



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

GŴYS A RHAGLEN

SUMMONS AND AGENDA

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for a

**CYFARFOD O GYNGOR
SIR YNYS MÔN**

**MEETING OF THE ISLE OF
ANGLESEY COUNTY COUNCIL**

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on

**DYDD IAU,
6 MAWRTH, 2025**

THURSDAY, 6 MARCH 2025

→ am 2:00 o'r gloch yp ←

→ at 2:00 pm ←

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A G E N D A

1. MINUTES

To submit for confirmation, the draft minutes of the meetings of the County Council held on the following dates: -

- 3 December 2024
- 12 December 2024 (Extraordinary)

2. DECLARATION OF INTEREST

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

3. TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL OR THE CHIEF EXECUTIVE

4. PRESENTATION OF PETITIONS

To receive any petition in accordance with Paragraph 4.1.11 of the Constitution.

5. NOTICE OF MOTION PURSUANT TO RULE 4.1.13.1 OF THE CONSTITUTION

To receive the following Notice of Motion by Councillor Geraint Bebb: -

'In 2014, the Crown Estate designated an area of the seabed off the coast of Holy Island for tidal energy. The aim for the Morlais project is to play a part in tackling climate change while ensuring economic and social benefit for the communities of Anglesey but in order to do so an annual lease must be paid to the Crown Estate.

It is estimated that the Crown Estate owns 65% of the foreshores and riverbeds nationally and over 50,000 acres of land. The value of the Crown Estate holdings in Wales has risen from £96 million in 2020 to over £853 million in 2023.

A YouGov opinion poll held in 2023 showed that 58% of Wales' voters were in favour of taking control of the estate's assets in Wales rather than them staying in the hands of the UK Treasury.

This would make Wales equal to Scotland who have received the right since 2017. The Crown Estate is worth over £100 million a year. A sum which can make a difference.

I am therefore asking to add the name of our Authority to this campaign as it could change lives and improve all of our communities. Wales as a nation should have full control of its own assets so that the profits can benefit our communities and country as I noted in the Morlais project example.

I am asking my fellow Councillors for their support to ask the Leader of our Council to write to Welsh Government and the UK Government and make a public statement calling for devolving the Crown Estate to Wales as a matter of urgency.'

6. TREASURY MANAGEMENT MID-YEAR REVIEW 2024/2025

To submit the report of the Director of Function (Resources)/Section 151 Officer, as presented to the Executive on 18 February 2025.

7. CAPITAL STRATEGY -2025-2030

To submit the report of the Director of Function (Resources)/Section 151 Officer, as presented to the Executive on 27 February 2025.

8. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/2026

To submit the report of the Director of Function (Resources)/Section 151 Officer, as presented to the Executive on 27 February 2025.

9. BUDGET 2025/2026

(a) Revenue Budget 2025/2026

To submit a report by the Director of Function (Resources)/Section 151 Officer, as presented to the Executive on 27 February 2025.

(b) Capital Budget 2025/2026

To submit a report by the Director of Function (Resources)/Section 151 Officer, as presented to the Executive on 27 February 2025.

(c) Council Tax Resolution 2025/2026

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

10. WELSH LANGUAGE POLICY REVIEW

To submit the report of the Director of Function (Council Business)/Monitoring Officer, as presented to the Executive on 18 February 2025.

11. SCRUTINY ARRANGEMENTS FOR THE CORPORATE JOINT COMMITTEE

To submit the report of the Director of Function (Council Business)/Monitoring Officer.

12. PAY POLICY STATEMENT 2025

To submit a report by the Head of Profession (Human Resources) and Transformation.

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ISLE OF ANGLESEY COUNTY COUNCIL

Minutes of the hybrid meeting held on 3 December 2024

- PRESENT:** Councillor Glyn Haynes (Chair)
Councillor Non Dafydd (Vice-Chair)
- Councillors Geraint Bebb, Jeff Evans, Neville Evans, Douglas M Fowle, Kenneth P Hughes, Trefor LI Hughes MBE, Aled M Jones, Dyfed W Jones, Gwilym O Jones, John Ifan Jones, Robert LI Jones, Euryrn Morris, Jackie Lewis, Pip O'Neill, Derek Owen, Llio A Owen, Gary Pritchard, Dylan Rees, Alun Roberts, Dafydd Roberts, Keith Roberts, Margaret M Roberts, Ken Taylor, Dafydd R Thomas, Ieuan Williams, Robin Williams, Sonia Williams, Arfon Wyn
- IN ATTENDANCE:** Chief Executive,
Deputy Chief Executive,
Director of Function (Council Business)/Monitoring Officer,
Director of Function (Resources)/Section 151 Officer,
Director of Social Services,
Director of Education, Skills and Young People,
Head of Profession (Human Resources) and Transformation,
Head of Adults' Services,
Head of Highways, Property and Waste,
Head of Regulation and Economic Development,
Head of Housing Services,
Head of Democracy,
Corporate Planning, Performance and Programme Manager (GP),
Communications Officer (GJ),
Committee Officer (MEH),
Webcasting Committee Services Officer (FT).
- APOLOGIES:** Councillors Paul Ellis, Carwyn Jones, Nicola Roberts, Alwen Watkin and Liz Wood.

The start of the meeting was delayed until 2.20 p.m., due to technical difficulties.

1. MINUTES

The minutes of the following meetings of the Isle of Anglesey County Council were confirmed as correct:-

- 26 September, 2024
- 6 November, 2024 (Extraordinary)

2. DECLARATION OF INTEREST

Councillor Derek Owen declared a personal interest in Item 4 – Notice of Motion – Smallholdings as his brother is a tenant of a smallholding.

3. TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL OR THE CHIEF EXECUTIVE

The Chair made the following announcements:-

- Congratulations was extended to Lucas Williams from Holyhead who recently won a Commonwealth title for weightlifting in South Africa. He won two gold medals and a silver medal and took the overall championship title as best junior lifter.
- Congratulations was extended to Bleddyn Môn originally from Llaneilian who was chosen to be part of the British Inneos Team in the prestigious America's Cup Sailing event in Barcelona in October. Bleddyn has been representing Great Britain in sailing events since he was 13, and this was the third time he has been part of the British America's Cup campaign.
- Congratulations was extended to Gail Manning, from Holyhead who was recently awarded official caps for representing Wales at football in a special ceremony in Cardiff. The ceremony awarded caps to all the women who represented Wales between 1973 and 1993. Gail played for Liverpool and Bangor City, and she was still playing until recently for Amlwch and Trearddur Bay.
- Congratulations were extended to the Holyhead Hotspurs Football Club on reaching the third round of the Welsh Cup.
- It was good to see Cor Meibion Goronwy representing the Island by singing before the Wales v South Africa rugby match in Cardiff last month. The choir was formed in Benllech in 2016 with the intention of renewing an interest in local male choir singing.
- Congratulations was extended to Dylan Jones of Castellior, Menai Bridge who was recently awarded the Farmers Weekly Beef Farmer of the Year for 2024.
- Congratulations was extended to Tecwyn Jones from Anglesey who won the Supreme Beef Competition at the Winter Fair in Builth Wells recently.
- Congratulations was also extended to Rhys Owen from Llanerchymedd who won the Champion Baby Beef Competition at the Winter Fair in Builth Wells recently.
- The Chair said that it was with great pleasure to pay tribute to 14-year-old Poppy Roberts from Anglesey, who recently won the Exceptional Young Carer award for 2024 at the Child of Wales ceremony in Swansea.
- Congratulations extended to Daisy Richards, who works at Fairways Newydd Nursing and Dementia Care Home in Llanfairpwll and was recently awarded the gold Dignity in Care Award at the Wales Care Awards ceremony in Cardiff. She also received a bronze Outstanding Service Award at the event.

- Best wishes were extended to Councillors Carwyn Jones and Ken Taylor for a speedy recovery following recent hospitalisation.
- Congratulations were extended to the Holyhead Round Table and other festive activities across the Island which was undertaken during the Christmas period.

* * * *

Condolences were extended to any Member or Staff who had suffered a bereavement.

Members and Officers stood as silent tribute.

4. NOTICE OF MOTION PURSUANT TO RULE 4.1.13.1 OF THE CONSTITUTION

- Submitted – a Notice of Motion by Councillor Kenneth P Hughes :-

‘We call on Anglesey County Council to adopt a blanket policy of objection to the development of solar farms in the countryside of Ynys Môn.’

The Motion was withdrawn.

- Submitted – a Notice of Motion by Councillor Kenneth P Hughes :-

‘We call on Anglesey County Council in view of the uncertainty in the agricultural industry to reaffirm its commitment to Ynys Môn agriculture by ensuring that all repairs to agricultural buildings in the smallholdings estate of the County Council are carried out as a matter of urgency. Also, a review of the funding formula for the smallholding’s estate is instigated’.

Councillor Aled Morris Jones seconded the Motion.

Councillor Kenneth P Hughes said that the Council were previously selling smallholdings to fund maintenance of other smallholdings on the estate. The selling of smallholdings reduces the opportunities for people, with an interest in agriculture, to be able to be a tenant within the smallholding’s estate. He noted that half of the rental income from the smallholding’s estate goes into the central fund of the Council; whilst previously all the rental income went into the central fund. The tenants are waiting for months and some for over a year for repairs and maintenance to be undertaken on their smallholding. He further referred that one smallholding has been empty for a year and a half.

The Leader of the Council said this Council is proud to be the owners of the second largest proportion of smallholdings in Wales. He noted the importance of the smallholdings estate who contribution to the economy which is paramount to the Island’s prosperity. There is a challenge to fund capital funding for maintenance to the estate as there is no specific funding available from Welsh Government. He said that a Strategic Plan is to be established within the Council as regards to the smallholding’s estates and as Leader of the Council he would write to the Cabinet

Member for Finance and the Cabinet Member for Rural Affairs in the Senedd, to request the release of capital funding from the current budget to be utilised for funding the maintenance of dwellings and buildings within the smallholding's estate and to enable the Council's zero net vision for 2030 to be realised.

The Portfolio Member for Highways, Property and Waste said there are 92 tenants within the smallholding's estate on Anglesey which covers over 6,000 acres of land. He noted the commitment of the Council to the smallholdings estate and the agricultural industry on the Island which contributes to the rural economy and supports young people to be able to be a tenant on the estate. He further referred that currently, £300k is invested for the maintenance and to improve the standards of the estate. The Smallholding's Strategic Policy if to be undertaken for the period of ten years has been undertaken and a cross-party Working Group is to be established to see as to how the estate can be modernised and to address the financial issue to ensure the future of the smallholdings estate.

Councillor Aled Morris Jones said that agriculture is important for the economy of the Island, and he welcomed that a Working Group was to be established to discuss the smallholding's estate and noted that Councillor Kenneth P Hughes would be the Anglesey Independents Group representative on this group as he has the highest proportion of smallholdings within the Talybolion Ward. He questioned as to the current backlog in the maintenance of the smallholding's estate at present. The Portfolio Member for Highways, Property and Waste responded that the details would be forwarded to Members in due course.

Councillor Douglas M Fowlie said that the Council's Smallholdings serve as an entry point into the agricultural industry for young people. He referred to the Welsh Government's controversial environmental policies with farmers and smallholding tenants facing stringent regulations with regards to the storage of dirty water and manure on their farms. He questioned whether the Council has carried out its own compliance audit to determine if farms meet/do not meet the Government's criteria and what financial support can the Council provide to its tenants. He further asked as to whom will be liable for any fines imposed by Natural Resources Wales if the Council's smallholding farms do not meet the stringent environmental regulations. The Portfolio Member for Highways, Property and Waste responded that he did not have the exact figures available, but he was sure that the Council is working to a plan to meet the environmental regulations which will need to be adhered to, and details will be afforded in due course. The Chief Executive said that written response will be afforded as regards to the responsibilities/liabilities on the storage of dirty water and manure on farms. He further referred that the Council is not able to be offering financial support to the smallholding tenants, but the matter could be raised within the letter the Leader of the Council is intending to write to Welsh Government as mentioned previously.

Councillor Aled Morris Jones requested that a Recorded Vote be undertaken. In accordance with Paragraph 4.1.18.5 of the Council's Constitution the requires 9 Members of the Council Meeting to request a Recorded Vote was not achieved, therefore there was no recorded vote undertaken.

Following a unanimous vote:-

The Motion was carried.

- Submitted – a Notice of Motion by Councillor Derek Owen :-

'We call on Anglesey County Council to seek an urgent meeting with the Secretary of State for Energy Security and Net Zero, Ed Milliband, to enable him to confirm the start date for the Wylfa Newydd project on the Wylfa site, Cemaes Bay.

The Wylfa site is the best site in Europe to host nuclear power station or stations.

This follows on from the letter sent from the Llanbadrig Community Council seeking answers recently.'

Councillor Aled Morris Jones seconded the Motion.

The Leader of the Council assured the Council of his commitment to attract a development at the Wylfa site. He noted that since becoming the Leader he has met with Lord Hunt and has invited him to Anglesey together with an invitation to Mr Michael Shanks MP, Parliamentary Under-Secretary of State at the Department of Energy Security and Net Zero. The Leader assured the Council that he would write to the Secretary of State for Energy Security and Net Zero, Mr Ed Milliband MP inviting him also to Anglesey to view the excellent site at Wylfa.

Councillor Derek Owen said that the North of the Island is in dire need of investment and answers need to be given as to the future of the Wylfa site.

Councillor Aled Morris Jones thanked the Leader for his strong commitment to attract development on the Wylfa site with either a large reactor or smaller Small Modular Reactors (SMR's). He noted that Great British Nuclear has purchased the land at Wylfa and decisions need to be undertaken for the future of the site. During a meeting in the House of Commons when the previous government was in power it was decided that the issue of nuclear would not be politically driven. He referred that the current government's priorities are that the Country is energy secure and carbon targets are met together with the nuclear industry been pivotal energy producer across the UK. The Nuclear Industry Association Conference is to be held on 5 December, 2024 and it is hoped that discussions will be undertaken as regards to the Wylfa site and its future.

Councillor Pip O'Neill said that it must be considered that there is a large proportion of people who oppose nuclear power even though it is accepted that there is a dire need for employment on the Island and especially the North of the Island. Councillor Ken Taylor expressed that his concerns are the contaminated waste from such nuclear facilities for the future generations.

The Leader said that he respected the opinion of those who are against nuclear facilities. As a Council there is a need to engage with people that have different

opinions as regards to nuclear facilities and their opinions are respected to enable the economy of the island to be prosperous for the future generations.

Councillor Pip O'Neill proposed an amendment to the Notice of Motion stating that clarity is required whether the nuclear facility will be built/not built on the Wylfa Site rather than the start date of the nuclear site. Councillor Ken Taylor seconded the proposed amendment.

The Director of Function (Council Business)/Monitoring Officer said that the amendment to the Notice of Motion is not acceptable as a proposal needs to add or remove words to the Motion.

Councillor Pip O'Neill withdrew his amendment to the Notice of Motion.

Following the vote:-

Councillor Ken Taylor voted against the Motion. Councillor Arfon Wyn abstained from voting.

The Motion was carried.

5. PRESENTATION OF PETITIONS

No petitions received.

6. ANNUAL TREASURY MANAGEMENT REVIEW FOR 2023/24

The report of the Director of Function (Resources)/Section 151 Officer as presented to the Executive on 22 October, 2024 was presented for the Council's acceptance.

The Deputy Leader and Portfolio Member for Finance and Housing Services said that the Council is required by regulations issued under the Local Government Act 2023 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/2024. He noted that in accordance with the Scheme of Delegation, this report was scrutinised by the Governance and Audit Committee on 15 September, 2023 and forwarded to the Executive Committee without comments on 22 October, 2023. The Executive Committee resolved to forward the report to the full Council without any further comments.

It was RESOLVED to note the contents of the Annual Treasury Management Review for 2023/2024 which confirms that the Treasury Management activities undertaken during 2023/2024 were in accordance with the Treasury Management Strategy statement for 2023/2024 and that the limitations set out in the strategy were complied with.

7. STATEMENT OF ACCOUNTS 2023/24 AND ISA 260 REPORT

The report of the Director of Function (Resources)/Section 151 Officer as presented to the Governance and Audit Committee on 27 November, 2024 was presented for the Council's acceptance.

The Deputy Leader and Portfolio Member for Finance and Housing Services said that the draft Statement of Accounts 2023/2024 was presented to the Council's external auditors, Audit Wales, for audit on 28 June, 2024. Subject to the confirmation by the Council, the Accounts will be signed by the Director of Function (Resources)/Section 151 Officer and the Chair of the County Council and will thereafter be published following the receipt of the Auditor's final opinion. The statutory deadline for the completion of the Audited Accounts for the financial year 2023/2024 was extended to 30 November 2024 but due to the timing of the schedule of meetings this is the first opportunity for Council to consider the report and to be signed thereafter.

It was RESOLVED to accept the Statement of Accounts for 2023/2024 and to authorise the Chair of the County Council and the Director of Function (Resources)/Section 151 Officer to sign the accounts.

8. POLITICAL BALANCE OF COMMITTEES

The report of the Head of Democracy was presented for the Council's acceptance.

The Leader of the Council said that following the result of the Talybolion ward by-election in October, there is a change in the Council's political balance affecting the allocation of seats on some Committees.

It was RESOLVED:-

- **To confirm the political balance arrangements for allocating committee seats.**
- **That Group Leaders advise the Head of Democracy, as soon as possible, of any changes to group membership on Committees.**

9. STATEMENT OF GAMBLING POLICY 2025 – 2028

The Statement of Gambling Policy 2025/2028 was presented for the Council's approval.

The Portfolio Member for Adults' Services and Community Safety in the absence of the Portfolio Member for Planning, Public Protection and Climate Change said that every three years the Gambling Act 2005, requires that the Council adopts a Statement of Gambling Policy. The Policy sets out how the Council will discharge its functions regarding the regulation of gambling premises.

It was RESOLVED to adopt the Statement of Gambling Policy 2025-2028.

The meeting concluded at 3.30 pm

**COUNCILLOR GLYN HAYNES
CHAIR**

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ISLE OF ANGLESEY COUNTY COUNCIL

Minutes of the extraordinary meeting held on 12 December 2024

PRESENT: Councillor Glyn Haynes (Chair)
Councillor Non Dafydd (Vice-Chair)

Councillors Geraint Bebb, Paul Ellis, Jeff M Evans, Neville Evans, Douglas Massie Fowlie, Kenneth P Hughes, T LI Hughes MBE, R LI Jones, G O Jones, Dyfed Wyn Jones, Euryn Morris, Pip O'Neill, Llio Angharad Owen, Derek Owen, Gary Pritchard, Dylan Rees, Alun Roberts, Dafydd Roberts, Keith Roberts, Margaret Murley Roberts, Ken Taylor, Dafydd Rhys Thomas, Alwen Pennant Watkin, Ieuan Williams, Robin Williams, Sonia Williams, Liz Wood and Arfon Wyn

IN ATTENDANCE: Chief Executive,
Deputy Chief Executive,
Director of Function (Council Business)/Monitoring Officer,
Director of Function (Resources)/Section 151 Officer,
Director of Education, Skills and Young People,
Head of Highways, Waste and Property
Head of Housing Services,
Head of Adults' Services,
Head of Democracy,
Chief Property and Asset Officer (MH),
Communications Officer (GJ),
Committee Officer (MEH),
Webcasting Committee Services Officer (FT).

ALSO PRESENT: Mr Alun Tobias – Hugh James Solicitors

APOLOGIES: Councillors Carwyn Jones, John Ifan Jones, A M Jones,
Jackie Lewis and Nicola Roberts

Director of Social Services,
Head of Regulation and Economic Development,
Head of Profession (Human Resources) and Transformation.

1. DECLARATION OF INTEREST

Councillor Dylan Rees declared a personal interest in Item 3 – Canolfan Addysg y Bont – Roof Repairs as he is a Governor at Canolfan Addysg y Bont and following legal advice he was able to take part in the discussion and voting thereon.

2. EXCLUSION OF THE PRESS AND PUBLIC

It was **RESOLVED** to adopt the following :-

“Under Section 100(A)(4) of the Local Government Act 1972, to exclude the press and public from meeting during discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test”.

3. CANOLFAN ADDYSG Y BONT - ROOF REPAIRS

The Head of Highways, Waste and property presented the report previously circulated to Members.

The report explained the legal claims available to the Council to recover the costs of having replaced the failed sedum roof at Canolfan Addysg Y Bont, Llangefni.

It was noted that the work to replace the roof had been completed in January 2023, at a cost to the Council of £2.6 m. This sum having been released from the Council's reserves.

Specialist external Solicitors were appointed to advise the Council on the prospects of recovering this expenditure, and independent expert evidence was commissioned.

As the final expert evidence does not adequately support the Council's case, the specialist Solicitors (and Counsel) have advised against the issuing of court proceedings as this would unreasonably risk significant legal fees (up to £1.5m) if the Council is not successful.

The recommendation of Officers, therefore, was not to litigate this matter. It was also explained that, in addition to the costs of replacing the roof, the sum of £60k has also been incurred in external legal fees and expert evidence.

Members were then provided with an opportunity to ask questions of Officers, the Leader of the Council and relevant members of the Executive.

It was RESOLVED to accept the recommendations contained within the report.

The meeting concluded at 2.40 pm

**COUNCILLOR GLYN HAYNES
CHAIR**

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	COUNTY COUNCIL	
Date:	6 MARCH 2025	
Subject:	TREASURY MANAGEMENT MID-YEAR REVIEW 2024/25	
Portfolio Holder(s):	COUNCILLOR R WILLIAMS, DEPUTY LEADER AND PORTFOLIO HOLDER FINANCE AND HOUSING	
Head of Service / Director:	R MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER	
Report Author:	CLAIRE KLIMASZEWSKI	
Tel:	01248 752133	
E-mail:	claire.klimaszewski@ynysmon.llyw.cymru	
Local Members:	n/a	
A –Recommendation/s and reason/s		
To recommend that the full Council notes the contents of the report.		
B – What other options did you consider and why did you reject them and/or opt for this option?		
The report is for scrutiny and information and the consideration of options is not applicable.		
C – Why is this a decision for the Executive?		
To comply with regulations issued under the Local Government Act 2003 and the CIPFA Prudential Code 2021.		
CH – Is this decision consistent with policy approved by the full Council?		
The report gives an update on the treasury management position, whereby borrowing and investments decisions have been taken in accordance with the Treasury Management Strategy that was approved by the full Council on 7 March 2024.		
D – Is this decision within the budget approved by the Council?		
No decision required in respect of this report which will impact on the budgetary position of the Council.		
DD – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	No additional comments.
2	Finance / Section 151 (mandatory)	N/A - This is the Section 151 Officer's report.
3	Legal / Monitoring Officer (mandatory)	No additional comments.
4	Human Resources (HR)	Not applicable
5	Property	Not applicable
6	Information Communication Technology (ICT)	Not applicable
7	Procurement	Not applicable
8	Scrutiny	This report is for scrutiny of the Governance and Audit Committee, 11 February 2025.
9	Local Members	Not applicable
10	Other	None

E – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long-term needs as an Island	Treasury management is key to facilitating sustainability for the long-term needs of the Island, as borrowing plans help to fund capital expenditure to ensure assets are available now and into the future. Treasury plans must also be affordable to ensure that future generations are not disadvantaged by Treasury Management decisions taken in the short and medium term.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	The Treasury Management strategy and activity must be affordable to mitigate the impact on the future. Some capital expenditure funded by borrowing, such as Sustainable Communities for Learning, and other invest to save schemes funded by borrowing, may help to reduce future costs.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Treasury Management activities often fund capital projects in partnership with other organisations, such as Welsh Government. The 21 st Century Schools Programme / Sustainable Communities for Learning new schools / extensions were / are funded with significant funding from Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	Anglesey Citizens are consulted each year about the annual capital programme, some of which is dependent on Treasury Management activities. More in-depth consultation occurs on some capital projects, such as new school builds / school reorganisations.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Newly built assets funded by borrowing will be compliant with the Equality Act and related regulations and guidance. Annual refurbishments and replacement programmes also help to increase accessibility and enable diversity.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	This is statutory monitoring of Treasury Management activities, not a strategic decision.
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.	Some of the projects funded by borrowing have a positive impact on the development and increase of the Welsh Language, such as the Welsh medium schools built as part of the 21 st Century Schools Programme / Sustainable Communities for Learning Programme.
F - Appendices		
Appendix A –Treasury Management Quarter 2 Report 2024/25 Appendix B – Analysis of the Isle of Anglesey County Council PWLB Loans by year of Maturity Appendix C – Economic Analysis – MUFG Corporate Markets Treasury Limited Appendix CH – PWLB Analysis – MUFG Corporate Markets Treasury Limited		
FF - Background papers:		
<ul style="list-style-type: none"> Treasury Management Strategy Statement 2024/25 – Isle of Anglesey County Council 7 March 2024 		

1. PURPOSE OF TREASURY MANAGEMENT

- 1.1** The Treasury Management Strategy Statement (TMSS) 2024/25 provides the framework for day-to-day and medium-term treasury management. The TMSS is a key part of the Council's strategic planning processes to help identify what the Council's key priorities and objectives are for the next year and into the future.
- 1.2** Treasury management activity, in line with the TMSS, is key for implementation of the priorities of the Council Plan 2023/28 and the Capital Strategy 2024/25, and several related strategic and operational plans. Capital expenditure is fundamental to ensure the Council has long-term assets, such as Council offices, schools, social care facilities, Council dwellings, ICT infrastructure, software and equipment, vehicles and equipment needed to deliver Council services and functions, and to help achieve the priorities of the Council Plan 2023/28. This includes ensuring the Council's current assets are refurbished, extended or replaced as needed and new assets built to deliver Council priorities, such as new schools.
- 1.3** Capital funding is limited, therefore, the Council funds some capital projects by means of supported borrowing, for which the Council receives funding in the annual revenue support grant from Welsh Government (WG), or unsupported borrowing, where the annual financing costs are funded in full by the Council. Borrowing is usually fulfilled by taking out loans from the Public Works Loans Board (PWLB). This is a key part of treasury management, hence the important link to the Capital Strategy 2024/25 and implementation of the capital programme.
- 1.4** The Treasury Management Code of Practice 2021, which is statutory guidance, defines treasury management as:-

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

2. BACKGROUND INFORMATION

- 2.1** Treasury management involves tasks which ensure that there is enough cash in the Council general account to pay day-to-day bills and the investment of surplus cash, over what is needed in the general account. These investments must be in highly secure accounts, such as UK banks with high credit ratings, as defined in the TMSS. The Council prioritises security of its funds, in line with the Code, and ensures that enough cash is instantly accessible so that the Council is able to pay suppliers, staff and benefits at the required payment dates. The last consideration is yield, the Council invests to get the highest interest rate possible within the pool of organisations that are secure and meet the criteria in the TMSS 2024/25. The final element of Treasury Management is managing the Council's loan portfolio, to ensure that the Council's borrowing is not too high and that the revenue costs of borrowing are affordable.
- 2.2** A key function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially, the longer-term cash flow planning to ensure the Council can meet its capital spending operations. The Capital Strategy 2024/25, Capital Programme 2024/25 and quarterly capital budget monitoring reports are closely linked to the Council's treasury management activity. In accordance with legislation, the Council is only able to borrow for capital expenditure, not revenue costs, with the exception of when WG provides a capitalisation directive for specific exceptional revenue expenditure, such as the capitalisation of equal pay back pay. The capital strategy, the annual capital programme and TMSS all support the Council's key priorities in the Council Plan 2023/28. This report is part of the monitoring of treasury management activities during the period 1 April 2024 to 30 September 2024, to help ensure that the TMSS is complied with.

3. ECONOMIC UPDATE

3.1 The Council’s external treasury management advisers, MUFG Corporate Markets Treasury Limited (MUFG), sends several updates, such as economic and credit reports, each week, to help Council officers and Members to make the best decisions on treasury management activities. MUFG provided an economic update for the second quarter, which can be found in Appendix C. MUFG has also recently provided the following interest rate forecast:-

Table 1
Forecast Bank Base Rate, inflation and PWLB Rates - March 2025 to December 2026

	Mar 2025	Jun 2025	Sep 2025	Dec 2025	Mar 2026	June 2026	Sept. 2026	Dec 2026
Bank Rate (%)	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%	3.50%
Inflation (OBR October 2024)	2.60%	2.60%	2.60%	2.60%	2.30%	2.30%	2.30%	2.30%
5yr PWLB rate (%)	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%	4.20%
10yr PWLB rate (%)	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%	4.40%
25yr PWLB rate (%)	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%
50yr PWLB rate (%)	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.60%

3.2 The Bank of England’s (BoE) target inflation, set by the Government, is 2%. Inflation started to creep up beyond this from August 2021, with the CPI rate reaching a high of 11.1% in October 2022 due to the impact of the invasion of Ukraine, which caused significant energy and food price increases. Inflation remained high for longer than anticipated, but started to decrease in April 2023 to 8.7%, with CPI reducing to 7.9% at the end of the first quarter of 2023/24. In 2024/25, inflation has reduced significantly to the BoE target of 2%, achieved in June 2024. Inflation rates continued to decrease in the second quarter, with CPI at 1.7% at 30 September 2024. While the forecasts of CPI for 2025 and 2026 are higher than the 2% target (see Inflation forecast by OBR, October 2024 above in Table 1), these rates are significantly better than in 2022 and 2023.

3.3 At the start of the pandemic, the base rate was reduced to its lowest point at 0.1%, in support of the economy. In December 2021, the BoE increased the rate to 0.25%, and then increased the base rate at each meeting of the Monetary Policy Committee (MPC) between 0.25% to 0.75% at its highest increase. In August 2023, the MPC increased the base rate to 5.25%. The rate of 5.25% remained unchanged until 1 August 2024, when the base rate was reduced for the first time since 2020, to 5%, which was also the rate at 30 September 2024. The base rate has since reduced to 4.75%, and the markets are expecting two or 3 further incremental reductions in the base rate during 2025.

3.4 The Council benefits from a higher base rate for investment of surplus cash, which has helped the Council earn more than £1m in interest receivable. However, loans to the Council are more expensive since the BoE started raising interest rates to try to control inflation. External borrowing is, therefore, delayed until cash balances can no longer sustain the use of Council balances to fund capital expenditure (internal borrowing).

4. POSITION AS AT 30 SEPTEMBER 2024

- 4.1** Borrowing PWLB – The Council did not take out any new borrowing from the PWLB during the period 1 April 2024 to 30 September 2024. This is due to the need to avoid borrowing while interest rates are increasing. Instead, Council cash balances have been used to fund capital expenditure. This is in line with MUFG Corporate Markets’ advice on borrowing in the current economic climate. The opportunity cost of this is that there are less balances to invest, however, borrowing costs are higher than investment yields. To ensure the Council has enough cash to pay creditors and salaries, sufficient cash must remain in instant call accounts. Typically, the interest rates on these are much lower, so the Council is still able to make reasonable savings on interest payable while using cash balances.
- 4.2** Appendix B shows the full list of PWLB loans taken out and still payable. The oldest loan dates to 1969, and the majority of the loans have higher interest rates than the current rates, despite the recent rise in interest rates. These are organised by the financial year the loans are due to be repaid.

Table 2
PWLB Loans Outstanding - 30 September 2024

PWLB Loans at 30 September 2024			
	PWLB Maturity	PWLB EIP	Total PWLB Loans at 30 September 2024
	£'000	£'000	£'000
Loan Outstanding	117,546	153	117,699
Percentage of maturity and annuity loans	99.87%	0.13%	100.00%
Average life (years)	31.14	3.66	31.10
Average rate (%)	4.47%	9.42%	4.48%

- 4.3** Borrowing Salix – Salix is a WG organisation which provides interest free loans and, more recently, grants for projects which support the environment and to help public sector bodies in Wales to work towards achieving their net zero target by 2030. The Council held £4.570m of Salix loans at 30 September 2024. These loans are repaid over a period of 8 or 10 years, depending on the agreement, with 2 repayments made per year, per loan. These loans have funded LED street lighting, LED lighting in schools and leisure centres and various other sustainable projects. Table 3 shows the remaining Salix loans at 30 September and the year of the last repayment for each loan. The loan repayments for the Salix loans are shown in Appendix C.

Table 3
Salix Loans at 30 September 2024

Salix Loans at 30 September 2024						
	Salix Loan 2	Salix Loan 3	Salix Loan 4	Salix Loan 5	Salix Loan 6	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Outstanding Balance	68	287	132	1,653	2,431	4,571
Repayment Date	2025/26	2027/28	2029/30	2031/32	2035/36	
Interest rate (%)	-	-	-	-	-	-

5. ANNUAL INVESTMENT STRATEGY

- 5.1** The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the full Council on 7 March 2024.

- 5.2** The Council continues to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite.
- 5.3 Creditworthiness** – There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these and other measures of creditworthiness, to ensure that only appropriate counterparties are considered for investment purposes.
- 5.4 Investment Counterparty Criteria** – The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 5.5 Investment Balance** – The total balance of investments at 30 September 2024 was £39.451m, as shown in Table 4 below. The yield from these investments from 1 April 2024 to 30 September 2024 was £924k, with the total interest receivable on the below listed investments expected to be £1.322m for 2024/25. This figure is likely to be higher as new investments are made when these mature. However, cash balances are reducing as the financial year progresses, so not all these investments will be viable to renew on maturity.
- 5.6** Investment rates started to decrease in August 2024, as the base rate was reduced from 5.25% to 5% on 1 August 2024. However, all the fixed term investments for the half year to 30 September 2024 were organised before this decrease. The Bank of Scotland call account, which has variable interest rates, was reduced from 5.14% to 4.88% in August 2024. However, even at reduced rates, the Council's interest receivable for 2024/25 is higher than budgeted. The Council Fund is forecast to receive a total of £833k interest from the investments, which is £163k higher than the budget of £670k, £304k interest receivable is expected for the HRA, £119k for schools and £66k for third parties where the Council hold funds belonging to others, including the Trusts which the Council is trustee for.

Table 4
Investments held 1 April 2024 to 30 September 2024

Counterparty	Start Date	End Date	Interest Rate %	Investment Amounts 1 April to 30 September 2024 £	Investment Principal at 30 September 2024 £	Estimated Interest earned to 30 September 2024 £	Estimated Total Interest 2024/25 on these Investments £
Natwest Call Account - estimate for period	01/04/2024	31/03/2025	Variable	11,758,959	11,758,959	266,374	426,038
Nationwide Building Society	08/01/2024	08/04/2024	5.11%	5,000,000	-	5,600	5,600
Santander Uk Plc	09/02/2024	09/05/2024	5.19%	5,000,000	-	27,727	27,727
National Westminster	11/03/2024	11/06/2024	5.23%	5,000,000	-	51,584	51,584
Bank of Scotland Call Account - Lloyds	01/04/2024	31/03/2025	Variable	7,692,214	7,692,214	198,489	352,676
Goldmansachs International Bank	08/04/2024	08/10/2024	5.29%	5,000,000	5,000,000	127,540	133,337
Santander	09/05/2024	08/11/2024	5.07%	5,000,000	5,000,000	100,705	127,792
National Westminster Fixed	09/05/2024	09/08/2024	5.14%	5,000,000	5,000,000	65,482	65,482
National Westminster Fixed	11/06/2024	11/12/2024	5.23%	5,000,000	5,000,000	80,241	131,825
					39,451,173	923,743	1,322,060

5.7 Approved Limits – Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 September 2024.

6. PRUDENTIAL INDICATOR FOR CAPITAL EXPENDITURE

6.1 The Council's Capital Position

Table 5 below shows the revised estimates for capital expenditure in comparison to the capital budget at quarter 2:-

**Table 5
Capital Expenditure**

Capital Expenditure 2024/25	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000
Council Fund	42,904	36,384	(6,520)
Housing HRA	29,573	30,596	1,023
	72,477	66,980	(5,497)

6.1.1 The revised capital budget for 2024/25 at quarter 2 was £72.477m. The projected expenditure for 2024/25 is £66.980m. Projects for the Council are expected to underspend by £6.520m, though most of this will be carried forward into 2025/26, along with the funding. The HRA is expecting to overspend by £1.023m, which will be funded by the HRA.

6.2 Changes to the Financing of the Capital Programme

6.2.1 There are some changes to the financing of the capital programme, as can be seen in Table 6 below, arising from the changes to the capital budget noted in 6.1.1.

6.2.2 Table 6 below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original funding of the capital programme, and the expected funding arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision - MRP). The source of funding for projects might also change at year end as funding is allocated in the most cost-effective way to mitigate capital financing pressures. This also allows increased flexibility to respond to later offers of external grant funding where the Council is asked to displace the funding in year, but to ensure there is funding in the next year to fulfill the conditions of the grant being offered.

**Table 6
Estimated Funding of Capital Expenditure**

Capital Funding	2024/25 Annual Budget £'000	2024/25 Revised Estimate £'000
Capital Grants	43,171	38,638
Capital Receipts	1,032	931
Reserves	1,205	1,002
Revenue Contribution	15,381	15,017
Supported Borrowing	5,867	5,925
Unsupported Borrowing	5,805	5,451
Loan	16	16
Total	72,477	66,980

6.3 Prudential Indicator – Capital Financing Requirement (CFR)

6.3.1 Table 7 below shows the CFR, which is the underlying need to incur borrowing to fund capital expenditure. The CFR is expected to be £15.534m lower than the original estimate provided in the TMSS 2024/25. This mainly relates to the HRA. Changes are expected as the TMSS is produced before the capital programme for the year has been finalised. Capital projects can also slip due to a variety of reasons, or alternative funding is found to reduce the amount of borrowing needed.

Table 7
Change in the Capital Financing Requirements 2024/25 at 30 September 2024

Prudential Indicator – CFR	2024/25	2024/25
	Original Estimate	Revised Estimate
	£'000	£'000
CFR – Council Fund	116,485	115,695
CFR – HRA	55,506	40,762
Total CFR	171,991	156,457
Net movement in CFR		(15,534)

6.3.2 Analysis of borrowing

The table above shows that the revised forecast CFR for 2024/25 is £156.457m. The difference between the CFR, which is the amount of capital expenditure to be funded by borrowing, and the external / actual borrowing taken out, is the internal borrowing. This is where the Council has used cash balances to fund capital expenditure to delay the actual borrowing for as long as possible, to save interest payable charges. This is in line with the TMSS 2024/25, and is the approach recommended by the Council's treasury management consultants, MUFGB Corporate Markets Treasury Limited. This is due to the impact of the economy on interest rates and gilts which PWLB interest rates are based on. When cash balances become too low, this borrowing will be externalised by taking out new loans from the PWLB. To reduce the capital financing charges, it is likely that shorter-term loans would be taken out, as interest rates are expected to reduce in the future along with inflation.

