

THE EXECUTIVE

Minutes of the hybrid meeting held on 29 November, 2022

PRESENT:	Councillor Llinos Medi (Chair) Councillor Carwyn Jones (Vice-Chair)
	Councillors Alun Mummery, Alun Roberts, Dafydd Rhys Thomas, Ieuan Williams.
IN ATTENDANCE:	Chief Executive Deputy Chief Executive/Interim Head of Democratic Services 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 Housing Services Head of Adults' Services Head of Profession (HR) and Transformation Policy Officer (RWJ) Committee Officer (ATH)
APOLOGIES:	Councillors Gary Pritchard, Nicola Roberts, Robin Williams, Mr Gethin Morgan (Performance, Business Planning and Programme Manager)
ALSO PRESENT:	Councillors Geraint Bebb, Glyn Haynes, Trefor Lloyd Hughes, MBE, R. Llewelyn Jones, Jackie Lewis, Dafydd Roberts, Ken Taylor, Communications Officer (GJ), Scrutiny Manager (AGD)

1. DECLARATION OF INTEREST

No declaration of interest was received.

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

None to report.

3. MINUTES

The minutes of the previous meeting of the Executive held on 25 October, 2022 were presented for confirmation.

It was resolved that the minutes of the previous meeting of the Executive held on 25 October, 2022 be approved as correct.

4. THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Deputy Chief Executive and Interim Head of Democratic Services incorporating the Executive's Forward Work Programme for the period December, 2022 to July, 2023 was presented for confirmation.

The Policy Officer updated the Executive with regard to the rescheduling of item 2 (HRA Housing Rents and Housing Service Charges 2023/24) from November to the 13 December meeting and item 3 (Section 6 Biodiversity Duty Environment (Wales) Act 2016) from December to the 24 January, 2023 meeting and advised that Item 4 (National Collaborative Arrangements for Welsh (local authority) Adoption and Fostering Services) would now be a delegated decision by the Portfolio Member for Children (Social Services) and Youth Services.

It was resolved to confirm the Executive's updated Forward Work Programme for the period from December, 2022 to July, 2023 with the changes outlined at the meeting.

5. SCORECARD MONITORING REPORT QUARTER 2 2022/23

The report of the Head of Profession (HR) and Transformation incorporating the Corporate Scorecard for Quarter 2022/23 was presented for the Executive's consideration. The scorecard portrays the position of the Council against its wellbeing objectives.

In the absence of the Portfolio Member for Finance, Corporate Business and Customer Experience, Councillor Carwyn Jones, Portfolio Member for Economic Development, Leisure and Tourism presented the report confirming that 94% of the KPIs continue to perform well against their targets. He referred to the performance against the Council's three wellbeing objectives and highlighted several positive stories across those objectives. However, although performance against targets on the whole are green or yellow, there are decreasing trends against a number of performance related indicators especially in relation to Wellbeing Objective 2 and those indicators along with their associated processes and work streams will be the subject of particular attention as the Council moves into the winter period especially given the context of increasing fuel and food poverty and cost of living pressures.

Councillor R. Llewelyn Jones, Chair of the Corporate Scrutiny Committee provided feedback from the Committee's 22 November, 2022 meeting where the Quarter 2 Corporate Scorecard was discussed, and he confirmed that the Committee was provided with a comprehensive report regarding corporate performance against the various indicators and had challenged the Officers and Portfolio Members on a number of areas. The Committee had welcomed, and was grateful for the assurances and responses provided by the latter and recommended the report and mitigation measures therein to the Executive.

The Director of Social Services confirmed with regard to the several Yellow and one Red performing indicators within Children and Families' Services that the number of referrals is increasing and that cases are also becoming more complex thereby putting pressure on the assessment process. He provided more detail regarding PI 23 (the average length of time for all children who were on the CPR during the year and who were de-registered during the year) which was ragged Red, clarifying that all children on the Child Protection Register for longer than the target 270 days are subject to Public Law Outline (PLO) care proceedings i.e. they remain on the register for legitimate care and legal reasons. He gave assurance that all the indicators ragged Yellow are subject to regular internal review and that PI 23 is under consideration to establish whether the performance can be measured in a way that more accurately reflects the actual situation and the complexities involved.

The Executive in recognising the consistency of performance across the Council's services suggested that with a new Council Plan in the offing, it might also be timely to review and reinvigorate the performance management framework and reporting process with perhaps more focussed attention on a select number of performance indicators and targets each quarter instead of the current standardised across the board format of reporting.

The Chief Executive in acknowledging the point advised that another important element in refreshing performance reporting is the use of technology, digital media and social media presence to chart aspects of performance and to bring the Council's successes and any changes in performance to the public's attention by means other than that of formal meetings and documentation.

It was resolved to accept the Scorecard monitoring report for Q2 2022/23 along with the mitigation measure outlined.

6. ANNUAL TREASURY MANAGEMENT REVIEW 2021/22

The report of the Director of Function (Resources)/ Section 151 Officer providing a review of the Council's Treasury Management activities during the 2021/22 financial year and performance against the Treasury Management Strategy 2021/22 was presented for the Executive's consideration.

In the absence of the Portfolio Member for Finance, Corporate Business and Customer Experience, Councillor Ieuan Williams, Portfolio Member for Education and the Welsh Language presented the report and he highlighted the statutory reporting requirements for Treasury Management and the specific outcomes covered by the 2021/22 review report. The report was scrutinised by the Governance and Audit Committee at its meeting on 28 September, 2022 and it confirms that the Council's Treasury Management performance during the year was in line with the strategy of low risk, low return investments and a planned approach to borrowing designed to minimise interest charges.

