

THE EXECUTIVE

Minutes of the meeting held in the Committee Room and on Zoom on 27 February 2025

- PRESENT:** Councillor Gary Pritchard (Leader) (Chair)
- Councillors Neville Evans, Dyfed Wyn Jones, Carwyn Jones, Alun Roberts, Dafydd Roberts, Nicola Roberts, Dafydd Rhys Thomas, Robin Williams.
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Function (Resources)/Section 151 Officer
Director of Function (Council Business)/Monitoring Officer
Director of Social Services
Director of Education, Skills, and Young People
Head of Democracy
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** None received
- ALSO PRESENT:** Councillors Douglas Fowlie (Chair of the Corporate Scrutiny Committee)
Glyn Haynes, R. Llewelyn Jones, Derek Owen,
Liz Wood, Scrutiny Manager (AGD).

The Chair welcomed Mr Aaron Evans to his first meeting of the Executive in his new role as Director of Education, Skills and Young People.

1 APOLOGIES

There were no apologies for absence.

2 DECLARATION OF INTEREST

There were no declarations of interest.

3 URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HIS APPOINTED OFFICER

None were reported.

4 TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2025/26 was presented for the Executive's consideration.

The report was introduced by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance and Housing who explained that the Council is required to produce and publish an annual Treasury Management Strategy Statement (TMSS) before the start of each financial year and in doing so has to have regard to the requirements of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The TMSS outlines the Council's approach to managing borrowing, investment and cash flow in the forthcoming year and sets out the proposed prudential and treasury indicators which ensure that the Council's borrowing and investments are managed responsibly. Councillor Robin Williams confirmed that the TMSS for 2025/26 was scrutinised and subsequently recommended by the Governance and Audit Committee at its meeting on 11 February, 2025.

The Director of Function (Resources)/Section 151 Officer advised that the Council's investment strategy remains unchanged for 2025/26 in prioritising the security and liquidity of deposits over yield. In terms of borrowing the Council has for some years been using its cash reserves to finance capital expenditure instead of taking out external loans because with interest rates relatively high it has been more cost effective to do so. However, it is envisaged that over the lifetime of the strategy the continued use of reserves to balance the revenue budget and the use of the HRA to fund capital expenditure will reduce the Council's cash balances significantly meaning there will be less scope both to borrow internally and to invest and an increased level of external borrowing will have to be undertaken in order to fund the Council's capital programme. This is reflected in Table 7 of the strategy which shows the anticipated levels of internal and external borrowing in the years to 2028/29. The Prudential Indicators at Appendix 11 ensure that the Council's borrowing is affordable and remains within the set boundaries.

The Executive acknowledged the report and the work associated with it and also recognised the importance of the strategy in ensuring that the Council's resources are handled sensibly and sustainably and that the Council does not overextend itself in meeting its capital expenditure needs.

It was resolved to note the Treasury Management Strategy for 2025/26 and to recommend its approval by the Full Council.

5 MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2025/26

The report of the Director of Function (Resources)/Section 151 Officer setting out the detailed revenue budget proposals for 2025/26 for the Executive's final review and agreement along with the updated Medium Term Financial Strategy were presented.

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance and Housing who recapped on the background saying that based on an initial settlement which provided a 3.6% increase for Anglesey the Executive proposed an initial draft budget for 2025/26 of £195.234m which included the use of £2m of the Council's general balances, budget reductions of £699m and a 9.5% increase in Council Tax. Due to time limitations, a short public consultation on the proposal was held the outcome of which is summarised in Appendix 3 to the report. The final Welsh Government settlement announced on 20 February 2025 has included a floor of 3.8% which has resulted in an additional £277k for Anglesey. The Council will also receive a share of a further grant to help councils in Wales meet adult service social care costs. Councillor Robin Williams said that in light of the additional funding and taking into account the responses from the public consultation the Executive is proposing to amend its initial budget proposals by not implementing the proposal to introduce service charges for industrial and business units, not implementing the proposal to reduce the number of days the Council's recycling centres are open, reducing the increase in Council Tax by 1% to

8.5% (including the Fire Service Levy) and by allocating £217k to meet future costs of replacing IT equipment in schools. Councillor Robin Williams clarified that as the Executive had already made provision for Adult Services in the initial budget proposal, the grant funding can be applied elsewhere and is being utilised to help bring down the increase in Council Tax to 8.5% making Anglesey's increase the second lowest of the North Wales councils. With the amendments, the Executive is proposing a net revenue budget of £195.443m.