Table 8 below shows that the balance of external borrowing and internal borrowing is expected to change in the last quarter, with £2.751m of PWLB borrowing expected for the HRA. This will be at a discounted rate for HRAs.

Table 8
Profile of borrowing between external borrowing and internal borrowing (use of cash balances)

	Current Position at 30 September 2024 £'000	Revised Estimated CFR 31 March 2025 £'000
External Borrowing	122,270	125,021
Internal Borrowing	34,187	31,436
Other long-term liabilities	-	-
Year-end position	156,457	156,457

7. OTHER PRUDENTIAL INDICATORS

7.1 The Treasury Management Strategy sets out a number of prudential indicators and authorised limits. The current forecast position against each of the relevant indicators and limits are shown in Table 9 below:-

Table 9
Prudential Indicators 2024/25 at Quarter 2

PRUDENTIAL INDICATORS			
Indicator Group	Description	TMS 2024/25	Estimated Position at end of Q2
Affordability	Ratio of Financing Costs to Net Revenue Stream – General Fund	3.12%	3.00%
	Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account	10.38%	6.04%
Capital Financing Requirement	Council Fund & HRA	£171.991m	£156.457m
AUTHORISED LIMITS			
Prudence	Gross debt must be lower than the CFR plus any additional CFR in the next two years	<198.521m	122.270m
External Debt	Authorised Limit	< £198.521m	£122.270m
	Operational Boundary	< £193.521m	£122.270m
Maturity of Debt		Under 12 months	0.178m - 0.15%
		12 months and within 24 months	1.105m - 0.9%
		24 months and within 5 years	5.595m – 4.58%
		5 years and within 10 years	6.722m - 5.50%
		10 years and above	108.674m - 88%
	Total borrowing		122.270m - 100%

7.2 The table above shows that the performance indicators in respect of affordability and the level of CFR are better than the original forecast and that none of the authorised debt limits have been exceeded. The ratio of financing costs to net revenue stream for the Council Fund, is less than that proposed in the TMSS 2024/25 at 3.00%, similarly the capital financing costs for the HRA are also much lower than at 6.04%. For the Council Fund, this is due to using internal borrowing for as long as possible to save interest payable. The HRA has been using its surplus income and HRA reserve to fund its capital programme. However, these balances are now too low and the HRA is likely to take out short-term borrowing shortly due to the success of its HRA developments, house purchases and works to existing homes to ensure they meet the Welsh Housing Quality Standards (WHQS).

7.3 Given the current levels of interest, the Council has utilised its own cash balances to fund capital expenditure, rather than externally borrowing, as discussed above. However, as cash balances fall, it will be necessary to borrow around the end of the 2024/25 financial year or early 2025/26. The external debt information in Table 9 above shows that the Council is well below the affordability prudential limit, which is also the authorised limit and the operational boundary.

8. DEBT RESCHEDULING

- 8.1** Debt rescheduling opportunities have increased significantly in the current period, where gilt yields, which underpin PWLB rates and market loans, have risen materially. An exercise was completed which demonstrated that replacing existing loans with new loans would attract discounts but, due to higher interest rates, total interest payable until the loans mature would be significantly higher and would, therefore, not be affordable as revenue capital financing costs would increase.

9. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

- 9.1** It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the period ended 30 September 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Director of Function (Resources) reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 9.2** All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

10. CONCLUSION

- 10.1** During the period 1 April 2024 to 30 September 2024, the Council has been proactive with depositing surplus cash balances in secure UK banks and local authorities. The Council has benefitted from the favourable interest rate during the period, with £924k in interest receivable on these deposits. The estimated interest receivable for the full year on the investments active during the period is forecast at £1.322m. The HRA, schools and organisations for which the Council holds funds on behalf of, will receive a share of the interest receivable based on their balances on 31 March 2025, at the average interest rate from all deposits. Also of note, is the Council's cash balances are reducing, along with interest rates, therefore, future interest receivable might not achieve the levels in 2023/24 or 2024/25.
- 10.2** The Council has not applied for any PWLB loans during the period, to minimise interest payable and defer the borrowing identified for funding specific capital projects until necessary. The Council has borrowed interest free loans from Salix for energy efficiency / low carbon capital projects.
- 10.3** In summary, the Council's Treasury Management position remains stable, with better than forecast investment returns and all prudential indicators remaining within the boundaries and targets set in the Treasury Management Strategy Statement for 2024/25. No new external borrowing has taken place, with the Council's strategy continuing to use internal borrowing to fund capital expenditure, but, as cash reserves are utilised (balance the budget, winding down of school balances, use of HRA reserve to fund capital expenditure), the amount of surplus cash reduces, which has reduced the sums available to invest and the level of internal borrowing that can be supported. This will invariably require a change in strategy in the future, with additional external borrowing having to be undertaken.

PWLB LOAN REPAYMENTS

Financial year	Loan Maturing Date	Interest Rate %	Repayment Amount £
2026/27	01/04/2026	3.67	527,601
	30/09/2026	8.63	853,800
2026/27 Total			1,381,401
2027/28	01/04/2027	3.73	490,601
	19/08/2027	5.20	1,000,000
	30/09/2027	7.00	674,502
2027/28 Total			2,165,103
2028/29	01/04/2028	3.80	262,440
	01/03/2029	9.50	17,135
2028/29 Total			279,575
2029/30	01/04/2029	3.85	684,697
	09/05/2029	9.25	3,652
	06/06/2029	9.38	12,087
	01/09/2029	9.25	6,210
	30/09/2029	8.63	853,800
	06/12/2029	9.25	11,782
2029/30 Total			1,572,228
2030/31	01/04/2030	3.91	450,706
	09/05/2030	9.38	8,462
	01/09/2030	9.75	12,901
	09/11/2030	9.75	4,628
	06/12/2030	9.75	9,622
	01/03/2031	9.25	7,140
2030/31 Total			493,459
2031/32	01/04/2031	3.96	660,449
	30/09/2031	8.63	1,280,700
2031/32 Total			1,941,149
2032/33	01/04/2032	4.01	314,886
	06/06/2032	9.25	25,858
	06/12/2032	9.50	32,229
	01/03/2033	9.88	1,168
2032/33 Total			374,140
2033/34	01/04/2033	4.05	636,565
2033/34 Total			636,565
2034/35	01/04/2034	4.09	623,834
2034/35 Total			623,834
2035/36	01/04/2035	4.13	611,357
2035/36 Total			611,357
2036/37	01/04/2036	4.16	599,130
2036/37 Total			599,130
2037/38	01/04/2037	4.18	587,147
2037/38 Total			587,147
2038/39	01/04/2038	4.20	225,467
2038/39 Total			225,467
2039/40	15/04/2039	4.95	5,000,000
2039/40 Total			5,000,000
2040/41	15/04/2040	4.95	3,500,000
2040/41 Total			3,500,000

Financial year	Loan Maturing Date	Interest Rate %	Repayment Amount £
2042/43	01/04/2042	4.25	999,781
2042/43 Total			999,781
2043/44	01/04/2043	4.25	1,020,120
2043/44 Total			1,020,120
2044/45	01/04/2044	4.25	1,009,718
2044/45 Total			1,009,718
2045/46	01/04/2045	4.25	11,464,215
2045/46 Total			11,464,215
2050/51	16/01/2051	4.15	2,000,000
2050/51 Total			2,000,000
2052/53	19/05/2052	4.05	5,000,000
	12/10/2052	4.55	4,300,000
	09/11/2052	4.55	6,138,400
	20/11/2052	4.20	6,800,000
	11/12/2052	4.25	6,000,000
2052/53 Total			28,238,400
2054/55	06/05/2054	8.38	3,000,000
2054/55 Total			3,000,000
2055/56	15/11/2055	8.00	1,500,000
	15/12/2055	7.88	2,000,000
2055/56 Total			3,500,000
2056/57	15/04/2056	7.13	3,000,000
	10/10/2056	7.88	2,000,000
2056/57 Total			5,000,000
2057/58	15/04/2057	7.13	6,000,000
	15/10/2057	6.50	2,512,854
2057/58 Total			8,512,854
2059/60	22/06/2059	4.25	1,763,308
2059/60 Total			1,763,308
2064/65	25/03/2065	2.24	10,000,000
2064/65 Total			10,000,000
2066/67	30/03/2067	2.20	6,200,000
2066/67 Total			6,200,000
2068/69	16/01/2069	2.49	15,000,000
2068/69 Total			15,000,000
Grand Total			117,698,952

SALIX LOAN REPAYMENTS

Financial year	Salix Loan Repayments £000
2024/25	178
2025/26	577
2026/27	531
2027/28	531
2028/29	531
2029/30	455
2030/31	441
2031/32	441
2032/33	221
2033/34	221
2034/35	221
2035/36	221
Total	4,571

Economic Update & Forecasts – produced by Link Group

- The second quarter of 2024 (July to September) saw:
 - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
 - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
 - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.
- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.

- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

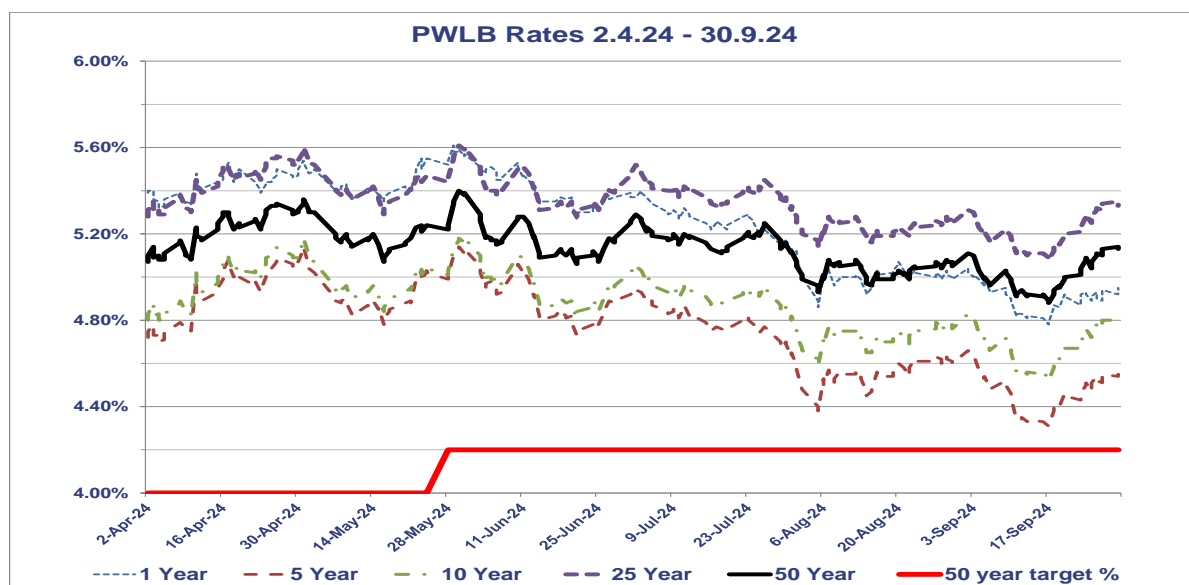
INTEREST RATE FORECASTS AND PWLB RATES – PRODUCED BY LINK GROUP

The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

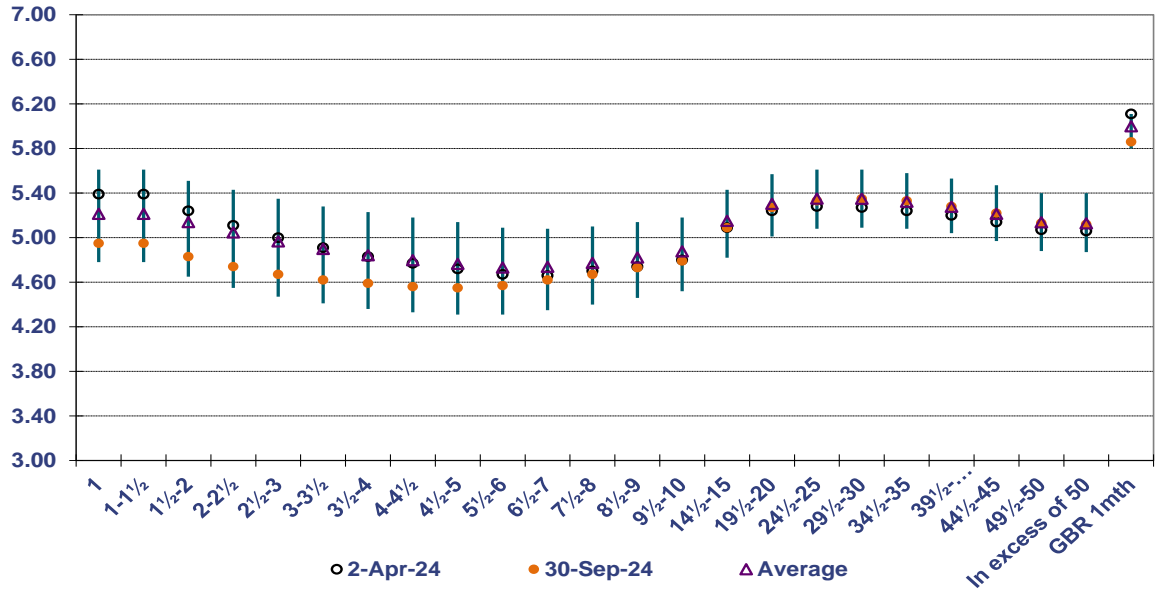
Our latest forecast on 28 May sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View		28.05.24									
		Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE		4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings		4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings		4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings		4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB		4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB		4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB		5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB		4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10



PWLB Certainty Rate Variations 2.4.24 to 30.9.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

- The current PWLB rates are set as margins over gilt yields as follows: -
 - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
 - **PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
 - **PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)
- The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	COUNTY COUNCIL
Date:	6 MARCH 2025
Subject:	CAPITAL STRATEGY 2025 – 2030
Portfolio Holder(s):	Robin Williams – Deputy Leader and Portfolio Holder – Finance & Housing
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 full Council is required to approve the Capital strategy for 2025 – 2030.</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 2025/26 capital budget, which will be approved by the full Council on 6 March 2025.		
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 2025 - 2030		
FF - Background papers (please contact the author of the Report for any further information):		
Council Plan 2023 – 2028 Treasury Management Strategy 2025/26 – will be updated in February 2025 Medium Term Financial Plan – Executive, 24 September 2024 Revenue Budget 2025/26 – Initial Proposals – Executive 21 January 2025		

Ynys Môn

THE ISLE OF

Anglesey

Capital Strategy

2025-2030



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.

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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 Gary Pritchard,
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 2020/21 – 2024/25

	2020/21 £'m	2021/22 £'m	2022/23 £'m	2023/24 £'m	2024/25 (Forecast) £'m
Maintaining Existing Assets	6.934	6.865	9.139	5.678	5.312
Sustainable Communities for Learning	0.951	4.507	6.317	13.160	8.608
Improvements to Leisure Facilities	0.123	0.211	0.336	0.249	1.324
Waste Management	3.213	2.270	0.213	0.099	0.264
Achieving Net Zero	0.052	1.742	1.372	2.379	10.365
Flood Defence Programme	1.481	1.194	2.491	0.567	1.303
EU Grant Funded Projects	2.563	1.361	4.511	0.248	1.041
UK / Welsh Government Grant Funded Projects	3.419	3.590	2.119	3.085	6.374
Schools IT Infrastructure / Equipment	0.596	0.603	0.341	0.320	0.000
Investment Properties	0.091	0.253	0.242	2.835	0.000
Other Grant Funded Projects	1.084	1.140	2.429	2.148	4.571
Housing Revenue Account	12.623	9.723	11.180	19.806	27.841
TOTAL EXPENDITURE	33.129	33.457	40.690	50.574	67.003

Council Plan 2023-2028

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.

The Council Plan's vision is to:-

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

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[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.

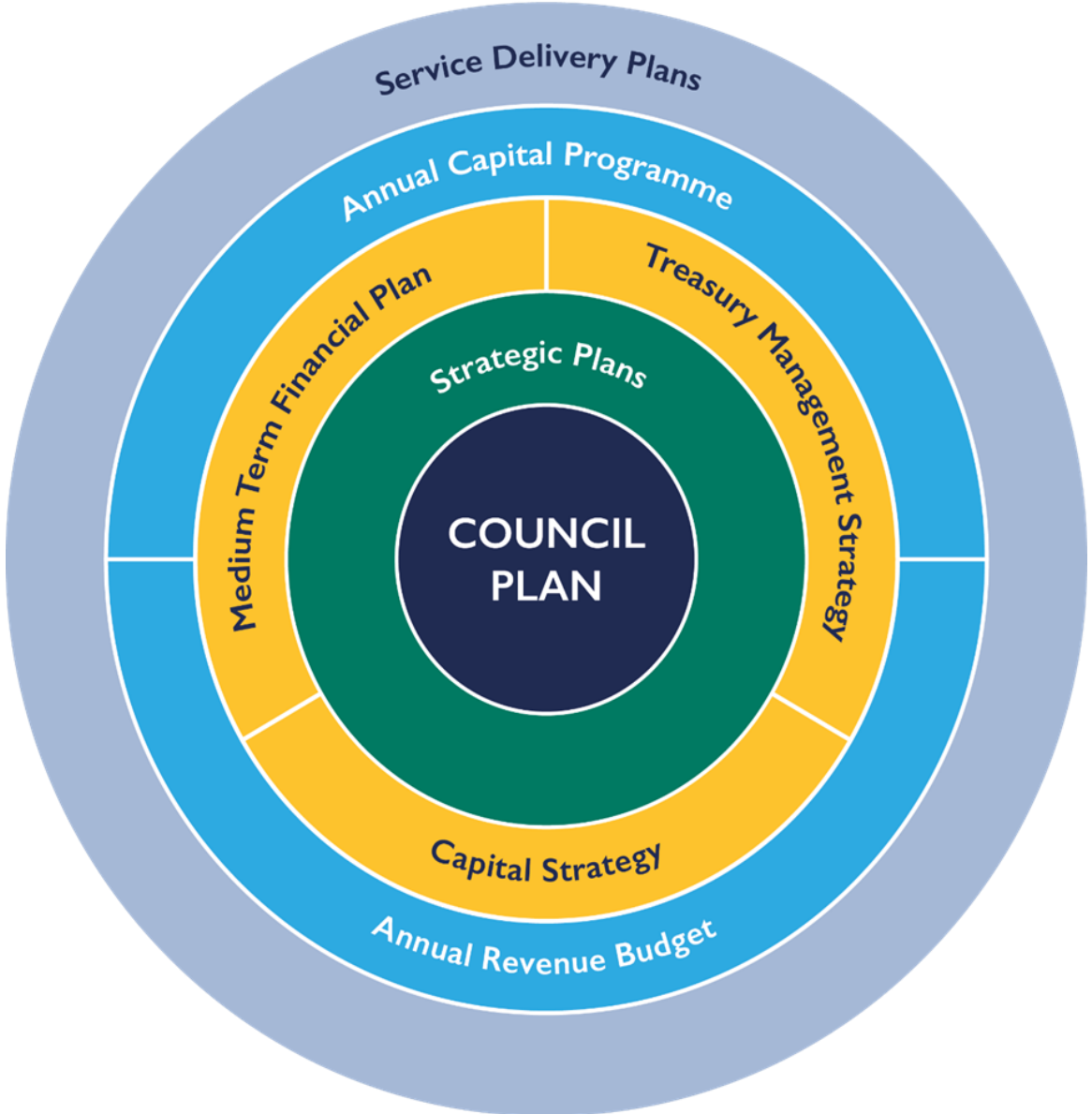


[Council Plan 2023-2028](#)

Strategic Circle

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

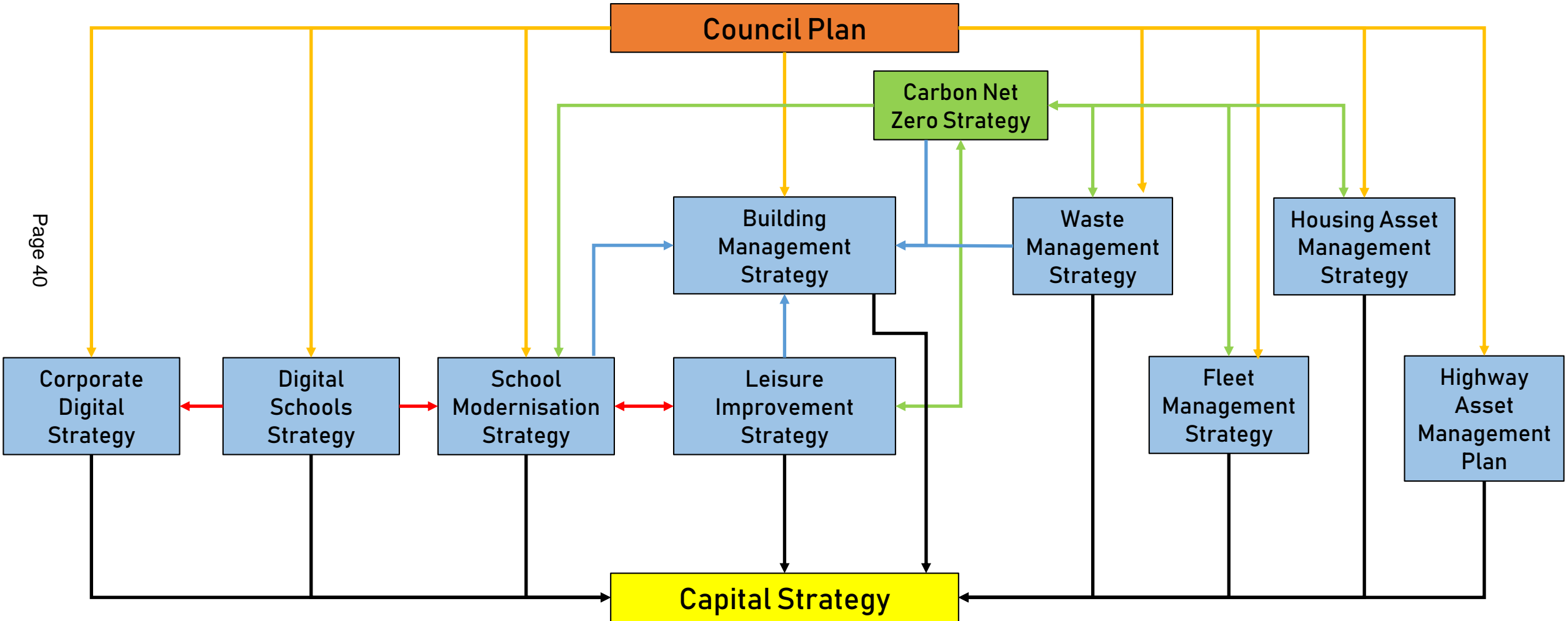
This plan is a key strategic plan that aligns with the Council's Plan and contributes to the achievement of the strategic objectives and vision.



[Council Plan 2023-2028](#)

Relationship between the Council's Plans and Strategies

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- **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.

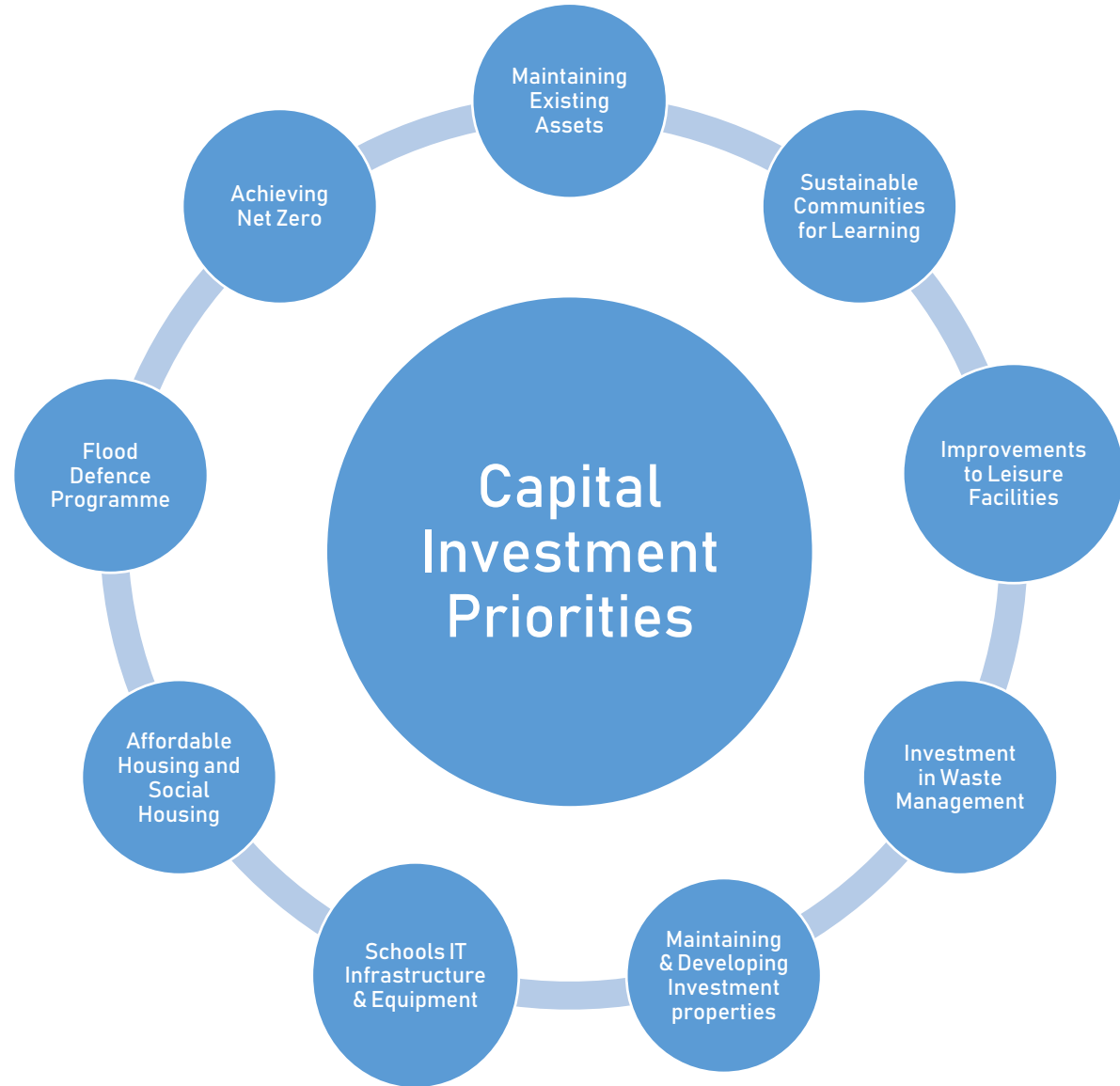
The Annual Capital Programme - The level of capital expenditure and borrowing impacts on the revenue budget due to capital financing costs and any ongoing revenue costs, such as maintenance.

Key priority areas

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

We want to ensure that we:-

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- 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	38	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 minimum

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 Sustainable Communities for Learning 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.

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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 £45.7m, which is made up of:-
 - Business as usual asset renewal, including replacement fleet - £10.6m;
 - Recycling / waste collection service changes to meet targets - £21.6m (with further investment required in additional fleet);
 - Infrastructure changes to support service changes to meet statutory targets - £5.5m;
 - Decarbonisation of fleet and plant equipment - £8.0m.

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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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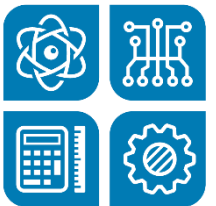


What are we going to do?

- 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 £2.8m of expenditure by 2029/30, 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?

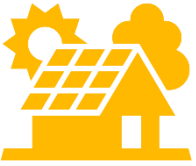
- The Council has followed a strategy of developing new units through grant funding, mainly from the European Union and Welsh Government. Examples of recent developments include new units at Penrhos, Holyhead, and units on the Bryn Cefni Industrial Estate.
- Seeking to develop new units in North Anglesey and Llangefni, with an estimated investment of £12m, but funding has yet to be secured.
- 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 (HRA) 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 £67m will be invested in the existing stock and £45m 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 2025/26 to 2029/30

	Base Case £'m	Ambitious £'m	Ideal £'m
Maintenance of Existing Assets	25.86	36.54	55.42
Sustainable Communities for Learning	0.15	106.86	116.86
Improvements to Leisure Facilities	1.50	3.50	36.50
Waste Management	9.63	37.66	45.72
Achieving Net Zero	5.16	13.97	15.16
Flood Defence Programme	0.11	4.11	10.11
Schools IT Infrastructure / Equipment	0.62	2.74	2.84
Investment Properties	0.48	12.48	12.48
Levelling Up	7.80	7.80	7.80
Housing Revenue Account	87.90	118.41	145.48
TOTAL EXPENDITURE	139.21	344.07	448.37

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- The Base Case utilises the known secured funding. The Ideal scenario is the investment required to achieve all of the Council's objectives and bring all existing assets to an acceptable condition.
- The Ambitious scenario 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 Base Case to the Ambitious at a lower revenue cost, or allow the Council to move from the Ambitious to the Ideal Scenario.
- 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 2025/26 to 2029/30

	Base Case £'m	Ambitious £'m	Ideal £'m
Supported Borrowing	11.67	11.67	11.67
General Capital Grant	13.31	13.31	13.31
Sustainable Communities for Learning – Supported Borrowing	0.00	12.55	16.90
Sustainable Communities for Learning – Unsupported Borrowing	0.15	10.23	13.73
Sustainable Communities for Learning – Welsh Government Grant	0.00	6.18	8.32
Mutual Investment Model Funding (MIM)	0.00	77.90	77.90
Other Welsh Government Grants	5.53	53.50	59.68
Waste Recycling Grants	9.63	9.63	9.63
Capital Receipts	0.50	1.30	1.30
Earmarked Reserves	2.42	3.62	4.05
Levelling Up Funding	7.78	7.78	7.78
HRA Major Repairs Allowance	13.45	13.45	13.45
Other HRA Grants	20.19	32.40	38.40
HRA Reserves and Annual Surplus	28.49	28.49	28.49
Unsupported Borrowing – General Fund	0.30	17.97	78.61
Unsupported Borrowing - HRA	25.79	44.09	65.15
TOTAL FUNDING	139.21	344.07	448.37

Impact of Capital Expenditure on Capital Financing Requirement (CFR) and External Borrowing

	Base Case		Ambitious		Ideal	
	CFR £'m	Borrowing £'m	CFR £'m	Borrowing £'m	CFR £'m	Borrowing £'m
2025/26	154.39	124.70	154.39	124.70	154.39	124.70
2026/27	162.07	132.90	167.05	137.91	173.14	144.11
2027/28	171.07	141.79	183.93	154.80	205.37	176.73
2028/29	174.13	146.76	202.45	175.53	252.42	226.89
2029/30	176.23	149.52	215.74	189.95	293.59	270.62

- 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

	Estimated Net Revenue Expenditure (NRE) £'m	Base Case		Ambitious		Ideal	
		MRP & Interest £'m	MRP & Interest to NRE %	MRP & Interest £'m	MRP & Interest to NRE %	MRP & Interest £'m	MRP & Interest to NRE %
2025/26	195.23	5.10	2.61%	5.10	2.61%	5.10	2.61%
2026/27	201.09	5.20	2.59%	5.28	2.62%	5.50	2.73%
2027/28	206.12	5.24	2.54%	5.58	2.71%	6.47	3.14%
2028/29	210.24	5.32	2.53%	6.36	3.02%	8.74	4.16%
2029/30	214.45	5.32	2.48%	6.82	3.18%	10.62	4.95%

• The net revenue expenditure is assumed to increase by 3% per annum from 2025/26, falling to 2% by 2028/29.

- 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.

Revenue Implications of Capital Expenditure – Housing Revenue Account

	Base Case			Ambitious			Ideal		
	Estimated Net Rental Income (NRI) £'m	MRP & Interest £'m	MRP & Interest to NRI %	Estimated Net Rental Income £'m	MRP & Interest £'m	MRP & Interest to NRI %	Estimated Net Rental Income £'m	MRP & Interest £'m	MRP & Interest to NRI %
2025/26	23.39	1.11	4.74%	23.39	1.11	4.74%	23.39	1.11	4.74%
2026/27	23.96	1.50	6.28%	24.21	1.70	7.04%	24.21	1.89	7.80%
2027/28	24.54	2.02	8.24%	25.03	2.39	9.56%	25.18	2.87	11.40%
2028/29	25.62	2.26	8.83%	26.36	2.80	10.63%	26.66	3.58	13.41%
2029/30	25.76	2.45	9.50%	26.74	3.15	11.77%	27.20	4.21	15.48%

- The net rental income is as per the HRA Business Plan.
- MRP is calculated on the basis of the Council's current MRP Policy – see Treasury Management Strategy.
- 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 MUFG Corporate Markets Treasury Limited 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, £9.75m for 2025/26.
- 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 £440m 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.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	COUNTY COUNCIL
Date:	6 MARCH 2025
Subject:	TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26
Portfolio Holder(s):	COUNCILLOR R WILLIAMS, DEPUTY LEADER AND PORTFOLIO HOLDER FINANCE & HOUSING
Head of Service / Director:	MARC JONES, DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER
Report Author:	CLAIRE KLIMASZEWSKI
Tel:	
E-mail:	ClaireKlimaszewski@ynysmon.llyw.cymru
Local Members:	n/a
A – Recommendation/s and reason/s	
<ul style="list-style-type: none"> • The Council is required to produce and publish an annual Treasury Management Strategy Statement (TMSS) before the start of each financial year. The Council, under the Local Government Act 2003 and Welsh Government Regulations, has to have due regard to the CIPFA Prudential Code and CIPFA Treasury Management Codes, the latest versions of which were published in 2021. • This TMSS complies with the requirements in both codes and sets out all the requirements which must be followed in how the Isle of Anglesey County Council treasury management activities are conducted. This helps to ensure that the Council's investments are secure and sufficiently accessible so that there is enough cash to for day-to-day payments as they fall due. The TMSS, as required by the codes, also provides a framework to ensure that the Council's borrowing levels remain prudent and affordable. • The CIPFA Prudential Code, 2021 (S29), introduced more frequent treasury management monitoring reports. The Council now produces treasury management quarterly reports, culminating in the year-end treasury management outturn report. • These reports provide monitoring information on the forward-looking prudential indicators which are specified in the appendices within the TMSS. The quarterly reports highlight any significant variances from the approved indicators and include forecasts on the Council's borrowing and investments during the year. • Recommendations <ul style="list-style-type: none"> ○ The full Council is required to approve the Treasury Management Strategy for 2025/26. 	
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 County Council? Statutory requirement	
It is a requirement of the Code that the Treasury Management Strategy Statement is approved by the full Council.	
CH – Is this decision consistent with policy approved by the full Council?	
Yes	

D – Is this decision within the budget approved by the Council?		
N/a		
DD – Assessing the potential impact (if relevant)		
1	How does this decision impact on our long term needs as an Island	Treasury management is key to facilitating sustainability for the long-term needs of the Island, as borrowing plans help to fund capital expenditure to ensure assets are available now and into the future. Treasury plans must also be affordable to ensure that future generations are not disadvantaged by Treasury Management decisions taken in the short and medium term.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how:-	The Treasury Management strategy and activity must be affordable to mitigate the impact on the future. Some capital expenditure funded by borrowing, such as Sustainable Communities for Learning and other invest to save schemes funded by borrowing, may help to reduce future costs.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Treasury Management activities often fund capital projects in partnership with other organisations, such as Welsh Government. The 21 st Century Schools Programme / Sustainable Communities for Learning new schools/extensions were / are funded with significant funding from Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	Anglesey Citizens are consulted each year about the annual capital programme, some of which is dependent on Treasury Management activities. More in-depth consultation occurs on some capital projects such as new school builds / school reorganisations.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Newly built assets funded by borrowing will be compliant with the Equality Act and related regulations and guidance. Annual refurbishments and replacement programmes also help to increase accessibility and enable diversity.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The TMSS is required each year.
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.	Some of the projects funded by borrowing have a positive impact on the development and increase of the Welsh Language, such as the Welsh medium schools built as part of the 21 st Century Schools Programme / Sustainable Communities for Learning Programme.

E – Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	
2	Finance / Section 151 (mandatory)	N/A – this is the Section 151 Officer’s report.
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	The strategy statement was reviewed by the Governance and Audit Committee on 11 February 2025 and the Committee recommended that the Executive accept the strategy without amendment.
9	Local Members	
10	Other	
F - Appendices:		
<ol style="list-style-type: none"> 1. Treasury Management Key Principles 2. Economic background 3. Interest rate forecasts 4. Loan maturity profile 5. MRP Policy Statement 6. Specified and non-specified investments 7. Counterparty criteria 8. Approved countries for investments 9. Treasury management scheme of delegation and the role of the Section 151 Officer 10. Prudential and Treasury Indicators 11. Explanation of Prudential and Treasury Indicators 12. Glossary of, and information on, Prudential & Treasury Management indicators 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2024/25 Treasury Management Strategy Statement, approved by the full Council on 7 March 2024 • Annual Treasury Management Review 2023/24, approved by the full Council on 22 October 2024 • 2023/24 Capital Outturn Report, presented to this Committee on 23 July 2024 • 2024/25 Capital Budget Monitoring Quarter 2, presented to the Executive on 26 November 2024 • 2024/25 Treasury Management Mid-Year Report, presented to this Committee on 11 February 2025 • 2025/29 Capital Strategy – Isle of Anglesey County Council, 6 March 2025 		

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2025/26

1. INTRODUCTION

- 1.1 The Treasury Management Strategy Statement (TMSS) 2025/26 provides the framework for day-to-day and medium-term treasury management. It is completed with regard to the CIPFA Prudential Code 2021 and the CIPFA Treasury Code 2021.
- 1.2 The TMSS is a key part of the Council's strategic planning processes to help ensure that the Council is able to achieve its strategic objectives and vision. The Council's strategic circle below shows the Council Plan is central to the work of the Council. All the Council's strategic and operational plans must align with the Council Plan to deliver the services and priorities needed to achieve the strategic objectives of the Plan. The circle shows that the Treasury Management Strategy Statement, alongside the Capital Strategy and Medium-Term Financial Plan, are the key financial strategies to ensure that the Council's financial resources are managed in line with key legislation, CIPFA requirements and are focused on meeting the priorities of the Council. This helps ensure that the Council's finances are targeted at the right functions and services to achieve the Council's goals.



2. BACKGROUND

2.1. CIPFA defines treasury management as:-

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

2.2. Treasury management involves tasks which ensure that there is enough cash in the Council general account to pay day-to-day bills and the investment of surplus cash, over what is needed in the general account. These investments must be in highly secure accounts, such as UK banks with high credit ratings. The Council prioritises security of its funds, in line with the Code, and ensures that enough cash is instantly accessible so that the Council is able to pay suppliers, staff and benefits, at the required payment dates. The last consideration is yield, the Council invests to get the highest interest rate possible within the pool of organisations that are secure and meet the criteria in this strategy. The final element of Treasury Management is managing the Council’s loan portfolio to ensure that the Council’s borrowing is not too high and that the revenue costs of borrowing are affordable.

