in line with the Council's Treasury Management Strategy in order to maintain sufficient cash balances but to minimise capital financing charges.

Capital Programme Funding Sources

Type of Funding	Source	Restrictions on Use	Revenue Implications	Comments
General Capital Grant	Welsh Government	None	None	
Supported Borrowing	PWLB	None	MRP (based on asset life) & Interest (fixed for period of loan)	Revenue costs funded by Welsh Government through the settlement.
Unsupported Borrowing	PWLB	Must meet the requirements of the Prudential Code	MRP (based on asset life) & Interest (fixed for period of loan)	As full cost falls on the Council, any project funded through unsupported borrowing normally has to create additional income or revenue savings to meet the MRP and interest charges.
Communities for Learning (Grants & Borrowing)	Welsh Government & PWLB	As per approved business case	MRP (based on asset life) & Interest (fixed for period of loan)	WG fund 65% (67% through supported borrowing and 33% grant). Council funds 35% through unsupported borrowing and capital receipts.
Communities for Learning (Mutual Investment Model)	Welsh Government	As per approved business case	Annual revenue charge paid to MIM Company for 25 years	92% of revenue cost funded by Welsh Government, remaining 8% falls as revenue cost on the Council.
Specific Grant Funding	Welsh Government, UK Government, Other Funders	As per grant conditions	None	Grant funding may require to fund a level of match funding.
Capital Receipts	Sale of Council Assets	None	None	Capital Receipts must be used to fund capital expenditure or repay existing loans.
Council Reserves	Council	None	None	
Contributions from revenue budget	Council	None	None	
HRA Reserves	Council	HRA Capital expenditure only	None	

Current Council Assets

Type of Asset	Number	Type of Asset	Number	Type of Asset	Number
Primary Schools	39	Youth Clubs	1	Carriageway	1,188 km
Secondary Schools	5	Business Units	68	Footway	661 km
Canolfan Addysg y Bont	1	Retail Sites	20	Cycleways	211 km
Offices	2	Community Centres	8	Structures	539
Museums and Archives	2	Other Educational Establishments	3	Lighting	20,014 lights
Libraries	7	Sundry Property	8	Drainage	28,064
Residential Care Homes	5	Ports and Piers	7	Non Illuminated Signs	7,629
Children's Care Homes (Cartrefi Clyd)	3	Moorings	468	Other Highway Assets	9,239
Day Care Centres	4	Housing Stock	3,979 units		
Leisure Centres	4	Occupied Land	Various		
Public Conveniences	22	Parks & Open Spaces	47		
Smallholdings	75	Vehicles	200		

Maintaining Existing Assets

- Ensuring Schools meet future educational requirements - £230m
- Backlog maintenance – Council Offices - £0.5m
- Backlog maintenance – Leisure Centres - £7m
- Backlog maintenance – Social Care Buildings - £2.4m
- Backlog maintenance – Business Units - £0.3m
- Backlog maintenance – Smallholdings - £0.5m
- Backlog maintenance – Libraries, Archives & Museums - £0.3m
- Backlog maintenance – Public Conveniences - £0.1m
- Annual Road Maintenance Requirement - £2m - £2.5m to maintain existing road condition
- I.T. Equipment – Replace existing hardware every 3 to 10 years
- Vehicles – Replace existing vehicles every 5 – 7 years – need to move to carbon neutral fuel source
- Disabled Facilities Grant – Budget requirement of £750k per annum

Maintaining existing assets

Why is this important?

- Maintaining existing assets to a condition that allows them to be operational is key to ensure that services can continue to be delivered.
- To invest / upgrade and replace existing assets and to begin to clear backlog maintenance would require capital expenditure in excess of £10m per annum. This is a level that is beyond the current level of funding and investment will need to be prioritised.
- Investment in IT assets allows the Council to maintain its IT hardware, which supports front line service delivery.



What are we going to do?

- Each year, capital funding will be allocated to ensure an investment in existing assets to protect them into the future.
- Capital funding will be prioritised on assets required to help the Council deliver its statutory responsibilities.
- An annual sum will be allocated to maintain or replace the Council's existing assets – Council Buildings, I.T. Equipment, Vehicles.
- The current strategy is to use the General Capital Grant and Supported Borrowing.
- Funding the remainder would require a significant level of unsupported borrowing, which in turn would generate an MRP and interest charge in the region of £750k per annum.
- In the longer term, the number of retained assets will be assessed in terms of future service needs.

How are we going to do this?

- Aim to fund at the following level:-
 - Education Buildings - £1.0m
 - Other Council Buildings - £0.6m
 - Highway Maintenance - £2.0m
 - Vehicles - £0.3m
 - IT Equipment - £0.3m
 - Disabled Facilities Grants - £0.75m
- These funding levels are dependent on the funding available and other funding priorities, but set out the minimum requirement.
- This totals £4.95m, with the additional budget being funded from unsupported borrowing, capital receipts and contributions from revenue budgets.
- The Council will maximise external capital funding wherever possible and affordable.

Sustainable Communities for Learning

Why is this important?

- This is a substantial programme which will result in Sustainable Communities for Learning capital school improvements or new builds into the long term.
- The Council remains committed to the Programme and will continue to fully utilise external funding.



What are we going to do?

- The Council is currently drawing up the Sustainable Communities for Learning strategic outline programme, which sets out the Council's investment priorities over the next 9 years.
- The plan will concentrate on the improvement / replacement of the Council's 5 secondary schools.
- Funding will continue to come in the form of a mixture of Welsh Government grants and supported borrowing (65% of the cost) and unsupported borrowing and capital receipts (35% of the cost).

How are we going to do this?

- Capital Receipts from the Sale of Surplus Schools will be used as funding for the Sustainable Communities for Learning Programme.
- The replacement of a secondary school would be in the region of £70m, and this is likely to utilise the majority of the Welsh Government funding available.
- The Council will continue to explore the potential of using the Welsh Government's Mutual Investment Model (MIM) to fund the cost of replacing one school building.
- Any new scheme is unlikely to commence until 2026/27.



Improvements to Leisure Facilities

Why is this important?

- Leisure Centres provide an important service to Anglesey residents which contributes to their health and wellbeing.
- 3 of the Council's 4 Leisure Centres are approximately 50 years old and require significant investment to maintain the building and to upgrade the facilities.
- The estimated cost would be in the region of £40m to £50m, which the Council cannot fund in isolation.



What are we going to do?

- The Council will continue to maintain the buildings so that they can continue to operate over the short to medium term, with the objective of continuing to operate the 4 centres.
- The Council will assess the long term future of the 4 centres, linking the decision to the needs of communities, the Sustainable Communities for Learning programme and the funding available.

How are we going to do this?

- The long term strategy will be to work to obtain grant funding to undertake refurbishment or the rebuilding of the Centres.
- The Council has around £1.5m of earmarked reserves (generated from a VAT refund and the sale of the Llangefni Golf Course) to utilise to maintain and upgrade Plas Arthur Leisure Centre and to use as match funding for external grant funding, should any opportunities arise.



Waste Management

Why is this important?

- The Council must maintain safe 'business as usual' services and comply with future changes in legislation / meet targets e.g. the 70% of household waste recycling target.
- The estimated cost of the capital investment over the next 5 years is £8.8m, which is made up of:-
 - Business as usual asset renewal - £2.9m;
 - Recycling / waste collection service changes to meet targets - £1.1m (with further investment required in a new fleet after 8 years of the existing contract);
 - Infrastructure changes to support service changes to meet statutory targets - £2.0m;
 - Decarbonisation of fleet and plant equipment - £2.8m.

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What are we going to do?

- The Council's newly adopted Resources & Recycling Strategic Plan sets out four key priorities to ensure 'business as usual' services are maintained and improved to meet future legal requirements / targets. The Council is working with several stakeholders to improve recycling rates to meet statutory targets, but this will require investment in the existing recycling centres, plant, machinery and vehicles.

How are we going to do this?

- The Council has no funding identified for this investment and it would have to be delivered through unsupported borrowing and any grant funding that can be secured.



Achieving Net Zero

Why is this important?

- The Welsh Government has set a target for the Council to achieve net zero by 2030.
- Capital projects must have regard to the net zero carbon targets.

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What are we going to do?

- Achieving the target of net zero will require considerable investment in:-
 - Council Buildings - to reduce energy consumption and to change to carbon neutral energy sources;
 - Vehicles - to transfer away from petrol and diesel vehicles;
 - Council Houses - to convert all properties to be carbon neutral wherever possible / viable;
 - Sustainable travel;
 - Developing electronic vehicle charging infrastructure;
 - Improving biodiversity on Council land;
 - Ensuring that all new buildings are designed to be carbon neutral.

How are we going to do this?

- The capital investment required will be significant, and the Council has no core funding to deliver this objective.
- The strategy will be to develop projects and to bid for grant funding which can deliver projects as and when grant funding is received.
- The Housing Revenue Account will provide funding to move towards making the Council housing stock carbon neutral.



Flood defence programme

Why is this important?

- The Council has identified a number of areas where flood defences need to be improved.

What are we going to do?

- Welsh Government currently fund 85% of the capital cost of flood defence work by means of grant. The remaining 15% is provided by the Council.
- The Council estimates that around £2m per annum is required to be invested in flood defence work over the next 5 years. This requires the Council to provide match funding of £300k per annum.
- Given the significant grant funding that can be drawn down through the allocation of match funding, the strategy will continue to prioritise the allocation of match funding in the capital programme.

How are we going to do this?