The Director of Function (Resources)/Section 151 Officer explained the changes in the interim between Welsh Government's initial and final budget settlements which included a change in the data which informs the funding allocation which although it resulted in a £34k reduction in Anglesey's grant is offset by the additional £277k provided by the 3.8% funding floor. Subject to confirmation, Anglesey's share of the additional grant for adult social care costs is expected to be in the region of £700k. The Section 151 Officer referred to the responses to the public consultation on the initial budget proposals some of which had favoured using the Council's reserves over increasing Council Tax in order to meet the budget gap and some of which had commented that the Council should be managed more as a business. Using reserves to balance the budget provides a temporary solution but as reserves can only be spent once this approach is not sustainable in the long-term and does not address the fundamental funding pressures faced by the Council, and while there are advantages in managing the Council on business like principles, it is not a business and does not have the freedom to tackle financial challenges in the same way a business can which is by cutting costs, increasing charges and not delivering services. The Section 151 Officer referred to the services for which the Council does not charge any fee, to the fees which are set externally over which the Council has no control e.g. home care fees which have long been capped at £100 per week by Welsh Government despite the rising costs to the Council of providing the care, and fees which the Council subsidises to ensure they remain affordable to service users e.g. school meals and leisure centre fees. The Council also has statutory duties where it is required by law to deliver a range of essential services. The Council must therefore balance its budget through the Welsh Government's Revenue Support Grant, use of reserves and Council Tax.

Councillor Douglas Fowlie, Chair of the Corporate Scrutiny Committee provided a report from the committee's 19 February 2025 meeting when it had considered the Executive's final revenue budget proposals for 2025/26 prior to the final settlement being known. Councillor Douglas Fowlie confirmed that the committee in noting that no additional information was available to the meeting, had supported the proposals as presented at the time which were unchanged from the initial draft proposals presented in January. The committee had also recommended that the Council Leader write to the Welsh and Westminster Governments to press for three year funding settlements for councils instead of annual settlements which would provide councils with more certainty and help them better plan their budgets.

The Chair, Councillor Gary Pritchard, in thanking Scrutiny for its input confirmed that he would be writing to the Welsh and Westminster Governments on the matter of multi-year funding settlements and that this issue has been discussed and is supported by the WLGA. He further highlighted concerns regarding the timing of the settlement with the final settlement not having been announced until after Scrutiny's meeting on 19 February leaving the Council with a tight window in which to finalise its budget and set the Council Tax before the beginning of the new financial year in April. He also referred to concerns about the adequacy of the settlement to meet the financial pressures on councils in Wales with the WLGA having lobbied for the funding floor to be set higher than 3.8%. An added complication has been the late announcement of additional grant funding which has had to be incorporated into the Council's financial plans at a late stage in the budget setting process. Because the Executive had already earmarked resources in the initial draft budget

to cover costs in Social Services, it is able to use the additional funding to reduce the increase in Council Tax and while the Executive appreciates that raising Council Tax is not popular and is difficult for many people it is one of the few levers the Council has to balance the budget.

In reviewing the final budget proposal, the Executive's members welcomed the additional funding but emphasised that this and other councils in Wales need the certainty and stability that longer term settlements would bring as well as improved settlements overall that fully address the financial challenges which councils face. Members referred to the rising costs of services particularly in children's social care and to the innovative solutions the Council has sought to introduce to mitigate the cost impacts such as the Cartrefi Clyd provision. The important role which social services play in supporting the Health Service was highlighted as was the need for that role to be financially recognised in a more appropriate and sustainable way than through one off grants. Likewise, Executive members acknowledged the value of preventive services most of which are non-statutory but which are vital to the wellbeing of communities and in reducing the pressures on social care and health services especially in Anglesey which has a predominantly older population. The Executive further highlighted that in formulating its budget proposals it had sought to protect essential services such as education and social care and services for vulnerable people and had sought to find the right balance between service reductions, use of reserves and increasing Council Tax. The Executive thanked everyone who had been involved in developing the budget which had been a long and challenging process.