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

3. ISLE OF ANGLESEY TREASURY MANAGEMENT POLICY STATEMENT

3.1 In addition to the corporate risk policies, register, actions and monitoring, the Council takes its responsibility for good stewardship of public funds seriously and all treasury management practices will have protection of public funds engrained. It is impossible to eliminate all risk, but all treasury management activities will be managed to reduce the risk Council funds are exposed to, as follows:-

3.1.1 Investment decisions will always prioritise security of the investment first. Liquidity is the second consideration, as the Council needs instant access to enough funds to pay day-to-day payments as they fall due. Finally, the Council will seek to maximise income earned on investments only if the investments are highly secure and if there is sufficient instant access to funds.

3.1.2 Bank deposits, or investments in banks or building societies, will only be placed in highly secure banks and building societies with high credit ratings in line with the criteria included in Appendix 7.

3.1.3 Loans to local authorities will be considered after due diligence checks have been completed.

3.1.4 Investments in AAA rated money market funds are permitted.

3.1.5 The Council will aim to keep a minimum of £10m in instant access accounts, if Council balances are sufficient.

3.1.6 The Council is committed to ensuring value for money in its treasury management activities, though within the context of protection of public funds.

3.1.7 The Council will internally borrow if there is sufficient cash balances, particularly when interest rates are rising, to reduce or delay interest payable.

- 3.1.8** If there is a borrowing need for eligible purposes, any borrowing should take into account whether rates are likely to rise or reduce in the medium-term. Short-term loans should mitigate interest payable if rates are likely to reduce in the short or medium-term, and longer-term loans should be considered if interest rates are forecast to increase in the medium to long-term.
- 3.1.9** Treasury management activity supports the achievement of the Council's key priorities and will be aligned with the Capital Strategy and the Medium-Term Financial Plan to ensure that investments are secure, accessible and interest receivable is optimised within secure investments. Borrowing will be based on the requirements of the Capital Strategy 2024/28 and annual programmes, but only if affordable, taking into account the financial scenario at the time and information in the Medium-Term Financial Plan, which is updated regularly.
- 3.1.10** Setting the Treasury Management Strategy cannot be undertaken in isolation, and consideration must be given to the economic situation, as this has an impact on investment interest rates, the cost of borrowing and the financial strength of counterparties.

4. EXTERNAL CONTEXT

- 4.1** A full summary of the economic outlook is set out in Appendix 2. Table 1 below shows the recent Bank of England base rate forecasts, inflation and PWLB rates provided by MUFG Corporate Markets, Limited. (MUFG).

Table 1
Forecast Bank Base Rate, Inflation and PWLB Rates March 2025 to December 2026

	Mar	Jun	Sep	Dec	Mar	June	Sept.	Dec.
	2025	2025	2025	2025	2026	2026	2026	2026
Bank Rate (%)	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%	3.50%
Inflation (OBR October 2024)	2.60%	2.60%	2.60%	2.60%	2.30%	2.30%	2.30%	2.30%
5yr PWLB rate (%)	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%	4.20%
10yr PWLB rate (%)	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%	4.40%
25yr PWLB rate (%)	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%
50yr PWLB rate (%)	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.60%

- 4.2** The Bank of England's (BoE) target inflation, set by the Government, is 2%. Inflation started to creep up beyond this from August 2021, with the CPI rate reaching a high of 11.1% in October 2022 due to the impact of the invasion of Ukraine, which caused significant energy and food price increases. Inflation remained high for longer than anticipated, but started to decrease in April 2023, to 8.7%, with CPI reducing to 7.9% at the end of the first quarter of 2023/24. In 2024/25, inflation has reduced significantly, to the BoE target of 2% achieved in June 2024. Inflation rates continued to decrease in the second quarter, with CPI at 1.7% at 30 September 2024. While the forecasts of CPI for 2025 and 2026 are higher than the 2% target (see Inflation forecast by OBR, October 2024, above in Table 1), these rates are significantly better than in 2022 and 2023.

4.3 At the start of the pandemic, the base rate was reduced to its lowest point at 0.1% in support of the economy. In December 2021, the BoE increased the rate to 0.25%, and then increased the base rate at each meeting of the Monetary Policy Committee (MPC) between 0.25% to 0.75% at its highest increase. In August 2023, the MPC increased the base rate to 5.25%. The rate of 5.25% remained unchanged until 1 August 2024, when the base rate was reduced for the first time since 2020, to 5%, which was also the rate at 30 September 2024. The base rate has since reduced to 4.75%, and the markets are expecting a further cut on 6 February 2025 to 4.5%

4.4 The Council benefits from a higher base rate for investment of surplus cash, which has helped the Council earn more than £1m in interest receivable. However, loans to the Council are more expensive since the BoE started raising interest rates to try to control inflation. External borrowing is, therefore, delayed until cash balances can no longer sustain the use of Council balances to fund capital expenditure (internal borrowing).

5. THE COUNCIL'S CURRENT BORROWING POSITION

5.1 Borrowing PWLB – the Council's PWLB loan portfolio at 31 December 2024 is £117.693m as shown below in Table 2 below. The average rate across both maturing and annuity loans is 4.48%. The significant majority of loans are maturity loans which are repaid at the end of the loan period. Appendix 3 shows the repayment dates of the PWLB loans. No new PWLB loans were taken out during the year to 31 December 2024. This is due to the need to avoid borrowing while interest rates are increasing. Instead, Council cash balances have been used to fund capital expenditure. This is in line with MUFG advice on borrowing in the current economic climate. The opportunity cost of this is that there are less balances to invest, however, borrowing costs are higher than investment yields. To ensure the Council has enough cash to pay creditors and salaries, sufficient cash must remain in instant call accounts. Typically, the interest rates on these are much lower, so the Council is still able to make reasonable savings on interest payable while using cash balances.

**Table 2
Public Works Loans Board (PWLB)**

PWLB Loans at 31 December 2024			
	PWLB Maturity £'000	PWLB EIP/ Annuity £'000	Total PWLB Loans at 31 December 2024 £'000
Loan Outstanding	117,546	147	117,693
Average Life of Outstanding Loans (years)	28.64	3.77	28.61
Average rate (%)	4.47%	9.42%	4.48%

5.2 Borrowing Salix – Salix is a Welsh Government organisation which provides interest free loans and, more recently, grants for projects which support the environment and to help public sector bodies in Wales to work towards achieving their net zero target by 2030. The Council had £4.393m of interest free loans outstanding with Salix at 31 December 2024. These loans are repaid over a period of 8 or 10 years, depending on the agreement, with 2 repayments made per year, per loan. These loans have funded LED street lighting, LED lighting in schools and leisure centres and various other sustainable projects. Appendix 4 shows the payments due for each relevant financial year.

Table 3
Salix Loans at 31 December 2024

Salix Loans at 31 December 2024						
	Salix Loan 2	Salix Loan 3	Salix Loan 4	Salix Loan 5	Salix Loan 6	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Outstanding Balance	46	254	119	1,543	2,431	4,393
Repayment Date	2025/26	2027/28	2029/30	2031/32	2035/36	
Interest rate (%)	-	-	-	-	-	-

6. THE COUNCIL'S INVESTMENT BALANCES AS AT 31 DECEMBER 2024

6.1 The total balance of investments at 31 December 2024 was £22.541m, as shown in Table 4 below. The yield from these investments from 1 April 2024 to 31 December 2024 was £1.207m, with the total interest receivable on the below listed investments expected to be £1.552m for 2024/25. This figure is likely to be higher as new investments are made when these mature, however, cash balances are reducing as the financial year progresses, therefore, not all these investments will be viable to renew on maturity. The interest receivable will be shared on the appropriate basis between the Council Fund, the HRA, schools and external bodies the Council holds funds for, including the Trusts.

Table 4
Investments 1 April 2024 to 31 December 2024

Counterparty	Start Date	End Date	Interest Rate	Investment Amounts 1 April to 31 December 2024	Investment Principal at 31 December 2024	Estimated Interest earned to 31 December 2024	Estimated Total Interest 2024/25 on these Investments
			%	£	£	£	£
Natwest Call Account	01/04/2024	31/03/2025	Variable	11,758,959	6,659,695	266,374	422,199
Nationwide Building Society	08/01/2024	08/04/2024	5.11%	5,000,000	-	63,700	63,700
Santander Uk Plc	09/02/2024	09/05/2024	5.19%	5,000,000	-	63,986	63,986
National Westminster	11/03/2024	11/06/2024	5.23%	5,000,000	-	65,912	65,912
Bank of Scotland Call Account - Lloyds	01/04/2024	31/03/2025	Variable	7,692,214	3,881,375	198,489	352,676
Goldmansachs International Bank	08/04/2024	08/10/2024	5.29%	5,000,000		132,612	132,612
Santander	09/05/2024	08/11/2024	5.07%	5,000,000	-	127,097	127,097
National Westminster	09/05/2024	09/08/2024	5.14%	5,000,000	-	64,778	64,778
National Westminster	11/06/2024	11/12/2024	5.23%	5,000,000	-	131,108	131,108
Santander Uk Plc	08/11/2024	10/02/2025	4.68%	5,000,000	5,000,000	33,978	60,263
Goldmansachs International Bank	08/10/2024	08/01/2025	4.78%	5,000,000	5,000,000	55,003	60,241
Bank of Scotland Call Account - Lloyds	16/12/2024	15/01/2025	4.75%	2,000,000	2,000,000	3,904	7,808
Total					22,541,071	1,206,943	1,552,381

7. IMPACT OF FUTURE PLANS ON BORROWING

- 7.1 Capital expenditure is partly funded from borrowing, therefore, the Capital Strategy and this strategy are closely linked. The capital expenditure summary 2025/26 to 2027/28 presents three options for capital expenditure. All three scenarios take into account the work needed on the Council's assets or whether replacement assets will be needed. The three options are presented as the base case, ambitious and ideal scenarios, with the ideal requirement being the amounts to bring all the Council assets to a high standard or new asset where replacements are needed. The capital expenditure in this strategy uses the first scenario –the base case, due to the significant funding shortfall for 2025/26 and, potentially, for the years beyond.
- 7.2 Table 5 below shows estimated expenditure and funding for the period 2023/24 to 2028/29. For 2025/26 onwards, this is the minimum level of capital investment due to significant funding issues.

Table 5
Estimated Capital Expenditure and Funding 2023/24 to 2028/29

	Actual 2023/24 £'000	Estimated 2024/25 £'000	Estimated 2025/26 £'000	Estimated 2026/27 £'000	Estimated 2027/28 £'000	Estimated 2028/29 £'000
Council Fund - excl. Investment Properties	27,924	39,162	22,207	8,315	7,196	7,061
HRA	19,806	27,841	25,438	26,266	11,368	10,969
Investment Properties	2,844	0	0	0	0	0
Total Expenditure	50,574	67,003	47,645	34,581	18,564	18,030
Capital Grants	29,936	41,670	29,677	14,543	5,351	5,351
Capital Receipts	98	940	500	0	0	0
Reserves & Revenue Contributions	16,376	16,573	7,893	8,983	7,962	8,337
Supported Borrowing	3,991	5,027	3,163	2,126	2,126	2,126
Unsupported Borrowing	38	2,777	6,412	8,929	3,125	2,216
Salix Loans	135	16	0	0	0	0
Total funding	50,574	67,003	47,645	34,581	18,564	18,030

- 7.3 An important factor to consider is the impact of borrowing on the Council's Capital Financing Requirement (CFR). The CFR is the measure of the Council's underlying borrowing need. Borrowing is not limited to external borrowing from PWLB but also the use of the Council's own cash balances (internal borrowing) which have been used to fund capital expenditure. While internal borrowing saves the Council in interest payable costs, the Minimum Revenue Provision (MRP) is charged on the basis of the underlying borrowing need (the CFR), not the actual borrowing. Table 6 shows the CFR for both the Council Fund and the HRA, after the MRP has been deducted. Table 7 shows the actual borrowing taken out by the Authority. The difference between the CFR and the actual borrowing is the amount of internal borrowing. This is also shown in Table 7.

Table 6
Capital Financing Requirement

	Actual 2023/24 £'000	Estimated 2024/25 £'000	Estimated 2025/26 £'000	Estimated 2026/27 £'000	Estimated 2027/28 £'000	Estimated 2028/29 £'000
CFR - Council Fund	108,542	111,141	117,333	119,949	121,352	122,725
CFR - HRA	38,151	38,083	37,057	42,118	49,718	51,409
Total CFR	146,693	149,224	154,390	162,067	171,070	174,134
Net movement in CFR	2,583	2,530	5,166	7,677	9,003	3,064

Table 7
Actual Borrowing and Internal Borrowing (Use of Cash Balances)

	Actual 2023/24 £'000	Estimated 2024/25 £'000	Estimated 2025/26 £'000	Estimated 2026/27 £'000	Estimated 2027/28 £'000	Estimated 2028/29 £'000
External Borrowing	122,410	122,163	124,705	132,899	141,789	146,756
Internal Borrowing	24,283	27,061	29,685	29,168	29,281	27,378
Total CFR	146,693	149,224	154,390	162,067	171,070	174,134

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

7.5 In order to ensure that the Council has sufficient funds available to repay debt as it falls due, the Council is required to make a charge to the revenue account each year, and this charge is known as the MRP. Regulations require that the Council approves a MRP statement in advance of each financial year. The policy for 2025/26 is set out in Appendix 5. The Council's MRP policy was substantially revised in 2018, and again for the financial year beginning 1 April 2022. By making the MRP charge each year, the Council's cash balances are replenished and that, in turn, reduces the level of internal borrowing.

7.6 The Council may choose to pay more MRP in any given year. These overpayments of MRP (which, in the Council's case, are to ensure enough cash for loan repayments) can, if needed, be reclaimed in later years. Up until 31 December 2024, the total overpayments were £216k, and related specifically to the Salix loans where the MRP charged to the revenue account has been calculated on the basis of the life of the loan rather than on the life of the asset which was funded by the loan. This ensures that the Council has sufficient cash to repay the loans when they become due for repayment.

8. BORROWING STRATEGY

8.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent, as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

Against this background, and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- If it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- MUFG's long-term (beyond 10 years) forecast is 3%. All PWLB certainty rates are currently significantly above this rate. Therefore, better value can be gained from short-term investments until the bank rates reduce.

8.2 External v Internal Borrowing

8.2.1 Current conditions indicate a need for a flexible approach to the choice between internal and external borrowing. However, it remains the case that there are certain limitations to externalise borrowing. Careful on-going consideration needs to be given to the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

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

8.2.3 However, short term savings by avoiding new long term external borrowing in 2025/26 must also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing, as PWLB long term rates are now higher. Additionally, the cash flow implications of internalising borrowing require regular review and will limit the potential extent of internalising borrowing.

8.3 Borrowing in Advance of Need

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

8.4 Debt Rescheduling

8.4.1 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated, but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

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

8.5 Borrowing from other Financial Institutions

8.5.1 The PWLB is the Council's main source of borrowing, with some loans from the Welsh Government owned organisation, Salix, for funding of energy efficiency and low carbon projects. The PWLB certainty rate is gilts & 80 basis points (0.8%). Consideration may be given to borrowing from the below:-

- Local authorities;
- UK Municipal Bond Agency – pooled loans;
- Corporate Loans;
- Money Market Funds.

9. DEBT PROFILE

9.1 Appendix 4 shows the maturity information of the Council's borrowing. The existing borrowing is due to be repaid in various years up to 2068/69. The Council aims to ensure that the repayment date is arranged so as to smooth out repayments as far as possible, but priority will be given to the interest rate payable when determining the type of loan (maturity or annuity) and the length of the loan.

Table 8
Maturity Profile of PWLB and Salix Loans, 31 December 2024

Number of Years until Loan Matures	Principal £'000
<1	577
1 to 3	5,403
4 to 6	5,359
7 to 10	3,128
11 to 14	6,411
15 to 22	17,994
23 to 33	50,251
34 to 50	32,963
TOTAL	122,086

10. INVESTMENT STRATEGY AND CREDITWORTHINESS POLICY

10.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The Council aims to have an agile investment strategy appropriate to optimise returns. Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

10.2 Management of Risk

The Isle of Anglesey County Council is one of the smallest local authorities in Wales. It receives the second lowest settlement from Welsh Government, with Merthyr Tydfil receiving the lowest. The Council does not have the large council balances some of the larger authorities hold, though there are larger councils with similar balances or less. Management of risk is the primary consideration for all of the Council's investments.

10.2.1 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, with the Council's risk appetite being for low-risk investments only.

10.2.2 Minimum acceptable **credit criteria** (Appendix 7) are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

10.2.3 **Other information:** ratings will not be the sole determinant of the quality of an institution: It is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

- 10.2.4** Investments can be specified or non-specified (Appendix 7 defines these and provides further information. The Council, in line with its requirement for investing in low risk investments, will only invest in specified investments.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year, or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year and / or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
- 10.2.5** Lending limits (amounts and maturity) for each counterparty will be set through applying the matrix table as set out in the Creditworthiness section of this strategy.
- 10.2.6** This Council will set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 10).
- 10.2.7** The Council will only invest in counterparties outside the UK if the credit ratings are AAA or above and if there are exceptional circumstances, such as the creditworthiness of UK investments are compromised. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see Appendix 9).
- 10.2.8** This Council has engaged **external consultants** to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
- 10.2.9** All investments will be denominated in **sterling**.

10.3 Creditworthiness Policy

- 10.3.1** The primary principle governing the Council's investment criteria is the security of its investments. After this main principle, the Council will ensure that:-
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
 - It will only invest in counterparties which have credit ratings as outlined in Appendix 7.
- 10.3.2** As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by MUFG.
- 10.3.3** The MUFG creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
- All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- 10.3.4** Significant levels of downgrades to short and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Accordingly, when setting minimum sovereign debt ratings, the Council will not set a minimum rating for the UK.

10.4 Country Limits

The Council has determined that, with the exception of the UK, it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria, as at the date of this report, are shown in Appendix 8. This list will be added to or deducted from by officers should ratings change in accordance with this policy. In practice, investments tend to be placed in UK banks for security reasons. The list is included for the unlikely event of there being an exceptional need to invest in highly secure counterparties in other countries. For example, in the event of UK banks losing their creditworthiness and failing the specific Counterparties Council's criteria.

11. GOVERNANCE AND CONTROL

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

- 11.2** Corporate Governance includes the following elements:-

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

11.3 Role of the Section 151 Officer and Members

- 11.3.1** The Section 151 Officer is responsible for ensuring that matters relating to Treasury Management and Capital Financing are taken into account and reported to the Executive / full Council for consideration, and that procedures are established to monitor performance.
- 11.3.2** The Section 151 Officer must ensure that prudential indicators are set and monitored in order to demonstrate the legislative requirement that the Council's financial plans are affordable.
- 11.3.3** Members also play an important role in not just authorising the relevant decisions but also in scrutinising treasury management processes, decisions and performance. In order to undertake this role, the CIPFA Treasury Management Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Governance & Audit Committee, the Committee's members received training in treasury management, delivered by the appointed treasury management consultants on 14 September 2022. Further training will be arranged when required. The training needs of treasury management officers are regularly reviewed and addressed.
- 11.3.4** The Council officers involved in treasury management activities have comprehensive knowledge and skills for managing the treasury management function. The Section 151 Officer plays a key role in Treasury Management and approves or rejects any investments proposed by the team. The Council also provides training to increase the knowledge and skills for those responsible for management, delivery, governance and decision making.

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

11.3.6 The Treasury Management Scheme of Delegation and a fuller explanation of the role of the Section 151 Officer is set out in Appendix 9.

12. TREASURY MANAGEMENT ADVICE

12.1 The Council uses MUFG Corporate Markets Treasury Limited (MUFG) (formerly called Link Group) as its external treasury management advisors. In accordance with procurement regulations, the Council retendered this service during early 2021, for the period 1 April 2021 to 31 March 2025, with an option to extend for two years, with Link Group, Treasury Solutions being the successful tender.

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

13. PRUDENTIAL AND TREASURY INDICATORS

13.1 The Prudential and Treasury Indicators set out in Appendix 10 cover affordability, prudence and sets out limits for capital expenditure, external debt, the liability benchmark and the maturity structure of borrowing. It is for the Council to set the Prudential Indicators and it is important to not just consider the indicators for each individual year in isolation, but also to consider the past performance and the future forecasts. A fuller explanation of the purpose of each indicator is set out in Appendix 10.

14. REPORTING

14.1 The Council is required to receive and approve, as a minimum, five main reports each year, which incorporate a variety of policies, estimates and actuals.

- Prudential and Treasury Management Indicators and Treasury Strategy - the first and most important report (this report) is forward looking and covers:-
- the Treasury Management Strategy (how the investments and borrowings are to be organised), including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function); and
- the capital plans (including the associated prudential indicators).

14.2 Quarterly treasury management monitoring reports - these will update Members with the progress of the capital position, amending prudential indicators as necessary and whether the treasury strategy is meeting its objectives or whether any policies require revision.

14.3 An annual treasury year-end report - this is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

14.4 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance & Audit Committee for the mid-year and year-end reports. The Executive will scrutinise the quarter 1 and quarter 3 reports, which were introduced by the Prudential Code 2021.

15. CONCLUSION

15.1 In summary, the Treasury Management Strategy Statement for 2025/26 continues the strategy of prudent approach to borrowing, in order to limit the revenue implications, and using internal borrowing where cash balances allow. The investment strategy continues the policy of ensuring the security and liquidity of deposits over yield.

15.2 It is envisaged that, over the lifetime of the strategy, that the continued use of reserves to contribute to fund the revenue budget and the use of the Housing Revenue Account to fund capital expenditure will reduce cash balances significantly. An increased level of borrowing will have to be undertaken in order to fund the Council's capital programme, whilst still maintaining sufficient cash balances to fund liabilities as they fall due.

The CIPFA Treasury Management in the Public Services: Code of Practice – provided by MUFG Corporate Markets Treasury Limited (formerly Link Group)

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

Key Principle 1:

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

Key Principle 2:

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

Key Principle 3:

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

The Code then goes on to say that:-

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

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

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

1. The Authority will create and maintain, as the cornerstones for effective treasury management:-
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - suitable treasury management practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

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

2. The County Council, Executive Committee and the Governance & Audit Committee will receive reports on the Authority's treasury management policies, practices and activities, including: an annual strategy and plan in advance of the year, a mid-year review report and an annual report after its close, in the form prescribed in the TMPs.
3. The County Council / Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The Section 151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Authority nominates the Governance & Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies.

Economics and Interest Rate update - produced by MUFG Corporate Markets Treasury Limited (formerly Link Group)

- The third quarter of 2024/25 (October to December) saw:
 - GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
 - The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
 - CPI inflation increase to 2.6% in November;
 - Core CPI inflation increase from 3.3% in October to 3.5% in November;
 - The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
 - 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).

The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)

This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing that price pressures are reaccelerating.

After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024

The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.

December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.

The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.

CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.

Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.

The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

MPC meetings: 7th November & 18th December 2024

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

2. Interest rate forecasts

The Council has appointed MUFG Corporate Markets (formerly Link Group) as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 11th November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30th October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of 2025, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Moreover, Donald Trump's victory in the US President election paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of any further tax cuts and an expansion of the current US budget deficit.

Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound.

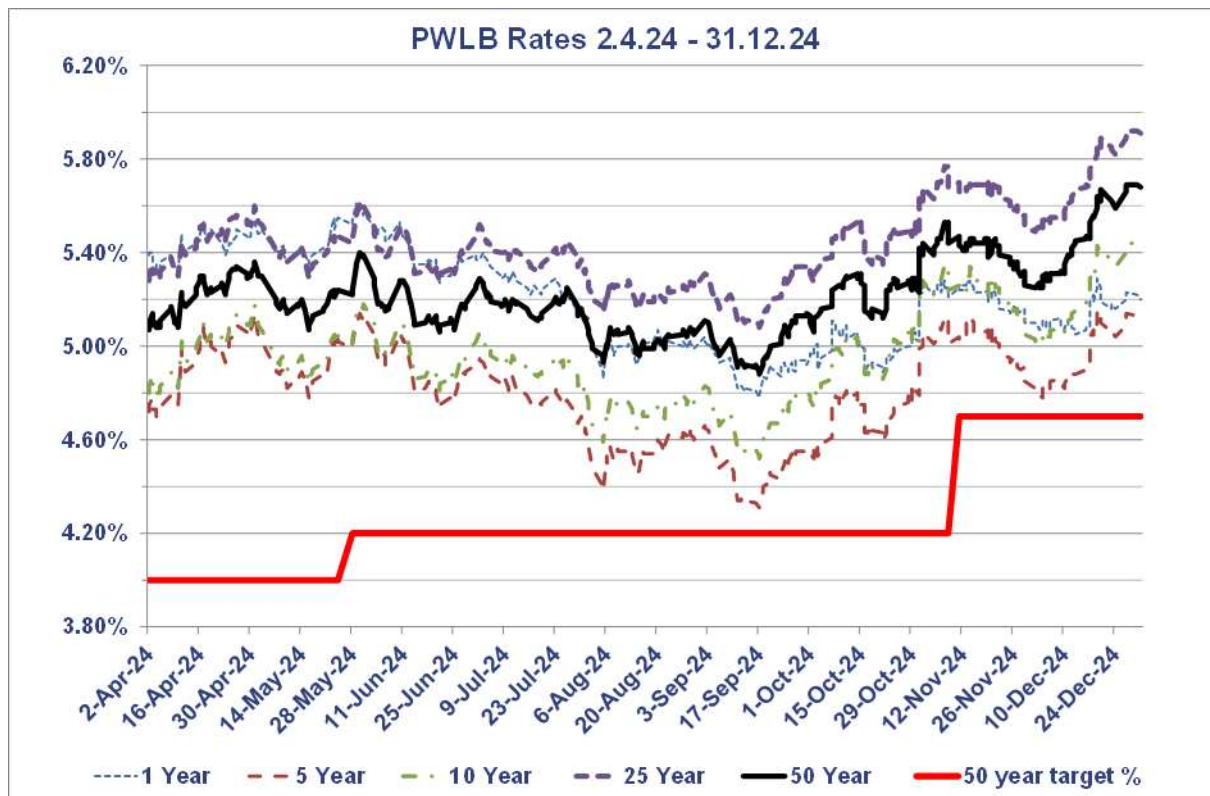
In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link November Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

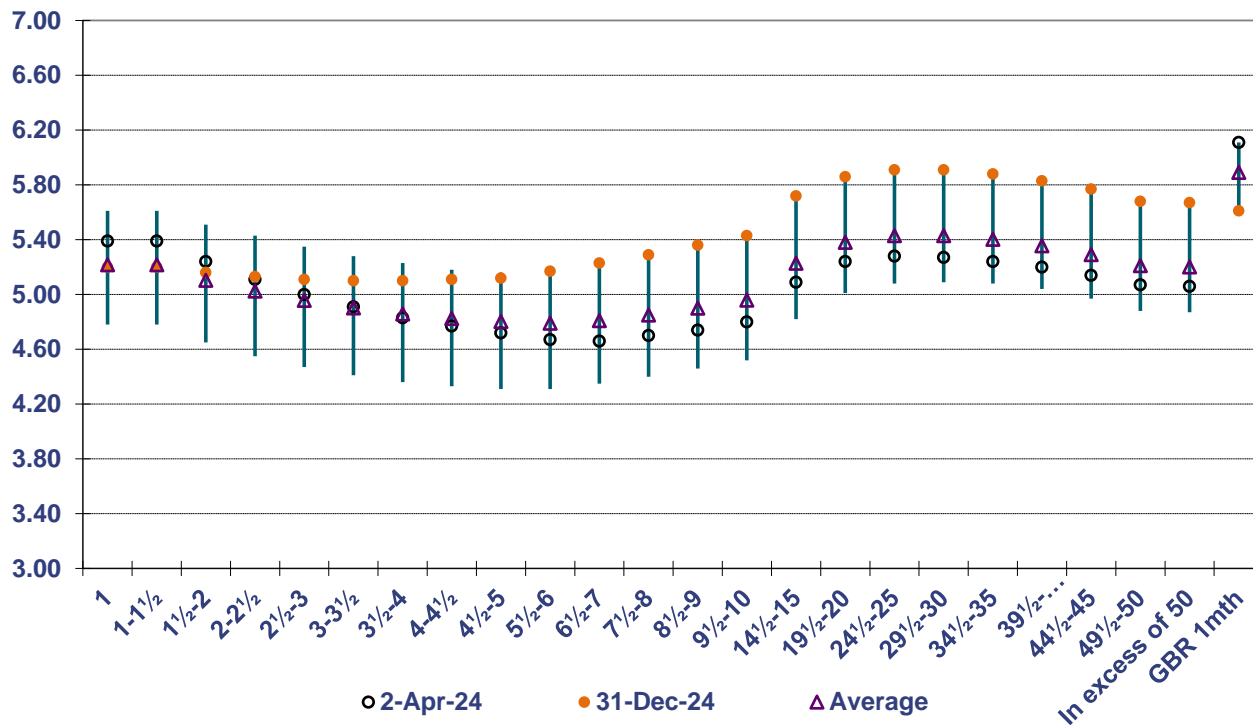
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 2.4.24 to 31.12.24



PWLB Certainty Rate Variations 2.4.24 to 31.12.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 31.12.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
31/12/2024	5.20%	5.12%	5.43%	5.91%	5.68%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.16%	5.44%	5.92%	5.69%
High date	29/05/2024	19/12/2024	19/12/2024	19/12/2024	27/12/2024
Average	5.22%	4.80%	4.96%	5.43%	5.21%
Spread	0.83%	0.85%	0.92%	0.84%	0.81%

PWLB Loans Repayment Dates at 31 December 2024

Financial year	Loan Maturity Date	Interest Rate %	Repayment Amount £
2026/27	01/04/2026	3.67	527,601
	30/09/2026	8.63	853,800
2026/27 Total			1,381,401
2027/28	01/04/2027	3.73	490,601
	19/08/2027	5.20	1,000,000
	30/09/2027	7.00	674,502
2027/28 Total			2,165,103
2028/29	01/04/2028	3.80	262,440
	01/03/2029	9.50	17,135
2028/29 Total			279,575
2029/30	01/04/2029	3.85	684,697
	09/05/2029	9.25	3,356
	06/06/2029	9.38	11,111
	01/09/2029	9.25	6,210
	30/09/2029	8.63	853,800
	06/12/2029	9.25	10,936
2029/30 Total			1,570,110
2030/31	01/04/2030	3.91	450,706
	09/05/2030	9.38	7,919
	01/09/2030	9.75	12,901
	09/11/2030	9.75	4,365
	06/12/2030	9.75	9,074
	01/03/2031	9.25	7,140
2030/31 Total			492,105
2031/32	01/04/2031	3.96	660,449
	30/09/2031	8.63	1,280,700
2031/32 Total			1,941,149
2032/33	01/04/2032	4.01	314,886
	06/06/2032	9.25	24,731
	06/12/2032	9.50	30,954
	01/03/2033	9.88	1,168
2032/33 Total			371,739
2033/34	01/04/2033	4.05	636,565
2033/34 Total			636,565
2034/35	01/04/2034	4.09	623,834
2034/35 Total			623,834
2035/36	01/04/2035	4.13	611,357
2035/36 Total			611,357
2036/37	01/04/2036	4.16	599,130
2036/37 Total			599,130
2037/38	01/04/2037	4.18	587,147
2037/38 Total			587,147
2038/39	01/04/2038	4.20	225,467
2038/39 Total			225,467

Financial year	Loan Maturity Date	Interest Rate %	Repayment Amount £
2039/40	15/04/2039	4.95	5,000,000
2039/40 Total			5,000,000
2040/41	15/04/2040	4.95	3,500,000
2040/41 Total			3,500,000
2042/43	01/04/2042	4.25	999,781
2042/43 Total			999,781
2043/44	01/04/2043	4.25	1,020,120
2043/44 Total			1,020,120
2044/45	01/04/2044	4.25	1,009,718
2044/45 Total			1,009,718
2045/46	01/04/2045	4.25	11,464,215
2045/46 Total			11,464,215
2050/51	16/01/2051	4.15	2,000,000
2050/51 Total			2,000,000
2052/53	19/05/2052	4.05	5,000,000
	12/10/2052	4.55	4,300,000
	09/11/2052	4.55	6,138,400
	20/11/2052	4.20	6,800,000
	11/12/2052	4.25	6,000,000
2052/53 Total			28,238,400
2054/55	06/05/2054	8.38	3,000,000
2054/55 Total			3,000,000
2055/56	15/11/2055	8.00	1,500,000
	15/12/2055	7.88	2,000,000
2055/56 Total			3,500,000
2056/57	15/04/2056	7.13	3,000,000
	10/10/2056	7.88	2,000,000
2056/57 Total			5,000,000
2057/58	15/04/2057	7.13	6,000,000
	15/10/2057	6.50	2,512,854
2057/58 Total			8,512,854
2059/60	22/06/2059	4.25	1,763,308
2059/60 Total			1,763,308
2064/65	25/03/2065	2.24	10,000,000
2064/65 Total			10,000,000
2066/67	30/03/2067	2.20	6,200,000
2066/67 Total			6,200,000
2068/69	16/01/2069	2.49	15,000,000
2068/69 Total			15,000,000
Grand Total			117,693,078

Salix Loans Repayment Dates

Financial year	Salix Loan Repayments £
2025/26	577,033
2026/27	531,413
2027/28	531,413
2028/29	531,413
2029/30	454,613
2030/31	441,413
2031/32	441,413
2032/33	220,977
2033/34	220,977
2034/35	220,977
2035/36	220,977
Total	4,392,618

Minimum Revenue Provision (MRP) Policy Statement 2025/26

The Council is required to pay off an element of the accumulated Council Fund and HRA capital spend funded by borrowing, each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP),

The Welsh Government statutory guidance requires the Council to approve a MRP Statement in advance of each year. The guidance also states "if it is ever proposed to vary the terms of the original statement during the year, a revised statement should be put to the Council at that time". A variety of options is provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Policy Statement:-

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

Capital expenditure incurred each year will not be subject to a MRP charge until the following financial year or, in some cases, at the discretion of the Section 151 Officer, the year after the asset becomes operational where the costs incurred on the asset are £5m or higher.

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

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

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

The Council retains the right to make additional voluntary revenue provision (VRP) to reduce debt if deemed prudent for the Council Fund and / or the HRA

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to date are £0.216m and £12.386m from the over-provision of MRP following the change in MRP policy in 2018.

Leased Assets into the Authority

MRP in respect of right of use assets leased into the Council or PFI (Private Finance Initiative) will, from 1 April 2024, be charged at an amount equal to the principal element of the annual repayment.

Capitalisation Directive

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

Loans to Third Parties

In the exceptionally rare event of the Council providing a loan to a third party. For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments. The capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP. Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

Specified and Non-Specified Investments

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

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

- (a)** the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling; and
- (b)** the investment is not a long-term investment (*); and
- (c)** the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]; and
- (ch)** the investment is made with a body or in an investment scheme of high credit quality (**); or with one of the following public-sector bodies:
 - (i)** the United Kingdom Government;
 - (ii)** a local authority in England or Wales (as defined in Section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland;
 - (iii)** a parish or community council.

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

During 2025/26, the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will, therefore, be limited to (i) long-term investments; and (ii) deposits with the Council's own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance, balances will be minimised as far as is possible

The table in Appendix 7 set out the investment criteria and limits for the categories of investments intended for use during 2025/26 and, therefore, form the basis for the approved lending list.

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

Counterparty Criteria Investments

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
NatWest Bank business account and cash manager – when amounts are held in the NatWest as part of operational banking. The following amounts and limits will apply to ensure adequate cash is available to pay bills as they fall due.	F1	P-1	A-1	A+	A1	A+	1) £20m to £25m 2) £15m to £20m 3) £10m to £15m	5 working days 1 month 2 months
UK Central Government (irrespective of credit rating)	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities*	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

*as defined in the Local Government Act 2003

Notes and Clarifications

(1) Cash Limit

- (i) The cash limits apply both to the individual counterparty and to the overall group to which it belongs (e.g. for the banks within the Lloyds Banking Group plc (being Bank of Scotland plc and Lloyds Bank plc), the investment limit applies to those banks individually and the banking group as a whole);
- (ii) The overall cash limit for deposits over 364 days is £15m.

(2) Time Limit

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

(3) Foreign Countries

- (i) Investments in foreign countries will be limited to those that hold a sovereign credit rating of (Fitch) AAA or equivalent (from the agencies referred to in section 4.3 of this strategy) sovereign credit rating (based upon the lowest common denominator), and to a maximum of £5m per foreign country.
- (ii) Investments in countries whose lowest sovereign rating is not AA or above will not be permitted. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.
- (iii) Subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidary relationships.

(4) Credit Rating Downgrade

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

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

Approved countries for investments [correct as at 25 November 2024]

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

Based on lowest available rating

AAA

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

AA-

- U.K.

Treasury management scheme of delegation

(i) County Council

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

(ii) Executive Committee

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

(iii) Governance & Audit Committee

- Scrutiny of Treasury Management matters as required by CIPFA's Code of Practice on Treasury Management and the Council's Treasury Management Policy. This includes:-
 - scrutinising the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and making recommendations to the Executive Committee and County Council as appropriate;
 - scrutinising proposals for amendments to the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and to the adopted clauses and making recommendations to the Executive and County Council as appropriate;
 - receiving and scrutinising any other proposals relating to the Treasury Management which require a decision by the Executive or County Council; and
 - receiving and scrutinising the Treasury Management mid-year report and Treasury Outturn report monitoring reports on treasury management policies, practices and activities and make recommendations to the Executive and County Council as appropriate.