- Prioritise the allocation of match funding in order to maximise the grant drawn down from Welsh Government.
- Prioritise expenditure on the schemes that safeguard the greatest number of properties per pound of expenditure.



UK Government Grant Funding

Why is this important?

- To ensure that Anglesey continues to benefit from grant funding available from the UK and Welsh Government that has replaced EU grant funding.
- To ensure that investment continues to be made in projects that benefit the residents and communities on Anglesey.

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What are we going to do?

- The UK Government has replaced previous EU grant funding with additional regional and local grant funding – currently Levelling Up Fund, Shared Prosperity Fund and the North Wales Growth Bid.
- The Council will continue to work with regional and local partners to bid for funding to undertake projects which improves local infrastructure and the local economy.

How are we going to do this?

- The use of the Council’s own reserves as match funding will be assessed on a case by case basis, taking into account the importance of the project for Anglesey and North Wales, the potential benefits arising from completion of the project and the balance of match funding to grant funding.
- Apart from the existing commitments, no new match funding commitments have been made for the period 2024 to 2028.



Schools IT infrastructure and Equipment

Why is this important?

- The way that schools deliver education has changed with IT playing a greater role in delivering education and in managing schools.
- Investment in IT infrastructure and equipment for pupils is vital to ensure that schools continue to improve and modernise how education is delivered.

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What are we going to do?

- The Council has drawn down funding from Welsh Government through the HWB Grant scheme. This has allowed for the upgrading of IT infrastructure within schools and purchased devices for individual pupils.
- The condition of the HWB grant requires that the Council commits to replacing the equipment purchased by the grant when it reaches its useful life. This will require around £1.3m of expenditure in 2027/28, with significant further investment required in future years.
- The Council has earmarked reserves of £0.46m to fund some of the cost, and intended to make an annual contribution from the revenue budget each year to increase this reserve. However, the current financial restraints has meant that the contribution was stopped in 2023/24.

How are we going to do this?

- To develop a working service level agreement between stakeholders to fund required investment in future years.
- To look at alternative options for funding the required investment.



Investment properties

Why is this important?

- The Council retains a number of properties which are let on a commercial basis and generate an annual income for the Council. These include industrial units, office accommodation, retail units and smallholdings.

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These properties provide valuable accommodation to support local businesses and allow continued investment in the local economy.



What are we going to do?

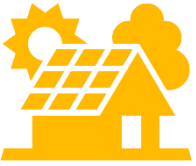
- The Council has followed a strategy of developing new units through grant funding, mainly from the European Union and Welsh Government. Examples of recent developments include new units at Penrhos, Holyhead, and units on the Bryn Cefni Industrial Estate.
- During 2010 to 2015, a number of smallholding properties were disposed of, and land merged to create larger more viable units. The capital receipts from the sale of properties was reinvested in upgrading the remaining properties. However, this source of funding is no longer available.

How are we going to do this?

- The Council's Asset Management Plan sets out the plan for individual asset types and estates and this will feed through to the capital budget.
- Any investment in these properties would have to be funded from the Council's core capital funding, any grant funding that becomes available or unsupported borrowing.



Social and Affordable Housing



Why is this important?

- The Council currently provides housing to around 4,000 tenants, which provides affordable accommodation to the most vulnerable residents of Anglesey.
- The need for low cost, quality affordable rental accommodation on Anglesey continues to rise. The Council needs to continue to invest in its existing stock and to increase its stock numbers to continue to meet the increasing demand.

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What are we going to do?

- Continue to develop or repurchase 45 units a year and also invest in extra care provision, with a 40 bed unit planned to be opened in 2026/27.
- The Council also continues to invest in its existing stock to ensure that properties continue to maintain the WHQS standard, and that work on any properties not yet upgraded is undertaken when the property becomes available.

How are we going to do this?

- Utilise the financial assets of the Housing Revenue Account to fund the required investment.
- The Housing Revenue Account is a ring fenced account. The funding of capital expenditure is made through the annual surplus achieved on the revenue account, the Major Repair Allowance grant received from Welsh Government, existing HRA reserve balances and through unsupported borrowing.
- Any new development will only be undertaken if it passes 3 main financial tests. This ensures that any borrowing is affordable and can be funded from future rental income.
- The HRA 30 Year Business Plan estimates that £54m will be invested in the existing stock and £75m will be invested in the development of new properties over the next 5 years.
- The Business Plan has set a cap on borrowing of 6.5 times the rental income.



Capital Expenditure Summary 2024/25 to 2028/29

	Minimum £'m	Possible £'m	Maximum £'m
Maintenance of Existing Assets	21.88	30.98	48.77
Sustainable Communities for Learning	3.03	49.73	61.22
Improvements to Leisure Facilities	1.50	7.50	40.50
Waste Management	0.00	5.88	8.80
Achieving Net Zero	0.00	7.50	7.50
Flood Defence Programme	0.00	5.00	10.00
Schools IT Infrastructure / Equipment	0.46	1.55	1.55
Investment Properties	0.00	1.00	4.00
Levelling Up	7.81	7.81	7.81
Housing Revenue Account	64.13	129.50	129.50
TOTAL EXPENDITURE	98.81	246.45	319.65

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- The minimum sum utilises the known secured funding. The maximum sum is the investment required to achieve all of the Council's objectives and bring all existing assets to an acceptable condition.
- The possible sum utilises a level of unsupported borrowing which may be affordable if, and when, the Council's revenue budget position improves.
- Grant funding, when secured, may also allow the Council to replace borrowing with grants and allow the Council's position to move from the Minimum to the Possible at a lower revenue cost, or allow the Council to move from the Possible to the Maximum position.
- Other grant funding may also be secured to undertake other projects and these will be added to the capital budget as and when the funding is secured and have, therefore, been omitted from this table.

Funding Capital Expenditure Summary 2024/25 to 2028/29

	Minimum £'m	Possible £'m	Maximum £'m
Supported Borrowing	10.79	10.79	10.79
General Capital Grant	11.09	11.09	11.09
Sustainable Communities for Learning – Supported Borrowing	0.00	5.58	15.74
Sustainable Communities for Learning – Unsupported Borrowing	2.85	7.33	10.45
Sustainable Communities for Learning – Welsh Government Grant	0.00	2.75	6.97
Mutual Investment Model Funding (MIM)	0.00	27.90	27.90
Other Welsh Government Grants	0.00	9.50	13.75
Capital Receipts	0.18	2.44	2.44
Earmarked Reserves	1.96	2.66	2.66
Levelling Up Funding	7.81	7.81	7.81
HRA Major Repairs Allowance	13.45	13.45	13.45
Other HRA Grants	8.69	8.69	8.69
HRA Reserves and Annual Surplus	41.99	41.99	41.99
Unsupported Borrowing – General Fund	0.00	29.11	80.56
Unsupported Borrowing - HRA	0.00	65.36	65.36
TOTAL FUNDING	98.81	246.45	319.65

Impact of Capital Expenditure on Capital Financing Requirement and External Borrowing

	Minimum		Possible		Maximum	
	CFR £'m	Borrowing £'m	CFR £'m	Borrowing £'m	CFR £'m	Borrowing £'m
2024/25	168.846	144.338	192.739	168.556	192.930	168.653
2025/26	169.728	145.859	213.849	190.934	226.245	203.099
2026/27	170.532	146.041	229.615	206.978	261.488	238.524
2027/28	171.252	145.438	253.443	230.945	302.795	279.706
2028/29	171.885	146.734	271.596	251.575	328.996	308.085

- The impact of the above on the Council's authorised limit and operational boundary are set out in the Council's Treasury Management Strategy.

Revenue Implications of Capital Expenditure – General Fund

		Minimum		Possible		Maximum	
	Estimated Net Revenue Expenditure £'m	MRP & Interest £'m	MRP & Interest to NRE %	MRP & Interest £'m	MRP & Interest to NRE %	MRP & Interest £'m	MRP & Interest to NRE %
2024/25	184.219	5.921	3.21	6.462	3.51	6.542	3.55
2025/26	189.746	6.068	3.20	6.979	3.68	7.437	3.92
2026/27	195.438	6.164	3.15	7.433	3.80	8.576	4.39
2027/28	201.301	6.212	3.09	8.289	4.12	9.869	4.90
2028/29	207.340	6.308	3.04	8.792	4.24	10.536	5.08

- The net revenue expenditure is assumed to increase by 3% per annum from 2025/26.
- MRP is calculated on the basis of the Council’s current MRP Policy – see Treasury Management Strategy.
- The additional MRP and Interest costs would not be funded through the AEF and would require an increase in Council Tax to fund.
- Given that the Council has adopted the annuity method to calculate the MRP charge, the MRP charge increases annually, which places a greater pressure on Council Tax to fund the additional annual revenue costs.

Prioritising Capital Expenditure and Setting Annual Capital Budgets

- Annual budgets will be set to maintain existing assets and the budget will be dependent on the funding available through the General Capital Grant and Supported Borrowing.
- Services are invited to submit bids for funding for one off projects. Bids will be assessed in terms of :-
 - How they contribute to the objectives of the Council Plan;
 - Do they contribute to mitigating any of the Council's corporate risks;
 - The impact of the project on future capital investment;
 - The impact of the project on future revenue costs i.e. will it increase or decrease revenue costs;
 - Whether the project is partly funded by grant funding and what the level of grant funding will be.
- The Capital budget for the Communities for Learning programme and the Housing Revenue Account are drawn up outside of this process.