It was resolved –

- **To utilise the additional funding resulting from Welsh Government's final settlement to amend the initial budget proposal as follows –**
 - **Not to implement the service charges for industrial and business units in 2025/26**
 - **Not to implement the reduction in opening days for the recycling centres in 2025/26**
 - **To reduce the increase in Council Tax by 1% to 8.5% (7.85% for Council Services and 0.65% for the Fire Levy)**
 - **To allocate £217k to meet future costs of replacing IT equipment in schools**
- **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 of the report.**
- **To recommend a final net budget for the County Council of £195.443m and resulting increase in the level of Council Tax of 8.5% (7.85% for Council Services and 0.65% for the Fire Levy) noting that a formal resolution, including the North Wales Police and Town/Community Council precepts will be presented to the Council on 6 March 2025.**
- **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%.**

6 CAPITAL BUDGET 2025/26

The report of the Director of Function (Resources)/Section 151 Officer setting out the proposed capital budget and programme for 2025/26 was presented for the Executive to review prior to submission to the Full Council.

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance and Housing who reported that a capital budget of £44.294m is proposed with the programme and funding as set out in the table on the opening page of the report. The capital budget can change in the course of the year as additional grants are allocated and applied for and the budget is adjusted accordingly.

The Director of Function (Resources)/Section 151 Officer referred to the link between the capital strategy, the capital budget and the treasury management strategy in providing a framework for supporting and managing the Council's capital objectives and expenditure. The capital budget position has long been challenging and although the General Capital Funding from Welsh Government for 2025/26 is £401k higher than the 2024/25 allocation which is the first significant increase that the Council has received for a number of years, it does not make up for the erosion in the value of the funding that has taken place due to inflation. Table 1 of the report shows the anticipated capital funding available as £32.378m against a proposed programme valued at £44m. The shortfall of £11.91m is being met through unsupported borrowing, £10.623m of which is HRA expenditure and £1.293m General Fund expenditure. While this represents a shift in strategy with the Council not previously undertaking unsupported borrowing unless the schemes invested in generate savings to cover the borrowing costs, a prudent approach is being maintained to ensure that the borrowing proposed is manageable from a revenue perspective. The borrowing is necessary to enable investment in the Council's assets many of which need upgrading with the Welsh Government capital funding allocation not sufficient to meet those costs. Additional supported borrowing may be made available by Welsh Government for highways purposes but details are yet to be confirmed.

Councillor Douglas Fowlie, Chair of the Corporate Scrutiny Committee reported from the committee's 19 February 2025 meeting which also considered the proposed Capital Programme and Budget for 2025/26 to confirm that having noted that there are no sources of significant capital funding available to the Council to fund any large scale projects apart from the HRA which is earmarked for HRA projects alone and cannot be used for any other purpose, the committee had supported the capital budget proposals as presented.

The Executive acknowledged the potential value of capital projects to the local workforce and companies and noted the importance of local companies tendering for capital contracts to the benefit of the local economy. The Executive also acknowledged the innovation and initiative shown by Officers in securing capital grants.

It was resolved to recommend to the Full Council the following capital programme for 2025/26 –

	£'000
2024/25 Schemes Brought Forward – General Fund	6,439
Refurbishment/Replacement of Assets	6,304
Heating System upgrades Low Carbon Heat grant funding	4,463
Communities for Learning	152
Flood Relief Scheme	330
Holyhead: A Culture and Heritage Driven Transformation	4,367
Economic Development Sites and Premises	200
Waste Infrastructure	1,445
Housing Revenue Account	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

Councillor Gary Pritchard
Chair