The Treasury Management role of the Section 151 Officer

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

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

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

PRUDENTIAL INDICATORS FOR 2023/24 – 2028/29

	Prudential Indicators	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Affordability		Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	Council Fund	3.16%	3.01%	2.61%	2.59%	2.54%	2.53%
	Housing Revenue Account (inclusive of settlement)	5.09%	6.04%	4.74%	6.28%	8.24%	8.83%
	Total	3.77%	3.62%	3.00%	3.43%	4.14%	4.41%
Prudence							
3	Gross debt and the Capital Financing Requirement (CFR)						
	<i>Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?</i>	✓	✓	✓	✓	✓	✓
Capital Expenditure							
4,5	Estimates of [or actual] capital expenditure	£'000	£'000	£'000	£'000	£'000	£'000
Page 101	Council Fund	30,768	39,162	22,207	8,315	7,196	7,061
	Housing Revenue Account	19,806	27,841	25,438	26,266	11,368	10,969
	Total	50,574	67,003	47,645	34,581	18,564	18,030
6,7	Estimates of [or actual] Capital Financing Requirement	£'000	£'000	£'000	£'000	£'000	£'000
	Council Fund	108,542	111,141	117,333	119,949	121,352	122,725
	Housing Revenue Account	38,151	38,083	37,057	42,118	49,718	51,409
	Total	146,693	149,224	154,390	162,067	171,070	174,134
8	Authorised Limit	£'000	£'000	£'000	£'000	£'000	£'000
	General Borrowing	154,390	162,067	171,070	174,134	176,230	181,461
	Other long term liabilities	5,000	5,000	5,000	5,000	5,000	5,000
	Total	159,390	167,067	176,070	179,134	181,230	186,461

Information on Prudential & Treasury Management indicators

PRUDENTIAL INDICATORS

A) Affordability

1 & 2 Ratio of financing costs to net revenue stream

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

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

B) Prudence

3 Gross Debt and the CFR

The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

C) Capital expenditure

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

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

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

4 & 5 Estimates of Capital Expenditure

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

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

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

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

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

CH) External Debt

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

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

9. **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.
10. **Actual external debt.** The Council has to disclose the closing balance for actual gross borrowing in respect of the financial period just ended, together with the level of other long-term liabilities, and so the actual aggregate level of external debt at the Balance Sheet date.

TREASURY INDICATORS

11. **Limits for Long Term Treasury Management Investments.** This Indicator is seeking to support control of liquidity risk. The limits should be set with regard to the Council's liquidity needs and also reduce the potential need to have to make early exit from an investment in order to recover funds. The indicator relates solely to the Council's investments for treasury management purposes.
12. **Maturity Structure of Borrowing.** The Council is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the Council's exposure to large sums falling due for refinancing.
13. **Liability Benchmark.** The new prudential indicator for 2025/26 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years.

There are four components to the LB: -

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

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

Glossary

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL FINANCING REQUIREMENT

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CIPFA

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

HOUSING REVENUE ACCOUNT (HRA)

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

INTEREST RECEIVABLE OR PAYABLE

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

MINIMUM REVENUE PROVISION (MRP)

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

NET DEBT

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

PUBLIC WORKS LOANS BOARD (PWLB)

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

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

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

REVENUE SUPPORT GRANT

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

SUPPORTED BORROWING

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

UNSUPPORTED BORROWING

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

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	COUNTY COUNCIL
Date:	6 MARCH 2025
Subject:	MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2025/26
Portfolio Holder(s):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE & HOUSING
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>At its meeting on 27 February 2025, the Executive considered the final budget report, which included the updated figures from the final Welsh Local Government Settlement 2025/26, the results of the budget consultation process, the Section 151 Officer’s assessment on the robustness of the final estimated net revenue budget, a review of the general and specific reserves and an update of the medium term financial plan, which gives an estimate of the budget position for 2026/27 and 2027/28. The report is attached as Appendix A.</p> <p>The final Welsh Local Government Settlement included a floor, which raised the minimum increase for local authorities to 3.8%. As Anglesey’s provisional settlement was an increase of 3.6%, Anglesey’s final settlement increased by £277k, to £135.881m. In addition, the final settlement noted that a further grant of £30m across Wales, would be provided by the Welsh Government (WG) to help meet the costs faced by local authorities in caring for elderly clients at home or in residential or nursing care, rather than clients having to go to hospital. This additional £30m will provide the Council with around £750k in additional grant funding.</p> <p>Having considered all of the above information, the Executive has proposed the following amendments to the initial budget proposal:-</p> <ul style="list-style-type: none"> • That the proposal to begin making a service charge for industrial and business units is not implemented in 2025/26. This increases the net revenue budget by £32,500, but this is offset by an equal reduction in the in-year budget contingency. • That the proposal to reduce the combined number of days that the Council’s recycling centres are open from 10 days to 8 days is not implemented in 2025/26. This increases the net revenue budget by £60k, which is funded from the increased funding received from WG. • That £217k is allocated to meet future costs of replacing IT equipment in schools which were initially purchased through a WG grant. It is a condition of the grant that the Council replaces equipment when it becomes due for renewal. • That the proposed Council Tax increase is reduced by 1%, to 8.5%. This reduces income generated through Council Tax by £528k, but is partly offset by a reduction of £68k in the inflationary increase to the Council Tax Reduction Scheme (CTRS) budget. The net shortfall of £460k will be funded from the Council’s general balances, but these balances will be replenished from the additional grant funding for Social Care when it is received. 	

The net effect of the amendments to the budget shown above are as follows:-

Final Budget Proposal 2025/26	£'m	£'m
Initial Net Revenue Budget Proposal		195.234
Savings Proposals Not Implemented		
Service Charges for Industrial and Business Units	0.033	
Reducing Opening Days for Recycling Centres	0.060	
		0.093
Other Budget Adjustments		
Reduce Contingency Budget	(0.033)	
Reduce CTRS Budget to reflect lower increase in Council Tax	(0.068)	
Additional Fund to purchase schools' IT equipment	0.217	
		0.116
Final Net Revenue Budget 2025/26		195.443
Funded By:-		
Revenue Support Grant	110.784	
Share of Non Domestic Rates Pool	25.097	
Council General Balances	2.460	
Council Tax	57.102	
Total Funding		195.443

The analysis of the budget per Service is attached as Appendix B.

The adoption of the proposed budget will impact on the Council's funding position for 2026/27 and 2027/28. The position for the 2 financial years is summarised in the table below. A fully revised medium term financial plan for the financial years 2026/27 to 2028/29 will be submitted to the Executive for consideration in September 2025.

Medium Term Financial Plan	2026/27 £'m	2027/28 £'m
Net Revenue Budget B/F	195.443	201.455
Budget Pressures and Inflation	6.012	5.347
Savings B/F from previous year	0.000	(2.899)
Revised Standstill Budget	201.455	203.903
Aggregate External Finance (AEF) (assuming 2.0% rise in 2026/27 and 2027/28)	138.599	141.371
Council Tax (assuming 5% rise in 2026/27 and 4% in 2027/28)	59.957	62.355
Total Funding	198.556	203.726
Additional Funding Requirement / Savings Required	2.899	0.177
Main Assumptions		
Pay Awards – Non Teaching	2.0%	3.0%
Pay Awards - Teaching	2.0%	3.0%
General Inflation	2.0%	2.0%

Recommendation

The Council is requested to consider the final revenue budget proposal for 2025/26 as recommended by the Executive:-

- To set the net revenue budget for 2025/26 as £195.443m.
- To increase the Band D Council Tax by 8.5% (7.85% for Council Services and 0.65% to meet the increase in the Fire Service levy). This takes the Band D charge to £1,705.95, an increase of £133.65 (£2.57 per week).
- To confirm that the level of Council Tax premium remains at 100% for both empty and second homes.
- To adopt the draft Council Tax resolution, as set out in the Agenda for the Council meeting on 6 March 2025.

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

A number of options have been considered in drawing up the budget proposal. The Executive is of the opinion that the budget proposal sets the correct balance between investing in Council services and raising Council Tax, whilst ensuring the future financial sustainability of the Council.

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 2025/26 revenue budget will be taken by the full Council at its meeting on 6 March 2025.

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?	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 WG 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. Discussions on the budget proposals have also taken place at :- School Finance Forum; Older People's Forum; Town and Community Council Forum.

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 2025/26 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.
E - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	The Chief Executive and LT 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 19 February 2025. The Committee resolved to support the budget proposal.
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 A – Report on Medium Term Financial Strategy and Budget 2025/26 – Executive Committee 27 February 2025 • Appendix B – Summary of the Proposed Revenue Budget 2025/26 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 2025/26 – Executive Committee – 21 January 2025 • Initial Budget Proposals for 2025/26 – Corporate Scrutiny Committee – 15 January 2025 • Medium Term Financial Plan for 2023/24 to 2024/25 – Executive Committee – 24 September 2024 		

FINAL REVENUE BUDGET PROPOSAL 2025/26 BY SERVICE

	Final Proposed Budget 2025/26 £'m
Education and Culture	71.135
Adult Services	43.048
Children's Services	17.556
Housing Services	2.036
Highways, Waste and Property	20.757
Regulation and Economic Development	6.077
Corporate Transformation	8.109
Resources	4.225
Council Business	2.213
Corporate Management	0.823
Total Service Budgets	175.979
Corporate and Democratic Costs	2.238
Recharges to HRA	(0.840)
Support for Local Housing Help to Buy Schemes	1.000
Levies	5.277
Capital Financing	4.637
Benefits Granted	0.110
Discretionary Rate Relief	0.106
Council Tax Reduction Scheme	7.349
National Insurance Grant	(2.000)
Total Allocated Budgets	193.856
General & Other Contingencies	1.587
Total Budget 2025/26	195.443
Funded By:-	
Revenue Support Grant	110.784
Non Domestic Rates	25.097
Council Tax (Including Council Tax Premium)	57.102
Council Reserves	2.460
Total Funding	195.443

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	27 FEBRUARY 2025
SUBJECT:	MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2025/26
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE & HOUSING
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 2025/26 REVENUE BUDGET

1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2025/26 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 6 March 2025. The matters requiring agreement are:-

- The Council's Revenue Budget and resulting Council Tax for 2025/26;
- 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 2025/26, 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. 2025/26 REVENUE BUDGET AND COUNCIL TAX RECOMMENDATIONS

The Executive is requested :-

- To determine how to allocate the additional funding received and agree the final details of the Council's proposed budget, ;
- To note the Section 151 Officer's recommendation that the Council should maintain a minimum of £9.75m 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 set and recommend the final net budget for the County Council and resulting increase in the level of Council Tax 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 6 March 2025;

<ul style="list-style-type: none"> • 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 and empty homes is maintained 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 2025/26 revenue budget will be taken by the full Council at its meeting on 6 March 2025.		
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. Discussions on the budget proposals have also taken place at :- School Finance Forum Older People's Forum Town and Community Council Forum
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 2025/26 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 19 February 2025. 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 2025/26 by Service • Appendix 3 – Detailed Report on the Budget Consultation 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Initial Budget Proposals for 2025/26 – Executive Committee – 21 January 2025 • Initial Budget Proposals for 2024/25 – Corporate Scrutiny Committee – 15 January 2025 • Medium Term Financial Plan for 2023/24 to 2024/25 – Executive Committee – 24 September 2024 		

1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2025/26 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 2024, and can be summarised as follows:-

Table 1
Medium Term Financial Plan 2025/26 to 2027/28

	2025/26 £'m	2026/27 £'m	2027/28 £'m
Net Revenue Budget B/F	184.164	196.005	189.634
Budget Pressures and Inflation	11.841	6.012	5.347
Savings B/F from previous year	0.000	(12.383)	(0.697)
Revised Standstill Budget	196.005	189.634	194.284
Aggregate External Finance (AEF) (assuming 1.0% rise in 2025/26 and 2.0% rise in 2025/26 and 2027/28)	128.862	131.439	134.016
Council Tax (assuming 5% rise in 2025/26, 2026/27 & 2027/28)	54.760	57.498	60.373
Total Funding	183.622	188.937	194.389
Additional Funding Requirement / Savings Required	12.383	0.697	(0.105)
Main Assumptions			
Pay Awards – Non Teaching	4.5%	2.0%	3.0%
Pay Awards – Teaching (from Sept 25)	2.0%	2.0%	3.0%
General Inflation	1.9%	2.0%	2.0%

- 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. Following on from the publication of the MTFP a number of factors were finalised which has allowed more certainty when calculating the standstill budget. As inflation has fallen it becomes less of a factor and becomes easier to estimate the level of inflation for the forthcoming year. The one significant risk for 2025/26 is the impact of the changes in national insurance and the level of additional funding that will be provided by the UK Government.
- 1.5. The UK Government announced increases in funding for Wales in late October 2024 and this resulted in an increase in Anglesey's provisional settlement, which was higher than the sum allowed for in the MTFP, 3.6% compared to 1% in the MTFP. This changes the Council's financial position not just for 2025/26 but also for future years.

- 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 2025/26 and in the following two financial years, 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 21 January 2025, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 11 December 2024.
- 2.2. The provisional settlement was higher than anticipated in the MTFP, and would provide the Council with £135.605m, which is an increase in cash terms of £8.116m (6.37%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £4.716m (3.60%).
- 2.3. The Executive proposed a budget for 2024/25 of £195.234m and, given the provisional AEF of £135.605m, this would require an increase of 9.5% in Council Tax and the use of £2.000m 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 Children's services whilst ensuring that schools and Adult Services receive all the funding required to meet the cost of inflationary pressures, including the additional costs arising from the changes in National Insurance legislation.
- 2.5. 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 2025/26 is £189.880m and the proposed budget is, therefore, 102.8% of the SSA.

3. SCRUTINY COMMITTEE

- 3.1. Due to the delays in receiving the provisional and final settlement, the budget timetable for 2025/26 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 9 January 2025, and the Panel's comments were reported to the Corporate Scrutiny Committee meeting on 15 January 2025. At this meeting the Committee resolved to support the Executive's initial budget proposal.
- 3.2. The final budget proposal was given further consideration by the Corporate Scrutiny Committee at its meeting of 19 February 2025, 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. 870 responses were received on line, with a further 57 responses received in handwritten form. This is equivalent to approximately 3% of the taxpayers responding to the consultation.
- 4.2. A summary of the responses received is summarised in Appendix 3. The main points arising from the consultation was that:-
 - The five services that were considered most important to the respondents were waste collection and recycling 70%, roads and infrastructure 68%, education and schools 58%, supporting vulnerable children, families, adults and older people 47% and fire and rescue services 42%.

- The five lowest priority services were archives and museums 4%, housing advice and welfare support 9%, libraries 11%, youth services 12% and homelessness prevention 13%.
 - 52% of the respondents agreed or strongly agreed with the Statement. This compares to 61% in last year's survey
- “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”.**
- 59% of respondents agreed with the continued investment in social care budgets.
 - 20% of respondents were willing to pay more through fees and charges to protect services, whilst 64% would not be willing. This compares last year's survey when 49% were willing to pay more.
 - 54% 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 services in 2024/25. This compares to 79% in the 2024 survey.
 - Only 10% supported the proposed rise in Council Tax of 9.5%, with 36% not wishing to see any rise, with 93% 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, roads and waste collection) be protected. This response is very similar to the pattern seen in the 2024 survey

5. FINAL BUDGET PROPOSAL

- 5.1. No matters have arisen since the issuing of the initial budget proposal which requires any amendment to the net expenditure budget and this remains at £195.234m.
- 5.2. The final settlement includes a floor at 3.8%. As the provisional settlement for Anglesey was 3.6%, Anglesey benefits from the inclusion of a floor in the settlement. The floor provides the Council with an additional £277k, taking the total value of the AEF to £135.881m.
- 5.3. 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 9.00%, this utilises all of the excess funding over the net revenue budget;
 - Reduce the budget saving proposals by £0.277m. This would increase the net revenue budget to £195.511m which matches the level of revised funding;
 - Reduce the use of reserves to balance the budget from £2.000m to £1.733m;
 - Allocate additional funding to an area not already covered by the budget.
 - A combination of the 4 options noted above.

- 5.4. 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 2025/26, but they have to consider the impact on the 2026/27 budget. Setting a lower Council Tax does impact on the starting point for 2026/27, and having too low a level of Council Tax will only increase the budget shortfall in 2026/27 and weaken the overall financial position of the Council. Each 0.5% reduction in the increase in Council Tax would educe the annual increase on a Band D property by £8.19 or £0.16 per week.
- 5.5. The majority of the proposed savings are deliverable and the impact on the Council assessed prior to agreeing to the proposals. The savings proposals that have the greatest impact on service to the public and the local economy are :-
- Rationalise the provision of day services for clients with physical and learning disabilities - £177,000
 - Commencing charging service charges, in accordance with the lease agreements for industrial and business units - £32,500
 - Reducing the total days that recycling centres are open from 10 days to 8 days per week - £60,000

The Executive may wish to revisit these proposals.

- 5.6. The level of reserves to be used to balance the 2025/26 budget is significant and a total of £10.2m have been used to balance the budget in the last 3 financial years.. Based on current projections, it will not be possible to use reserves again in 2026/27 to contribute to the overall funding. Using the additional funding generated by the floor in the settlement to reduce the contribution from reserves in 2025/26 would not make a significant change to the level of reserves moving forward. As a result, it would still not be possible to use reserves to contribute to funding in 2026/27. 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.
- 5.7. The Executive has also considered the Council's capital budget and one area, which will require investment in future years is the replacement of IT equipment in schools, which includes devices provided to pupils. Allocating the additional £277k in funding to the capital budget would go some way to fund the current funding gap, although it is noted that further funding will be required before a significant amount of equipment has to be replaced in 2027/28.
- It is for the Executive to decide how to utilise the additional £277k that has resulted from the final settlement.

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 2025/26 and that the Welsh Government have yet to indicate what the Teacher’s pay award will be from September 2025, 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 2025/26. 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 2026/27.
- **Price Inflation Risk** - The general measure of inflation (CPI) has fallen back to more normal levels of around 2% but is expected to increase towards 4% during 2025, before beginning to fall back towards 2% in 2026. However, these forecasts may be impacted by how the economy performs over the coming months, whether further tax rises are implemented or cuts to public expenditure take place and whether global energy prices increase. The forecasted reduction in the Bank of England base rate could also create an inflationary pressure.

CPI is a general measure of inflation and particular areas of expenditure may see inflation at a higher or lower level than CPI. Whatever happens with inflation it is not expected to rise significantly, and any variance should be within 1% of the figure allowed for in the budget. As a result, the financial impact in 2025/26 will only be marginal and can be funded by the Inflation Reserve which the Council holds.
- **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 2024/25 level or will increase slightly on an all Wales basis. What is not clear for all grants is the specific grant funding for Anglesey. Whilst the immediate response is to say that when the grant ceases, so must the associated expenditure, there is a risk that this may not always be possible. It may not be possible when contract terms mean the expenditure cannot be cut as quickly as the income, or it involves unfunded severance costs. It may not be possible if the activity funded turns out to be so important to the delivery of the Council’s own priorities that the Council decided it must continue the expenditure. Efforts to mitigate this risk are to ensure we have the best information available on each grant, but significant changes during the year cannot be entirely ruled out.

- **Income Risks** – The budget is based on securing an overall 3% increase in fees, and a number of services have assumed rises up to 3%. If the elasticity of demand for Council Services is such that volume falls, and income targets are not achieved, that may cause overspending on net budgets. The cost of living crisis may have an impact on the income generated from services such as leisure, car parking, planning and building regulations, where users may choose to reduce their expenditure on these non-essential services. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income.
- **Demand Risk** – A number of services can experience a change in the demand for its services. Some can be predicted and taken into account when setting the budget, e.g. changes in pupil numbers. Others are more difficult to predict and a small increase in numbers can have a significant impact on costs. The budget allows for providing the service at current levels, with increases in demand covered by the Council's general balances or, in some cases, earmarked reserves. Allowance has been made in the 2025/26 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 2025/26 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 2025/26, the budget does include over £0.7m of savings that have to be delivered. 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 431 properties in October 2023 to 544 properties in October 2024. The number of second homes remained constant at 2,443 properties. Many factors influence the number of second homes, and a rise has been seen during the beginning of 2025 as the Valuation Office transfers self catering properties from the Non-Domestic Rates register back to the Council Tax register as the number of nights the property has been let has not achieved the increased threshold. There is a significant risk that properties will return to the Non-Domestic Rates register in 2025/26 as the owners successfully appeal the original decision or that they now let the property for the required number of nights.

The premium is designed to encourage second home owners to sell or let their property, however, it may also 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. The proposed increase in the level of Council Tax may also impact collection rates. This may result in a financial loss in 2025/26, 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 1 April 2024, the Council's general reserves stood at £11.18m (after allowing for the £4.425m used to balance the 2024/25 budget), which is equivalent to 6.1% of the Council's net revenue budget for 2024/25, 9.1% if the delegated schools' budget is excluded. During the year, a further £0.6m has been allocated and £2.58m of additional grant funding from Welsh Government has been transferred into the reserve. This gives an estimated revised balance of £13.16m, or 7.1% of the 2024/25 net revenue budget.
- 7.6. School balances began the 2024/25 financial year at £5.577m, but are forecast to fall to £3.410m by the end of 2024/25. It is expected that schools will use the majority of these balances in order to fund the 2025/26 budget.
- 7.7. The level of general balances is a matter for the Council to decide, based on the recommendation of the Council's Section 151 Officer but, as a general rule, 5% of the net revenue budget is considered to be an acceptable level. It is a matter for debate whether the net revenue budget should exclude the delegated schools budget, as schools hold their own balances to meet unexpected costs. Based on the current financial situation, there is a high degree of confidence that the level of general balances will exceed 5% of the net revenue budget at the beginning of the 2025/26 financial year.

- 7.8. 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 2025/26 if the proposed revenue budget is insufficient to meet the actual costs incurred by the Council during 2025/26.

8. COUNCIL TAX

- 8.1. The Council's Band D Council Tax charge for 2024/25 was £1,572.30, which was 16th from the 22 Authorities in Wales, and is lower than the Welsh Average of £1,665. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 2 below:-

Table 2
Comparison of Council Tax Band Charges for North Wales Authorities

Authority	Band D Charge 2024/25 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,572		
Gwynedd	1,755	+ 183	+ 11.7%
Conwy	1,733	+ 161	+ 10.3%
Denbighshire	1,679	+ 107	+ 6.8%
Flintshire	1,658	+ 86	+ 5.5%
Wrexham	1,598	+ 26	+ 1.7%

- 8.2. The Council Tax budget for 2025/26 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £52.63m. Therefore, each 1% increase generates an additional £526k (less the required increase to the CTRS budget).
- 8.3. After taking into account the final settlement figure of £135.881m, the revised budget requirement of £195.511m (see Appendix 2) and the use of £2.000m of reserves, it would require £57.629m 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 £1,721.70 an increase of £149.40, or £2.87 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 funding position and staffing costs has changed considerably since the Council approved the Medium Term Financial Plan (MTFP) in September 2024.
- 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 2026/27 and 2027/28 is shown in Table 3 below:-

Table 3
Summary Medium Term Financial Plan 2026/27 & 2027/28

	2026/27 £'m	2027/28 £'m
Net Revenue Budget B/F	195.511	201.523
Budget Pressures and Inflation	6.012	5.347
Savings B/F from previous year	0.000	(2.415)
Revised Standstill Budget	201.523	204.455
Aggregate External Finance (AEF) (assuming 2.0% rise in 2026/27 and 2027/28)	138.598	141.370
Council Tax (assuming 5% rise in 2026/27 and 4% in 2027/28)	60.510	62.930
Total Funding	199.108	204.300
Additional Funding Requirement / Savings Required	2.415	0.155
Main Assumptions		
Pay Awards – Non Teaching	2.0%	3.0%
Pay Awards - Teaching	2.0%	3.0%
General Inflation	2.0%	2.0%

The MTFP estimate above is based on a number of assumptions which may change as we move towards 2026/27, but the plan indicates that there will be a need to make significant further reductions in the net revenue expenditure budget in 2025/26 whilst still increasing Council Tax by an above inflation amount. This again could be partly offset by the further use of reserves but again this only postpones the need to make budget reductions until 2027/28.

- 10.4.** 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.
- 10.5.** The situation does improve in 2027/28 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 3.
- 10.6.** The plan shown in Table 3 is for indicative purposes only and is based on the assumption that the net revenue budget for 2025/26 is increased in line with the additional sum received in the final settlement. However, it is noted that the Executive may choose to set a lower net revenue budget and lower increase in Council Tax. An updated MTFP will be presented to the Executive in September 2026.

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 higher than initially forecast, prior to the UK budget in October 2024 and although the inclusion of a floor is welcomed the overall increase in the settlement is insufficient to meet the rising costs as a result of pay awards, changes in national insurance, inflation 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 2024/25 and, although the use of reserves to balance the 2025/26 budget is a fairly safe strategy, it is not a strategy that can be used long term. There is a little scope to use reserves again to balance the budget in 2026/27 without weakening the Council's financial position.
- 11.4.** The position in 2026/27 may be improving but this is very much dependant on the economy growing thereby increasing tax receipts, falling interest rates and low inflation which would ensure that government funding at least keeps pace with rising costs. The other important factor is demand for services and if they begin to rise again, then this will put pressure once again on budgets and necessitate either cuts to services or increase Council Tax above inflation.
- 11.5.** Therefore, in the professional opinion of the Section 151 Officer, the proposed revenue budget for 2025/26 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** To determine how to allocate the additional funding received and agree the final details of the Council's proposed budget.

FINAL BUDGET PROPOSAL 2025/26 BY SERVICE

	Final Proposed Budget 2025/26 £'m
Education and Culture	71.135
Adult Services	43.048
Children's Services	17.556
Housing Services	2.037
Highways, Waste and Property	20.663
Regulation and Economic Development	6.077
Corporate Transformation	8.109
Resources	4.225
Council Business	2.213
Corporate Management	0.823
Total Service Budgets	175.886
Corporate and Democratic Costs	2.238
Recharges to HRA	(0.840)
Support for Local Housing Help to Buy Schemes	1.000
Levies	5.277
Capital Financing	4.637
Benefits Granted	0.110
Discretionary Rate Relief	0.106
Council Tax Reduction Scheme	7.416
National Insurance Grant	(2.000)
Total Allocated Budgets	193.830
General & Other Contingencies	1.404
Total Budget 2025/26	195.234
Funded By	
Revenue Support Grant	110.785
Non Domestic Rates	25.097
Council Tax (Including Council Tax Premium)	57.629
Council Reserves	2.000
Total Funding	195.511
Difference Budget to Funding – to be allocated by the Executive	0.277



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Council Budget 2025 / 2026

Summary of consultation responses

1. Introduction

The consultation opened on 22 January 2025 until 7 February 2025. 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 2025/26.

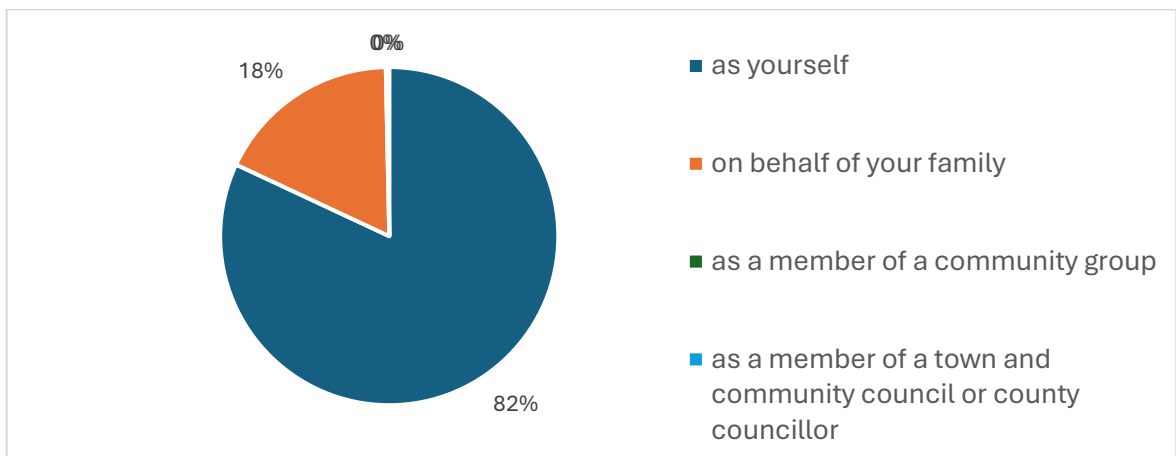
We received a total of 927 fully completed responses, including:-

- 870 completed an online survey
- 57 completed a paper copy of the survey

This report is a summary of the consultation survey results and the main themes identified from feedback.

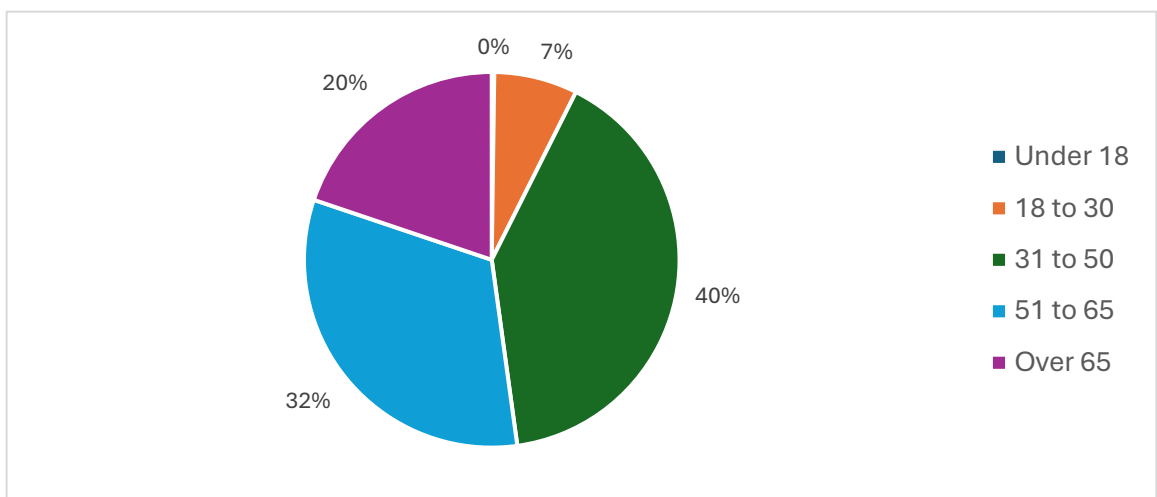
2. Summary of Results

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 2 asked for the respondents post code. These have been mapped and the results are attached as Appendix 1.

2.1.3. Question 3 asked – Respondents Age Group



2.1.4. Question 4 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
Waste Collection, disposal and recycling – Budget £8.3m	69.6%	637
Roads and Infrastructure – Budget £8.3m	68.1%	623
Education and Schools – Budget £66.3m	58.1%	532
Supporting vulnerable children, families, adults and older people – Budget £53.2m	47.0%	430
Fire and Rescue Services – Budget £4.9m	42.4%	388

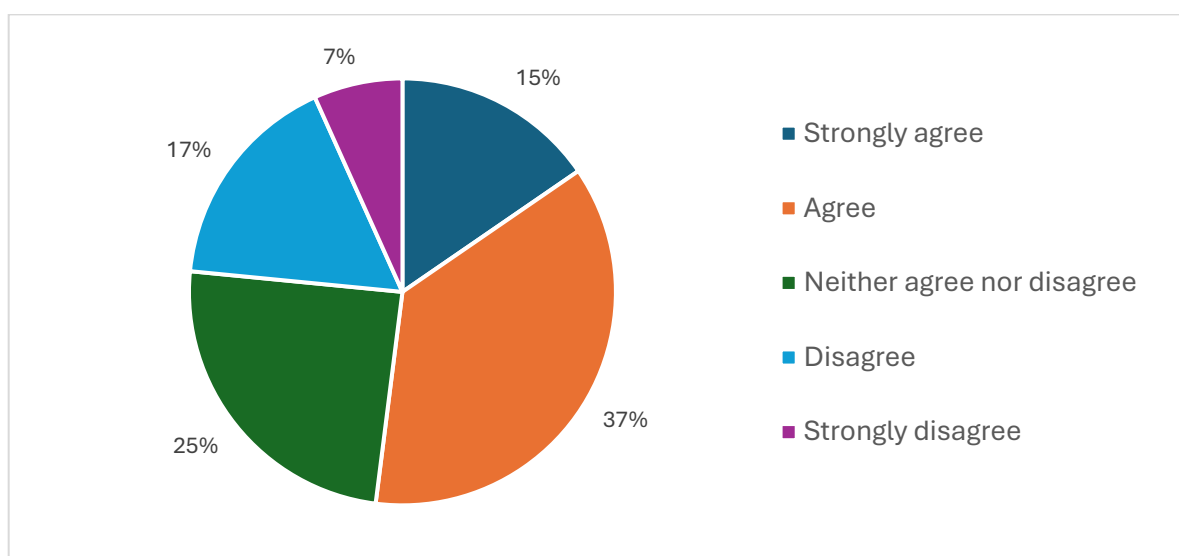
The five lowest priorities are:-

Answer Choice	Response Percent	Response Total
Archives and Museums – Budget £0.6m	4.3%	39
Housing advice and welfare support – Budget £0.8m	8.7%	80
Libraries – Budget £1m	10.6%	97
Youth Services – Budget £0.5m	12.1%	111
Homelessness Prevention – Budget £0.8m	13.4%	123

2.1.5. Question 5 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?

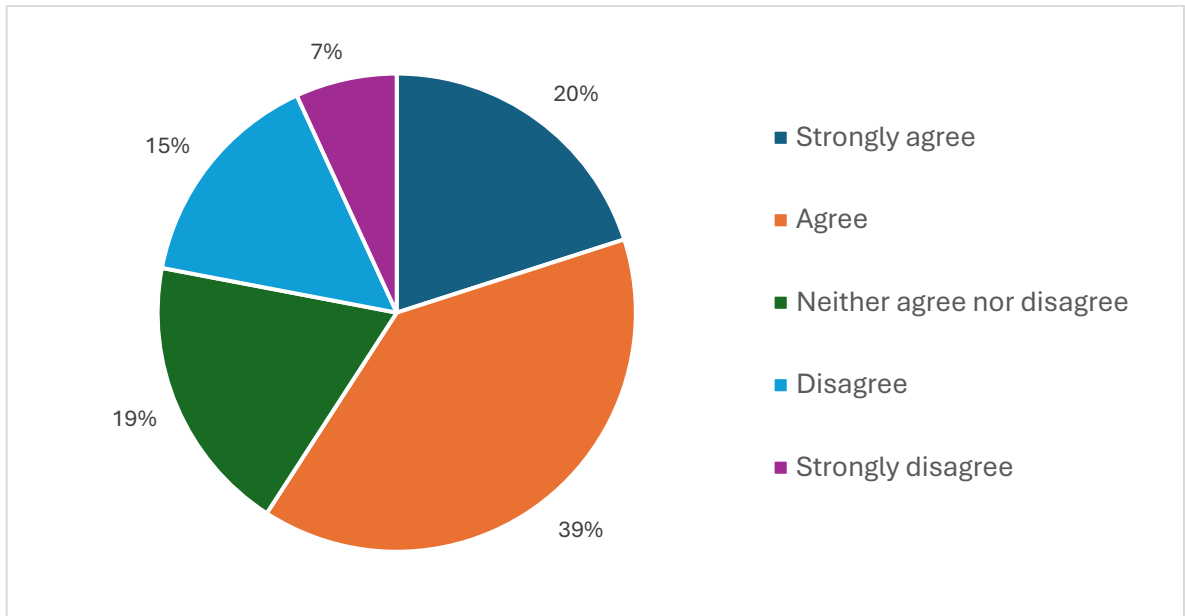
52% of respondents either strongly agreed or agreed.



2.1.6. Question 6 asked - The budget proposals for 2025/26 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?

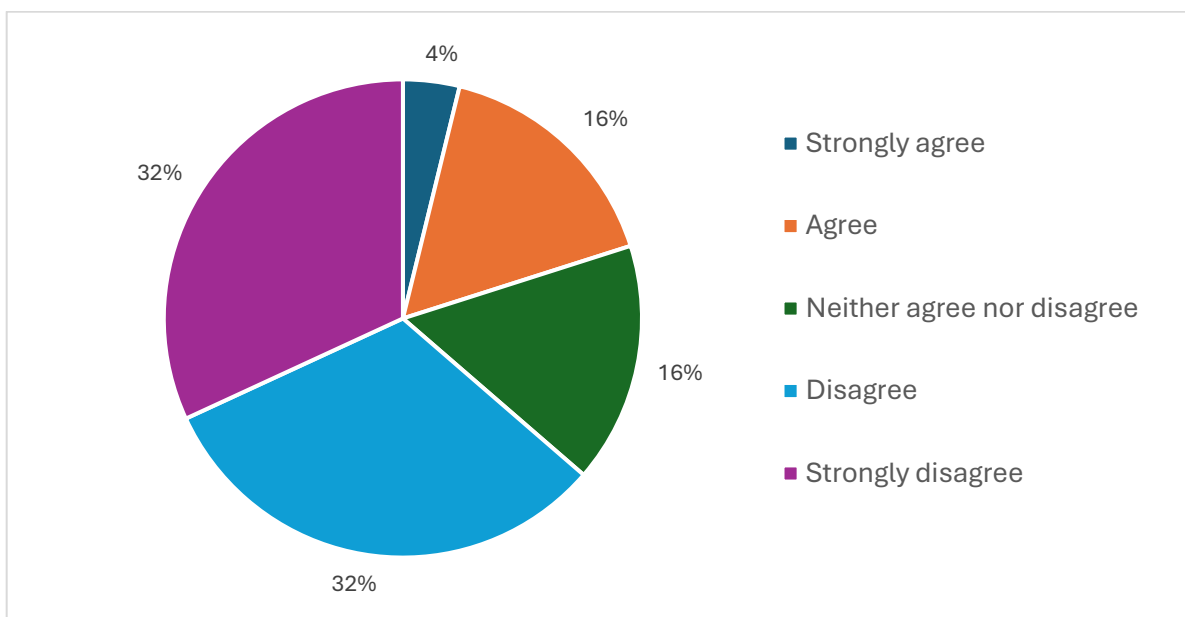
59% of respondents either strongly agreed or agreed.