Monitoring and Managing Capital Expenditure and Borrowing

Capital Expenditure and the related borrowing is monitored and managed by the Council, as follows:-

- Treasury Management Strategy and Prudential Borrowing Indicators – Scrutinised by the Governance & Audit Committee, proposed by the Executive and approved by the full Council;
- Half yearly and annual treasury management reports to Governance & Audit Committee, Executive and full Council;
- Quarterly Capital Expenditure Monitoring reports to the Executive and the Finance Scrutiny Panel.
- Annual Capital Budget proposed by the Executive, and approved by the full Council.

Responsibility for the Treasury Management function within the Council rests with the Director of Function (Resources) / Section 151 Officer, supported by qualified and experienced finance professionals, including the Accountancy Manager, Finance Manager and Capital Accountant.

The Council also employ Link Asset Services to provide specialist treasury management advice.

Elected Members and Lay Members of the Governance & Audit Committee receive regular treasury management training that allows them to undertake their duties.

Treasury Management Investment Strategy

The Council's Investment Strategy is set out in its Annual Treasury Management Strategy, but is summarised as follows:-

- Surplus cash is invested with financial institutions which hold the highest level of credit rating as set out in the Treasury Management Strategy.
- Investments are made applying the principles of security, liquidity and yield in that order. Investments are not made simply to maximise the investment return. Investments are reported on a quarterly basis through the Treasury Management update reports.
- Cash investments will not be funded through additional borrowing.
- The Council will hold minimum cash balances equivalent to the agreed level of general balances, which is currently 5% of the Council's net revenue expenditure budget, £9.5m for 2024/25.
- The Council owns a number of non-treasury management investments in the form of investment properties (retail properties, office and commercial units) which generate an annual rental income, although the income generated is not significant in terms of the Council's overall annual income. There is no intention to dispose of these properties in the foreseeable future.
- The Council will take advantage of any grant funding that may become available to develop more investment properties, but will not undertake any significant additional borrowing to achieve the development of additional units.

Risks in delivering the Capital Strategy and Capital Budget



Summary Conclusions

- The Council's capital requirement to modernise and upgrade existing assets and to deliver on its corporate priorities is in excess of £300m over the next 5 years, and the Council's ability to deliver is restricted by lack of central government unhypothecated funding.
- The Council's ability to undertake unsupported borrowing, in accordance with the requirements of the Prudential Code, is limited on the grounds of affordability, as it would place an unacceptable cost on future taxpayers.
- The minimum funding available through supported borrowing and the general capital grant is insufficient to fund the minimum required to maintain the Council's existing assets to a level that allows the safe and effective operation of those assets.
- To achieve its corporate objectives, the Council must secure additional grant funding, but this may not be sufficient to allow the Council to move towards achieving its objectives.
- To move from the minimum position, the Council must consider undertaking a limited amount of unsupported borrowing, but this must be at an affordable level, taking into account the current financial challenges the Council is facing.
- External factors, such as new or changing legislation, new performance levels or the need to avoid service failure, may accelerate the need to move from the minimum position sooner than is considered desirable or affordable.
- Additional capital investment can be avoided through asset rationalisation and extending the life of existing assets.
- Priority will be given to fund the projects which best achieve the Council's main priorities e.g. the sustainable communities for learning programme.
- Match funding will be provided where the project is mainly funded by external grants and where the project is in line with the Council's corporate objectives.
- The HRA projects will continue to be assessed separately from the Council Fund projects.

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ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	EXECUTIVE COMMITTEE	
Date:	29 FEBRUARY 2024	
Subject:	CAPITAL BUDGET 2024/25	
Portfolio Holder(s):	ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE	
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER	
Report Author:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER	
Tel:	01248 762601	
E-mail:	rmjfi@ynysmon.gov.wales	
Local Members:	n/a	
A –Recommendation/s and reason/s		
<p>The Executive is required to propose a capital budget for 2024/25, which will be presented to the full Council for approval at its meeting on 7 March 2024.</p> <p>RECOMMENDATIONS</p> <p>To recommend to the full Council the following capital programme for 2024/25:-</p>		
	Ref	£'000
2023/24 Schemes Brought Forward		6,102
Refurbishment / Replacement of Assets		4,856
Communities for Learning Programme		2,878
Housing Revenue Account (HRA)		30,002
Total Recommended Capital Programme 2024/25		43,838
Funded By:-		
General Capital Grant		2,222
Supported Borrowing General Fund		2,164
Decommitted Scheme Funding b/f from 2023/24		470
Communities for Learning – Unsupported Borrowing		2,700
Capital receipts Reserve		178
HRA Reserve and In Year Surplus		17,315
HRA External Grants		11,751
HRA Unsupported Borrowing		936
2023/24 Funding Brought Forward		6,102
2024/25 Total Capital Funding		43,838
B – What other options did you consider and why did you reject them and/or opt for this option?		
<p>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.</p>		
C – Why is this a decision for the Executive?		
<p>It is a matter for the Executive to propose the annual capital budget.</p>		

CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
Not applicable		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The capital budget ensures funding to maintain the Council's assets, and forms part of the strategy to meet the objectives set out in the Council's Corporate Plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Continued maintenance of the Council's assets will prevent larger costs in the future.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Capital projects in respect of Communities for Learning 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 2023 – 2028, 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.
E - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	Options were considered by the Leadership Team at its meeting on 24 January 2024.
2	Finance / Section 151 (mandatory)	Author of the report.
3	Legal / Monitoring Officer (mandatory)	The Director of Function - Council Business attended the Leadership Team meeting on 24 January 2024.
4	Human Resources (HR)	The Head of Profession – HR and Transformation attended the Leadership Team meeting on 24 January 2024.

5	Property	The Head of Service – Highways, Waste and Property attended the Leadership Team meeting on 24 January 2024.
6	Information Communication Technology (ICT)	The comments of the Head of ICT have been incorporated into the report.
7	Scrutiny	TBC
8	Local Members	Proposals applicable to all Members.
9	Any external bodies / other/s	Not applicable
F - Appendices:		
Appendix 1 – Report on the Capital Budget 2024/25 Appendix 2 – Final Proposed Capital Budget 2024/25		
FF - Background papers (please contact the author of the Report for any further information):		
Capital Strategy Report – full Council 9 March 2023 Capital Budget 2023/24 – full Council 9 March 2023 Quarterly Capital Monitoring Reports 2023/24 – Executive 26 September 2023, 28 November 2023		

1. INTRODUCTION

1.1. The Capital Budget for 2024/25, 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 2023. The Capital Strategy has been updated to reflect the proposed capital budget for 2024/25, but the principles of the strategy remain unchanged.

2. PRINCIPLES OF THE CAPITAL STRATEGY

2.1. The Capital Strategy for 2023/24 was approved by the Executive and full Council and will be updated for 2024/25 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 2024/25, which will be approved by the Executive and full Council in March 2024.

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 Communities for Learning Programme and will continue to fully utilise Communities for Learning 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 Communities for Learning 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 2024/25

3.1. The funds available to finance the capital programme for 2024/25 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 2024. 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 2024/25

Source of Funding	£'000	£'000
General Fund Capital Programme		
Schemes / Funding brought forward from 2023/24	6,102	
General Capital Grant 2024/25	2,222	
Decommitted Scheme Funding b/f from 2023/24	470	
Supported Borrowing	2,164	
Funding for the General Capital Programme (Council Fund)		10,958
Communities for Learning		
Unsupported Borrowing	2,700	
Capital Receipts Reserve	178	
Funding for Communities for Learning		2,878
Housing Revenue Account (HRA)		
HRA Reserve	8,160	
HRA - In-year Surplus	9,155	
Welsh Government Major Repairs Allowance & Other external grants	11,751	
HRA Unsupported Borrowing	936	
Funding for HRA		30,002
Total Capital Funding 2024/25		43,838

3.2. The General Capital Funding received from Welsh Government for 2024/25 is £12k higher than the allocation for 2023/24 and is in line with the funding levels seen over the past 12 years. There has been no significant increase in the funding, despite the fact that the value of the funding has been significantly eroded by inflation over this period.

- 3.3. Although the Council does have unsold schools, the capital receipts generated has been allocated to fund the replacement school. The Council does hold a small number of assets which it wishes to dispose of, but they are not considered to be very marketable properties and no sales are anticipated in 2024/25. If any sales occur, and they generate a capital receipt, the capital receipt would be available as an additional source of funding in 2025/26.
- 3.4. In previous years, sums have also been held as earmarked reserves to fund individual projects. The Council has used £3.78m of reserves to balance the 2023/24 revenue budget, with a further planned use of £4.4m in 2024/25. This has diminished the Council's reserves to the minimum level and does not allow for the use of reserves as capital funding in 2024/25.
- 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 £9.3m by the end of this financial year. The HRA Business Plan sets a target of 5% of income receivable (circa £1.2m) as the minimum HRA reserve balance, which allows the remainder to be used as capital funding in 2024/25.

4. PROPOSED CAPITAL PROGRAMME 2024/25

4.1. 2023/24 Schemes Carried Forward

The capital budget monitoring report to the end of quarter 3 of 2023/24 estimates that the capital programme will underspend by £9.236m, although the final position may change during the final quarter. Once the final position in respect of 2023/24 is known, this will be reported to the Executive alongside a request to approve the carrying forward of funding from 2023/24 to 2024/25.

Committed schemes that are due to run for a number of years from the current year and beyond have been factored into this programme due to new budgets being required.