2.1.7. Question 7 asked - The budget proposals allow for a general increase of 3% in discretionary fees and charges.

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

20% of respondents either strongly agreed or agreed, 64% either disagreed or strongly disagreed



2.1.8. Question 8 asked – For which services would you pay more? (Please choose as many services as you want).

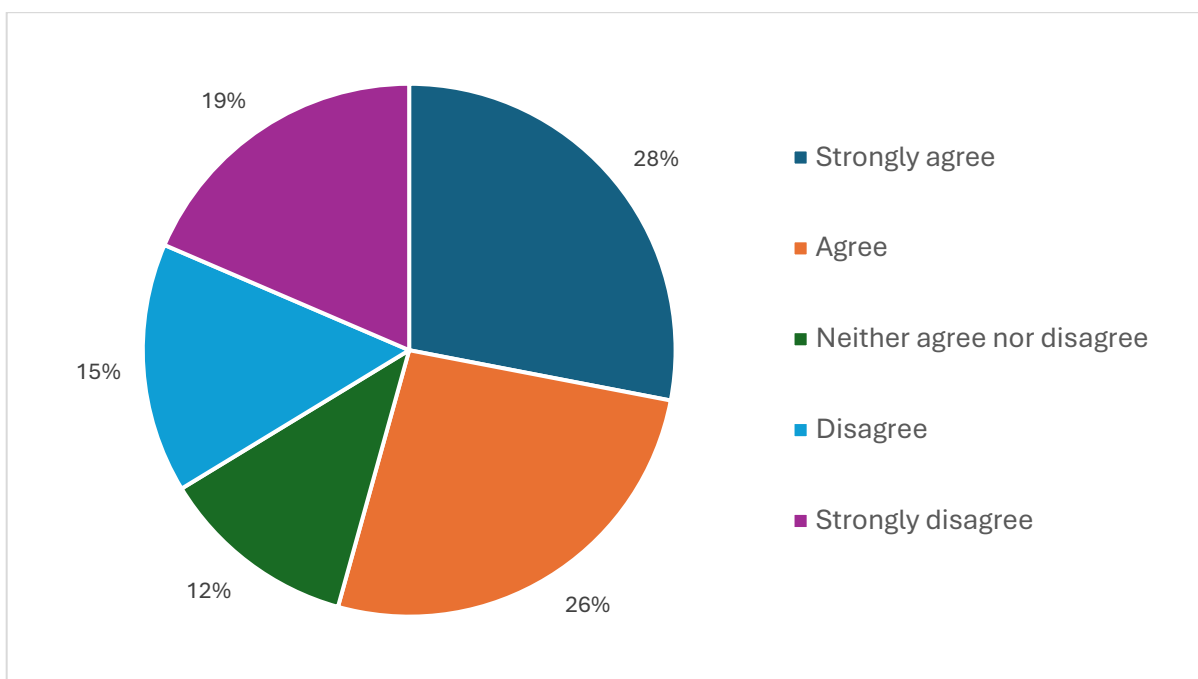
Answer Choice	Response Percent	Response Total
Leisure centres	46.1%	268
Waste collection services (including green garden waste)	40.1%	233
Personal watercraft launching fees	38.7%	225
Admission to museum	36.3%	211
School meals	31.8%	185
Pest control charges	31.7%	184

This question also had a free text section, asking respondents which other services would they pay more for. 262 provided comments but, unfortunately, a significant number of respondents misunderstood the question and either identified services which the Council should invest in, which are not generally covered by fees and charges, or made comments such as “we pay too much in Council Tax” or made general comments about the service provided by the Council. Of those who identified clearly whether they were willing to pay more through fees and charges, the following comments were made:-

- None (134) – respondents commented that they “already pay enough council tax”;
- Car parking and highways (6) – respondents suggested increase parking fees and parking enforcements, as well as improvements to highway services;
- Community, visitor services (public conveniences, maritime fees etc) (8);
- Education (1) – respondents suggested paying more for education provision, including meals, school clubs and school trips;
- Libraries and Culture (5) – respondents willing to pay to visit Oriel Môn and pay late fees on books;
- Planning and Environment (2) – respondents willing to pay more for planning fees, including building control, and any services linked with improving the environment;
- Leisure Activities (2) – respondents willing to pay more for leisure centre membership.

2.1.9. Question 9 asked – The budget proposal allows for £1m of the income generated from charging a Council Tax premium on empty and second homes to be used to provide grants and loans for first time buyers. Do you agree with the proposed use of this funding and the level of funding?

54% Strongly agreed or agreed, 34% disagreed or strongly disagreed



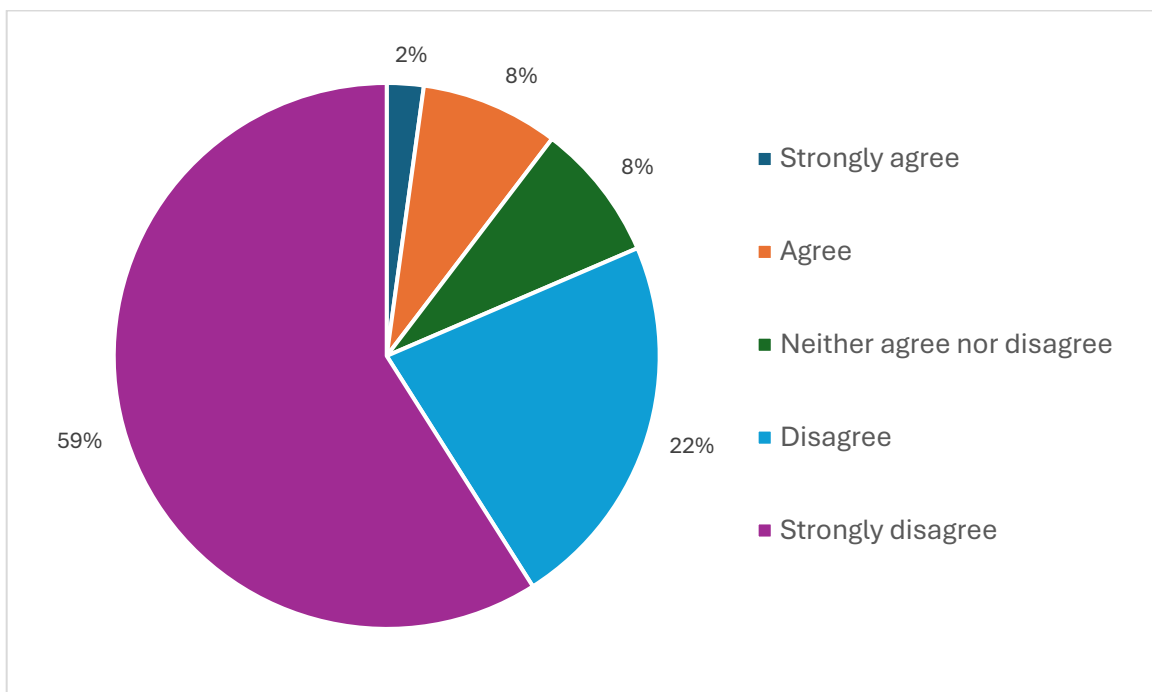
2.1.10. Question 10 asked - Do you agree or disagree with our major savings proposals?

Answer Choice	Agree	Disagree
Increase maritime fees above inflation and improve billing and collection processes: Potential saving £30,000	77.3%	22.7%
Reduce the total days that recycling centres are open from 10 days per week to 8 days per week (Penhesgyn Wednesday to Sunday, Gwalchmai Sunday to Tuesday): Potential saving £60,000	53.7%	46.3%
Increase highway fees and charges above inflation: Potential saving £60,000	40.8%	59.2%
Reduce specific supplies and services budget which are under utilised or where the Council can control the level of expenditure (furniture, office equipment, subsistence payments to staff, attending conferences, external non statutory advertising): Potential saving £175,000	91.9%	8.1%
Modernise the provision of day services for clients with physical and learning disabilities: Potential saving £177,000	73.7%	26.3%

2.1.11. Question 11 asked – Do you agree with the proposed level of rise in Council Tax of 8.95% (plus 0.65% to cover fire levy)?

A rise of 9.5% would increase Council funding by £5.0 million.

59% strongly disagree and a further 22% disagree



2.1.12. Question 12 asked – By how much should Council Tax rise? (A rise of 9.5% would increase Council funding by £5.0 million)

Answer Choice	Response %	Response Total
No rise - this would leave a funding shortfall of £5.0m	36.4%	271
Rise between 0% and 3% - this would leave a funding shortfall of between £3.4m and £5.0m	30.4%	226
Rise between 3% and 5% - this would leave a funding shortfall of between £2.4m and £3.4m	26.6%	198
Rise between 5% and 7.5% - this would leave a funding shortfall of between £1.0m and £2.4m	6.2%	46
Rise between 7.5% and 9% - this would leave a funding shortfall of between £0.3m and £1.0m	0.4%	3

2.1.13. Question 13 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	36.4%	269
Option 4: Some cut to service budgets. Fund majority with the use of Council reserves	26.0%	192
Option 3: Fund 50% with a cut to service budgets. Fund 50% by using Council reserves	21.7%	160
Option 2: Majority cut to the service budgets. Some use of Council reserves	9.6%	71
Option 1: All funded by a cut in service budgets. No use of Council reserves	6.2%	46

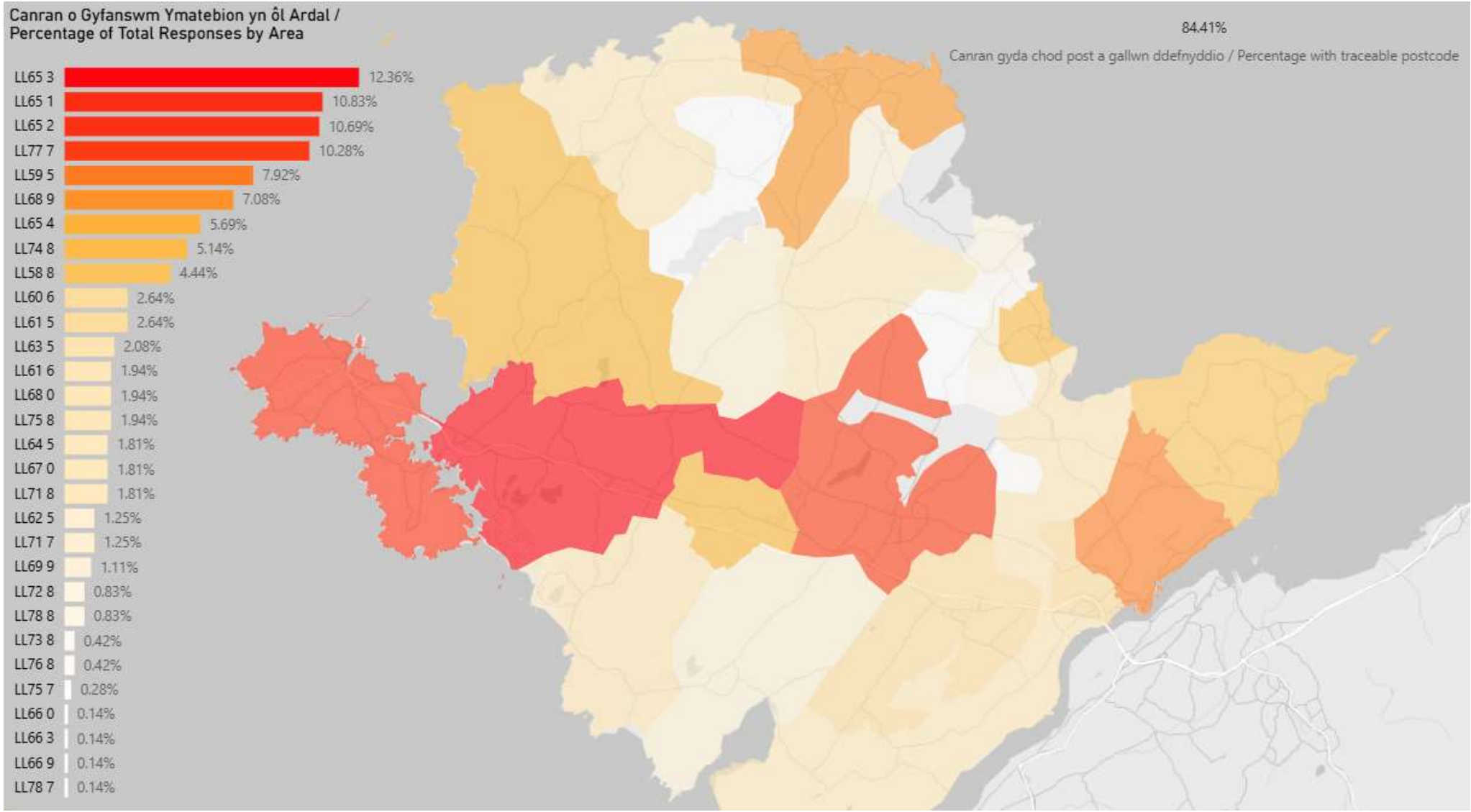
2.1.14. Question 14 asked - Which service budgets would you be willing to see reduced? (Please choose as many services as you want).

Answer Choice	Response %	Response Total
Archives and museums	61.2%	511
Tourism and Maritime	49.6%	414
Libraries	45.7%	382
Public protection, planning, licensing and environmental health	36.2%	302
Housing advice and welfare support	35.9%	300
Environment and countryside management	30.5%	255
Homelessness prevention	26.3%	220
Leisure centres	26.3%	220
Street and Beach Cleaning	24.9%	208
Economic development	24.4%	204
Youth Services	18.0%	150
Supporting vulnerable children, families, adults and older people	13.1%	109
Education and schools	11.9%	99
Waste collection, disposal and recycling	10.2%	85
Fire services	9.3%	78
Roads and infrastructure	6.2%	52

2.1.14 A free text box was provided which allowed respondents to make an additional comment if they wished. 465 individual comments were received, which covered a range of topics. Some of the comments were positive but, in the majority of cases, the respondent took the opportunity to express their dissatisfaction or to make suggestions as to how the Council should look to reduce costs. These included:-

- Reducing staffing levels;
- Freezing or reducing staff pay, in particular senior management pay;
- Withdrawing from the current pension scheme;
- Reducing the number of Councillors or their allowances;
- Increase the level of reserves used to balance the budget;
- Reduce waste and inefficiency;
- Stop staff working from home;
- Allow more staff to work from home and reduce / close the Council offices;
- Share Council support services with other Councils;
- Invest in Council buildings e.g. leisure centres;
- Make the case to Welsh Government that additional funding is required to maintain essential services.

RESPONSES BY AREA



ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	EXECUTIVE COMMITTEE
Date:	27 FEBRUARY 2025
Subject:	CAPITAL BUDGET 2025/26
Portfolio Holder(s):	ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE & HOUSING
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

The Executive is required to propose a capital budget for 2025/26, which will be presented to the full Council for approval at its meeting on 6 March 2025.

RECOMMENDATIONS

To recommend to the full Council the following capital programme for 2025/26:-

	Ref	£'000
2024/25 Schemes Brought Forward – General Fund Refurbishment / Replacement of Assets	Para 4.1 Para 4.2 & 4.3	6,439 6,304
Heating System upgrades utilising Low Carbon Heat grant funding	Para 4.2	4,463
Communities for Learning	Para 5	152
Flood Relief Schemes	Para 6.1	330
Holyhead : A Culture and Heritage Driven Transformation	Para 6.2	4,367
Economic Development Sites and Premises	Para 6.3	200
Waste Infrastructure	Para 6.4	1,445
Housing Revenue Account	Para 7	20,594
Total Recommended Capital Programme 2025/26		44,294
Funded By:		
General Capital Grant		2,661
Supported Borrowing General		3,118
Communities for Learning Unsupported Borrowing		152
Capital Receipts Reserve		500
Earmarked Reserves		1,160
Welsh & UK Government Grants		14,816
Unsupported Borrowing – General Fund		1,293
HRA Revenue Account Surplus		5,488
HRA External Grants		4,483
HRA Unsupported Borrowing		10,623
2025/26 Total Capital Funding		44,294

B – What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes are to be considered in the capital programme, with the main driving factor in funding being affordability and the maximisation of external grant funding.		
C – Why is this a decision for the Executive?		
It is a matter for the Executive to propose the annual capital budget.		
CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
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)	The report has been considered by the LT and any comments incorporated into the report.
2	Finance / Section 151 (mandatory)	Author of the report.

3	Legal / Monitoring Officer (mandatory)	The Director of Function - Council Business is a member of the LT
4	Human Resources (HR)	No direct impact on HR
5	Property	The capital programme has been drafted in consultation with the Chief Property and Asset Officer and the Head of Highways, Waste & Property
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 2025/26 Appendix 2 – Final Proposed Capital Budget 2025/26		
FF - Background papers (please contact the author of the Report for any further information):		
Capital Strategy Report – full Council 7 March 2024 Capital Budget 2024/25 – full Council 7 March 2024 Quarterly Capital Monitoring Reports 2024/25 – Executive - 24 September 2024, 26 November 2024, 18 February 2025		

1. INTRODUCTION

1.1. The Capital Budget for 2025/26, 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 2024. The Capital Strategy has been updated to reflect the proposed capital budget for 2025/26, but the principles of the strategy remain unchanged.

2. PRINCIPLES OF THE CAPITAL STRATEGY

2.1. The Capital Strategy for 2024/25 was approved by the Executive and full Council and will be updated for 2025/26 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 2025/26, which will be approved by the Executive and full Council in March 2025.

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 Council 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 2025/26

3.1. The funds available to finance the capital programme for 2025/26 are shown in Table 1 below. It should be noted that the figures 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 2025. It is not anticipated that the level of funding will change significantly between the provisional and final settlement.

Table 1
Anticipated Capital Funding Available for 2025/26

Source of Funding	£'000	£'000
General Fund Capital Programme		
Schemes / Funding brought forward from 2024/25	6,439	
General Capital Grant 2025/26	2,661	
Supported Borrowing	2,126	
UK and Welsh Government Grants (secured)	9,829	
Capital Receipts Reserve	500	
Earmarked Reserves	700	
Funding for the General Capital Programme (Council Fund)		22,255
Communities for Learning		
Unsupported Borrowing	152	
Funding for Communities for Learning		152
Housing Revenue Account (HRA)		
HRA Reserve	0	
HRA - In-year Surplus	5,488	
Welsh Government Major Repairs Allowance & Other external grants	4,483	
Funding for HRA		9,971
Total Capital Funding 2025/26		32,378

3.2. The General Capital Funding received from Welsh Government (WG) for 2025/26 is £401k higher than the allocation for 2024/25, which is the first significant increase that the Council has received for a number of years, but the increase does not make up for the erosion in the value of the funding that has taken place due to inflation.

3.3. Although the Council does have unsold schools, the capital receipts generated will have been allocated to fund the replacement school e.g Ysgol Llangaffo remains unsold but the capital receipts from any future sale has been allocated as part of the funding for Ysgol Santes Dwynwen. The Council does hold a small number of assets which it wishes to dispose of, and there is a balance of capital receipts which have not been allocated to any particular scheme. It is proposed to release £500k of these unallocated capital receipts to increase the funding available 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 2025/26, although £700k of earmarked reserves are available to fund capital projects in 2025/26.
- 3.5. The HRA funding is earmarked for HRA projects and cannot be used for any other purpose. The HRA reserve is now forecast to reach its minimum level and no further funding can be released from reserves. The surplus generated by the HRA Revenue Account is re-invested in the housing stock through the capital programme, and the figure shown above is based on the estimated surplus as set out in the 30 year Business Plan. Grant funding is made up of the Welsh Government's Major Repair Allowance and grant funding for the development of an extra care facility in Menai Bridge.

4. PROPOSED CAPITAL PROGRAMME 2025/26

4.1. 2024/25 Schemes Carried Forward

The capital budget monitoring report to the end of quarter 3 of 2024/25 estimates that the capital programme will underspend by £6.439m, although the final position may change during the final quarter. Once the final position in respect of 2024/25 is known, this will be reported to the Executive alongside a request to approve the carrying forward of funding from 2024/25 to 2025/26. The schemes which are likely to carry forward to 2025/26 are shown in the table below:-

**Table 2
2024/25 Schemes Brought Forward**

2024/25 Schemes Brought Forward	2025/26 £'000
School Building Major Repairs & Upgrades	769
Purchase of Vehicles	48
Purchase of IT Equipment	352
Upgrade of Public Conveniences	270
Match Funding for Low Carbon Heat Grants	696
Holyhead Regeneration (THI Phase II)	291
Maritime and Visitor Infrastructure	190
Holyhead : Culture and Heritage Driven Transformation	3,426
Flood Relief Schemes	110
Canolfan Glanhwfa	287
Total Schemes Brought Forward	6,439
Funded By	
Supported Borrowing	992
Welsh and UK Government Grants	4,987
Earmarked Reserves	460
Total Funding for Schemes Brought Forward	6,439

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 £471k has been allocated, with a further £319k allocated as match funding for work funded from WG's Low Carbon Heat grant, and this will draw down £2.873m of grant funding. In addition to this funding, £345k has been allocated to begin the work of upgrading toilets at the Council's secondary schools. Work will be prioritised to undertake the most urgent upgrades first.
- **Refurbishment of Non School Buildings** – Due to insufficient funding over a number of years, the condition of the Council's buildings continue to deteriorate. £1.1,452m of work has been identified for 2025/26 and this is at leisure centres, libraries, residential care homes and day care facilities. In addition, £127k has been allocated as match funding for work funded from WG Low Carbon Heat grant, which will result in £1.144m of grant funding being drawn down. Work continues on the refurbishment of Plas Arthur Leisure Centre, with a further £500k being allocated from earmarked reserves.
- **Highways Resurfacing** – The Annual Status and Option Report confirms that an annual budget of £2.5m 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. A budget allocation of £1.7m has been provided for this work. However, it is anticipated that WG may fund additional borrowing which will allow this allocation to be increased in both 2025/26 and 2026/27.
- **Vehicles** – The Council is committed to becoming a carbon neutral organisation 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. £240k is allocated in the proposed budget to purchase one new gritter and to begin the MCT minibus replacement programme, with a further £300k allocated to replace older vehicles in the fleet.
- **IT Assets** – Continued investment is required to maintain the Council's core infrastructure and to replace devices used by staff to access systems. £271k has been identified as the sum required to maintain the core infrastructure and to replace desktop devices.
- **IT Assets in Schools** – Significant investment has been made in upgrading IT assets in schools using WG funding (HWB). It will be necessary for the Council to fund the replacement of these assets when they reach the end of their useful lives. Although only a small amount of expenditure is required in 2025/26, funds are allocated when available to build up a reserve to fund the significant expenditure, over £2m, which will be necessary in 2027/28. A further £155k has been allocated to fund the replacement cost of IT devices and infrastructure in schools with any unused funding being carried forward to future years.

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. The allocation is increased in 2025/26 to £870k, an increase of £120k from the previous year.

5. COMMUNITIES FOR LEARNING PROGRAMME

5.1. The Council's modernisation of the school estate, through WG's Communities for Learning programme, is now moving to the next phase and, as a result, no work is planned on any new schools in 2025/26. A budget of £152k is required to pay retained sums in respect of the Ysgol Y Graig project which was completed in 2024.

6. OTHER PROJECTS

6.1. Flood related schemes are funded by WG grant (85%), with the remaining 15% being funded from the Council's own funding. Work continues to develop a number of projects, including major schemes in Menai Bridge and Llanfair P.G. Design work continues on both schemes, with a final business case being put forward to WG for funding to enable the works to be undertaken. £300k has been allocated as match funding for one of the schemes, but the funding will only be utilised should WG provide grant funding for the schemes. Currently, there is no guarantee that the application will be successful.

6.2. The funding relating to the Holyhead : Culture and Heritage Driven Transformation project moves into its final year, with a number of projects being undertaken by the Council and other organisations. The project is funded by the UK Government through a grant scheme which replaced the previous funding received through EU programmes. In addition to the funding that has been brought forward from 2024/25, a further £4.367m is planned to be spent in 2025/26.

6.3. The Economic Development service is currently seeking grant funding to develop more business units across Anglesey, but the commencement of the schemes is dependent on being successful in grant applications. £200k is allocated to allow further work to take place to develop and design individual schemes.

6.4. Significant expenditure will be required over the medium term to upgrade the Council's waste facilities. This will not only allow ageing equipment to be replaced but will also allow the facilities at both Penhesgyn and Gwalchmai to be upgraded to meet new legislative requirements and to allow the Council to meet WG's recycling targets. Work is ongoing to secure grant funding from WG to fund the majority of the investment. In 2025/26, the Council will receive funding through the UK Government's extended producer responsibility for packaging (eEPR) scheme. It is estimated that the Council will receive £2.3m of funding in 2025/26, and this funding is earmarked to fund essential investment in the waste infrastructure which will not be funded by WG grants. £1.445m has been allocated in the 2025/26 budget.

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 2025/26 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £13m being invested.

7.2. Planning work is ongoing to build a new extra care facility in Menai Bridge. £2.276m of expenditure is planned for 2025/26.

The Council continues to build new housing stock across the Island, with a number of projects planned for 2025/26. Each project is subject to a financial viability assessment and is only added to the programme if the assessment is positive and is authorised by the Executive under the agreed authorisation protocol. The total budget for 3 schemes already approved plus a sum for the refurbishment of former council houses which have been re-purchased amounts to £4.985m for 2025/26 but this sum may be increased as more schemes are developed and approved.

The total planned investment for 2025/26 is estimated at £20.594m. The programme will be funded from: the revenue surplus generated in 2025/26 (£5.488m), Unsupported Borrowing (£10.623m) and WG grants (£4.483m).

- 7.3. The long term investment programme, and how it will be funded over the next 30 years, will be set out in the HRA business plan, which will be presented to the Executive in due course.
- 7.4. A sum of £350k has been allocated to purchase replacement vehicles for the Housing Maintenance Unit.

8. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2025/26

- 8.1. The recommended capital programme for 2025/26 is summarised in Table 3 below, and analysed in further detail in Appendix 2:-

**Table 3
Summary Recommended Capital Programme 2025/26**

	Ref	£'000
2024/25 Schemes Brought Forward – General Fund	Para 4.1	6,439
Refurbishment / Replacement of Assets	Para 4.2 & 4.3	6,304
Heating System upgrades utilising Low Carbon Heat grant funding	Para 4.2	4,463
Communities for Learning	Para 5	152
Flood Relief Schemes	Para 6.1	330
Holyhead : Culture and Heritage Driven Transformation	Para 6.2	4,367
Economic Development Sites and Premises	Para 6.3	200
Waste Infrastructure	Para 6.4	1,445
Housing Revenue Account	Para 7	20,594
Total Recommended Capital Programme 2025/26		44,294
Funded By:		
General Capital Grant		2,661
Supported Borrowing General		3,118
Communities for Learning Unsupported Borrowing		152
Capital Receipts Reserve		500
Earmarked Reserves		1,160
Welsh & UK Government Grants		14,816
Unsupported Borrowing – General Fund		1,293
HRA Revenue Account Surplus		5,488
HRA External Grants		4,483
HRA Unsupported Borrowing		10,623
2025/26 Total Capital Funding		44,294

- 8.2. The total capital programme shown in Table 3, above, exceeds the anticipated capital funding available shown in Table 1 by £11.916m. This will be funded by unsupported borrowing by the General Fund £1.293m and by the HRA £10.623m.

- 8.3.** This additional unsupported borrowing will create additional revenue expenditure in terms of an increased minimum revenue provision (MRP) and interest costs in 2026/27. The actual additional cost will depend on the interest rate when the funding is borrowed and the life of the asset which is funded by the borrowing. As the Council has adopted the annuity method to calculate the MRP charge, the value of this charge increases over time, with the total sum charged to the revenue account equalling the sum borrowed.

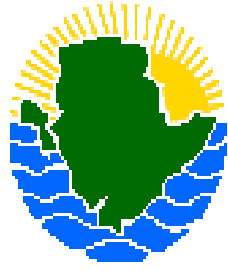
FINAL PROPOSED CAPITAL BUDGET 2025/26

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
2024/25 Committed schemes b/f								
Refurbishment of Schools	769	193		576				
Vehicle Replacement	48			48				
IT Equipment Replacement	352			352				
Upgrade of Public Conveniences	270						270	
Low Carbon Heating Systems	696	696						
Holyhead Regeneration (THI Phase II)	291	291						
Maritime and Visitor Infrastructure	190						190	
Holyhead : Culture and Heritage Driven Transformation	3,426	3,426						
Flood Relief Schemes	110	94		16				
Canolfan Glanhwfa	287	287						
Total 2025/26 Committed Schemes	6,439	4,987	0	992	0	0	460	0
Refurbishment / Replacement of Assets								
Refurbishment of School Buildings	471			471				
Refurbishment of Secondary School Toilets	345							345
Refurbishment and Repairs – Council Offices	125				125			
Refurbishment and Repairs – Amlwch Leisure Centre	80			80				
Refurbishment and Repairs – David Hughes Leisure Centre	46			46				
Repairs at Menai Bridge Library	17			17				
Refurbishment and Repairs – Brwynog	69			60	9			
Refurbishment and Repairs – Garreglwyd	514				514			

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
Refurbishment and Repairs – Haulfre	81			81				
Refurbishment and Repairs – Plas Crigyll	100			100				
Refurbishment and Repairs – Plas Mona	70			70				
Refurbishment and Repairs – Hen Rheithordy	35			35				
Refurbishment and Repairs – Gors Felen	315				315			
Vehicle Replacement	540		140	400				
IT Equipment Replacement General	271		271					
IT Equipment Replacement Schools	155							155
Disabled Facilities Grants	870		870					
Refurbishment Plas Arthur Leisure Centre	500						500	
Highway Resurfacing	1,700		1,380	320				
Total Refurbishment / Replacement of Assets	6,304	0	2,661	1,680	963	0	500	500
Communities for Learning Programme								
Ysgol y Graig	152				152			
Total Communities for Learning Programme	152	0	0	0	152	0	0	0
Flood Relief Scheme								
Flood Relief Schemes – Match Funding	330				330			
Total Flood Relief Schemes	330	0	0	0	330	0	0	0
Heating Systems Upgrade to Low Carbon								
Heating Systems Upgrade to Low Carbon	4,463	4,017		446				
Total Heating Systems Upgrade to Low Carbon	4,463	4,017	0	446	0	0	0	0

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
Holyhead : Culture and Heritage Driven Transformation								
Holyhead : Culture and Heritage Driven Transformation	4,367	4,367						
Total Holyhead : Culture and Heritage Driven Transformation	4,367	4,367	0	0	0	0	0	0
Economic Development Sites & Premises								
Economic Development Sites & Premises	200						200	
Total Economic Development Sites & Premises	200	0	0	0	0	0	200	0
Waste Infrastructure								
Internal Recycling Sorting Equipment - Gwalchmai	733	733						
Mobile Plant - Penhesgyn	318	318						
Drainage Works - Penhesgyn	314	314						
Mobile Plant - Gwalchmai	80	80						
Total Waste Infrastructure	1,445	1,445	0	0	0	0	0	0
TOTAL GENERAL FUND	23,700	14,816	2,661	3,118	1,445	0	1,160	500
Housing Revenue Account								
WHQS Planned Maintenance Programme	12,983	2,690			5,155	5,138		
Extra Care Facility Menai Bridge	2,276	841			1,435			
Vehicle Replacement	350				0	350		
Former Ysgol Niwbrwch Site – New Developments	1,427	880			547			
Cae Braenar Holyhead – New Developments	1,415	72			1,343			
Y Bryn Llanfaethlu – New Developments	563				563			
Refurbishment of Former Council Houses	1,580				1,580			

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
TOTAL HOUSING REVENUE ACCOUNT	20,594	4,483	0	0	10,623	5,488	0	0
TOTAL CAPITAL PROGRAMME 2025/26	44,294	19,299	2,661	3,118	12,068	5,488	1,160	500



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

**PENDERFYNIAD DRAFFT
AR OSOD
Y DRETH GYNGOR
2025/26**

**DRAFT RESOLUTION
ON SETTING
THE COUNCIL TAX
2025/26**

DRAFT COUNCIL TAX RESOLUTION

1. RESOLVED

- (a) Pursuant to the recommendations of the Executive, to adopt the 2025/26 Budget at Section 5 as a Budget Strategy within the meaning given by the Constitution, and to affirm that it becomes part of the budget framework with the exception of figures described as current.
- (b) Pursuant to the recommendations of the Executive, to adopt a revenue budget for 2025/26 as shown in the 2025/26 Budget Report and Appendix 1 and Appendix 2.
- (c) Pursuant to the recommendations of the Executive, to adopt a capital budget as shown in the Capital Budget Report 2025/26 report.
- (ch) To delegate to the Director of Function (Resources)/Section 151 Officer the power to make adjustments between headings in the Final Budget Proposal 2025/26 at Appendix 2 in order to give effect to the Council's decisions. In addition, to delegate to Director of Function (Resources)/Section 151 Officer the power to transfer up to £50k per item from the general contingency. Any item in excess of £50k will require the approval of the Executive before any transfer from the general contingency is made.
- (d) To delegate to the Executive Committee, for the financial year 2025/26, the powers to transfer budgets between headings as follows:-
 - (i) unlimited powers to spend each budget heading in Appendix 2 Final Budget Proposal 2025/26 against the name of each service, on the service to which it relates;
 - (ii) powers to approve the use of service and earmarked reserves to fund one-off spending proposals that contribute to the delivery of the Council's objectives and improve services;
 - (iii) powers to vire from new or increased sources of income.
- (dd) To delegate to the Executive Committee, in respect of the financial year 2025/26 and on the advice of the Director of Function (Resources) – Section 151 Officer, the power to release up to £250k from general balances to deal with priorities arising during the year.
- (e) To delegate to the Executive Committee in respect of the period to 31 March 2026, the following powers:-
 - (i) powers to make new commitments from future years' revenue budgets up to amount identified under New Priorities in the Medium Term Financial Plan;
 - (ii) the power and the duty to make plans for achievement of revenue budget savings implied by the Medium Term Financial Plan;
 - (iii) powers to transfer budgets between capital projects in the Capital Budget Report 2025/26 report and to commit resources in following years and consistent with the budget framework.
- (f) To set and approve the prudential and treasury indicators which are estimates and limits for 2025/26 and onwards as shown in the report on the Treasury Management Strategy Statement 2025/26.
- (ff) To approve the Treasury Management Strategy Statement for 2025/26 and the Capital Strategy 2025/26.
- (g) To confirm that items 1(b) to (ff) become part of the budget framework.

2. **RESOLVED** to adopt and affirm for the purposes of the financial year 2025/26 the decision of the County Council on 10 March 1998 to set the discount level applicable to the prescribed Class A and prescribed Class B of dwellings under Section 12 of the Local Government Finance Act 1992 (as amended), as described by the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998, as follows:-

Prescribed Class A	Nil Discount
Prescribed Class B	Nil Discount

3. **RESOLVED** to adopt and affirm for the purposes of the financial year 2025/26 the decision of the County Council on 6 March 2007 to set the discount level applicable to the prescribed Class C of dwellings under Section 12 of the Local Government Finance Act 1992 (as amended), as described by the Local Authorities (Calculation of Tax Base) and Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004 as follows:-

Prescribed Class C Nil Discount

4. **RESOLVED** to disapply any discount(s) granted to long-term empty dwellings and dwelling occupied periodically (usually known as second homes) and to vary the full Council's decision made on 28 February 2018 and apply for the financial year 2025/26 a higher amount of Council Tax (called a Council Tax Premium) of 100% of the standard rate of Council Tax for long-term empty dwellings or for dwellings occupied periodically (usually known as second homes) to apply a higher amount of Council Tax (called a Council tax Premium) of 100% under Sections 12A and 12B of the Local Government Finance Act 1992 as inserted by Section 139 of the Housing (Wales) Act 2014.
5. That it be noted that at its meeting on 28 February 1996 the Council resolved not to treat any expenses incurred by the Council in part of its area or in meeting any levy or special levy as special expenses and that the resolutions remain in force until expressly rescinded.
6. That it is noted that a resolution of the Executive on 26 November 2024 approved the amount calculated by the Isle of Anglesey County Council for its council tax base for 2024/25 and to further note that the full Council in its meeting on the 11 December 2018 approved that the local Council Tax Reduction Scheme will continue unchanged for subsequent years unless substantially amended. It is also noted that the full Council on 28 February 2018 adopted and approved a local Council Tax Discretionary Policy under Section 13A of the Local Government Finance Act 1992, delegating to the Executive the power to revoke, re-enact and/or amend the Policy. The Executive having last amended the Policy on 03 March 2022
7. At its meeting on 26 November 2024, the Executive, in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base)(Wales) Regulations 1995 (SI19956/2561) as amended by SI1999/2935 and the Local Authorities (Calculation of Council Tax Base) and Council Tax (Prescribed Classes of Dwellings)(Wales) Amendment) Regulations 2004 and the Local Authority (Calculation of Taxbase) (Wales) (Amendment) Regulations 2016 resolved to approve the amounts calculated by the Isle of Anglesey County Council as its tax base and for the parts of the area, for the year 2025/26, as follows:-
- a) **33,472.17** being the amount approved by the Executive as the Isle of Anglesey County Council's council tax base for the year.
- b) The parts of the Council's area, being the amounts calculated by the Executive as the amounts of the Isle of Anglesey County Council's council tax base for the year for dwellings in those parts of its area to which one or more special items relate, are as follows:-

Community/Town Council Areas	Tax Base 2025/26
Amlwch	1,558.06
Beaumaris	1,162.14
Holyhead	4,100.82
Llangefni	2,136.18
Menai Bridge	1,525.77
Llanddaniel-fab	382.90
Llanddona	422.03
Cwm Cadnant	1,234.98
Llanfair Pwllgwyngyll	1,336.39
Llanfihangel Ysgeifiog	714.60
Bodorgan	486.31
Llangoed	702.13
Llangristiolus & Cerrigceinwen	652.47
Llanidan	427.80
Rhosyr	1,061.75
Penmynydd	250.14
Pentraeth	613.98
Moelfre	706.87

Community/Town Council Areas	Tax Base 2025/26
Llanbadrig	716.15
Llanddyfnan	522.47
Llaneilian	652.66
Llanerch-y-medd	544.50
Llaneugrad	210.59
Llanfair Mathafarn Eithaf	2,036.74
Cylch y Garn	436.31
Mechell	593.58
Rhos-y-bol	491.43
Aberffraw	322.08
Bodedern	452.11
Bodffordd	430.38
Trearddur	1,519.06
Tref Alaw	274.15
Llanfachraeth	237.62
Llanfaelog	1,456.45
Llanfaethlu	289.73
Llanfair-yn-Neubwll	587.89
Valley	1,085.57
Bryngwran	369.72
Rhoscolyn	396.18
Trewalchmai	371.48
Total Taxbase	33,472.17

8. That the following amounts be now calculated by the Council for the year 2025/26, in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
- a) £261,985,133 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) of the Act.
 - b) £66,797,928 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) and (c) of the Act.
 - c) £195,187,205 being the amount by which the aggregate at 8(a) above exceeds the aggregate at 8(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
 - ch) £135,881,460 being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non-domestic rates, revenue support grant and specific grant, reduced by any amount calculated in accordance with Section 33(3) of the Act.
 - d) £1,771.79 being the amount at 8(c) above less the amount at 8(ch) above, all divided by the amount at 7(a) above, calculated by the Executive, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year.
 - dd) £2,203,901 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - e) £ 1,705.95 being the amount at 8(d) above less the result given by dividing the amount at 8(dd) above by the amount at 7(a) above, calculated by the Executive, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

f)

Community / Town Council areas		Band D equivalent per area including Isle of Anglesey Council and Community / Town Council elements
Amlwch	£	1,784.34
Beaumaris	£	1,738.17
Holyhead	£	1,885.68
Llangefni	£	1,868.22
Menai Bridge	£	1,801.26
Llanddaniel-fab	£	1,747.62
Llanddona	£	1,726.11
Cwm Cadnant	£	1,733.67
Llanfair Pwllgwyngyll	£	1,795.77
Llanfihangel Ysgeifiog	£	1,741.59
Bodorgan	£	1,733.13
Llangoed	£	1,744.38
Llangristiolus & Cerrig Ceinwen	£	1,718.19
Llanidan	£	1,748.07
Rhosyr	£	1,740.60
Penmynydd	£	1,745.91
Pentraeth	£	1,736.19
Moelfre	£	1,726.47
Llanbadrig	£	1,752.57
Llanddyfnan	£	1,728.90
Llaneilian	£	1,743.84
Llanerch-y-medd	£	1,749.69
Llaneugrad	£	1,724.94
Llanfair Mathafarn Eithaf	£	1,740.69
Cylch y Garn	£	1,724.31
Mechell	£	1,724.49
Rhos-y-bol	£	1,722.24
Aberffraw	£	1,743.21
Bodedern	£	1,739.16
Bodffordd	£	1,740.78
Trearddur	£	1,729.62
Tref Alaw	£	1,730.52
Llanfachraeth	£	1,764.90
Llanfaelog	£	1,736.19
Llanfaethlu	£	1,730.07
Llanfair-yn-Neubwll	£	1,741.68
Valley	£	1,762.11
Bryngwran	£	1,746.54
Rhoscolyn	£	1,726.11
Trewalchmai	£	1,746.36

being the amount given by adding to the amount at 8(e) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 8(b) above, calculated by the Executive in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one of more special items relate.