Table 2
2023/24 Schemes Brought Forward

2023/24 Schemes Brought Forward	2024/25 £'000
Holyhead Regeneration (THI Phase II)	1,207
Levelling Up Funding (various projects)	4,895
Total Schemes Brought Forward	6,102

4.2. 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. The funding will also provide a source for match funding for Low Carbon Heat grants which the Council has applied for.

- **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 budget allocation of £2m will also be utilised to provide match funding for small scale flooding relief schemes where required, as these schemes do not only help to prevent flooding but they also protect the road network from damage when flooding occurs.
- **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. However, achieving this within the current funding limitations will be challenging and the Council will be reliant on additional grant funding or will have to change from direct purchase to leasing in order to achieve the change. The Service has identified a new gritter and replacement minibuses for Môn Community Transport as the priority. £206k is allocated in the proposed budget to purchase one new gritter and to begin the MCT minibus replacement programme.
- **IT Assets** – Continued investment is required to maintain the Council’s core infrastructure and to replace devices used by staff to access systems. £300k has been identified as the sum required to maintain the core infrastructure and to replace desktop devices.

4.3. Disabled Facilities Grants

The demand for major adaptations to enable disabled residents to continue to live at home continues to be high. Funding of £500k for adapting Council houses is included in the HRA planned maintenance budget, however, the Council must also fund work to private homes as well. It is anticipated that around £600k of commitments exist in 2024/25 in addition to any new applications that will be received during 2024/25. The proposal is to maintain the annual budget allocation of £750k for 2024/25.

5. OTHER BIDS FOR ADDITIONAL ONE-OFF FUNDING

- 5.1. Services were invited to submit bids for capital funding for 2024/25 to fund the cost of one-off projects. A total of 13 bids, amounting to £1.793m were received. Having considered the bids, and given the limited funding available, none of the bids were considered to be necessary to prevent the risk of service failure at this point. However, this may change in future years.
- 5.2. A small number of the bids could be funded through unsupported borrowing, as they have the potential to generate sufficient revenue savings or additional income that would be sufficient to meet the additional annual capital financing costs. Services may present a business case for consideration in 2024/25 which will be considered by the Executive as and when the cases are presented.

6. COMMUNITIES FOR LEARNING PROGRAMME

- 6.1. The Council's modernisation of the school estate, through the Welsh Government's Communities for Learning programme continues, although currently the programme only includes the completion of the Ysgol Y Graig extension.
- 6.2. A bid for the next tranche of funding will be submitted in due course but, for 2024/25, only the Ysgol Y Graig scheme is included in the budget for 2024/25. It is estimated that the remainder of the scheme will cost £3.030m (2024/25 £2.878m and 2025/26 £0.152m) and this will be funded in 2024/25 through unsupported borrowing £2.7m and the use of capital receipts from the sale of Ysgol Talwrn, £0.178m.

7. HOUSING REVENUE ACCOUNT

- 7.1. The Housing Revenue Account (HRA) is a ring-fenced account in terms of both revenue and capital expenditure. The proposed programme for 2024/25 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £13m being invested. A further £17.002m will be spent on developing new properties and in re-purchasing former right to buy properties.
- 7.2. The programme will be funded from: the HRA Reserve (£8.160m), the revenue surplus generated in 2024/25 (£9.155m), Unsupported Borrowing (£0.936m) and Welsh Government grants (£11.751m).
- 7.3. 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.

8. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2024/25

- 8.1. The recommended capital programme for 2024/25 is summarised in Table 3 below, and analysed in further detail in Appendix 2:-

Table 3
Summary Recommended Capital Programme 2024/25

	Ref	£'000
2023/24 Schemes Brought Forward	Para 4.1	6,102
Refurbishment / Replacement of Assets	Para 4.2 & 4.3	4,856
Communities for Learning	Para 6	2,878
Housing Revenue Account	Para 7	30,002
Total Recommended Capital Programme 2024/25		43,838
Funded By:		
General Capital Grant		2,222
Supported Borrowing General		2,164
Decommitted Scheme Funding b/f from 2023/24		470
Communities for Learning Unsupported Borrowing		2,700
Capital receipts Reserve		178
HRA Reserve & In Year Surplus		17,315
HRA External Grants		11,751
HRA Unsupported Borrowing		936
2023/24 Funding Brought Forward		6,102
2024/25 Total Capital Funding		43,838

FINAL PROPOSED CAPITAL BUDGET 2024/25

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
2023/24 Committed schemes b/f							
Holyhead Regeneration (THI Phase II)	1,207	1,207					
Levelling Up Funding (various projects)	4,895	4,895					
Total 2023/24 Committed Schemes	6,102	6,102	0	0	0	0	0
Refurbishment / Replacement of Assets							
Disabled Facilities Grant	750		750				
Refurbishment of Schools	1,000			1,000			
Refurbishment of Non School Buildings	600			600			
Highways Resurfacing	2,000		1,472	528			
Vehicles	206			206			
IT Assets	300			300			
Total Refurbishment / Replacement of Assets	4,856		2,222	2,634	0	0	0
Communities for Learning Programme							
Ysgol y Graig	2,878				2,700		178
Total Communities for Learning Programme	2,878				2,700		178
TOTAL GENERAL FUND	13,836	6,102	2,222	2,634	2,700	0	178

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Reserve £'000	Capital Receipts Reserve £'000
Housing Revenue Account							
WHQS Planned Maintenance Programme	13,000	3,646				9,354	
New Developments & Re-Purchase of Right to Buy Properties	17,002	8,105			936	7,961	
TOTAL HOUSING REVENUE ACCOUNT	30,002	11,751			936	17,315	
TOTAL CAPITAL PROGRAMME 2024/25	43,838	17,853	2,222	2,634	3,636	17,315	178

Isle of Anglesey County Council	
Report to:	The Executive
Date:	29th February 2024
Subject:	Improving the reliability and the resilience across the Menai Straits
Portfolio Holder(s):	Cllr. Llinos Medi (Economic Development) & Cllr. Dafydd Rhys Thomas (Highways, Waste and Property)
Head of Service / Director:	Christian Branch Head of Service – Regulation & Economic Development Huw Percy Head of Service – Highways, Waste and Property
Report Author: Tel: E-mail:	Tudur H. Jones 2146 tudurjones@ynysmon.llyw.cymru
Local Members:	Relevant to all Elected Members

A –Recommendation/s and reason/s

Recommendations:

The Executive:

1. Agrees that the Chief Executive formally writes to Welsh Government appealing that they change their policy position on the Menai Straits crossing and recognise the need to resolve the inadequacies and lack of resilience that exists.
2. Agrees that the Chief Executive shares our reports with regional Senedd members, partners and stakeholders to influence and for them to support the Councils position for the benefit of the North Wales region.

This report builds upon the previous paper presented to the Executive on the 18th of July 2023 ([Executive 18072023](#)) where the Executive agreed to :

- 1) Endorses the report and its conclusion that Welsh Government should not view the Menai Crossing as a simple road project and adopt a positive policy position recognises the critical need to improve the reliability and resilience of the Menai Straits.
- 2) Delegates authority to the Chief Executive to submit the Council’s evidence base to the North Wales Transport Commission ahead of the July 28th deadline.

The North Wales Transport Commission (NWTC) was established following the Welsh Governments decision to cancel the construction of a potential 3rd crossing across the Menai Straits and was to conclude its investigations in July 2023. They reported back in December 2023 and its findings can be found here: <https://www.gov.wales/NWTC>

A –Recommendation/s and reason/s

The Council has two fundamental concerns with the findings of the NWTC:

- 1) The premise on which the report is written is incorrect – it does not consider options for improving the resilience of connections across the Menai Strait in the round since the option for improving the infrastructure for vehicles appears to have been ruled out at the outset.
- 2) This leads to recommendations that are completely inadequate for addressing the challenges facing Anglesey and the wider area. The recommendations will either have limited effect in improving connectivity across the Menai Strait or have serious delivery risks/ uncertainties (including having already been ruled out).

A more detailed response prepared by the County Council in response to the NWTC's findings can be found in Annex A.

The County Council has considered these recommendations/ options previously and is of the view that these will not sufficiently address the lack of resilience that exists.

The County Council has made its position clear on the need to strengthen the issues in relation to the Menai crossing. The congestion and lack of resilience is severely limiting or having a profound negative impact on social, economic, educational, health and cultural connections to and from the rest of the country.

Worse than that, it is hampering the island's ability to attract the businesses and economic activity it needs to reduce a cycle of job losses, lower on-island employment and increasing reliance on off-island jobs. It will also exacerbate the challenges faced by the island's economy and hinder the successful implementation of key policies that seek to rebuild its employment base and reduce the need of its residents to leave the island to work.

The Menai Bridge is currently the subject of recent emergency works due to its age, resulting in reduced capacity and this will continue until at least 2025.

Fundamentally, the recommendations from the NWTC are an inadequate response to the challenge we face.

The resilience and reliability of the Menai crossing goes beyond just transport related benefits, it is more than simple road scheme and demands to be looked at within a wider, more long-term strategic context.

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

Doing nothing is not an option – given the historical issues with the resilience of the crossing to the mainland, the Council must respond robustly to the inadequacies of the NWTC report.

C – Why is this a decision for the Executive?

Securing the formal support and endorsement of the Executive is important given the importance of the subject at hand and the high degree of local stakeholder interest.

This also builds on previous discussions held, including that at the Full Council on 23rd May 2023

<https://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=127&MId=4173&Ver=4&LLL=0>

Also, 18th July 2023

<https://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=134&MId=4208&Ver=4&LLL=0>

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

Yes.

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

No – no impact on the budget.

Dd – Assessing the potential impact (if relevant):

1	How does this decision impact on our long term needs as an Island?	N/a
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.	No
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	N/a

Dd – Assessing the potential impact (if relevant):		
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	N/a
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	N/a
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.	N/a

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Supportive
2	Finance / Section 151 (mandatory)	Supportive
3	Legal / Monitoring Officer (mandatory)	Supportive
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

F - Appendices:
Annex A - Response to the North Wales Transport Commission's Report: 'Improving the Resilience of Connections Across the Menai Strait'

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

Ynys Môn

THE ISLE OF Anglesey

Response to the North Wales Transport
Commission's Report: 'Improving the
Resilience of Connections Across the
Menai Strait'

January 2024



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

www.ynysmon.llyw.cymru

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1 Overview of our response

- 1.1 This report sets out the Isle of Anglesey County Council's (IACC's) response to the North Wales Transport Commission's (NWTC) report 'Improving the Resilience of Connections Across the Menai Strait'.
- 1.2 The Council has two fundamental concerns with, and challenges of, the report:
- 1.2.1 **The premise on which the report is written is wrong** – it does not consider options for improving the resilience of connections across the Menai Strait in the round since the option for improving the infrastructure for vehicles appears to have been ruled out at the outset.
- 1.2.2 **This leads to recommendations that are completely inadequate** for addressing the challenges facing Anglesey and the wider area. The recommendations will either have limited effect in improving connectivity across the Menai Strait or have serious delivery risks / uncertainties (including having already been ruled out).
- 1.2.3 As well as the severe local impacts, this has regional and national impacts as it risks undermining the success of Holyhead Port, the delivery of Anglesey Freeport, the effectiveness of the Growth Deal, and makes the delivery of a new nuclear power station at Wylfa more difficult.
- 1.3 The purpose of the NWTC report is to improve resilience across the Menai Strait whilst also achieving Llwybr Newydd goals of improving Active Travel and Public Transport. We do not consider that the report's recommendations adequately deal with any of these. Similarly, behavioral changes are unlikely to reduce congestion sufficiently.

The remit of the report is too narrow – and so its premise is wrong

- 1.4 The report is clear that the recommendations of the panel are based on a pre-determined decision that a third crossing, or indeed any other approach to improving the physical infrastructure for vehicle traffic, had already been ruled out.

- 1.5 The opening paragraph states:

'We were asked to provide options that align with the purposes and conditions for investment in roads set out in the Welsh Government's response to the Roads Review Panel's recommendations.'

- 1.6 And Section 1.1 'The Commission's Remit' states:

'The report recommended that the A55 Third Menai Crossing should not proceed. The Panel thought that the case for change was not well-aligned with Welsh Government's aim to reduce car mileage. The scheme would lead to increased traffic and carbon dioxide emissions, and a mode shift from public transport to car travel, inconsistent with the target to increase sustainable transport mode share.'

1.7 The reasons given for not proceeding with the Third Crossing show a fundamental misunderstanding of the role of the crossing within the local economic and social context. It appears that the Third Crossing has been ruled out because of:

- an increase in traffic between two areas that the report acknowledges are fundamentally economically and socially linked;
- an increase in carbon emissions which does not take into account the impact of the introduction of electric vehicles; and
- a mode shift away from public transport which the report itself acknowledges is currently poor, and so there is limited mode shift that can occur.

1.8 Taking each point in turn, our understanding of Welsh governments no new roads policy is that it does not apply in the case where new road would unlock the delivery of new economic activity, such as an industrial estate. The report acknowledges the linkages between Anglesey and the mainland. Section 1.3 cites:

Although separated by the Menai Strait and in different local authority areas, the towns on both sides of the Strait form a single economic area.

1.9 It does not however appear to consider the fact that the unique Island nature of Anglesey's economy means that a Third Menai Crossing would unlock or deliver economic activity in the same way that a road may unlock an industrial site. Neither does it fully acknowledge the importance of either Anglesey Freeport or a new nuclear power station at Wylfa in meeting strategically important national and regional policy objectives. Given the timescales to plan and build infrastructure projects, the Third Crossing need to be urgently progressed now, to maximise value from any potential investment – it cannot wait for a final decisions on Wylfa or for the Full Business Case for the Freeport to be signed off.

1.10 We acknowledge that previous Wylfa Newydd project had a strategy that meant that it was deliverable without a new bridge – but given the combined scale of growth that could occur on Anglesey as a result of the Freeport, Wylfa and the North Wales Ambition Board Growth Deal projects, it is crucial to assess the need for a Thar Crossing in the round.

1.11 However, the report appears to disregard the impact that either the Freeport or Wylfa would have on traffic demand by saying it is unable to secure firm evidence of the potential impact. While we acknowledge that detailed evidence is not yet available for either project given their relative levels of maturity, there is some evidence in the public domain and we would be happy to assist the commission with information where necessary. It is crucial that the demand as a result of economic development, including Wylfa and the Freeport, are considered.

1.12 The report acknowledges the importance of the crossing in communities being able to access services:

These events and closures have a significant impact on people's ability to cross the Menai Strait to access employment, education, health and other services, and they make it difficult for emergency services and businesses to operate.

- 1.13 But the importance of this function, does not appear to be reflected in the recommendations of the report.
- 1.14 The second reason that a Third Crossing has been ruled out is because of the increase in carbon emissions. Previous evidence submitted by IACC shows that the carbon impact over the lifetime of the project is very small. The preferred option for the Third Menai Crossing would increase Wales's carbon emissions by an estimated 0.01% between 2024 and 2050, which could be offset by 12,380 diesel cars switching to EVs between 2024 and 2050 – equivalent to just 1.7% of all diesel cars and vans in Wales or 0.1% per year between 2024 and 2050.
- 1.15 It does not appear that there has been an assessment that considers the economic, social and environmental effects in the round – nor does the introduction of electric vehicles appear to have been appropriately considered within the decision making process.
- 1.16 The final reason given for Third Crossing being ruled out is that it would create a mode shift from public transport to private. The report rightly identifies that both public and active travel routes across the Menai straits are extremely limited:

We also recognise that opportunities for non-car travel between settlements, employment opportunities, and services, is limited by accessibility, cost, service frequencies, reliability, and a lack of infrastructure for bus, rail and active travel.

- 1.17 The report acknowledges that it is not permitted for people to walk across the Britannia Bridge and only the most confident cyclists do cycle across it. The bus network is poor and has got worse as a result of Arriva cutting bus services which was largely as a result of delays caused by the closures of the Menai Bridge.
- 1.18 Therefore, if a reason for not improving vehicle access across the Menai Straits is because of a concern that people will move from public or active transport to driving, this report presents a complete misunderstanding of the current context. There is only a negligible number of trips that could shift to driving.

The recommendations are an inadequate response to the challenge

- 1.19 As set out above, the panel is essentially answering the wrong questions. Therefore, while the Isle of Anglesey County Council may support the recommendations in principle, these do not go anywhere near far enough to solving the challenges faced by Anglesey's community and economy.
- 1.20 The panel does appear to understand most of what these challenges are both to the economy, the existing network, and to people's ability to access services (including health and education). Yet the recommendations do not mirror the scale of these challenges. The following bullet points are all direct quotes from the report that helpfully summarise the challenges faced:
- *Actual and perceived resilience issues with the crossings have a negative impact on the attractiveness of Ynys Môn for economic investment.*
 - *Britannia Bridge closures have more significant consequences than closures elsewhere on the strategic road network.*

- *Recent Britannia Bridge closures have been exacerbated because of works on the Menai Suspension Bridge.*
- *[The Menai Suspension Bridge] has narrow lanes and is not well suited to being a relief road when the Britannia Bridge is closed, particularly for high sided vehicles. It has a speed limit of 30mph and a capacity of about half of the Britannia Bridge capacity.*
- *These events and closures have a significant impact on people's ability to cross the Menai Strait to access employment, education, health and other services, and they make it difficult for emergency services and businesses to operate.*
- *For much of the day, the bridges operate at a level close to their capacity. The volume of traffic can lead to delay and congestion, and hence long journey times, especially during the summer tourist season.*
- *Delays can affect emergency vehicle response times.*
- *The communities on Ynys Môn are not well served by the rail network*
- *Currently, bus journey times are uncompetitive with the car which limits the potential to achieve mode shift.*
- *Overall, public transport does not provide a good level of service for crossing the Menai Strait.*
- *The Port of Holyhead plays a vital role in freight and cargo transportation to Ireland and is the next busiest roll on /roll off (RORO) port in the UK after Dover.*
- *There remains a prospect of a new facility, Wylfa Newydd, which would be a significant contributor to Wales' energy infrastructure and provide employment opportunities.*

1.21 The report proposes 16 recommendations across five broad themes – resilience, public transport, active travel, route planning, further traffic management – which we will consider in turn.

1.22 Our overarching concern is that, while the report acknowledges that both bridges are operating close to capacity for most of the day, a large portion of the recommendations do not focus on increase in capacity. They are either about reducing the number of closures (from either accidents or high wind), about mitigating the impacts when closures do happen, or increasing active travel and public transport (which will have limited effect on capacity across the bridges).