Valuation Bands

being the amounts given by multiplying the amounts at 8(e) and 8(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Executive, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

		Council Tax per Band, per Area, which includes the Isle of Anglesey County Council and Community / Town Council elements/precepts								
		A	B	C	D	E	F	G	H	I
Amlwch	£	1,189.56	1,387.82	1,586.08	1,784.34	2,180.86	2,577.38	2,973.90	3,568.68	4,163.46
Beaumaris	£	1,158.78	1,351.91	1,545.04	1,738.17	2,124.43	2,510.69	2,896.95	3,476.34	4,055.73
Holyhead	£	1,257.12	1,466.64	1,676.16	1,885.68	2,304.72	2,723.76	3,142.80	3,771.36	4,399.92
Llangefni	£	1,245.48	1,453.06	1,660.64	1,868.22	2,283.38	2,698.54	3,113.70	3,736.44	4,359.18
Menai Bridge	£	1,200.84	1,400.98	1,601.12	1,801.26	2,201.54	2,601.82	3,002.10	3,602.52	4,202.94
Llanddaniel-fab	£	1,165.08	1,359.26	1,553.44	1,747.62	2,135.98	2,524.34	2,912.70	3,495.24	4,077.78
Llanddona	£	1,150.74	1,342.53	1,534.32	1,726.11	2,109.69	2,493.27	2,876.85	3,452.22	4,027.59
Cwm Cadnant	£	1,155.78	1,348.41	1,541.04	1,733.67	2,118.93	2,504.19	2,889.45	3,467.34	4,045.23
Llanfair Pwllgwyngyll	£	1,197.18	1,396.71	1,596.24	1,795.77	2,194.83	2,593.89	2,992.95	3,591.54	4,190.13
Llanfihangel Ysgeifiog	£	1,161.06	1,354.57	1,548.08	1,741.59	2,128.61	2,515.63	2,902.65	3,483.18	4,063.71
Bodorgan	£	1,155.42	1,347.99	1,540.56	1,733.13	2,118.27	2,503.41	2,888.55	3,466.26	4,043.97
Llangoed	£	1,162.92	1,356.74	1,550.56	1,744.38	2,132.02	2,519.66	2,907.30	3,488.76	4,070.22
Llangristiolus & Cerrig Ceinwen	£	1,145.46	1,336.37	1,527.28	1,718.19	2,100.01	2,481.83	2,863.65	3,436.38	4,009.11
Llanidan	£	1,165.38	1,359.61	1,553.84	1,748.07	2,136.53	2,524.99	2,913.45	3,496.14	4,078.83
Rhosyr	£	1,160.40	1,353.80	1,547.20	1,740.60	2,127.40	2,514.20	2,901.00	3,481.20	4,061.40
Penmynydd	£	1,163.94	1,357.93	1,551.92	1,745.91	2,133.89	2,521.87	2,909.85	3,491.82	4,073.79
Pentraeth	£	1,157.46	1,350.37	1,543.28	1,736.19	2,122.01	2,507.83	2,893.65	3,472.38	4,051.11
Moelfre	£	1,150.98	1,342.81	1,534.64	1,726.47	2,110.13	2,493.79	2,877.45	3,452.94	4,028.43
Llanbadrig	£	1,168.38	1,363.11	1,557.84	1,752.57	2,142.03	2,531.49	2,920.95	3,505.14	4,089.33
Llanddyfnan	£	1,152.60	1,344.70	1,536.80	1,728.90	2,113.10	2,497.30	2,881.50	3,457.80	4,034.10
Llaneilian	£	1,162.56	1,356.32	1,550.08	1,743.84	2,131.36	2,518.88	2,906.40	3,487.68	4,068.96
Llanerch-y-medd	£	1,166.46	1,360.87	1,555.28	1,749.69	2,138.51	2,527.33	2,916.15	3,499.38	4,082.61
Llaneugrad	£	1,149.96	1,341.62	1,533.28	1,724.94	2,108.26	2,491.58	2,874.90	3,449.88	4,024.86
Llanfair Mathafarn Eithaf	£	1,160.46	1,353.87	1,547.28	1,740.69	2,127.51	2,514.33	2,901.15	3,481.38	4,061.61
Cylch y Garn	£	1,149.54	1,341.13	1,532.72	1,724.31	2,107.49	2,490.67	2,873.85	3,448.62	4,023.39
Mechell	£	1,149.66	1,341.27	1,532.88	1,724.49	2,107.71	2,490.93	2,874.15	3,448.98	4,023.81
Rhos-y-bol	£	1,148.16	1,339.52	1,530.88	1,722.24	2,104.96	2,487.68	2,870.40	3,444.48	4,018.56
Aberffraw	£	1,162.14	1,355.83	1,549.52	1,743.21	2,130.59	2,517.97	2,905.35	3,486.42	4,067.49
Bodedern	£	1,159.44	1,352.68	1,545.92	1,739.16	2,125.64	2,512.12	2,898.60	3,478.32	4,058.04
Bodffordd	£	1,160.52	1,353.94	1,547.36	1,740.78	2,127.62	2,514.46	2,901.30	3,481.56	4,061.82
Trearddur	£	1,153.08	1,345.26	1,537.44	1,729.62	2,113.98	2,498.34	2,882.70	3,459.24	4,035.78
Tref Alaw	£	1,153.68	1,345.96	1,538.24	1,730.52	2,115.08	2,499.64	2,884.20	3,461.04	4,037.88
Llanfachraeth	£	1,176.60	1,372.70	1,568.80	1,764.90	2,157.10	2,549.30	2,941.50	3,529.80	4,118.10
Llanfaelog	£	1,157.46	1,350.37	1,543.28	1,736.19	2,122.01	2,507.83	2,893.65	3,472.38	4,051.11
Llanfaethlu	£	1,153.38	1,345.61	1,537.84	1,730.07	2,114.53	2,498.99	2,883.45	3,460.14	4,036.83
Llanfair-yn-Neubwll	£	1,161.12	1,354.64	1,548.16	1,741.68	2,128.72	2,515.76	2,902.80	3,483.36	4,063.92
Valley	£	1,174.74	1,370.53	1,566.32	1,762.11	2,153.69	2,545.27	2,936.85	3,524.22	4,111.59
Bryngwran	£	1,164.36	1,358.42	1,552.48	1,746.54	2,134.66	2,522.78	2,910.90	3,493.08	4,075.26
Rhoscolyn	£	1,150.74	1,342.53	1,534.32	1,726.11	2,109.69	2,493.27	2,876.85	3,452.22	4,027.59
Trewalchmai	£	1,164.24	1,358.28	1,552.32	1,746.36	2,134.44	2,522.52	2,910.60	3,492.72	4,074.84

9. That it be noted that for the year 2025/26, the Police and Crime Commissioner North Wales has stated the following amounts in a precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Authority

Valuation Bands

		A	B	C	D	E	F	G	H	I
Police and Crime Commissioner North Wales	£	248.10	289.45	330.80	372.15	454.85	537.55	620.25	744.30	868.35

10. That, having calculated the aggregate in each case of the amounts at 8(ff) and 9 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2025/26 for each of the categories of dwellings shown below:-

		Council Tax per Band, per Area, which includes the Isle of Anglesey County Council element, Community/Town Council Precepts and North Wales Police Precept								
		A	B	C	D	E	F	G	H	I
Amlwch	£	1,437.66	1,677.27	1,916.88	2,156.49	2,635.71	3,114.93	3,594.15	4,312.98	5,031.81
Beaumaris	£	1,406.88	1,641.36	1,875.84	2,110.32	2,579.28	3,048.24	3,517.20	4,220.64	4,924.08
Holyhead	£	1,505.22	1,756.09	2,006.96	2,257.83	2,759.57	3,261.31	3,763.05	4,515.66	5,268.27
Llangefni	£	1,493.58	1,742.51	1,991.44	2,240.37	2,738.23	3,236.09	3,733.95	4,480.74	5,227.53
Menai Bridge	£	1,448.94	1,690.43	1,931.92	2,173.41	2,656.39	3,139.37	3,622.35	4,346.82	5,071.29
Llanddaniel-fab	£	1,413.18	1,648.71	1,884.24	2,119.77	2,590.83	3,061.89	3,532.95	4,239.54	4,946.13
Llanddona	£	1,398.84	1,631.98	1,865.12	2,098.26	2,564.54	3,030.82	3,497.10	4,196.52	4,895.94
Cwm Cadnant	£	1,403.88	1,637.86	1,871.84	2,105.82	2,573.78	3,041.74	3,509.70	4,211.64	4,913.58
Llanfair Pwllgwyngyll	£	1,445.28	1,686.16	1,927.04	2,167.92	2,649.68	3,131.44	3,613.20	4,335.84	5,058.48
Llanfihangel Ysgeifiog	£	1,409.16	1,644.02	1,878.88	2,113.74	2,583.46	3,053.18	3,522.90	4,227.48	4,932.06
Bodorgan	£	1,403.52	1,637.44	1,871.36	2,105.28	2,573.12	3,040.96	3,508.80	4,210.56	4,912.32
Llangoed	£	1,411.02	1,646.19	1,881.36	2,116.53	2,586.87	3,057.21	3,527.55	4,233.06	4,938.57
Llangristiolus & Cerrig Ceinwen	£	1,393.56	1,625.82	1,858.08	2,090.34	2,554.86	3,019.38	3,483.90	4,180.68	4,877.46
Llanidan	£	1,413.48	1,649.06	1,884.64	2,120.22	2,591.38	3,062.54	3,533.70	4,240.44	4,947.18
Rhosyr	£	1,408.50	1,643.25	1,878.00	2,112.75	2,582.25	3,051.75	3,521.25	4,225.50	4,929.75
Penmynydd	£	1,412.04	1,647.38	1,882.72	2,118.06	2,588.74	3,059.42	3,530.10	4,236.12	4,942.14
Pentraeth	£	1,405.56	1,639.82	1,874.08	2,108.34	2,576.86	3,045.38	3,513.90	4,216.68	4,919.46
Moelfre	£	1,399.08	1,632.26	1,865.44	2,098.62	2,564.98	3,031.34	3,497.70	4,197.24	4,896.78
Llanbadrig	£	1,416.48	1,652.56	1,888.64	2,124.72	2,596.88	3,069.04	3,541.20	4,249.44	4,957.68
Llanddyfnan	£	1,400.70	1,634.15	1,867.60	2,101.05	2,567.95	3,034.85	3,501.75	4,202.10	4,902.45
Llaneilian	£	1,410.66	1,645.77	1,880.88	2,115.99	2,586.21	3,056.43	3,526.65	4,231.98	4,937.31
Llanerch-y-medd	£	1,414.56	1,650.32	1,886.08	2,121.84	2,593.36	3,064.88	3,536.40	4,243.68	4,950.96
Llaneugrad	£	1,398.06	1,631.07	1,864.08	2,097.09	2,563.11	3,029.13	3,495.15	4,194.18	4,893.21
Llanfair Mathafarn Eithaf	£	1,408.56	1,643.32	1,878.08	2,112.84	2,582.36	3,051.88	3,521.40	4,225.68	4,929.96
Cylch y Garn	£	1,397.64	1,630.58	1,863.52	2,096.46	2,562.34	3,028.22	3,494.10	4,192.92	4,891.74
Mechell	£	1,397.76	1,630.72	1,863.68	2,096.64	2,562.56	3,028.48	3,494.40	4,193.28	4,892.16
Rhos-y-bol	£	1,396.26	1,628.97	1,861.68	2,094.39	2,559.81	3,025.23	3,490.65	4,188.78	4,886.91
Aberffraw	£	1,410.24	1,645.28	1,880.32	2,115.36	2,585.44	3,055.52	3,525.60	4,230.72	4,935.84
Bodedern	£	1,407.54	1,642.13	1,876.72	2,111.31	2,580.49	3,049.67	3,518.85	4,222.62	4,926.39
Bodffordd	£	1,408.62	1,643.39	1,878.16	2,112.93	2,582.47	3,052.01	3,521.55	4,225.86	4,930.17
Trearddur	£	1,401.18	1,634.71	1,868.24	2,101.77	2,568.83	3,035.89	3,502.95	4,203.54	4,904.13
Tref Alaw	£	1,401.78	1,635.41	1,869.04	2,102.67	2,569.93	3,037.19	3,504.45	4,205.34	4,906.23
Llanfachraeth	£	1,424.70	1,662.15	1,899.60	2,137.05	2,611.95	3,086.85	3,561.75	4,274.10	4,986.45
Llanfaelog	£	1,405.56	1,639.82	1,874.08	2,108.34	2,576.86	3,045.38	3,513.90	4,216.68	4,919.46
Llanfaethlu	£	1,401.48	1,635.06	1,868.64	2,102.22	2,569.38	3,036.54	3,503.70	4,204.44	4,905.18
Llanfair-yn-Neubwll	£	1,409.22	1,644.09	1,878.96	2,113.83	2,583.57	3,053.31	3,523.05	4,227.66	4,932.27
Valley	£	1,422.84	1,659.98	1,897.12	2,134.26	2,608.54	3,082.82	3,557.10	4,268.52	4,979.94
Bryngwran	£	1,412.46	1,647.87	1,883.28	2,118.69	2,589.51	3,060.33	3,531.15	4,237.38	4,943.61
Rhoscolyn	£	1,398.84	1,631.98	1,865.12	2,098.26	2,564.54	3,030.82	3,497.10	4,196.52	4,895.94
Trewalchmai	£	1,412.34	1,647.73	1,883.12	2,118.51	2,589.29	3,060.07	3,530.85	4,237.02	4,943.19

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Isle of Anglesey County Council	
Report to:	Full Council
Date:	6 March 2025
Subject:	Welsh language policy review
Portfolio holder(s):	Councillor Dafydd Roberts
Head of service / director:	Lynn Ball Director of Function (Council Business)
Report author:	Ffreuer Owen, Policy and Welsh Language Manager
Phone:	01248 75 25 20
Email:	FfreuerOwen@anglesey.gov.wales
Local members:	Relevant to all elected members

A – Recommendation(s) and reasons

R1: To recommend approving the revised Welsh language policy for the following reasons.

Since the current policy was adopted in 2016, Council practices in relation to the language, together with our understanding of Welsh language standards, have developed significantly. (One key development was to make the language a strategic objective of the Council Plan for 2023-28.) It is appropriate that we update the policy to reflect these changes.

As the policy fulfils a statutory obligation, our ability to make significant changes is limited. However, effort has been made to streamline its content for the benefit of members of the public, officers, and others involved with the Council. Ensuring that the requirements are clearly and concisely communicated should improve compliance and contribute towards our strategic aims.

Key updates focus on Council identity and administration; areas in which significant progress has been made in terms of our internal use of Welsh through training, support and changes to recruitment practices. They include:

- Incorporating guidance published in 2019 which makes Welsh an essential skill for Council jobs, to varying levels in line with our language skills framework.
- Including a section relating to elected and lay member roles to make clear under what circumstances they are expected to comply with Welsh language standards and the support available to develop their use of the language.
- A commitment to use every opportunity to promote Welsh placenames and encourage others to operate to the same standards as us when working together.

B – What other options did you consider and what are your reasons for rejecting and/or choosing this option?

The Welsh language policy fulfils a statutory obligation to explain how the Council will comply with Welsh language standards. It is included in constitution's policy framework and no other options were considered as a result.

C – Why is this a decision for the full Council?

In accordance with the constitution, revisions to the Welsh language policy must be approved by the full Council.

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

It is recommended to revise the Welsh language policy which requires the full Council's approval in accordance with the constitution. The draft policy supports the Council's wider commitments to the Welsh language, specifically:

- Council Plan 2023-28: Welsh language strategic objective
- Welsh Language Promotion Strategy 2021-26

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

Irrelevant.

Dd – Assessing potential impacts (if applicable)

<p>1. How does this decision impact our long-term needs as an island?</p>	<p>Adopting the draft policy will confirm the right of Anglesey citizens to use their preferred language – Welsh or English – when dealing with the Council. It also confirms the right of officers, and others involved in the Council's internal administration, to use the language and access support to develop their skills.</p> <p>The appointment of qualified Welsh speakers to the Council's workforce is a long-term need, and this policy supports our recruitment and selection practices.</p>
<p>2. Is this a decision which it is envisaged will prevent future costs/dependencies on the Council? If so, how?</p>	<p>Irrelevant.</p>
<p>3. Have we collaborated with other organisations to reach this decision? If so, please note with whom.</p>	<p>Irrelevant.</p>
<p>4. Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.</p>	<p>Sections of the draft policy that relate to the provision of public services reflect the statutory requirements of Welsh language standards and are consistent with the current Welsh language policy. For this reason, no public consultation was undertaken. Elected representatives were consulted at various stages of drafting.</p>

<p>5. Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.</p>	<p>An equality impact assessment on the effects of adopting the draft policy has been undertaken. It identifies an overall positive impact on protected groups primarily because:</p> <ul style="list-style-type: none"> • the draft policy confirms people's right to receive services in their preferred language; • its inclusive emphasis (the commitment to offer a choice of language, and the equal treatment of Welsh and English in public service), means that the draft policy does not exclude non-Welsh speakers; • sections relating to our internal use of the language are considerate of officers and others who lack confidence in their Welsh language skills.
<p>6. If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.</p>	<p>As noted above, the draft policy's inclusive emphasis, its commitment to offer a choice of language, and equal treatment of Welsh and English in public service, offers assurance that individuals experiencing socio-economic disadvantage are not adversely affected by its implementation.</p>
<p>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.</p>	<p>A Welsh language impact assessment on the effects of adopting the draft policy has been undertaken. It identifies an overall positive impact on the status of the language and opportunities for its use.</p> <p>Changes to the current policy signify an effort to strengthen our compliance with Welsh language standards, and other strategic commitments. They offer clarity to citizens, officers and others involved in the Council, on how we use and consider the language in different contexts. They also include steps to improve and facilitate the use of Welsh language services, and to use our influence to promote the language externally and within our administration.</p> <p>The draft policy contributes to Council Plan and Welsh language promotion strategy</p>

	objectives. In particular, the strategy's second priority area, which is the workplace, Welsh language services and infrastructure.
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E – Who did you consult with and what were their comments?	
1. Chief Executive / Leadership Team (mandatory)	The Leadership Team considered the draft policy at its meeting on 13 January 2025 and agreed to its submission before relevant committees.
2. Finance / Section 151 Officer (mandatory)	See above.
3. Legal // Monitoring Officer (mandatory)	See above.
4. Human Resources (HR)	The draft policy was accepted by the Welsh Language Promotion Group which includes representation from the HR department.
5. Property	Irrelevant.
6. Information Technology (IT)	Relevant officers contributed to clauses relating to the Council's digital services.
7. Procurement	Irrelevant.
8. Scrutiny	The draft policy was considered by the Partnership and Regeneration Scrutiny Committee at its meeting on 12 February 2025. It recommended that the Executive submit the draft policy for full Council approval.
9. Local members	The portfolio holder and the Welsh Language Promotion Group (made up of chairs and representatives from both scrutiny committees) contributed to the formulation of the draft policy. The draft policy was accepted by the group on 21 January 2025. The Executive considered the draft policy at its meeting on 18 February 2025.

F - Appendices
Draft Welsh language policy (Version 4.0)

Ff – Background papers (contact report author for more information)
<ul style="list-style-type: none"> • Isle of Anglesey County Council, Welsh Language Policy (2016) • Isle of Anglesey County Council, Welsh Language Strategy 2021-26 • Isle of Anglesey County Council, Council Plan 2023-28 • Equality impact assessment • Welsh language impact assessment



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Isle of Anglesey County Council

Welsh Language Policy



About this policy

This is the Isle of Anglesey County Council's (the Council's) Welsh language policy. It sets out how the Council will use and consider the language in different contexts when conducting its business. It applies to members of the public and others dealing with the Council, as well as officers, and elected and lay members. (A separate policy relates to the use of Welsh in our schools.)

It is published in accordance with the Council's priorities and the duties imposed on it under section 44 of the Welsh Language (Wales) Measure 2011.

Revision history

Version	Date	Summary of changes
1.0	April 2016	First submitted draft to the Executive.
2.0	May 2016	Revised draft submitted to the full Council.
3.0	May 2016	Policy approved by the full Council.
4.0	March 2025	Updates to clauses relating to identity and internal use of Welsh and other general format changes approved by the full Council.

Next review date

This policy will be reviewed as necessary. In accordance with constitution's policy framework, any revisions to this policy are subject to approval by the full Council.

Contact details

Democratic Services
Council Business
Isle of Anglesey County Council
Llangefni
LL77 7TW

Telephone: 01248 752 520

Email: Welsh@anglesey.gov.wales

www.anglesey.gov.wales

You are welcome to contact the Council in Welsh or English. You will receive the same standard of service in both languages.

Other formats

We are happy to provide this policy in other formats on request. Please use these contact details.

Related documents

Council Plan; Welsh Language Promotion Strategy; Welsh Language Standards; Welsh language standards for awarding grants; Anglesey placenames; Policy on naming and numbering streets and houses. All available on our website, at our sites, and by request.

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Foreword

This policy supports the Council's commitment to the Welsh language. The language is a strategic objective of our Council Plan, and our Welsh language promotion strategy outlines our plans to increase the use of Welsh by our service users and within our administration.

In accordance with Welsh Language Standards (No. 1) Regulations 2015, we must comply with specific statutory duties. This policy fulfils our duty to publish a document outlining how we will comply with the standards placed upon us. Details of those exact standards can be found in our compliance notice from the Welsh Language Commissioner, on our website, and by request. This policy follows the standards placed upon us, and their numbers are included in the headings.

This policy also acts as our policy on our internal use of Welsh.

Policy statement

This Council recognises the official status of the Welsh language in Wales and respects individuals' freedom to use the language without impediment. It operates in accordance with the central principle of the Welsh (Wales) Measure 2011, that the Welsh language should not be treated less favourably than English.

By implementing this policy, the Council will ensure that Welsh and English are treated equally in the provision of its services. The people of Anglesey, and others, may use either language when dealing with us, and we will take steps to ensure that their preference is noted and respected.

We will consider the impact of our decisions on the Welsh language and use our influence to require others to consider the language as we work together. Third parties acting on our behalf are required to comply with relevant requirements of Welsh language standards and this policy.

The Welsh language is used in all aspects of the Council's administration. But we recognise that not all members of our workforce have the confidence or necessary skills to work entirely through the medium of Welsh. We will take steps to increase our internal use of the language and enable our staff to live a full Welsh working life. We will do this in line with our Council Plan priorities and our Welsh language promotion strategy.

The sections that follow explain how we will use and consider the Welsh language in different contexts. If a situation arises that is not covered by this policy, please refer to our compliance notice and seek advice from our policy and Welsh language officers using the contact details on the cover of the policy.

Part 1: Public services

This part of the policy explains how we will use Welsh when providing services to the public.

1. Written correspondence

Service delivery standards 1, 4, 5, 6, 7¹

General principles:

- People are welcome to correspond with the Council in Welsh or English.
 - We aim to record people's preferred language and correspond with them according to their preference.
 - We will offer the same standard of service in both languages.
-

- 1.1 We will answer correspondence in the language it is written, and in accordance with relevant targets.
- 1.2 We will initiate personal correspondence in the recipient's preferred language. If we do not know the recipient's preferred language, we will correspond bilingually.
- 1.3 When we correspond with a member of the public following a conversation in Welsh – on the phone or face-to-face – we will do so in Welsh. Unless the member of the public has expressed that there is no need to reply in Welsh.
- 1.4 Standardised and collective Council correspondence will be sent bilingually. Welsh will appear to the left or above the English text and both languages will be equal in format, size, prominence and quality.
- 1.5 When we start corresponding with a public body that is subject to Welsh language standards, we will do so in Welsh.
- 1.6 Correspondence, and other Council materials inviting a response, will make clear that people are welcome to deal with us in Welsh or English, and that the same standard of service is available in both languages.
- 1.7 We will ensure that our correspondence is accurate. Officers are encouraged to use spell-checking software and to write clearly in a style suitable for their audience. They are expected to use our translation service where necessary.

2. Phone calls

Service delivery standards 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22

¹ Isle of Anglesey County Council, Welsh Language Standards (2016). Available at www.anglesey.gov.uk.

General principle:

- People are welcome to use Welsh or English when calling the Council.
-

- 2.1 Callers to the Council's telephone numbers – including helplines, call centres and direct numbers – will be greeted bilingually with Welsh first.
- 2.2 If an officer is unable to fully deal with a telephone enquiry in Welsh, they should explain this to caller and offer to pass the call on to a colleague.
- 2.3 Answering machine messages and any automated Council telephone services will be bilingual with Welsh first.
- 2.4 We will not treat Welsh less favourably than English when advertising telephone numbers and will note that we welcome calls in Welsh.
- 2.5 We will take steps to establish and record people's language preference when calling them for the first time, and honour that preference when calling them in the future.

3. Meetings and events

Service delivery standards 23, 25, 27, 27A, 27CH, 29, 30, 31, 32, 33, 34, 35, 36, 84, 86

General principles:

- Welsh is the natural language of our public meetings and events and attendees will have the right to use it.
 - Simultaneous translation will be available to non-Welsh speaking attendees.
-

- 3.1 When we invite only one person to a meeting, we will ask about their preferred language and hold the meeting in Welsh, without simultaneous translation, if that is their preference.
- 3.2 When we invite several people to a meeting that is not open to the public, we will ask them about their preferred language and arrange simultaneous translation from Welsh to English if necessary.
- 3.3 When we hold meetings that relate to an individual's well-being, and involve that individual, we will ask about their preferred language. We will hold the meeting in Welsh, without simultaneous translation, if that is their preference. The language of the meeting should not be changed for the benefit of officers or other attendees.

- 3.4 Invitations to Council public meetings will be bilingual. We will note on advertising materials and invitations that people are welcome to use Welsh and English at our meetings.
- 3.5 We will ask speakers at our public meetings about their preferred language in advance.
- 3.6 We will hold our public meetings in Welsh or bilingually and simultaneous translation from Welsh to English will be available. The chair or organiser is expected to give guidance on language use at the start of the meeting. This includes making clear that a translation service is available and that attendees have the right to always use their preferred language.
- 3.7 We strive to ensure that Council officers who participate in our public meetings use Welsh. In situations where this is not possible, we will ensure that other attendees can use the language.
- 3.8 Any Council materials we display at our public meetings will be bilingual. Welsh will appear to the left or above English text and both languages will be equal in format, size, prominence and quality.
- 3.9 Council events, and other public events at least 50% funded by us, will be advertised and held bilingually. We will ensure that Welsh is not treated less favourably than English at our events.
- 3.10 We will try to ensure that all meetings and other face-to-face contact between us and members of the public – whether in the office, at home, on site etc. – can take place in Welsh. In a situation where this is not possible, the officer concerned should seek the help of a Welsh-speaking colleague.
- 3.11 In the case of pre-arranged field meetings, we will arrange that officers in attendance are able to offer a choice of language to other attendees.
- 3.12 Any education course open to the public will be offered by us in Welsh unless we have assessed that there is no need to offer the course in Welsh. This does not apply to education provided in our schools.

4. Publicity and advertising

Service delivery standard 37

- 4.1 Our campaigns, including advertising, publicity and marketing campaigns, will be fully bilingual. The only exception will be in the case of radio, television or other recordings, where the language of the content will depend on the medium in question.

5. Written materials

Service delivery standards 38, 40, 48, 49, 50, 50A, 50B, 51, 52, 55, 56, 69, 70

General principles:

- All Council public written materials will be available in Welsh and English.
 - Our public materials will treat both languages equally.
-

- 5.1 Any material we display publicly will be bilingual.
- 5.2 We will try to ensure that materials occasionally displayed by other bodies or companies at our sites are bilingual.
- 5.3 All written Council public materials will be available in both Welsh and English. This includes print and digital materials. Types of materials include, but are not limited to:
- Reports, strategies and plans
 - Meeting agendas, minutes and papers
 - Forms
 - Handouts, brochures and explanatory material
 - Posters, advertisements and marketing materials
 - Press and media releases
 - Public and official notices
 - Consultation and engagement documents
- 5.4 We will aim to produce print materials bilingually in one document. Welsh text will appear to the left or above English text, or back-to-back. Both languages will be equal in format, size, prominence and quality.
- 5.5 Where it is not possible or practical to produce print material bilingually, we will produce separate Welsh and English versions. Both languages will be equal in format, size, prominence and quality, and published simultaneously. It will be as easy to access the material in either language.
- 5.6 Where it is not possible to produce a bilingual form, versions in both languages will be equally valid and treated equally.
- 5.7 If we complete part of a form on behalf of a member of the public (for example, before sending it to verify its content or to complete the rest of the form), we will insert the information in Welsh on the Welsh version, and vice versa.
- 5.8 English versions of the Council's materials will make it clear that they are also available in Welsh, and vice versa.

- 5.9 We will keep accessibility considerations (including digital accessibility) in mind when producing materials. Officers are expected to follow guidance and seek the advice of relevant colleagues to ensure Council materials meet relevant standards.
- 5.10 We will ensure that our public materials are accurate and consistent with Council style guidelines. Officers are encouraged to use spell-checking software and to write clearly in a manner suitable for their audience. They are expected to use our translation service where necessary, and to proof-read all public materials.

6. Websites and digital services

Service delivery standards 52, 55, 56, 57, 58, 59, 60

General principles:

- Our digital services will be available in both Welsh and English.
 - We will offer the same standard of service in both languages.
-

- 6.1 All information on our website will be bilingual, and Welsh will not be treated less favourably than English on our website.
- 6.2 We will offer users a language choice and a convenient way of navigating between the corresponding Welsh and English pages of our website.
- 6.3 Any digital forms and questionnaires on our website will provide users with a language choice.
- 6.4 Our website's customer relationship management (CRM) system will ask users about their preferred language. Responses to requests made through the system will be sent accordingly.
- 6.5 Any other contact with members of the public through our digital media will take place in accordance with the provisions of part one of this policy.
- 6.6 All Council information on our social media accounts will be bilingual. Depending on the medium, we will either have:
- one social media account sharing corresponding information in Welsh and English, with Welsh appearing first; or
 - two corresponding social media accounts, one in Welsh and the other in English, which treat both languages equally.
- 6.7 Council apps and self-service machines will work bilingually and will not treat the Welsh language less favourably than English.

- 6.8 When developing our digital services, we will consider the principles of the Welsh Language Commissioner guidance document, Technology, Websites and Software: Considering the Welsh Language². Officers are expected to follow guidelines such as our procurement manual, and IT digital publishing policy, to ensure that commissioned services align with the requirements of this policy. Digital services must not be changed, commissioned or launched without the input and support of the Digital Services team.

7. Signs

Service delivery standards 61, 62, 63,
Operational standards 141, 142, 143

General principle:

- Our signs will be bilingual.
-

- 7.1 All signs placed by us in public spaces and in our workplaces will be bilingual. This includes road signs and road markings.
- 7.2 Signs displaying monolingual Welsh placenames are excluded. Our policy in relation to the names of places, streets and estates is set out in section 11 of this policy.
- 7.3 When both languages appear together on a sign, Welsh will appear to the left or above the English text. Both languages will be equal in format, size, prominence and quality.
- 7.4 Where it is not possible to include both languages on a single sign, we will place separate Welsh and English versions. Both languages will be equal in format, size, prominence and quality. We will place the Welsh sign above or to the left of the English sign.
- 7.5 The Welsh text of our signs will be accurate in terms of meaning and expression. Officers are encouraged to use spell-checking software and to use plain language, suitable for their audience. Officers are expected to use our translation service where necessary, and to always proofread signs.

8. Receptions

Service delivery standards 64, 67, 68, 87
Operational standard 144

General principles:

² Welsh Language Commissioner, Technology, Websites and Software: Considering the Welsh Language (2016). Available at www.welshlanguagecommissioner.wales.

- People are welcome to use Welsh and English at our receptions.
 - We will make it clear that a Welsh language service is available.
-

- 8.1 We will offer a full bilingual service at our receptions.
- 8.2 We will display signs at our receptions to indicate that a Welsh language service is available.
- 8.3 Officers at our receptions will wear Work Welsh (*Iaith Gwaith*) badges to indicate that they can give a Welsh service.
- 8.4 Any audio announcements or public addresses at our sites will be bilingual with Welsh first.

9. Grants and financial support

Service delivery standards 71, 72, 72A, 73, 75
Policy making standard 94

General principles:

- Persons will be welcome to apply for grants from the Council in both Welsh and English.
 - We will treat both languages equally when considering grant applications.
-

- 9.1 Public materials relating to the awarding of Council grants Council will be available in both Welsh and English and will note that applications are welcome in either language.
- 9.2 We will treat grant applications submitted in either language equally (including, among other things, in relation to application deadlines and timescales for informing applicants of decisions).
- 9.3 We will offer grant applicants a language choice, including at interviews as part of our assessment of their application.
- 9.4 Where appropriate, we will impose conditions on organisations, bodies or individuals, who do not represent public bodies but receive financial support from the Council, to deliver their public services bilingually or in Welsh.
- 9.5 In the case of any financial support offered by the Council to organisations, bodies or individuals, the relevant head of service will have a responsibility to encourage the recipient to use a portion of it to promote the Welsh language in its activities. The head of service will also be responsible for monitoring how the Welsh language has been promoted.

- 9.6 We will ensure that the impact of grant awarding on the Welsh language is considered by implementing a policy known as Welsh language standards for grant awarding: Corporate guidance. This policy is available on our website and by request.

10. Contracts, agreements and partnerships

Service delivery standards 76, 77, 77A, 80

General principles:

- Persons are welcome to tender for Council contracts in Welsh and English.
 - We will treat both languages equally when publishing materials and considering bids for tenders.
 - We will use our influence to compel and encourage others to operate to the same standards as us.
-

- 10.1 We will consider the principles of the Welsh Language Commissioner's guidance document, Contracting out public service contracts: Considering the Welsh language³ when setting out contracts. Officers are expected to follow guidelines such as our procurement manual to ensure that Council contracts align with the requirements of this policy.
- 10.2 Public materials relating to Council contracts will be available in both Welsh and English and will note that tender applications are welcome in either language.
- 10.3 We will treat tenders submitted in either language equally (including, among other things, in relation to application deadlines and timescales for informing applicants of decisions).
- 10.4 We will offer tenderers a language choice, including at interviews as part of our assessment of their application.
- 10.5 Any agreement or arrangement we make with a third party, which relates to the provision of services to the public in Wales, will be abide by the terms of this policy. This includes (without restriction) outsourced services.
- 10.6 In the case of any service provided by a third party, the relevant head of service will be responsible for ensuring that full details of the specific requirements of Welsh language standards and this policy are communicated to potential providers.

³ Welsh Language Commissioner, Contracting out public service contracts: Considering the Welsh language (2016). Available at www.welshlanguagecommissioner.wales.

- 10.7 The relevant head of service will also be responsible for ensuring that any prospective provider is aware that it must provide a bilingual service according to the relevant requirements of this policy in relation to the service/area concerned.
- 10.8 In setting out an agreement, the relevant head of service will be responsible for ensuring that the third party complies with relevant aspects of this policy and monitoring compliance during the term of the agreement. This is done by including relevant details in materials provided to the third party.
- 10.9 Where a third party is expected to provide written material or make submissions to Council public meetings, the relevant head of service will be responsible for ensuring that the provision is fully bilingual by including specific conditions in the agreement with the third party concerned.
- 10.10 This policy is as relevant to any third party providing a service on the Council's as it is to Council itself in dealing with the public.
- 10.11 Organisations, bodies or individuals that do not represent a public body, but provide a service regulated by the Council will be encouraged to comply with the requirements of this policy. As and when required, advice will be given on good practice.
- 10.12 When purchasing services from third parties on behalf of the public, in circumstances not already mentioned, we will encourage those third parties to use Welsh when providing services to the public in Wales.
- 10.13 We often work in partnership with public bodies, third sector organisations, and other agencies. Where appropriate, we will ensure that our partners act in accordance with the principles of the Welsh Language Commissioner's guidance on contracting out public service contracts.
- 10.14 When the Council leads a partnership, strategically and operationally, we will ensure that the public provision complies with the requirements of this policy and the Welsh language standards imposed upon us.
- 10.15 When the Council joins a partnership, which is led by another organisation, our input will comply with the requirements of this policy and the Welsh language standards imposed upon us. We will also use our influence to encourage other parties to operate to the same standards.
- 10.16 When the Council operates as part of consortia, we will encourage the consortia to adopt a Welsh language policy. When working publicly in the name of a consortia, we will operate in accordance with this policy.
- 10.17 When the Council joins or leads a partnership, we will ask prospective partners about their Welsh language policies, or how they intend to operate bilingually. As

a part of each partnership, we will offer advice and support in relation to the Welsh language and bilingualism to the other parties involved.

- 10.18 When drafting and reviewing joint-provision and joint-funding contracts, we will ensure compliance with this policy to avoid any deterioration in public Welsh language provision. We will monitor contracts to ensure compliance.
- 10.19 We will use our influence to raise awareness of the importance of the Welsh language in our area among our partners and work together to improve bilingual services.
- 10.20 We will press for opportunities to enable staff who are jointly providing services to continue to work through the medium of Welsh.