1.23 The significant emphasis of the recommendations is around mode shift, either to public transport or active travel, or through behavioural change. This significantly overestimates the potential for mode shift since:

- There are only very few journeys that are short enough to be active travel trips;
- There is very limited latent demand for active travel trips;
- The public transport service is poor – it is not frequent enough and does not link people to where they need to go;
- The issues with the Menai Strait has directly led to a reduction in the bus service;

- The types of trips where people are crossing the Menai Strait are not easily suited to active travel or public transport trips – for example, people travelling to do their weekly shop in Bangor.

1.24 The only recommendation that really considers increasing capacity across the bridges is the three-lane tidal flow option, yet the appendix to the report states that the conclusion of the Atkins report which considered this option previously was that the risk could not be mitigated to an acceptable level and that tidal flow should not be progressed. **Instead, the decision at the time was to progress work on the preferred option of a Third Crossing across the Menai Strait.**

1.25 The move towards a ‘mitigate and increase resilience’ approach is therefore inconsistent with the conclusion drawn previously which (rightly) concluded that an increase in capacity was required.

The Council supports further work on (most of) the recommendations in the short term but work on the Third Crossing urgently needs to be restarted

1.26 While the council supports further work on the recommendations in the short term, work on the Third Crossing urgently needs to be restarted - this includes planning, consenting and implementing.

1.27 We are also concerned that these recommendations could deter from the focus on Third Crossing, which is crucial to providing resilience and reliability across the Menai Strait. If these recommendations are pursued, then we would want assurance that this would not deter from the focus or funding of work to progress the Third Crossing. Some of the project would require substantial investment and based on current evidence, we believe are unlikely to offer the same value for money as the Third Crossing. The Council would want assurance that any short-term measures would be monitored and evaluated, so that information can be feed into the design process and business case for a Third Crossing.

1.28 The report includes a high-level consideration of the Third Crossing including the potential for cost sharing with Wylfa and/or the Freeport and appears to recognise the economic development that may be reliant on improved resilience. It then goes on to say that any future bridge would need to meet the Welsh governments policy tests for road building. At this point in the report (Section 7.2), it appears to be an open question however this was not the premise on which the report was written as above appears to have already concluded that a Third Crossing is not in line with Welsh government policy.

1.29 The report notes that a Third Crossing would take a ‘considerable period of time to deliver’. The IACC agrees with this conclusion which is why we are disappointed and concerned that work on the Third Menai Crossing has been paused.

1.30 As already set out, while the Council supports most of the recommendations in the report, they are inadequate for solving the problem in question. Therefore, we urge the Welsh government to reconsider its position on the Third Crossing so that a long term economically, socially and environmentally sustainable solution can be found. In the meantime, we look forward to working with Welsh government colleagues and other important stakeholders to move forward the recommendations set out in the report.

1.31 The remainder of this report considers each of the five themes and the 16 recommendations in turn.

2 Resilience

Over-reliance on the future role of Menai Bridge

- 2.1 The report talks about the ‘the two bridges as a combined system’. We agree with the premise, but we are concerned that there may be too much confidence placed on the role of the Menai Bridge once refurbishment is complete.
- 2.2 The current refurbishment work on the Menai Bridge should create a bridge that is structurally resilient, and is not usually affected by high winds. But the Menai Suspension Bridge is nearly 200-years old and has been subject to consistent ongoing maintenance work resulting in reduced capacity due to partial or full closures. It therefore may be optimistic to assume that the resilience of the Menai Bridge will not be an issue in the future.
- 2.3 It also has a more limited role than the Britannia Bridge – it is not on the A55, it is restricted to 20mph, has limits on vehicle size (even when structurally sound) and all traffic is required to drive through the town of Menai Bridge, which creates other health, safety and environmental issues.
- 2.4 When the Menai Bridge is used as relief for HGVs when the Britannia Bridge is shut, the height and width restrictions (particularly of the arches) slow vehicles down and cause congestion, reducing capacity.
- 2.5 This causes two significant issues. Firstly, the arches are vulnerable and any vehicle strike could close the bridge – this is a higher risk when Britannia is closed and results in island isolation since both bridges are closed.
- 2.6 Secondly, drivers are required to get out of their vehicles and fold in their wingmirrors, and then get out again to unfold them, in order to avoid hitting the arches of the Menai Bridge. This is both a safety issue and significantly affects the flow and speed of traffic.

Effectiveness of the intervention and deliverability risks

- 2.7 The IACC is largely supportive of the recommendations set out subject to caveats below. However, there is an overarching concern that the recommendations are either uncertain or limited in their likely effectiveness.
- 2.8 The recommendations are split into options that either reduce the risk of accidents, reduce the likelihood of the bridge needing to shut in high wind, or reduce the impact when a closure does occur.
- 2.9 While the IACC is supportive of these aims, we are concerned that these recommendations will only make marginal differences and will not provide the resilience or reliability that the Island requires.
- 2.10 For example, the report shows that the collision rate on the bridge is higher than on other roads. Even if the safety record could be made to be closer to or even match other roads (which is unlikely), there would still be accidents which results in the bridge shutting. As long

as accidents occur, there is a direct consequence on the Island's economy both as a result of the closure itself and of the perception that there may be a closure. This can only be mitigated by investment in improved infrastructure for vehicles.

2.11 Specific comments are set out next to each recommendation in the table below. The recommendations are the priority recommendations (as per the report).

Table 2.1: Resilience Recommendations

	Recommendation	Comment
R1	We recommend a scheme is developed and delivered to provide wind deflectors on Britannia Bridge with the aim of reducing the number of times the bridge needs to be closed.	<p>Support investigating the option to improve resilience.</p> <p>Wind Deflector needs to be sufficient to provide protection to high sided Heavy Goods Vehicles.</p> <p>Deliverability risk: Concerns over deliverability given planning considerations on a listed bridge. This is critical to maintaining HGV flow - an early view from Cadw will be essential given the listing before this progresses.</p> <p>Effectiveness: We acknowledge that the placement of Wind Deflectors will improve resilience by assisting in keeping the Britannia Bridge open to vehicular traffic during high wind events. There is a potentially limited overall effect on resilience across the Menai Strait unless (almost) all instances of the bridge closing due to high winds can be prevented. This is a measure that has been considered by the Council in the past and deemed insufficient.</p>
R2	We recommend the introduction of a system for temporarily lowering the mandatory speed limit on Britannia Bridge and the management of the reduction in speed of traffic on the approaches to the bridge. This will involve using variable mandatory speed limit signs with enforcement by average speed cameras, which will reduce the probability of collisions and mitigate the effect of high wind on moving vehicles.	<p>Support investigating the enhanced signage and introduction of variable speed limit control measures. The investigations need to explore collision causation factors since not all collisions are speed related.</p> <p>Investigating the option will reduce the risk of a collision and may also assist with smoother flows and reduced emissions/enhanced air quality.</p> <p>The option of permanent changes should be assessed alongside temporary/variable speed limits and led by collision data analysis.</p> <p>More advance warning signs warning of restrictions, queues, TM or other risks should also be considered.</p>

		<p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait unless accident rate can be reduced to achieve (almost) zero bridge closures.</p> <p>Effectiveness: Report acknowledges that driver compliance with speed limits is low. Compliance with any mandatory speed limit could only be achieved through effective enforcement and the use of average speed cameras.</p>
<p>R3</p>	<p>We recommend a study to consider layout changes to the mainline across Britannia Bridge, the position of lane drops, and the merges and diverges at Junction 8, Junction 8A and Junction 9, with the purpose of smoothing flow and reducing the probability of collisions.</p>	<p>Support the introduction of central hatching to emphasise the no over-taking restriction. The effects upon cyclist should be considered.</p> <p>Care needs to be taken as to what type of markings are placed on the highway. Double solid white lines across the bridge deck were introduced to prevent vehicles exiting the bridge on the incorrect side of the dual carriageway.</p> <p>The A55 is part of the E22 Trans-European Transport Network, it is very much the exception to have a section of single carriageway on an expanse of dual carriageway and a two-lane merge into single lane on a bend approach with two on-slips will always generate risk.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait unless accident rate can be reduced to achieve (almost) zero bridge closures, which for the reasons set out above seems unlikely.</p>
<p>R4</p>	<p>We recommend that a study is undertaken to investigate improvements to traffic management at both roundabouts at Junction 9 to assist particularly when there is a bridge closure and create priority for buses.</p>	<p>Support but note that the works would not be on Anglesey. Any features to prioritise buses would assist with public transport provision.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait unless accident rate can be reduced to achieve (almost) zero bridge closures.</p>
<p>R5</p>	<p>We recommend that a study is undertaken to investigate improvements to the layout and</p>	<p>Support a study, however significant road improvements joining and leaving the A55 would be required here. Any engineering works would be detrimental to vehicular movements. The problems encountered with four lanes merging into one lane to</p>

control of the A55 slip roads with the A5 at Junction 8A.

cross Britannia Bridge will not be overcome. The short length of junction 8 and 8A Eastbound coupled with a merging dual carriageway is significant.

The accident statistics should be reviewed to ascertain the risk and justification and a safety review and audit assessment undertaken. The brief could be extended to explore schemes other than traffic control. If a scheme is proposed, the extent of the Trunk Road/County Road interface would need to be agreed to determine the maintenance responsibilities of any revised layouts.

We would not support any proposals to close on/off-slips, due to the effects upon the local highway network.

Effectiveness: Collision causation factors need to be considered first to determine the effectiveness of any proposal in reducing accidents.

Effectiveness Potentially limited overall effect on resilience across the Menai Strait unless accident rate can be reduced to achieve (almost) zero bridge closures.