11. Council and local area identity

Service delivery standard 83

General principles:

- We will promote the Welsh language as part of our identity.
 - We will use our influence to promote Welsh placenames and protect our history and heritage.
-

- 11.1 The Council's public face and corporate identity will be bilingual and will not treat the Welsh language less favourably than English.
- 11.2 This shall include the Council's name and the names of its services, and all its relevant addresses, logos, brands, slogans, letterheads, publications and all public written material in the form of reports, signage, forms, notices, or notices or writing on Council buildings, vehicles or property.
- 11.3 We will further promote Welsh names and vocabulary within our identity as part of implementing our Welsh language promotion strategy. Welsh mottos such as 'Môn Mam Cymru' will not be translated.
- 11.4 We will maintain a list of local placenames. We will employ the Welsh forms of placenames and other geographical features, except in cases where the Council has recognised an official English version. Where an English form of a placename is recognised, it should only be used in an English context.
- 11.5 We will base new street and estate names on Welsh vernacular and historical names associated with the area. When coining a new name, we will do so solely in Welsh and in accordance with our street and house naming and numbering policy. We will use the town and country planning regime to support the implementation of these policy commitments.

Part 2: Policy making and assessing impact on the Welsh language

This part of the policy explains how we will consider the Welsh language when making decisions.

12. Impact assessment

Policy making standards 88, 89, 90
Record keeping standard 150

General principle:

- We will assess the impact of our decisions on the Welsh language as we develop proposals or make changes to our practices.
-

- 12.1 We will consider the principles of the Welsh Language Commissioner's guidance document, Policy Making Standards: Creating opportunities for persons to use the Welsh language and treating the Welsh language no less favourably than the English language⁴ as we develop proposals or make changes to our practices.
- 12.2 Council services have a responsibility to ensure that consideration is given to the potential impacts of policy decisions on the Welsh language. Consideration must be given to the language when developing proposals for new policies, strategies and schemes, or when reviewing or amending current practices.
- 12.3 Council services have a responsibility to ensure that any new policies, strategies or schemes align with the wider commitments of the Council Plan and our Welsh language promotion strategy.
- 12.4 We will ensure that we fulfil our duty under Welsh language standards to assess impact on the language using an impact assessment framework. This framework will include other statutory duties including, but not limited to, equality considerations, the socio-economic duty, and the well-being of future generations.
- 12.5 We will refer to the impact assessment framework when making recommendations to our elected members for their decision. Policy and Welsh language officers will provide guidance on other circumstances where a Welsh language impact assessment should be carried out in accordance with policy making standards and the Welsh Language Commissioner's code of practice.

⁴ Welsh Language Commissioner, Policy Making Standards: Creating opportunities for persons to use the Welsh language and treating the Welsh language no less favourably than the English language (2020). Available at www.welshlanguagecommissioner.wales.

- 12.6 We will publish materials on our intranet to support officers responsible for carrying out impact assessments.
- 12.7 Separate statutory impact assessment processes exist in some areas of our work, such as town and country planning.

13. Consultation and engagement

Policy making standards 91, 93, 93, 95, 96, 97

General principle:

- We will seek public opinion on the impact of our proposals on the Welsh language as we consult and conduct research.
-

- 13.1 The Council's services will have a responsibility to ensure that any public research or consultation undertaken by them in developing proposals or making changes to our practices seeks views on impact on the Welsh language.
- 13.2 We will ask specific questions about the impact on the Welsh language in consultation documents and in the conduct of research. Guidance on suitable questions will be available to officers on the Council's intranet and from policy and Welsh language officers.

Part 3: Internal use of Welsh

Welsh is used in all aspects of the Council's internal administration. This part of the policy explains how we use the language with our staff, elected and lay members, and within our administration.

14. Meetings and internal communications

Operational standard 98

General principles:

- Welsh is the natural language of our internal meetings.
 - We will encourage our staff to use Welsh at work.
 - Our internal communications will be bilingual to include all members of staff.
-

- 14.1 Internal Council meetings be held in Welsh where possible. We will use simultaneous translation where necessary.
- 14.2 We will encourage staff to use Welsh, verbally and in writing, and will run campaigns to promote the use of Welsh at work. Support, including training and resources will be available to anyone seeking to develop their use of the language.
- 14.3 We recognise that not all members of our workforce have the confidence or necessary skills to work entirely through the Welsh language. Staff shall have the right to work through the medium of Welsh or English if it is consistent with the provisions of this policy, the language requirements of their roles, and does not substantially impair the effectiveness of internal communications.
- 14.4 All general internal communications will be bilingual to include all members of our staff. Welsh text will appear to the left or above English text and both languages will be equal in format, size, prominence and quality.
- 14.5 For consistency and to avoid confusion, letters of the Welsh alphabet will be used for designating paragraphs, sections, etc. in texts.

15. Internal services

Operational standards 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 120, 124, 125, 126

General principles:

- Internal staff services will be available in Welsh.

- We will respect the language preference of our staff members and provide materials and conduct processes relating to their employment in the language of their choice.
-

- 15.1 We will record the language preference of our staff, and respect that choice when providing internal materials and services relating to their employment with the Council.
- 15.2 Our internal policies will be available bilingually on our intranet and by request.
- 15.3 Our staff will have the right to use Welsh or English as part of complaints and disciplinary processes. We will inform our staff of this right and, where indicated, conduct processes in Welsh in accordance with the requirements of operational standards.
- 15.4 Grammar and spellchecking software and Welsh interfaces will be available to our staff.
- 15.5 Information on our intranet will be bilingual, and Welsh will be treated no less favourably than English on our intranet. We will publish promotional content on our intranet to support our staff to use the Welsh language.

16. Training and workforce planning

Operational standards 127, 128, 129, 130, 132, 133, 134, 135
Record keeping standards 151, 152

General principle:

- We will offer a range of training opportunities to support our staff to develop their Welsh language skills.
-

- 16.1 We will implement a language skills framework to assess the Welsh language skills of our staff. We will use this framework to ensure that our staff members' have the right Welsh language skills to carry out their duties.
- 16.2 As part of our annual performance review process, staff will be required to report on their Welsh language skills along with any development needs.
- 16.3 We will plan our workforce to ensure that public facing workplaces have enough Welsh speakers to offer services in accordance with the provisions of this policy.
- 16.4 In non-public facing workplaces, staff members' Welsh language skills may vary from role to role. Officers will be encouraged to learn and use Welsh to facilitate collaboration within teams, and between Council services in general.

- 16.5 We will identify the Welsh language skills that apply to each role in accordance with our language skills framework. This information will be included in all job descriptions. Guidance on the designating Welsh language skill levels will be available to support managers responsible for preparing job descriptions.
- 16.6 We will routinely provide training in Welsh and English. Should we offer training on these subjects, it will be available in Welsh:
- Recruitment and interviewing
 - Performance management
 - Complaints and disciplinary procedures
 - Induction
 - Dealing with the public
 - Health and safety
- 16.7 We will provide training (in Welsh) on the effective use of Welsh in meetings, when conducting interviews, and as part of complaints and disciplinary procedures.
- 16.8 We will encourage staff to follow training courses in Welsh where applicable. We will use our influence to encourage examination/assessment bodies who operate in Wales to offer their students a choice to sit examinations and submit work to be assessed in Welsh.
- 16.9 All new members of staff will receive language awareness, information about Welsh language standards and how the language can be used at work as part of the induction process. Training on these topics will also be available to other members of our staff.
- 16.10 We will provide an email signature and other resources that staff may use to let others know that can speak or are leaning Welsh.
- 16.11 We encourage our staff to develop their Welsh language skills throughout their career with the Council. We will provide a range of Welsh language training opportunities during working hours.
- 16.12 Managers have a responsibility to encourage staff to undertake Welsh language training and to assess the Welsh language training needs of their teams.
- 16.13 We will ensure that officers learning Welsh receive a certain number of hours of Welsh language training per year.
- 16.14 Responsibility for overseeing the Council's Welsh language training provision lies with human resources, under the leadership of the head of profession.

17. Recruitment and selection

Operational standards 136, 136A, 137, 137A, 137B, 138, 140
Record keeping standards 153, 154

General principle:

- The ability to use Welsh is an essential skills of Council roles and the level of ability will depend on the requirements of each post.
-

- 17.1 An element of Welsh language ability will be essential for roles within the Council. The exact skill level needed to meet job requirements will be assessed by managers against our language skills framework and noted in job descriptions.
- 17.2 We recognise that appointing individuals with the necessary Welsh language skills to some posts can be challenging. If we fail to appoint an individual with the expected Welsh language skills, we will re-advertise the post with the same language requirements. Only after a second failure to appoint, and with the consent of the appointment panel, may the language requirements of the role be re-considered.
- 17.3 When re-advertising certain positions, we may encourage individuals who feel they do not have the expected Welsh language skills to apply. In such situations, we may include contract conditions on individuals to meet the Welsh language requirements of the role.
- 17.4 If we categorise a role as one where Welsh language skills need to be learnt, we will identify suitable training and set relevant targets to meet the language requirements on appointment.
- 17.5 When advertising jobs, we will draw attention the training and support to develop Welsh language skills available to our staff.
- 17.6 We welcome job applications in both Welsh and English. Our job application forms will ask applicants about their preferred language, and we will treat applications in either language equally.
- 17.7 We will conduct job interviews in Welsh (without simultaneous or consecutive translation) if that is the candidate's wish.
- 17.8 Managers are expected to assess candidates' language skills as part of the interview process.
- 17.9 Our recruitment and selection policy, and associated guidance, offers advice to managers on the processes to follow, along with relevant Welsh language

considerations. HR and policy and Welsh language officers can offer advice on Welsh language considerations should circumstances differ from usual practices.

18. Elected and lay members

General principles:

- We will respect the language preferences of our elected and lay members.
 - We will offer the same standard of service to our elected and lay members in both Welsh and English.
-

18.1 Although elected and lay members are part of our internal administration, they are not subject to Welsh language standards in the same way as Council staff. An elected member must comply with Welsh language standards only when providing a service through a function delegated to them under the Council's constitution.⁵

18.2 However, our elected and lay members are welcome to follow the principles of this policy and are expected to be aware of the Welsh language requirements placed upon the Council.

18.3 Welsh language training will be available to our elected members (and lay members where relevant) in the same way as to our staff.

18.4 When providing internal services to our elected and lay members, we will act in accordance with the provisions of part one of this policy.

18.5 The provisions of this policy do not apply to the ward activities of our elected members.

19. Translation service

19.1 Our team of qualified translators will provide simultaneous translation to all Council committees, panels, working groups, forums and public meetings. It will translate reports and minutes of Council meetings, along with a variety of other materials.

19.2 It will provide support and guidance to the Council's services on bilingualism and the use of Welsh. It will continue to use the latest technology to support and strengthen service capacity.

⁵ Welsh Language Commissioner, Code of Practice for the Welsh Language Standards (No. 1) Regulations 2015 (2020), p. 13. Available at www.welshlanguagecommissioner.wales.

- 19.3 Where a private organisation, body, or individual submits any documents, reports or letters to the Council in English, and a need arises to submit that text to a Council committee or panel, that private organization, body, or individual will bear responsibility for its translation into Welsh.
- 19.4 Attendees have the right to speak Welsh at Council meetings and committees. Simultaneous translation from Welsh to English will be provided as necessary.
- 19.5 Simultaneous translation will be provided in virtual and hybrid meetings as necessary. The translation team will offer guidance, advice on the technology required, and advise how to arrange virtual meetings where simultaneous translation is required.
- 19.6 We will provide mobile equipment if no permanent translation equipment is available in a room used to hold Council meetings.
- 19.7 If we are involved in organising a meeting not on Council property, we will provide mobile translation equipment as needed.
- 19.8 The Translation service will assist in the process of monitoring the written use of Welsh within our administration as part of the process of translating Council materials. This will form part of the practice of extending the effectiveness of services in providing a full service in Welsh and English without being over dependent on the Translation Service.

Part 4: Accountability and other matters

This part of the policy outlines other arrangements for meeting the requirements of Welsh language standards.

20. Responsibility for implementing the policy

Operational standard 98

Supplementary standards 157, 155, 159, 161, 163, 167, 173, 175

- 20.1 The chief executive is the leadership team officer responsible for the Welsh language within the Council. With the support of policy and Welsh language officer, they will promote the implementation of this policy.
- 20.2 The corporate management team is responsible for ensuring that services operate in accordance with our Welsh language commitments and objectives, as well as the requirements of Welsh language standards and this policy.
- 20.3 A group made up of officers and cross-party elected members will oversee the Council's use of Welsh, including the implementation of this policy, and make recommendations for promoting the language.
- 20.4 We will publish this policy to explain how we will comply, and our arrangements for overseeing our compliance, with Welsh language standards. This policy and details of the exact standards imposed on us are available on our website, at our sites, and by request.

21. Annual reports

Supplementary standards 156, 158, 164, 170

- 21.1 We will publish an annual report on our compliance with Welsh language standards and the requirements of this policy. It will be available on our website, at our sites, and by request.

22. Welsh Language Commissioner

Supplementary standards 160, 166, 172, 174

Record keeping standard 176

- 22.1 We will provide any information requested by the Welsh Language Commissioner relating to our compliance with Welsh language standards.

23. Complaints

Record keeping standards 147, 148, 149

Supplementary standards 156, 158

- 23.1 We will deal with Welsh language complaints in accordance with the principles of the Council's concerns and complaints procedure. Information about the procedure is available on our website, at our sites, and by request.
- 23.2 Policy and Welsh language officers will keep a record and copies of complaints relating to our compliance with Welsh language standards, and complaints about the language in general. Details of these complaints will be reported annually.
- 23.3 We welcome comments and suggestions to improve our Welsh language services. Enquiries are welcomed by our policy and Welsh officers using the contact details on the cover of this policy.

DRAFT

ISLE OF ANGLESEY COUNTY COUNCIL	
MEETING:	County Council
DATE:	06/03/2025
TITLE OF REPORT:	Scrutiny arrangements for the Corporate Joint Committee
REPORT BY:	Lynn Ball, Director of Function (Council Business) / Monitoring Officer lynnball@ynysmon.llyw.cymru
PURPOSE OF REPORT:	To seek Council approval for additional scrutiny arrangements in relation to the Corporate Joint Committee
CONTACT OFFICER:	Lynn Ball, Director of Function (Council Business) / Monitoring Officer lynnball@ynysmon.llyw.cymru

1. INTRODUCTION

- 1.1 The Corporate Joint Committee (CJC”) was established on 01/04/2021 and subsequently gained its functions in 06/2022. Currently these functions are to:
- Prepare, monitor and review a Regional Strategic Development Plan
 - Develop a Regional Transport Plan
 - Promote economic wellbeing
- 1.2 The CJC is a separate local authority body with its own functions and membership primarily drawn from the six North Wales Councils (“the Constituent Councils”) and the Eryri National Park Authority. It has statutory requirements to effectively adopt most of the generic governance arrangements of a Principal Authority including a Constitution, Governance and Audit Sub- Committee, Standards Sub-Committee and other legal requirements including Performance Reviews, Equalities and Biodiversity Policies and compliance with the Welsh Language Standards
- 1.3 The requirement for scrutiny of the CJC is contained in both the Regulations and the Statutory Guidance.

2. RECOMMENDATIONS

Council agrees:

- 2.1 to the establishment of the North Wales Corporate Joint Committee Joint Overview and Scrutiny Committee with the Terms of Reference as set out in **Appendix 1**
- 2.2 that the powers of local scrutiny committees provided for under The Corporate Joint Committees (General) (No. 2) (Wales) Regulations 2022 shall be retained
- 2.3 the political balance of Isle of Anglesey County Council's nominees to the Joint Overview and Scrutiny Committee (JOSC) will reflect the membership of Isle of Anglesey County Council rather than the membership of the Constituent Councils in aggregate
- 2.4 that the secretariat for the JOSC will be provided by the CJC in accordance with the Terms of Reference

REASONS FOR RECOMMENDATIONS

- (i) To provide additional scrutiny arrangements for the CJC across all of its three functions
- (ii) Statutory Guidance and existing practice points towards the Constituent Councils establishing a joint scrutiny model so that there is a single dedicated body, developing focused expertise in the work of the CJC. This body will not displace local scrutiny of the CJC.

3. BACKGROUND INFORMATION

- 3.1 The requirement to establish scrutiny committees is a statutory requirement of the executive system of local government. However, there is no corresponding statutory requirement for a CJC to establish its own scrutiny sub-committees to exercise similar functions. Indeed, the current Statutory Guidance ("the Guidance") on the CJC envisages that this will be based on scrutiny by the Constituent Councils. **The Guidance states:**

"34. Overview and scrutiny arrangements

34.1 Regulations on overview and scrutiny are proposed for spring 2022. It is envisioned that this will be based around scrutiny by the constituent councils of the CJC and not scrutiny by the CJC of its own work. This will be an important part of the democratic accountability of the CJC. As part of the councils general approach to scrutiny any scrutiny arrangements should be undertaken in line with any published scrutiny guidance and the Democracy Handbook (when published).

34.2 *In considering the most effective and efficient approach to scrutiny, constituent councils and CJsCs should give thought to the benefits of a joint overview and scrutiny committee made up of the constituent councils. The clear aim and ambition however must be to create, facilitate and encourage a clear democratic link back to the constituent councils.*

34.3 *As part of the regulations discussed in 34.1 it is proposed that CJC members and staff will have a duty to provide information to the scrutiny committee; attend committee meetings if requested to do so; and consider any report or recommendations made by a committee within the agreed arrangements and which relate to the CJC”*

(Corporate Joint Committees: Statutory Guidance-WG 2022)

3.2 This is further supported by the **“Statutory and Non-Statutory Guidance for Principal Councils in Wales – supporting provisions within the Local Government Act 2000, the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021” June 2023** which identifies scrutiny of CJC as being one of the possible functions of a JOSJC:

“12.10 Some instances where a joint committee might be appropriate include:

- *On-going monitoring of a joint service delivery mechanism;*
- *On-going review of a joint statutory partnership or other collaborative arrangement such as a corporate joint committee;*
- *Investigating a topic that may require a regional response (for example, waste management or sustainable development);*
- *Sharing scrutiny resources to investigate a similar topic of high interest or high importance to more than one authority (although not necessarily requiring a joint / multi-authority response).”*

3.3 Criteria for establishing a JOSJC

12.11 In deciding whether or not to establish a JOSJC, the following questions should be considered:

1. *Does the topic involve the work of a strategic partner or partnership body whose services cover more than one local authority area? For example, a JOSJC may wish to focus upon the work of a transport provider, third sector organisation or a relevant social enterprise whose services cross authority boundaries;*
2. *Does the issue or service affect residents across more than one county area or concern a particular population’s needs? A JOSJC may wish to consider thematic topics such as climate change, fuel poverty, grass-fires or road safety; or it may wish to consider services connected to particular groups of interest such as young adults with physical disabilities, teenage mothers or vulnerable older people;*

3. *What form of JOSC could reasonably be resourced? Undertaking effective joint scrutiny is dependent on participating councils engaging in the building of relationships, and putting in place systems of working and administration. In order that JOSCs can provide significant added value, care must be taken to ensure that its objectives are proportionate to its resources.”*

3.4 **The Corporate Joint Committees (General) (No. 2) (Wales) Regulations 2022** impose a duty on the CJC to co-operate with a “relevant” scrutiny committee and respond to any reports or recommendations prepared by the scrutiny committee. A “relevant scrutiny committee” may be a committee of those authorities which are members of the CJC, or a joint scrutiny committee appointed by those authorities. This means that where a scrutiny committee exercises its powers to make a report to the authority, or its executive, on matters which relate to the functions of the CJC, certain requirements must be met.

3.5 So, the CJC must co-operate with the relevant scrutiny committee and give it such reasonable assistance as it requests, including:

- arranging for a member of the CJC to attend to answer questions
- arranging for a member of staff of the CJC to attend to answer questions
- providing information
- providing documents (with provision for exempt information)
- consider the report or recommendation, and
- where the scrutiny committee formally publishes a report, the CJC must publish a statement setting out the steps it intends to take in light of the report or recommendation in exercising its functions within two months

Another point to note is that decisions of the CJC are not subject to call in by scrutiny, either regionally or locally. Regionally, because there are no legislative provisions to allow for this and locally because the CJC is a separate legal entity from the constituent councils. Call in of decisions relating to the Growth Deal were capable of being called in, but no call in has ever been made. This right ceases on dissolution of the Joint Committee of the Economic Ambition Board.

3.6 **Current Corporate Joint Committee Scrutiny - Wales**

Currently, in relation to the other three corporate joint committees in Wales, joint scrutiny arrangements have been put in place. These are either JOSC’s created and agreed with the Constituent Councils or established by CJC as part of their governance arrangements.

3.7 **Regional and Local Scrutiny**

The CJC is a regional body which needs to be subject to scrutiny as a whole and it does not make sense for that work to be undertaken six times. Equally, it has responsibility to work across the whole of the North Wales region in

relation to its three statutory functions so, it makes sense to scrutinise the impact and effect of such plans on a regional basis.

Some of the work of the CJC is geographically localised within the area of each Constituent Council and so will still be open to local scrutiny. So, within the Growth Deal there are specific projects which are only relevant to, or most relevant to, an individual Council area where the outcomes will largely be localised. It is necessary that those local outcomes be scrutinised on a local basis. Councils may also wish to examine the impact of broader regional strategies on their own locality. The JOSOC will therefore not displace the right of local scrutiny committees to look at the work of the CJC as it effects their council's area

3.8 Outline of proposed JOSOC CJC scrutiny roles

- (a) To review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the CJC (not "call in")
- (b) To make reports or recommendations to the CJC in respect of the discharge of any functions which are the responsibility of the CJC
- (c) To make reports or recommendations to the CJC on matters which affect the CJC

The cycle of meetings would need to be agreed as would the support requirement and work programmes etc.

3.9 Membership of the JOSOC

It is proposed that the JOSOC would have 12 members who would not be executive members of the six regional councils. This results from an underlying requirement that there is an equal number of members from each of the Constituent Councils. In addition, members are appointed by each council as far as practicable on the basis of their respective political balance, as opposed to the overall North Wales political make-up of the membership. So appointments from Ynys Môn for example would be based on the political balance of Ynys Môn and appointments from Conwy would be based on their political balance.

3.10 Support Arrangements

Officer time and capacity will be required to support the JOSOC, although this would also be required to support "in depth" local scrutiny of the CJC. It can be anticipated that the JOSOC would meet about three times per annum. There would have to be liaison between the CJC staff and local scrutiny support officers. This would be essential regionally or locally to avoid a "general update" approach to the scrutiny of the CJC. It is anticipated that the JOSOC will be held by remote means.

3.11 **Growth Deal**

The six Constituent Councils, together with the four education partners, entered into a joint working agreement (“GA2”) which established the Joint Committee responsible for overseeing and coordinating the discharge of the North Wales Growth Deal.

3.12 However, it was anticipated in the GA2 that the Growth Deal might potentially be transferred to the CJC and the Constituent Councils resolved “in principle” in 21/22 to transfer the Growth Deal to the CJC. Isle of Anglesey County Council made this decision on 13/12/2021. The relevant report is attached at **Appendix 2** and provides the background to that decision. The impetus for the transfer was the common membership of the Economic Ambition Board (“EAB”) with the CJC, the wish to avoid duplication of regional bodies with similar functions, and the CJC’s status as a statutory entity.

3.13 As part of GA2 a Scrutiny Protocol was adopted which provided a framework for scrutinising the work of the EAB. This provided for provision of regular reports and attendance by EAB officers at local scrutiny committees. This was because, unlike the CJC, the EAB was subject to “call in” of its decisions and there was also an agreed mechanism to manage potential multiple call ins. In fact, there has been no call in of the EAB’s decisions. This arrangement was possible because of the narrow scope of the EAB’s functions, which was limited to economic wellbeing and development, with its functions being relevant to one scrutiny committee from each council. Scrutiny of the CJC, with its full range of functions should now be considered in a different context. The proposed model of a JOSOC enables a far more active and rigorous approach and a closer relationship between the scrutiny function and the CJC. It should also be emphasised that the proposed model does not take away the statutory powers of the individual scrutiny committees of the Constituent Councils, where appropriate, to require the CJC to contribute and respond to a formal report or recommendations. This is reflected in the Standing Orders.

3.14 **Standing Orders**

A proposed set of Standing Orders have been prepared for the JOSOC.

3.15 **Conclusion**

The creation of the CJC involves a change in terms of regional partnering from the current Joint Committee arrangements. It can also be surmised that its role will see increased prominence and possible expansion of functions or tasks. It will also continue to develop its own separate governance and management arrangements. There are therefore risks attached to assuming the current arrangements around the EAB can be rolled forward into this new environment whilst also achieving an appropriate level of challenge and scrutiny. Scrutiny

is there to provide assurance for the Constituent Councils, and the CJC itself, that it is properly exercising its functions. If this is to be done regionally and locally, or just locally, then those members involved will need to develop a level of understanding and information about this relatively new organisation that they are scrutinising, how its works, its risk and its inter-relationship with their own councils.

- 3.16 The Statutory Guidance also needs to be considered, and this recommends a JOSC model. The other three CJs in Wales have also adopted regional scrutiny models.
- 3.17 A JOSC would need to maintain a relationship with its constituent councils. It would be acting as their representative body and should not be acting as a wholly stand-alone entity. It would be seen as part of its terms of reference as having a regional gatekeeping role in the future development of the CJC and its functions. This would be incorporated into its terms of reference. On specific local issues “home” scrutiny committees would still maintain the ability to scrutinise the CJC as it is a key area, as the Guidance suggests, for maintaining the democratic relationship with the home authorities. There is a risk nevertheless that this also overlooks the point that unlike traditional joint committees which are effectively regional executives (within their terms of reference) the CJC is a separate corporation which needs to develop and maintain a relationship with its partner councils and organisations in a different way. Scrutiny is a key component of that arrangement and the CJC will be working closely with its Constituent Councils. This in itself highlights the need for scrutiny to be being undertaken by those having the opportunity to develop expertise on the functioning of the CJC in order to provide the level of detailed scrutiny challenge which is now required.

Joint Overview and Scrutiny Committee

DRAFT Terms of Reference

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2. Name of Overview and Scrutiny Committee
3. Purpose of the Joint Scrutiny Committee
4. Intended outcome(s) of the joint overview and scrutiny committee
5. Elected Member Membership (Councillors)
6. Quorum
7. Duration of the JOSC and procedures for withdrawal
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23. JOSC meeting procedures (including sub-committees)
24. Responding to the JOSC recommendations
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27. Reference of matters to joint overview and scrutiny committee, etc
28. Training and Development
29. Expenses, Allowances and Salaries
30. Meeting Venue / time

Terms of Reference

1. Statutory Provisions.

- a) The joint overview and scrutiny committee (“JOSC”) has been established in accordance with the following legislation:-
- The Local Government (Wales) Measure 2011 (Sec 58 – Joint Overview and Scrutiny Committees)
 - The Local Authorities (Joint Overview and Scrutiny Committees) (Wales) Regulations 2013.
 - The Corporate Joint Committees (General) (No. 2) (Wales) Regulations 2022
- b) The conduct of the JOSC and the arrangements for joint scrutiny shall be subject to the legislative provisions in a) above, and any regulations or guidance made in accordance with the legislation; and in the event of any conflict between the Act and/or Regulations and any joint arrangements, the requirements of the legislation will prevail.

2. Name of Overview and Scrutiny Committee

(a) The appointing Authorities (“Appointing Authorities”) are –

- Conwy County Borough Council;
Denbighshire County Council;
- Flintshire County Borough Council;
- Cyngor Gwynedd ;
Isle of Anglesey County Council;
Wrexham County Borough Council;

(b) The title of the JOSC between the six Appointing Authorities shall be the “North Wales Corporate Joint Committee Joint Overview and Scrutiny Committee” (*The JOSC for the purpose of this document*).

3. Purpose of the Joint Scrutiny Committee (JOSC)

- The overall aim of the JOSC is to scrutinise the overall effectiveness of the North Wales Corporate Joint Committee (the CJC).
- The core functions of the JOSC are:-
 - To review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the CJC (not “call in”);
 - To make reports or recommendations to CJC respect to the discharge or proposed discharge of any functions which are the responsibility of the CJC,
 - To make reports or recommendations to the CJC on matters which affect the CJC.
 - It’s cycle of meetings would need to be agreed as would the support requirement and work programmes etc.

- d) The remit of the JOSC includes only the activities of the CJC as a partnership and excludes scrutiny of individual partner organisations (see also para 5).

4. Intended outcome(s) of the joint overview and scrutiny committee

- a) Ensuring that the JOSC achieves the following benefits:-
- **Effective challenge** is provided to the CJC and that it is achieving the desired aims.
 - **the focus is on outcomes for people not organisations:** shifting the perspective from inputs to delivering results;
 - **the JOSC acting as a unifying force:** helping the appointing authorities address regional decision-making across different political, organisational and geographical boundaries;
 - **Accountability:** providing timely review in relation to the CJC's functions.
 - **Efficiency:** maximise resources;
 - **Innovation:** identifying new insights and solutions.
- (b) The Joint Scrutiny Committee will prepare an annual report on achieving on it's work and outputs which will be sent to the Appointing Authorities Head of Democratic Services by no later than 31 July in any given year.

6. Elected Member Membership (Councillors)

- a) There will be an equal number of Elected Members from each appointing authority and no executive members may be on the committee.
- b) The JOSC will comprise twelve Elected Members; that is two non-executive Elected Members from each of the Constituent Councils.
- c) Each local authority will determine and nominate its Elected committee Members in accordance with its own arrangements. The term of office of the nominated Elected Members shall be a matter for each nominating local authority, subject to a minimum planned term of one municipal year.
- d) Each Elected Member will have a key role in reporting back to their Appointing Authority on the scrutiny undertaken and the outputs.

7. Quorum

- a) A quorum of one third of Elected Members of the JOSC will be required to enable a meeting to proceed.
- b) (b) For the avoidance of doubt presence will include presence through electronic means which allow the member to hear and speak at the meeting.
- (c)The failure of any technological provision whether that leads to a partial or complete loss of contact shall not invalidate any part of the deliberations or any vote taken. The Chairman may postpone the meeting if they deem that appropriate.

9. Co-opted Members

- a) The JOSC may invite additional members to serve on the JOSC or sub-committee as co-opted members subject to:-
- the appointment being approved by a majority of all the members of the JOSC

- the person co-opted to serve on the JOSC, or on a sub-committee, not being entitled to vote at any meeting of the JOSC or sub-committee on any question which falls to be decided at that meeting.
- the person not being an elected member of a local authority, whether that authority is one of the appointing authorities or otherwise.
- the membership of a person co-opted to serve on the JOSC, or on a subcommittee of such a committee, being withdrawn by a majority vote at any time by the JOSC or sub-committee.
- the number of co-opted members on the JOSC not exceeding the number of elected members that sit on the JOSC.

10. Termination / suspension of membership

- a) If an Elected Member appointed to the JOSC ceases to be a member of the Appointing Authority, then that person also immediately ceases to be a member of the JOSC.
- b) If a person appointed as a member of a JOSC is suspended from being a member or a co-opted member of one of the Appointing Authorities, that person may not serve as a member of the JOSC for the duration of the suspension.
- c) If a co-opted member appointed to the JOSC ceases to be an employee/member of the organisation he/she was appointed from, then that person immediately ceases to be a member of the JOSC.

11. Voting rights

- a) All Elected Members may vote on any question that falls to be decided at that meeting
- b) Where there is an equality of votes at a meeting of a JOSC or sub-committee, the chair has a second or casting vote.
- c) A person co-opted to serve on the JOSC or on a sub-committee is not entitled to vote at any meeting of the JOSC or sub-committee on any question which falls to be decided at that meeting (also see Co-opted Members above).

12. Sub Committees of the JOSC

- a) The JOSC can establish sub-committees in order to operate in a more streamlined and flexible manner to undertake its statutory functions.
- b) Any sub-committees appointed by the JOSC will comprise at least four Elected Members, together with any co-opted members as agreed when establishing the sub-committee. The number of co-opted members on the sub-committee must not exceed the number of Elected Members that sit.
- c) A sub-committee is to comprise an equal number of Elected Members of each of the appointing authorities.
- d) Any report or recommendations made by a sub-committee of the JOSC is subject to approval by a resolution of the JOSC.
- e) Any sub-committee can only exercise the functions conferred upon it by the JOSC.

13. Political Balance

- a) Each Appointing Authority must ensure that, as far as practicable, the members of the JOSC reflect the balance of political groups for the time being prevailing among the members of the Appointing Authority.

14. Appointment of Chair and Vice Chair

- a) A JOSC must appoint a chair of the committee from within its Elected Member membership.
- b) A JOSC may appoint a vice-chair and this must be from within its Elected Member membership.
- c) The Chair will be appointed from within its Elected Member membership on a rotational annual basis and the allocation of the vice-chair (if appointed) will be given to the member of the Authority which is next scheduled to hold the position of Chair.
- d) Any sub-committee must appoint a chair, and may appoint a vice chair, from amongst its Elected Member membership.

15. Access to meetings and documentation etc.

- a) The JOSC, or a sub-committee, is to be treated as a committee or sub-committee of a principal council for the purposes of Part VA of the Local Government Act 1972 (access to meetings and documents of certain authorities, committees and subcommittees).

16. Meetings of the JOSC

- a) Meetings will initially be held on a quarterly basis with a schedule of meeting dates circulated and agreed at the start of each financial year. Extra meetings may be called where 50% of the Elected Members identify the need.

17. Work programme (Forward Plan)

- a) In consultation with the CJC The JOSC should agree a forward plan to identify what issues the JOSC intends to focus upon during the course of the year.
- b) The forward plan should provide a clear rationale as to the purpose of considering a particular topic, and to the methods by which it will be investigated.
- c) The JOSC must have regard to The Local Government (Wales) Measure 2011 and guidance, which places a requirement to engage with the public.
- d) The JOSC must consult the CJC and the Appointing Authorities on the proposed Forward Plan

18. Access to information rules

- a) Meetings of the JOSC will be subject to the same access to information rules as other public meetings of the councils.
- b) The Chair will adhere to the access to information rules of his/her respective Authority.

- a) Members of the JOSC and the public must have regard for the Chair who will have the authority to determine on any rules of procedure during meetings of the JOSC.
- b) The Chair will adhere to the rules of procedure of his/her respective Authority.

20. Declarations of Interest

- a) All Elected Members shall observe the Code of Conduct in force for their respective Authorities, whilst co-opted members shall observe the Code of Conduct of the Authority of the Chair of the JOSC at the time the co-opted member was appointed.
- b) Members of the JOSC must declare any interest during meetings of the JOSC (and withdraw from the meeting if necessary) in accordance with the paragraph above.

21. Confidentiality of Information

- a) In accordance with Members' respective Authority's Code of Conduct, members (Elected Members and Co-opted Members) of the JOSC must not disclose any information considered 'exempt' in accordance with Section 100A (4) of the Local Government Act 1972.
- b) The Proper Officer for the JOSC shall be??

22. Administrative arrangements

- a) The secretariat function will be provided by the CJC . The function includes:
 - Arranging regular meetings of the JOSC - meetings are held within appropriate timescales following meetings of the CJC and its Sub Committees
 - Preparing agendas and commissioning papers for meetings - Agendas and commissioning papers are prepared and distributed in a timely manner.
 - Inviting participants
 - Managing attendance
 - Provision of meeting venues
 - Minute taking
- b) Professional Scrutiny support for the JOSC will be arranged and provided by the Appointing Authorities,

23. JOSC meeting procedures (including sub-committees)

- a) Main agenda items will be identified at the previous meeting in line with the agreed work programme. At this point potential witnesses and broad themes should be considered.
- b) Prior to the meeting all JOSC Members should be engaged in raising and discussing possible questions by email. The JOSC Chair will facilitate this process.
- c) A pre-meeting for all JOSC Members will be held for 30 minutes immediately before each JOSC meeting. The purpose is to ensure that members are fully prepared for the JOSC meeting and that the questioning strategy is clear.
- d) During the meeting, the JOSC Chair will be responsible for ensuring that questioning is effective and that the JOSC achieves its objective.
- e) Those invited to attend for a particular agenda item shall not be expected to remain at the meeting.

- f) At the close of the meeting, witnesses will be asked to leave to enable JOSC Members to discuss their conclusions and any recommendations arising from the meeting. These conclusions and recommendations will be reported to the PSB and relevant Cabinet Member(s) in the form of a Chairs' Letter. The meetings should keep under review the effectiveness of the meeting and identify ways that future meetings could be improved

24. Responding to the JOSC recommendations

- a) The JOSC will agree outcomes of its meetings and record the conclusions and any recommendations arising from a JOSC meeting.
- b) Where recommendations have been made to the CJC a written response would be expected within two months, indicating whether the recommendation is to be accepted and what action (if any) will be taken in response.

25. Evidence Gathering

- a) The JOSC is entitled to gather evidence in connection with any review or inquiry it undertakes as part of their agreed work plan.
- b) The JOSC shall adopt methods of gathering evidence to inform its deliberations. These include, but are not limited to, task and finish groups, holding enquiries, undertaking site visits, conducting public surveys, holding public meetings, commissioning research, hearing from witnesses and appointing advisors and assessors. The knowledge of Members is also a valuable source of evidence and should be considered as part of each inquiry.

26. Corporate Joint Committees (General) (No. 2) (Wales) Regulations - Regulation 8 and 9

- a) Without prejudice to the right of any relevant Overview and Scrutiny Committee of an Appointing Authority under Regulation 8 the JOSC when it intends to make a report or recommendations to an Appointing Authority/ies or the executive of an Appointing Authority/ies on matters which affect the authority's area or the inhabitants of that area and the report or recommendations relate to the exercise of a function of the CJC :
- The CJC must co-operate with the JOSC and give it such reasonable assistance as it requests in connection with the exercise of its functions.
 - Assistance provided under paragraph (2) may include—
 - arranging for a member of the CJC to attend and answer questions at a meeting of the committee;
 - arranging for a member of the staff of the CJC to attend and answer questions at a meeting of the committee;
 - providing information.
 - providing copies of documents in the possession or under the control of the CJC
- b) Where the JOSC formally publishes a report or recommendation in accordance with Section 21B(2) of the Local Government Act 2000 or regulation 13(2) of the Local Authorities (Joint Overview and Scrutiny Committees) (Wales) Regulations 2013 the CJC must:
- consider the report or recommendation, and

- before the end of the period of 2 months beginning with the day the report by the committee is published publish a statement setting out the steps it intends to take in light of the report or recommendation in exercising its functions.

27. Setting the agenda

- Individual agenda items, other than standing items, are to be determined in the first instance by the Work Programme which is to be established and agreed by the JOSC. The decision to consider additional items or defer planned items will be a matter for the discretion of the Chair.
- Any matter that is referred to the JOSC or a sub-committee by any member of the JOSC or a sub-committee will be included on the agenda for, and discussed at, a meeting of the JOSC or the relevant sub-committee. See “Reference of matters to joint overview and scrutiny committee, etc” below

28. Reference of matters to joint overview and scrutiny committee, etc

- Any member of the JOSC can refer to the committee any matter which is relevant to its functions.
- Any member of a sub-committee of the JOSC can refer to the committee any matter which is relevant to its functions.
- Any member of any of the Appointing Authorities can refer to the JOSC any local government matter which is relevant to the functions of the JOSC.
- Any referral as per a) to c) above will be included on the agenda for, and discussed at, a meeting of that committee or sub-committee.
- Where the JOSC makes a report or recommendations in relation to a matter referred to it by that member, it must provide the member with a copy of the report or recommendations.

29. Training and Development

- Training will be provided to members of the JOSC as and when required / appropriate.

30. Expenses, Allowances and Salaries

- The JOSC will not be responsible for or pay any expenses or allowances.
- The remuneration of Chair of the JOSC (or a Sub-Committee of the JOSC) is prescribed by the Independent Remuneration Panel for Wales and is a matter for the constituent local authorities to decide whether such a post will be paid.
- All Elected Members and Co-opted Members will need to apply to their respective Authority or Organisation for any payment of expenses etc.

31 Meeting Venue / time

- The Joint Overview and Scrutiny Committee (JOSC) shall conduct all meetings virtually. The committee will utilise secure and reliable digital platforms that enables participation in line with the 2021 Act,

- b) Meeting dates and times will be communicated in advance as part of the Corporate Joint Committees annual calendar of meetings..
- c) Appropriate technical support and guidance will be provided to committee members to support their use of virtual meeting platforms, including pre-meeting technical briefings and on-call assistance during meetings, if required.
- d)

Isle of Anglesey County Council	
Report to:	The Executive
Date:	13 December 2021
Subject:	<p>Establishing the North Wales Region's Corporate Joint Committee (CJC)</p> <p>Further to Welsh Government legislation establishing the North Wales region's CJC, the 6 local authorities must make appropriate arrangements before holding the CJC's first meeting, and agree the CJC's 2022/23 budget by 31 January 2022, before initial CJC functions 'go live' on 30 June 2022.</p>
Portfolio Holder(s):	Council Leader
Head of Service / Director:	The Chief Executive
Report Author: Tel: E-mail:	Lynn Ball, Director of Function (Council Business) / Monitoring Officer 01248 752586 lynnball@ynysmon.gov.uk
Local Members:	Applies equally to all Members

A – Recommendation/s and reason/s

RECOMMENDATION/S

Agree in principle that the functions of the North Wales Economic Ambition Board be transferred by way of a delegation agreement to the North Wales Corporate Joint Committee on condition:

- a) that the statutory framework that the Welsh Government are developing allows for the delegation of the relevant executive functions to a Corporate Joint Committee,
- b) that the North Wales Corporate Joint Committee agrees to establishment of a Sub-Committee, with membership to be agreed with the Councils, to undertake the functions of the Economic Ambition Board.

REASON/S

This transition is proposed in order to achieve a streamlined governance model, avoiding duplication. A further detailed report on the framework for implementation will be presented to a subsequent meeting of the Executive.

BACKGROUND

1. Regulations were made by the Welsh Government on 17 March 2021 creating four Corporate Joint Committees in Wales, and the North Wales Corporate Joint Committee (CJC) was established on 1 April 2021.
2. The four CJsCs will exercise functions relating to strategic development planning and regional transport planning. They will also be able to do things to promote the economic well-being. In contrast to other joint committee arrangements, the CJC is a separate corporate body which can employ staff and hold assets.
3. Our region's CJC is already in existence as an independent corporate body, and its initial functions will come into force on 30 June 2022 ('go live' date for the North Wales CJC). In the past, reservations were expressed because CJsCs might lead to "another layer of bureaucracy", but now we have no choice other than to make it work.
4. Further regulations will follow. The Welsh Government are consulting on draft statutory guidance. Pinsent Masons LLP, who are advising several Welsh regions, are liaising with Welsh Government in the development of this detail. This report's focus is on regional implementation and transition - the establishment of the North Wales CJC.
5. Welsh Government grant funding of £250,000 has been approved, to enhance project management capacity and commission professional assistance (including legal advice) to support implementation of, and transition to the region's CJC during 2021/22.
6. Establishing the CJC is a legal requirement, but the timetable remains challenging, including the 'immediate duties' prescribed in the legislation (viz. regional Strategic Development Plan, Regional Transport Plan, and the economic well-being function), the need to balance legacy issues with new statutory requirements, the scheduling of initial meetings, and budget-setting in January 2022.
7. This report is submitted simultaneously to Executive or Cabinet meetings at the 6 Councils: Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham.

PRINCIPLES

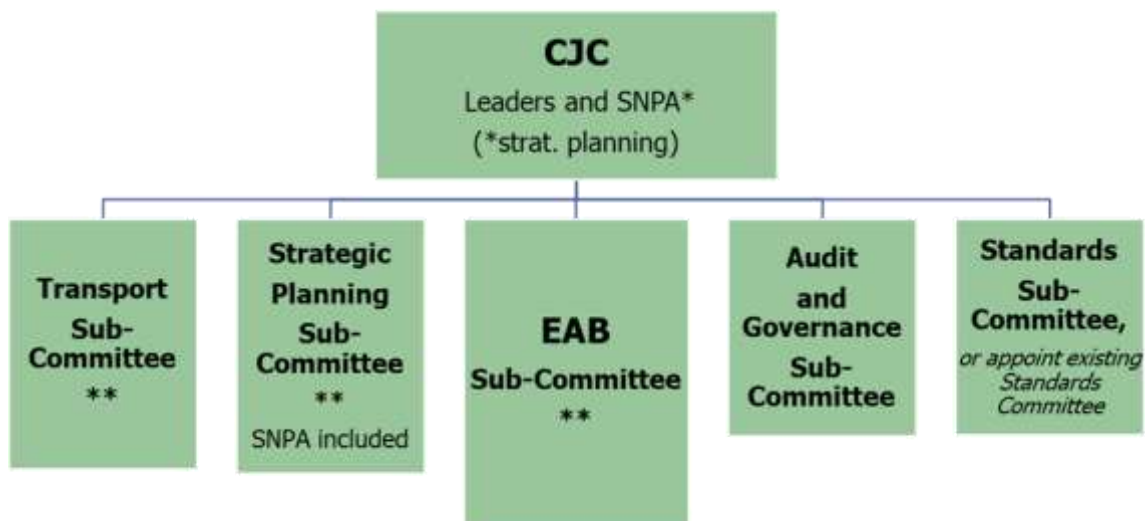
8. There is a consensus that the CJC should continue in the direction established by the North Wales Economic Ambition Board (EAB), albeit possibly better supported in due course by the structures, powers and levers provided by the CJC legislation. Further, the 6 Council Leaders and Chief Executives are agreed that our CJC should be 'built' on the following aims and principles:
- i. Clarity / simplicity
 - ii. Avoiding new bureaucracy and excessive cost
 - iii. Adding value to, not disrupting, existing regional governance
 - iv. Major Growth Deal decisions being protected by the 'reserved matters' rule
 - v. Subsidiarity (individual LAs make decisions on issues that affect them)
 - vi. Allowing new powers and opportunities to be devolved to the region
 - vii. Being 'future proof'
9. Faced with the challenging timescale, there is cross-border agreement that we should initially aim to establish a streamlined governance model, avoiding duplication while having due regard to subsidiarity. The first priority is to move the EAB to an empowered sub-committee of the CJC, noting that our local authority Leaders will be in control of this corporate body. Given approval to establish this governance model, we would ensure that we keep our options open with a high degree of flexibility to subsequently consider transition details (e.g. staff issues) on a 'case by case' basis.

STRUCTURE FOR THE EAB IN THE CJC

10. Pinsent Masons have considered operational structures available to the EAB going forward, in light of the establishment of the CJC, Welsh Government policy direction and the regionally agreed principles noted under paragraph 5 above.
11. Doing nothing, or 'co-existence' is insufficient, contrary to Welsh Government policy, and doesn't address how the Economic Ambition Board's functions are to be discharged by the CJC.
12. At first glance, a partial transfer to a 'hybrid' model retaining a host authority as accountable body, co-existing with the CJC, may appear to be attractive

in terms of avoiding change from the current Economic Ambition Board model (despite the benefits of a CJC). However, this would require convoluted back-to-back agreements in respect of transactions entered into by project sponsors on behalf of the EAB. It lacks clarity, and provides no real advantage. Further, our region would still require a functioning CJC to undertake the Transport and Planning roles, which are vested directly in the CJC.

13. The most efficient and viable operational structure, which satisfies the requirement to transition to a CJC, is to transfer the Economic Ambition Board functions to an empowered sub-committee of the CJC. Consequently, transferring the functions to a sub-committee will retain core elements of the EAB, but provide a more robust and efficient delivery model directly via the CJC corporate vehicle. Crucially, the framework should allow a sub-committee governance model agreed with the CJC to confirm / continue the role of the Councils and Partners in relation to the “Reserved Matters”.
14. Pinsent Masons have advised officers in detail on the advantages and some key issues, before we concluded that the transferring the EAB functions to a sub-committee provides the optimal structure for the CJC. As a separate corporate body, the CJC may naturally evolve over time and deliver wider initiatives, while building upon recent years of regional public investment under the EAB and continuing the trajectory established by Growth Deal.
15. The proposed CJC committee structure is shown in the following chart, including establishment of a subsidiary EAB delivery vehicle (sub-committee). This limits the extent of change and satisfies the ‘immediate duties’ in a consensual way –



** Delegation to statutory sub-committees, which are also subject to the transparency requirements which apply to executive function bodies.

DECISION-MAKING

16. Pinsent Masons advise that decision-making, after transferring functions under the CJC, could operate to a large degree how decision-making currently occurs within the Economic Ambition Board, with local authorities retaining overall control over Growth Deal decision-making through robust delegation or novation arrangements. This will require amending legislation to allow for executive or Cabinet functions to be delegated to the CJC, as they are currently delegated to the EAB. It is understood from Pinsent Masons, further to their discussions with the Welsh Government, that this will be addressed in the forthcoming set of regulations.
17. The scheme of delegation from the local authorities to the CJC will clarify which matters remain decisions that are reserved for the local authorities as is currently set out in 'GA2'.
18. Snowdonia National Park Authority is an additional voting member of the CJC, but only on matters relating to the strategic planning function and its budget.
19. The 'Advisors' (college principals) are not original CJC members, but can be co-opted to the subcommittee and may be given voting rights if CJC so determines (and, if so, the current EAB model would continue).

MERITS OF TRANSFERRING THE ECONOMIC AMBITION BOARD FUNCTIONS INTO THE CJC FORMING A SINGLE CORPORATE ENTITY

20. Having considered the approach to and implications of transferring the north Wales region's EAB and current Growth Deal arrangements (and where applicable, Growth Vision delivery) into the CJC, legal advice received from Pinsent Masons shows that simplicity and avoiding bureaucracy (two key principles identified under paragraph 5 above) may be achieved by fully utilising the potential of the CJC via direct contractual arrangements.
21. This view is strongly supported by the Cardiff Capital Region's experience, analysis and decision to 'lift and shift' their city deal (growth deal) operations to their CJC, forming a single corporate entity. Cardiff's 'go live' date for commencement of functions is 28 February 2022, four months before our CJC's 'go live' date, allowing us to be informed by precedents there.
22. Transferring the Economic Ambition Board functions to a single corporate entity will mean not using a host authority as the accountable body.

However, individual local authorities could continue to provide officers and support services to the CJC / EAB by agreement, or individual local authorities could agree to 'lead' on one of the specific 'immediate duties'. Also, individual partners could continue to lead on individual projects, of course.

23. The north Wales region's CJC must appoint statutory officers, i.e. a Chief Executive, a Monitoring Officer, and a Chief Finance Officer (CJCs have the same financial reporting and disclosure requirements as local authorities). However, the CJC could choose either to employ these directly, or enter into arrangements with constituent authorities for their officers to be placed at the disposal of the CJC.
24. Staff directly employed by the CJC may be minimised. Before the 30 June 2022 'go live' date, we will need to carefully consider transfer of Economic Ambition Board staff to be employed by the CJC, rather than the host authority. At the outset, any other employment shift could be limited by use of service level agreements with local authorities for services, or secondment of staff from local authorities. Subsequently, the CJC may make 'delivery' decisions with each individual function.

ADDED VALUE FOR THE EAB WITHIN THE CJC AS A SINGLE CORPORATE ENTITY

25. Using a host authority as the accountable body has been successful in establishing the EAB. However, continuing with this contractual agency / services agreement approach ("co-existing" with the CJC henceforth) would eventually mean both the EAB and the host authority being mired in "back to back agreements" which will be required on individual projects.
26. Over circa 6 years, this has put increasing strain on Cardiff Council as the accountable body for their region's city deal. As we have grant funding to support such transition now, Gwynedd and north Wales should take cognizance of our opportunity to take the benefit of Cardiff's experiences now, in order to avoid the time and cost of changing later. We have a timely opportunity now to learn from the Capital Region's experience. Many more loan and contract agreements would need to be novated or retained by the accountable body (depending on the nature and complexity of the individual projects) if north Wales switched our EAB model to a corporate entity further on down the road.

SUB-COMMITTEES FOR STRATEGIC PLANNING AND STRATEGIC TRANSPORT

27. There is clear consensus (from recent discussions between the 6 Council Leaders and Chief Executives) that we need a governance structure with

sub-committees for Strategic Planning and Strategic Transport, both being sub-committees of the CJC alongside, and not underneath, the EAB as a sub-committee in its own right.

28. These sub-committees could be inclusive of relevant portfolio holders from the constituent authorities, alongside their leaders on the CJC. The CJC could appoint other members with voting rights from partner organisations, as required. This delegated governance model could enable us to have a lighter CJC meeting agenda, with sub-committees doing the heavy lifting. There are certain matters which cannot be delegated by the CJC in this context, particularly around governance structure, budget decisions, and certain key decisions in relation to the adoption of the statutory plans.
29. It has been suggested that there should be 'host authority' for strategic planning and a 'host authority' for strategic transport. There could be seconding-in of some existing capacity to do the strategic work on the 'immediate duties' which must be delivered for the CJC. While individual local authorities could be prepared to lead on planning or transport functions, they would not be an 'accountable body' as Gwynedd are for the EAB. The CJC, as a corporate entity, would make agreements with third parties as required. However, in principle, it may be practical for individual authorities to lead and deliver the planning and transport functions, with the CJC funding these authorities' increased capacity / regional responsibility.

TRANSITION FROM GROWTH DEAL ARRANGEMENTS

30. Several regulatory issues remain to be resolved with regards transition from current arrangements to the CJC – some of these need to be addressed through expected CJC regulations, etc. Clarification required includes possible novation of the Growth Deal funding agreement to the CJC (alternatively, subject to legislative changes to reflect Welsh Government's direction of travel, local authorities could delegate or novate to the CJC). Clarification is also required regarding the scope of the CJC's ability to borrow, invest and act commercially, tax and VAT status. The Welsh Government have stated that their policy intention is that CJCs should be subject to the same powers and duties as principal LAs in the way that they operate (including essentially the ability to borrow and reclaim VAT like unitary local authorities). Solutions to some issues are still a 'work in progress'.
31. Legal advice is being received from Pinsent Masons on the approach to and implications of transferring the north Wales region's EAB and current Growth Deal arrangements into the CJC. Initial legal advice and the challenging timescales means that the Welsh Government's aim to transfer these arrangements into the CJC is more challenging and complex than anticipated. We will also need to consider the governance of our region's

CJC and potential sub-committees, which will require specialist input from the local authorities' lawyers.

32. The Welsh Government's stated policy direction is that the CJC should be afforded the requisite powers to be able to deliver the Growth Deal for the local authorities. Accordingly, following review of the current legislation and discussion with the Welsh Government, Pinsent Masons' specialist lawyers conclude that there is not intended to be a material disparity in the manner in which the NWEAB currently operates and how the CJC could operate in respect of the Growth Deal / Growth Vision. It is anticipated that complexities regarding delegation to the CJC may be solved by further Regulations, allowing us to tailor operations to reflect the needs of the region, in line with the Economic Ambition Board and 'GA2'.

GOVERNANCE AND FINANCE

33. Transition of the Economic Ambition Board (with no material change to how it currently operates) to the CJC would require a formal decision by each of the local authorities, and in practice the consent of the other partners to GA2. The Welsh Government's Corporate Joint Committees General Regulations have not yet addressed the issue of the role of scrutiny committees. The current scrutiny arrangements for the Economic Ambition Board are within the statutory framework for scrutinising executive decision making. GA2 includes a protocol for managing the relationship. Thus far, there is no statutory arrangement for scrutiny of the Corporate Joint Committees. However, the draft statutory guidance on CJsCs emphasises the role of local authorities' overview and scrutiny arrangements, as part of the governance and democratic accountability framework which needs to be established. There are further regulations to follow and we will need to develop a scrutiny framework and understand the basis for the arrangements.
34. In respect of the 'initial functions' (see below), the CJC will need to agree the budget and allocate contributions across the local authorities. Each local authority's representative on the CJC will be mindful of the guiding principles under the NWEAB's GA2 but, as the budget setting relates to the 'initial functions', the budget contributions will be determined and levied by the CJC itself.
35. There will be significant ongoing resource requirements on local authorities' capacity in administering and delivering CJC functions. These administrative burdens and professional resource requirements for the establishment of and servicing of the CJC are yet to be fully identified.
36. As part of the scheme of delegation to the CJC, the local authorities will be passporting the Growth Deal funding, which will be allocated and invested in strict accordance with the terms of the 'Outline Business Plan' (which was

adopted when 'GA2' was signed). Any change impacting on the financial position of a local authority may be reserved for the local authorities to determine (rather than the CJC), thus ensuring this aspect operates as per the EAB.

37. Some additional statutory obligations are broadly in keeping with how the EAB functions, including:

- the CJC to prepare a 12-month business plan setting out activities to be undertaken and the CJC's budget requirements;
- the CJC to agree the CJC's budget requirements for its first financial year at a meeting of the CJC by 31 January 2022, and how this will be met (levied);
- the CJC to appoint the chairperson and vice-chairperson at its first meeting; and
- the CJC to establish a Governance and Audit Sub-Committee.

THE 'INITIAL FUNCTIONS'

38. There are three initial functions prescribed to be discharged by the CJC, two are which are not currently carried out by the NWEAB:

- preparing, monitoring, reviewing and revising of a Strategic Development Plan;
- developing a Regional Transport Plan – policies for transport; and
- economic well-being function – anything likely to promote economic wellbeing.

39. Planning policy managers in north Wales have looked at delivery options and cost implications for producing the north Wales region's Strategic Development Plan (SDP) (in addition to Local Development Plans).

40. Transport professionals are currently considering how a compliant and suitably robust Regional Transport Plan (RTP) could be developed.

41. Both the Councils and the CJC have concurrent powers in relation to promoting economic wellbeing - this one of the powers, amongst many, that the parties currently rely upon to deliver the Growth Deal. In due course additionally the co delivery of this function may be considered based on the currently envisaged Growth Vision role of the Economic Ambition Board.

42. The regionally agreed principles noted under paragraph 5 above are consistent with a shared view that the proposals here are made on a 'no threat' basis to the local authorities. Thus, the CJC will set the direction and priorities, and is likely to need some concurrent functions, while its SDP and

RTP will set a policy framework which the local authorities must have regard to. However, the individual local authorities will remain best placed to undertake local activity around economic development, planning, transport and other functions, with the CJC empowering and supporting local, regional and national delivery.

RECOMMENDATION

43. The Executive are asked, subject to the Welsh Government putting the appropriate statutory framework in place, to adopt a streamlined governance model, avoiding duplication, by approving in principle the transition of the North Wales Economic Ambition Board to be established as a sub-committee of the north Wales region's Corporate Joint Committee (CJC).

NEXT STEPS

44. The following key tasks (this is not an exhaustive list) will require attention during late 2021, or during first quarter of 2022:
- i. Regarding CJC membership, Snowdonia National Park Authority to nominate their representative.
 - ii. Set the date of the first CJC meeting.
 - iii. Agree the CJC's budget requirements for its first financial year at a meeting of the CJC by 31 January 2022
 - iv. Agree how the CJC's budget requirements will be met, i.e. authorities' contributions to be levied.
 - v. The CJC to adopt a sub-committee structure, and form a view on co-option, who, where, scope of participation, and whether voting or non-voting.
 - vi. Establish meeting governance and support arrangements for the CJC.
 - vii. Develop and establish a Scrutiny framework, when the Welsh Government's regulations on CJCs provides the relevant basis for the arrangements.
 - viii. Establish the Governance and Audit Committee and Standards Committee, and appoint members.

- ix. Formal decision by the local authorities, together with the consent of the other partners in GA2, to transition the NWEAB to the CJC.
- x. Establish the Governance Agreement with the CJC in relation to the Economic Ambition Board functions, and any other “host authority” agreements, with the CJC required to implement the proposed arrangement.
- xi. Appoint statutory officers.
- xii. Prepare a 12-month business plan.
- xiii. Agree how the CJC’s business transactions are established / hosted.
- xiv. Prepare and adopt CJC Standing Orders and basic governance documentation.

FINANCIAL IMPLICATIONS

45. Approving the decision sought here regarding the governance model would not add any financial implication for the Council. However, there will be an unavoidable ongoing cost (administrative burdens servicing the CJC and professional resource requirements) for local authorities to be able to administer and deliver the CJC’s statutory functions. These costs are yet to be fully identified, but the direction set by this report is to make the CJC work effectively while minimising the financial burden on the Council.

WIDER DUTIES

46. In developing the proposals regard should be had, amongst other matters, to:
 - the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
 - Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics and the Socio-Economic Duty.
 - The Well-Being of Future Generations (Wales) Act 2015 (‘the Act’) is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that

is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible .

47. Under the Welsh Government’s Regulations, the CJC is subject to the Equalities Act, Future Generations Act, and other legislation, in the same way as local authorities.

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

The options and their merits are discussed in detail in the body of this report.

C – Why is this a decision for the Executive?

Not a reserved matter for full Council in the Constitution nor under the GA2 (the agreement amongst the parties)

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?	This is part of development of the EAB and CJC
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	At the moment this decision does not change the financial contribution to the Economic Ambition Board
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom.	With the other Local Authorities in North Wales
4	Have Anglesey citizens played a part in drafting this way forward,	Not relevant to this decision

Dd – Assessing the potential impact (if relevant):		
	including those directly affected by the decision? Please explain how.	
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	As the recommendation relates to agreeing in principle to the transfer of functions to the North Wales CJC no new potential impact is anticipated.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	As the recommendation relates to agreeing in principle to the transfer of functions to the North Wales CJC no new potential impact is anticipated.
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.	<p>Amendments to the relevant legislation laid out in The Welsh Language Standards (No. 1) Regulations 2015 (Amendment) Regulations 2021 subject CJs to the same Welsh language standards as local authorities, national parks and Welsh Ministers. Thus ensuring that Welsh language users can expect the same standard of service from CJs.</p> <p>However, it remains unclear precisely which standards will be imposed upon the North Wales CJC.</p> <p>We have already called for clarity on this point from the Welsh Government in order to better assess the potential impact of transferring responsibilities from the authority to the North Wales CJC on the Welsh language.</p>

E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	The SLT supports the recommendations
2	Finance / Section 151 (mandatory)	The current financial contribution to the Ambition Board is sufficient
3	Legal / Monitoring Officer (mandatory)	The Monitoring Officer is joint author of the report.
4	Human Resources (HR)	Irrelevant
5	Property	Irrelevant
6	Information Communication Technology (ICT)	Irrelevant
7	Procurement	Irrelevant
8	Scrutiny	

E – Who did you consult?		What did they say?
9	Local Members	

F - Appendices:

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

Isle of Anglesey County Council

Meeting: County Council

Date: 06/03/2025

Title of report: Pay Policy Statement 2025

Report by: Councillor Carwyn E Jones

Purpose of report:

To ensure that the authority satisfies its statutory obligations under the Localism Act 2011 to have a published Pay Policy by 31/03/2025.

Introduction

Under Section 112 of the Local Government Act 1972 the council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. The Localism Act 2011, Section 38, requires English and Welsh local authorities to produce and publish a Pay Policy statement for each financial year.

Scope of the policy

The Localism Act 2011 requires authorities to develop and make public their Pay Policy on all aspects of chief officer remuneration. In the interest of transparency and accountability the council has chosen to take a broader approach and produce a policy statement covering all employee groups, with the exception of school teachers as their remuneration is not within local authority control. Welsh Government guidelines have been incorporated into the statement.

Recommendation

It is recommended that the council endorse the Pay Policy Statement attached to this report as its Pay Policy Statement for 2025/26.

Appendix 1 Pay Policy Statement

Isle of Anglesey County Council

Pay Policy Statement

February 2025

1. Introduction and purpose

Under section 112 of the Local Government Act 1972, the council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the council’s approach to Pay Policy in accordance with the requirements of Section 38 of the Localism Act 2011, requiring English and Welsh local authorities to produce and publish a Pay Policy statement for each financial year. The purpose of the statement is to provide transparency with regard to the council’s approach to setting the pay of its employees (excluding those teaching in local authority schools) by identifying:

- the methods by which salaries of employees are determined
- the level and elements of remuneration of its chief officers as defined by the relevant legislation
- the level of remuneration of its lowest paid employees

Local authorities are large complex organisations with multimillion pound budgets. They have a very wide range of functions and provide and/or commission a wide range of essential services. The general approach to remuneration levels may therefore differ from one group of employees to another to reflect specific circumstances at a local, Welsh or UK national level. It also needs to be flexible when required to address a variety of changing circumstances and aligned to business objectives.

2. Legislative framework

In determining the pay and remuneration of its employees, the Council will comply with all relevant employment legislation. This includes (but not exhaustively) the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006.

3. Scope of the Pay Policy statement

The Localism Act 2011 requires authorities to develop and make public their Pay Policy on all aspects of chief officer remuneration (including on ceasing to hold office), and that pertaining to the ‘lowest paid’ in the authority, explaining their policy on the relationship between remuneration for senior management and other employees, with the exception of school teachers as their remuneration is not within local authority control.

Nothing within the provisions of the Localism Act 2011 detracts from councils’ autonomy in making decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. However, this policy statement will be complied with in setting remuneration levels for all groups within its scope.

This Pay Policy does not apply to teaching staff in the local authority's schools, who will have their own Pay Policy.

4. Development of Pay and Reward Strategy

The primary aim of a reward strategy is to attract, retain and motivate suitably skilled staff so that the organisation can perform at its best. One of the biggest challenges for the council is to maximise productivity and efficiency within current resources. Pay policy is a matter of striking a sometimes difficult balance between setting remuneration at appropriate levels to facilitate a sufficient supply of appropriately skilled individuals to fill the authority's very wide range of posts, and ensuring that the burden on the taxpayer does not become greater than can be fully and objectively justified.

In this context it does need to be recognised that at the more senior levels in particular, remuneration levels need to enable the attraction of a suitably wide pool of talent and the retention of suitably skilled and qualified individuals once in post. It should be recognised that the Council will often be seeking to recruit in competition with other good public and private sector employers.

The council is a major employer in the area and, as such, must have regard to its role in improving the economic well-being of the people of Anglesey. The availability of good quality employment on reasonable terms and conditions and fair rates of pay has a beneficial impact on the quality of life in the community as well as on the local economy. The council also has a role in setting a benchmark example on pay and conditions to other employers in the area for the same reasons.

In designing, developing and reviewing pay and reward strategy the council will seek to balance these factors appropriately to maximise outcomes for the organisation and the community it serves, whilst managing costs appropriately and maintaining sufficient flexibility to meet future needs. This Pay Policy statement will be reviewed and approved on an annual basis by the Full Council.

5. Pay structure

The council uses the nationally negotiated National Joint Committee (NJC) pay spine as the basis for its local grading structure. This determines the salaries of the large majority of the non teaching workforce, together with the use of other nationally defined rates where relevant. An annual pay award for NJC employees covering the period from 1 April 2024 to 31 March 2025 has been agreed. The council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine. The council is committed to fairly determining pay in accordance with equal pay legislation and has, from 1 December 2015, implemented a single status pay and grading structure. The council's NJC grading structure runs from Grade 1 (scale point 3) to Grade 10 (maximum scale point 50) with current minimum and maximum hourly rates of pay being £12.45 and £32.43 respectively. This Pay Policy statement will be subsequently revised if and when a pay award for 2025/26 is agreed.

Once a post has been evaluated, the score will determine into which pay grade or band the post will be assimilated. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate, with the agreement of the Head of Profession – Human Resources (HR) and

Transformation. Salaries are then subject to an incremental increase each year until the maximum rate of the grade is reached (normally within 3 years).

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.

The council does not generally utilise the practice of applying market supplements to take account of the external pay market in the attraction and retention of employees with particular experience, skills and capacity. However, a Market Supplement Policy exists and, in implementing this, the council will ensure that any application for market supplements will be objectively justified by reference to clear and transparent evidence of successive failure to recruit to a particular post and evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. The council, through its Secondments and Honoraria Policy, can also apply temporary honoraria to individuals who, for various reasons, are acting up to a higher level of responsibility for a period of time.

The council expects high levels of performance from all employees and has an Annual Development Conversation Scheme in place to monitor, evaluate and manage performance on an ongoing basis. However, the council does not operate any performance related pay arrangements. The council's Annual Development Conversation process forms the basis of the approach to talent management and succession planning. Based on the analysis of the performance and potential of employees, managers can plan relevant talent actions, considering everyone as an individual, the development they need, making them feel rewarded and enabling them to be effective in their role within the council. The main part of the process is the open, honest and constructive conversation between the manager and the employee to establish where they are now, where they want to be and how they can be supported to get there.

6. Other benefits

Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. The employee contribution rates, which are defined by statute, currently vary between 5.5% to 11.4% of salary, dependent upon defined pay bands relating to whole time equivalent salary. The Employer contribution rates are set by actuaries advising the Gwynedd Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The rate from 01/04/2023 will be 20.1% and is applicable until 31/03/2026.

The council has a range of other terms and conditions applicable to its employees, based largely upon National Joint Council terms and conditions, supplemented by locally negotiated conditions and policies. Certain of these terms and conditions result in monetary payments, including business mileage payments, payment of professional fees and honoraria payments for undertaking additional responsibilities. No bonuses are paid. For relevant 'additions to salary of chief officers', see paragraph 10 below. Staff terms and conditions are reviewed on a regular basis in consultation and negotiation with our recognised trade unions.

7. Equal pay and gender pay gap reporting

The council is committed to the principle of equal opportunities and equal treatment for all employees. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex and evaluates job roles and pay grades as necessary to ensure a fair structure. The council reports its gender pay gap figure annually to the Office for National Statistics. While the council does have a negative gender pay gap, it is confident that this pay gap does not stem from paying men and women differently for the same or equivalent work and is pleased to report that its mean gender pay gap continues to be below the national average.

The council's gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract. While the council employs more women than men overall, they are not evenly spread across the grades. The majority of staff at lower grades are women. Any pay awards are implemented at all grades, therefore will not reduce the gender pay gap significantly. However, the council is committed to addressing its gender pay gap by supporting women at all levels of the organisation to develop and further their careers.

8. Senior management remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The following posts are identified as falling within the statutory definition of 'senior management' in the context of this statement:

- a) Chief Executive (who is also the Head of Paid Service) – the senior officer who leads and takes responsibility for the authority, working closely with elected members to deliver the authority's aims and objectives
- b) Senior Leadership Team - Deputy Chief Executive, Director of Function (Resources)/Section 151 Officer, Director of Function (Council Business)/Monitoring Officer, Director of Social Services and Director of Education, Skills and Young People
- c) Heads of service – Children and Families/Deputy Director of Social Services, Adult Services, HR and Transformation, Housing, Highways, Waste and Property and Regulation and Economic Development

In 2019 all job descriptions within the senior management structure were evaluated in accordance with the Local Government Association (LGA) Job Evaluation Scheme for senior officers and externally validated by the LGA. The scores were then translated into a salary structure (again reviewed by the LGA and shown below) prior to submission to the Independent Remuneration Panel for Wales (IRP) who confirmed their full support for the proposed grading and salary structure.

A chief executives' and chief officers' pay award for 2024/25 has been agreed during 2024. As currently no further pay awards for 2025/26 have been offered or agreed on publication of this report, senior management basic remuneration as at 1 April 2025 will therefore be as follows:

Local Government Association (LGA) salary structure for senior management team

LGA grade 2,	heads of service,	£87,224
LGA grade 2A,	Director of Function Monitoring Officer,	£88,761
LGA grade 3,	Directors / Director of Function S151 Officer,	£97,966
LGA grade 4,	Deputy Chief Executive,	£109,252
LGA grade 5,	Chief Executive	£131,823

Senior officer remuneration

Chief Executive

LGA5, £131,823 per annum (non-incremental)

This officer is also the Head of Paid Service and will also receive additional fees for Returning Officer duties

Senior leadership

LGA2A-LGA4, £88,761 - £109,252 per annum

Heads of service

LGA2, £87,224 per annum

No other additional special allowances, increments or bonuses are included in the remuneration arrangements.

The council's Appointments Committee convenes to consider and provide recommendations to the council on levels of pay and reward for the above three tiers of senior officers. The scope of the committee is to:

- make recommendations on senior pay and reward issues to council, ensuring consistency, transparency and accessibility
- make recommendations on the management of and structure of senior pay and reward, and grounds for pay progression
- make recommendations to the Full Council on the appointment of senior management

Section 143A of the Local Government (Wales) Measure 2011 gives the Independent Remuneration Panel for Wales ("the IRP") powers to make recommendations in relation to the salary of the Chief Executive (who is also the Head of Paid Service), or any proposed changes to the salary of the Chief Executive. The council will consider any recommendations received from the IRP in relation to remuneration for its Chief Executive.

9. Recruitment of chief officers

The council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in Part 4.10 of the constitution. When recruiting to all posts the council will take full and proper account of its own Equal

Opportunities, Recruitment and Selection, and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the agreed pay structure and relevant policies in place at the time of recruitment.

Where the council is unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the council will, where necessary, consider internal interim appointments for a short term period only where a permanent recruitment process is in progress. Internal interim appointments will be deputised to the Head of Profession - HR and Transformation Service, as set out in Part 3.5.3.9 of the constitution. Alternatively, the council may engage individuals under 'contracts for service'. These will be sourced through a relevant procurement process, ensuring the council is able to demonstrate the maximum value for money benefits from competition, in securing the relevant service.

In line with Welsh Government regulations, it is the council's policy that the Full Council is offered the opportunity to vote on remuneration and any restructures at senior management level, regardless of salary levels. Welsh Government regulations also specify that all posts attracting a salary of £100,000 or higher must be advertised externally if the duration of the post is expected to be for 12 months or more.

10. Pay awards

The council employs its Chief Executive and chief officers under Joint National Council (JNC) terms and conditions which are incorporated in their contracts. The JNC for Chief Executives and Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. The Chief Executive and chief officers employed under JNC terms and conditions are contractually entitled to any national JNC determined pay rises and this council will therefore pay these as and when determined in accordance with current contractual requirements.

11. Additions to salary of Chief Executive and chief officers

The Chief Executive and chief officers are subject to the same qualifying criteria and arrangements as other employees with regard to receipt of additional monetary-based terms and conditions, including mileage payments and reimbursement of professional fees.

12. Payments on termination

The Council's approach to statutory and discretionary payments on termination of employment of its Chief Executive and chief officers and all employees falling within the scope of this statement, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007. Any enhancements provided within the council's policy are applied to all staff, irrespective of grade or status.

Full Council will have an opportunity to vote on all severance packages over £100,000, the total amount to include severance pay, salary paid in lieu of notice and the cost to the council of the strain on the pension fund arising from providing early access to pension. Any other severance payments falling outside the provisions of contractual terms shall be subject to a formal decision made by the Full Council or relevant elected members,

committee or panel of elected members with delegated authority to approve such payments. The council will have due regard to best value in considering whether it is appropriate to make any special severance payments, and whether such a payment would be a proper use of public money.

The council does not currently have any instances of re-engagement of retired chief officers. If circumstances arose where this needed to be considered for business critical reasons, any such decision would be made by the Full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such arrangements and be in line with the council's Restructuring and Redundancy Policy as noted below.

The council's Restructuring and Redundancy Policy states that any employee who leaves the employment of the council on voluntary redundancy terms will not be re-employed by the council for the duration of the redundancy compensation payment period received, for example, if a member of staff receives 45 weeks' redundancy payment, they cannot be re-employed by the council for 45 weeks after the termination date. This period will be extended to 12 months if the employee is also in receipt of a pension for which the council has incurred additional costs. Any re-employment sooner than that noted above would have to be with the express authorisation of the senior leadership team and the Head of Profession – HR and Transformation who would consider each case on its merits.

13. Lowest paid employees

The lowest paid persons employed under a contract of employment with the council are employed on full time 37 hours equivalent salaries in accordance with the minimum spinal column point currently in use within the council's grading structure. As of 1 April 2024, and subject to any future pay offer for 2025/26 being agreed in 2025, this point is the current nationally agreed scale point 3 of £24,027 per annum, or £12.45 per hour, compared with the National Living Wage of £12.21 per hour at 1 April 2025 and the current Real Living Wage (set in October 2024) of £12.60 per hour.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the government's code of recommended practice on data transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the council's workforce.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate. When expressed as a multiplier of pay, the Chief Executive's salary is 5.49:1 greater than that of the council's lowest earner.

14. External contractors

The council will utilise its procurement processes to ensure that fair and ethical pay practices are adopted by external contractors commissioned to deliver services.

15. Publication

Upon approval by the Full Council, this statement will be published on the council's website. In addition, for posts where the full time equivalent salary is at least £60,000, the council's [annual statement of accounts](#) will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year
- any sums payable by way of expenses allowance that are chargeable to UK income tax
- any compensation for loss of employment and any other payments connected with termination
- any benefits received that do not fall within the above

16. Accountability and decision making

Section 54 of the Local Government & Elections (Wales) 2021 Act requires the Chief Executive to keep continuously under review the arrangements for the recruitment, pay and grading of the council's staff.

17. Monitoring

This Pay Policy statement will be reviewed annually and presented annually to a meeting of the Full Council either in February or March, following which it will be published on the council's website.

The council has considered all current guidance in the development of this Pay Policy but should further amended guidance be received, or subsequent pay awards agreed, the council may decide to amend its policy with Full Council approval. The revised version will be published on the website.

February 2025

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