R6

We recommend that the Multi-agency Response Framework relating to Britannia Bridge and Menai Suspension Bridge incidents and closures is updated and enhanced particularly in relation to leadership, communication, and traffic management.

Support but the lead agency must be established and escalation criteria, but within and outside of normal working hours.

Developing suitable arrangements for HGVs during any bridge closure/restrictions should also be included.

HGV stacking protocols and the procedures for managing traffic need to be prioritised.

Layup facilities for Heavy Good Vehicles on national and international journeys must be included. The loss of facilities in Parc Cybi cannot be overlooked.

Reviewing and improving the multi-agency response coincides with views expressed by the IoACC Partnership and Regeneration Scrutiny Committee and reported in a letter dated 20/12/23 from the Chief executive to the Chief Constable of the North Wales Police.

Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since the focus is on mitigating impact when closures happen rather than

preventing them happening or finding alternative routes.

3 Public Transport Provision

Limited effectiveness

- 3.1 The IACC supports recommendations to improve public transport on the Island and across the Menai Strait. However, we are concerned that the effectiveness of any recommendations will be very limited in addressing the issues of reliability and resilience across the Menai Strait.
- 3.2 The report acknowledges the challenges associated with public transport on Anglesey. For rail, the report acknowledges that:
- *There are very few rail services at stations on Ynys Môn other than Holyhead, and that many residents are forced to cross the Menai Strait to catch a train from Bangor.*
 - *Many Anglesey residents do not live close to a train station; of the five most populated towns on Anglesey, only one (Holyhead) has a rail station.*
 - *There are challenges associated with increasing rail services to existing stations, Avanti West Coast services cannot stop at Llanfair PG due to the length of the platform.*
- 3.3 And for buses:
- *There is limited availability of fast, frequent and affordable bus services in the area.*
- 3.4 We are concerned that the report underestimates the level of investment that would be needed to drive a fundamental shift in public transport use in such a rural isolated setting.
- 3.5 The types of trips that are made across the Menai Strait are not typically ones that can be made by public transport. The majority of people who live in the east of the Island travel to the mainland in order to do their shopping. Very few trips will start and end near a public transport node. Even for those who live near the station (for example in LlanfairPG), they are likely to travel to their weekly shopping in Bangor by car, since the station is not near the retail centre. Significant mode shifts will be hard to achieve.
- 3.6 Subsidies to bus operators (and users) on Anglesey are already large (and user numbers low) and they are likely to fall in the short term. We agree with the need for a multi-year funding allocation but have serious concerns whether such funding will be forthcoming.

The lack of resilience across the Menai Strait has directly contributed to a reduction of bus services across the Menai Strait and yet the report relies on increase in public transport usage to reduce private transport demand

- 3.7 The report acknowledges that reliability is crucial for buses:

To ensure the reliability of bus services that cross the Menai, minimise journey times and improve competitiveness with the private car it is important that buses are not delayed by congestion.

3.8 And it acknowledges that the closure of the Menai Bridge has affected the bus service. It does not however acknowledge that the lack of resilience of crossing the Menai Strait has directly contributed to Arriva cutting bus services.

3.9 Arriva’s announcement specifically links the need to reduce the bus service to the closure of the Menai Bridge and the ongoing works resulting in lengthy diversions:

“The closure of the Menai Suspension Bridge has caused major disruption to the service with extra resource invested to maintain the current timetables due to the lengthy diversion we must undertake between Bangor and Menai.

The change is not something we have taken lightly given the impact it will have, but the service needs to be revised to improve its viability, reduce the funding required to operate it and reflect the long term works on the Menai Bridge.”

3.10 The frequency of bus routes was reduced, and several places are no longer served, including the Menai Science Park, a core pillar in the economic regeneration of the Island as well as the more isolated rural communities.

3.11 The report seems to be heavily relying on the idea that public transport can solve the issues of reliability and resilience in crossing the Menai Strait and yet in reality the lack of resilience is leading to a reduction in bus services – directly opposite of what the Welsh government is trying to achieve.

Table 3.1: Public Transport Recommendations

	Recommendation	Comment
R7	We recommend increasing the frequency of trains calling at LlanfairPG station to enhance frequency between Ynys Môn, Bangor, Llandudno and beyond.	<p>Support additional frequency and consideration of measures to extend the platform to allow more trains to stop. There is an identified need for enhanced and reliable public transport facilities to and from Anglesey, both during normal conditions and during any bridge closures.</p> <p>We note that vehicle access to the railway station is not practical during bridge closures due to heavy congestion. Responsibility and actions for managing access and retaining to the A5 Gaerwen-Llanfairpwll as local access only during any closure of Britannia Bridge should be included.</p> <p>Effectiveness: would be limited unless the platform is extended:</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to public transport is likely to be small in the context of the volume of</p>

		<p>traffic crossing the Menai Strait and, as set out above, the types of trips that make the journey.</p>
	<p>We recommend the introduction of the enhanced bus network and frequencies for Ynys Môn developed by Transport for Wales supported by multi-year funding</p>	<p>Support, especially the need for long term funding commitments.</p> <p>We would also support a study into the long-term resilience of Pont Menai, the future of any 7.5T weight limit restriction and the potential to prioritise public transport vehicles and an action plan to educate, promote and enforce any residual restrictions.</p> <p>We do not consider that Pont y Borth is suitable for 44T vehicles even after the recent hanger scheme has been completed, due to width restrictions.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to public transport is likely to be small in the context of the volume of traffic crossing the Menai Strait.</p>
R9	<p>We recommend that locations where buses may be delayed are identified and bus priority schemes developed and implemented accordingly</p>	<p>Support investigation and refer to R8 above.</p> <p>We note this requires a long-term commitment and financial constraints coupled with the introduction of 20mph speed limits have resulted in a reduction in services to some communities on Anglesey as-well as the reduction in service to and from Anglesey from neighbouring towns during 2023.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to public transport is likely to be small in the context of the volume of traffic crossing the Menai Strait and, as set out above, the types of trips that make the journey.</p>
R10	<p>We recommend that opportunities to develop new or improved park and ride sites are explored on Ynys Môn to complement the enhanced bus network.</p>	<p>Support but note that the existing sites are not well used. Based on current provision and usage, greater incentives needed to encourage use of park and share facilities.</p> <p>Consider measures to subsidise public transport between the sites and major employment areas in Bangor. Other behavioural changes to make car sharing/public transport more attractive could be included linked to R15.</p> <p>The introduction of additional Park & Ride should be considered as part of a wider multi-modal shift project to alleviate pressures on Britannia Bridge.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to public transport is likely to be small in the context of the volume of traffic crossing the Menai Strait. Note that existing sites are not well used.</p>

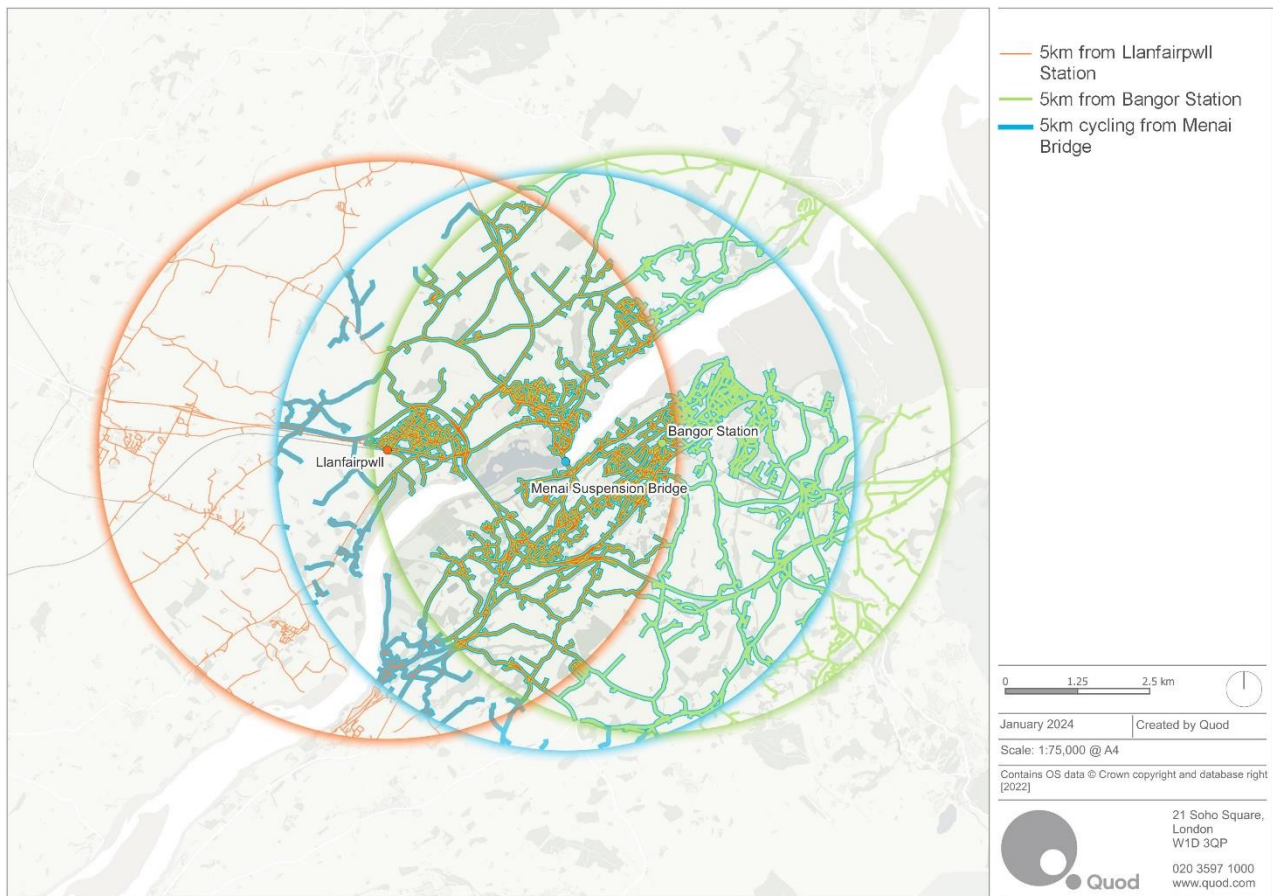
4 Active Travel Provision

- 4.1 As with the recommendation around public transport, the IACC supports recommendations to improve active travel on the Island and across the Menai Strait but we are concerned that the effectiveness of any recommendations will be very limited in addressing the issues of reliability and resilience across the Menai Strait.
- 4.2 The report acknowledges '*there is no doubt that creating active travel routes across the Menai Strait is challenging*'.
- 4.3 We have two underlying concerns about the effectiveness of increasing active travel as a way of increasing the capacity across the Menai Strait.
- Firstly, there is limited population within walking and cycling distance of the bridges. This is set out in more detail below.
 - Given the likely scale of scale of the capital investment required to deliver active travel on the Britannia bridge – we would not want resource to be directed away from the works on the Third Crossing.

Limited number of trips where a mode shift would be possible

- 4.4 There is a limited population within walking and cycling distance of the bridges – and limited routes where a mode shift could occur.
- 4.5 In 2019, there were only 24 cycle trips recorded across the Britannia Bridge. While we acknowledge that some of this is due to safety concerns that could be improved by the recommendations in the report this is a very low base on which to build.
- 4.6 Those (limited numbers) of people who already cycle are those who have the highest propensity to travel (i.e are most likely to do so). There is going to be limited latent demand who do not currently cycle but would do so because of active travel improvements.
- 4.7 The report considers 5 kilometres as a reasonable cycle distance and identifies Bangor, Menai Bridge, LlanfairPG, Ysbyty Gwynedd and Park Menai as key employment destinations. The map below shows a 5km catchment from Bangor, LlanfairPG and Menai Bridge. This shows that there are relatively few trips where cycling would be possible, this includes:
- Bangor (including Ysbyty Gwynedd) to Menai Bridge and vice versa
 - LlanfairPG to Bangor and vice versa

Figure 4.1: 5km catchment



Option for delivering active travel

- 4.8 The IACC supports the vision to promote active travel across the Menai Strait.
- 4.9 A Third Crossing could include active travel provision, or suitable active provision can be made by reallocating road space and priority within the residual capacity of the Menai and Britannia Bridges (were a Third Crossing to be provided).

Table 4.1: Active Transport Recommendations

	Recommendation	Comment
R11	<p>Recommendation: We recommend that an active travel route is provided across Britannia Bridge preferably at rail deck level but possibly on a cantilever structure at road deck level.</p>	<p>Support consideration and refer to R3 comments. We consider that Option 1 is more desirable, since it does not limit future 2 railway track capacity enhancement proposals.</p> <p>Whilst we accept that an active travel route needs consideration over Britannia Bridge, we have concerns over public safety of cyclists and pedestrians travelling across at Rail Deck Level. Infrequent train movements coupled with the type of environment that exists below road deck level is unlikely to be conducive to personal safety.</p> <p>Such a proposal can be incorporated into any wind deflector measures. Considered that active travel improvements at the Britannia Bridge would only be effective if additional active travel is seen on the wider highway network in the area. We note that there is already work being undertaken to investigate options under WELTAG processes, but highlight the need to link with any potential rail capacity enhancements from the Commission's main NW Transport Report.</p> <p>Deliverability risk: Would need to be able to demonstrate at an early stage that this would deliver value for money.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to active transport is likely to be small in the context of the volume of traffic crossing the Menai Strait.</p>
R12	<p>Recommendation: We recommend a ban on overtaking along the full length of the Menai Suspension Bridge.</p>	<p>Support the re-allocation of road space and giving priority to active travel users.</p> <p>The option of central hatching for the central road markings prohibiting over-taking should be considered, maintaining the bridge arch widths. This may also reduce the risk of arch damage and improve resilience.</p> <p>TSRG 2026 Chapter 5 3.1.4 notes Centre double white lines should not be installed on a carriageway less than 6.1m wide.</p>

		<p>Existing no overtaking signs are confusing as they refer to a section of the bridge on each approach to the archways where it is physically impossible to pass.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to active transport is likely to be small in the context of the volume of traffic crossing the Menai Strait.</p>
R13	<p>Recommendation: We recommend investigating the potential for implementing signal-controlled gating to allow cycle traffic to cross the Menai Suspension Bridge separately from motor traffic</p>	<p>Support but after a review of R12 effectiveness and compliance with active travel users.</p> <p>We would like to see a consideration of measures to prioritise buses such as a review of the 7.5T weight restriction and exemptions.</p> <p>Delivery risk: We note there may be planning constraints with regard to the placement of traffic control / signal infrastructure on a historical listed structure.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to active transport is likely to be small in the context of the volume of traffic crossing the Menai Strait.</p>
R14	<p>Recommendation: We recommend the development of a comprehensive, comfortable, attractive and safe active travel network extending from both ends of both bridges to connect communities and important destinations in Ynys Môn and north Gwynedd.</p>	<p>Support and link to R15 measures.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any shift to active transport is likely to be small in the context of the volume of traffic crossing the Menai Strait.</p>

5 Travel Planning and Management

- 5.1 The IACC supports recommendations to improve travel planning and management on the Island and across the Menai Strait but we are concerned that the effectiveness of any recommendations will be limited in the context of the overall problem.
- 5.2 Much of the change in working patterns (working from home, flexible working hours) has already shifted post covid and therefore there is a limited extent to which further significant changes will be made.

Table 5.1 Travel Planning and Management Recommendations

	Recommendation	Comment
R15	Recommendation: We recommend the development of comprehensive partnership working between the public, private and third sectors to develop and deliver travel behaviour change measures including travel planning partnerships, local work hubs, cycle and e-cycle hire schemes, support for e-cargo bikes for local deliveries, and provision of dedicated multi-year (5-6 years) revenue funding.	<p>Support but as per R6, the lead agency must be established. There is the potential to reduce congestion if all relevant agencies co-operate and consider measures to extend the peak period with staggered work start times, car sharing incentives, cycle hire or public transport provisions from P&Sh sites.</p> <p>Effectiveness: Potentially limited overall effect on resilience across the Menai Strait since any changes in behaviour is likely to be relatively small in the context of the volume of traffic crossing the Menai Strait.</p>

6 Further Traffic Management Options

- 6.1 The report recommends that a future study is undertaken for a three-lane tidal system. The report acknowledges the need for increased capacity, which the IACC supports.
- 6.2 The report itself appears sceptical that this is the right solution – either in terms of safety or in terms of benefits:
- *A tidal flow scheme would be expensive to implement and have ongoing substantial revenue costs.*
 - *Its benefits would be seen only during weekday peak periods.*
 - *A peak time three-lane tidal flow arrangement on the A55 Britannia Bridge, coupled with a suitable speed limit, may reduce congestion.*
 - *Lane widths of 3.5m for each of the nearside lanes with a central lane width of 3.0m could be achieved, although that would require a departure from standards.*
 - *Significant design work will be required to ensure a safe road layout and safe speed management.*
 - *We think that such a system [a moveable barrier] is unlikely to be useful on Britannia Bridge because of the narrow lane widths, revenue costs, and limited time in the day when benefit will accrue.*
- 6.3 The 2015 Safety Assessment concluded that mitigation measures would not sufficiently reduce levels of risk and that “*tidal flow should not be progressed*” – the IACC is not clear how or what has changed sufficiently to warrant this option being progressed, and is concerned these safety issues remain. This option could increase the number of collisions, and therefore reduce the reliability of crossing the Menai Strait.
- 6.4 The proposed mitigation for resulting safety issues in the Appendix includes prohibition of cyclists from using the bridge – this is a clear contradiction to what the Welsh Government is planning to achieve.

Table 6.1 Travel Planning and Management Recommendations

	Recommendation	Comment
R16	Recommendation: We recommend a study is undertaken for Britannia Bridge of a three-lane tidal system with and without a moveable barrier so that such a system could be deployed quickly if appropriate for resilience and incident management in the future.	Do not currently support. Effectiveness: The main concerns of CSYM in terms of the Menai crossings, relate to the resilience, especially Britannia Bridge.

Any 3-lane proposal is considered as a congestion mitigation measure, rather than addressing resilience.

Effectiveness: This option has previously been considered – and for reasons set out in the appendix to the NWTC’s report, it was not supported at that time.

. Road space is insufficient for such an undertaking. The section through the arches is too narrow and there is a risk that would increase the likelihood of collisions. This option is likely not to be resilient.

Effectiveness We are concerned that capacity enhancements could increase the risk of a collision, hence having an adverse effect upon resilience.

Deliverability: We consider that this proposal could conflict with R1 and R3. R1 deals with wind resilience but three lanes means vehicles would be more likely to collide if veered off course due to high winds. R3 which is aimed at improving resilience by highlighting making overtaking restrictions.

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