The Director of Function (Resources)/Section 151 Officer advised the Executive that the Council's accounts for 2021/22 have yet to be signed off pending the resolution of a technical issue that is affecting the accounts of all local authorities in Wales and some in England. Welsh Government, CIPFA and Audit Wales have now come to an agreement on a way forward which means that the audit of the accounts is likely to be completed in January, 2023. He confirmed that he was not aware of any issues arising that affect the figures contained in the review report. However, since the period covered by the report the financial landscape has changed considerably including in relation to better interest rates which have led to improved earnings on the Council's investments which means the interest received budget can be increased when setting the 2023/24 budget. No external borrowing was undertaken in the 2021/22 financial year with the Council instead maintaining its strategy of using cash balances in lieu of external borrowing. While that position is likely to change in 2023/24 any new borrowing the Council will take out in future will be more expensive.

In response to a question by the Chair, the Director of Function (Resources)/Section 151 Officer confirmed that the review report will not be submitted to Full Council until the accounts are signed off; the Chair's view was that it would be appropriate for the final accounts and TM review report to be presented together to the same meeting of the Full Council. The Director of Function (Resources)/Section 151 Officer also clarified how the Public Works Loans Board (PWLB) lending works and how its interest rates are determined confirming that although PWLB loans are generally cheaper than those of commercial banks, the penalty for early repayment is higher than the interest saved making it uneconomical to do so.

It was resolved –

- To note that the outturn figures in the report will remain provisional until the audit of the 2021/22 Statement of Accounts is completed and signed off; any resulting significant adjustments to the figures included in the report will be reported as appropriate.**

- To note the provisional 2021/22 prudential and treasury indicators in the report.
- To forward the Annual Treasury Management Review Report for 2021/22 to the Full Council without further comment.

7. REVENUE BUDGET MONITORING QUARTER 2 2022/23

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Council's services at the end of Quarter 2 of the 2022/23 financial year was presented for the Executive's consideration.

Councillor Ieuan Williams, Portfolio Member for Education and the Welsh Language presented the report and provided background information about the budget that was set for 2022/23. The overall projected financial position for 2022/23 including Corporate Finance and the Council Tax fund is a projected underspend of £1.128m which is 0.71% of the Council's net budget for 2022/23. However, there is a significant amount of uncertainty over the final position due to additional costs arising from staff pay awards and rising energy prices; higher prices to be paid for the majority of the goods and services bought by the Council as a result of inflation; increased demand and costs associated with the winter months as well as a general increase in demand because of the cost of living crisis. The projected underspend also includes the use of £3m of reserves to respond to additional pressures. Although the headline forecast figure therefore indicates a positive position for 2022/23, it is not a true reflection of the situation and it is highly probable that at year end the revenue budget will be closer to break even or possibly overspent. The underlying position after taking out the use of reserves and additional grant funding is significantly worse with an underlying deficit of over £4m which will have to be addressed when setting the 2023/24 budget.

The Director of Function (Resources)/Section 151 Officer affirmed the Portfolio Member's comments and said that the financial situation is likely to deteriorate in the second half of the year meaning also that setting the 2023/24 budget will be very challenging because of the factors referred to by the Portfolio Member which are set out in detail in the report. He referred to particular concerns regarding the position in relation Children and Adults' Social Care which are under increasing pressure from rising demand and are forecast to overspend to a significant degree even though additional grants and reserves are being used to reduce the overspend. On the other hand a projected surplus in the Waste Management Service's budget primarily from the sale of green waste subscriptions and recyclable materials provides an opportunity to adjust the income budget upwards. While the current core Council Tax income is forecasted to exceed the budget as is the Council Tax Premium budget, the situation can change as people's circumstances change and appeals are made and discounts and exemptions are applied, and also as properties are transferred from the domestic to the business rates register. Any end of year overspend will have to be funded from the Council's general reserves which in turn reduces the scope to use reserves to balance the 2023/24 budget the setting of which is expected to be a very difficult task. The revenue budget will be reviewed monthly going into the second half of the year.

Councillor Dafydd Roberts, Chair of the Finance Scrutiny Panel confirmed that the Panel would be focusing its attention on the position in Adults' and Children and Families' Services in upcoming meetings.

The Executive noted the situation and acknowledged the challenges ahead many of which it was recognised stem from factors beyond the Council's control. The Executive also noted that the headline figures alone do not portray the true picture which is one of budgets coming under increasing pressures as a result of higher costs and growing demand for the Council's services especially in Children and Adults' Social Care and that the use of reserves and grants masks the true position. Questions were asked about the Council's energy costs and

the position with regard to fixed deals which the Executive viewed as a high risk area given the number and range of its buildings and also about the staff pay award and whether the Council should be expected to fund pay awards that are agreed nationally and may add a significant amount to its pay bills. In light of all the issues that may influence the budget position, the Executive queried how realistic is the end of year forecast.

The Director of Function (Resources)/Section 151 Officer clarified how the teaching and non-teaching staff pay awards are determined and confirmed that no additional funding is expected to be provided to cover the associated costs for either group. The Council is part of a national framework for the purchase of energy until 2023/24 which is undertaken by an arm's length company linked to Kent County Council which purchases on behalf of a number of local authorities nationally. However prices are reviewed annually in October and whilst the latest prices have just been received and are yet to be examined, figures provided by the company two months ago showed a 60% rise in the price the Council pays for its electricity and a 160% rise in the price of gas meaning that on this basis the Council's annual energy spend would rise from in the region of £3m to £5m. The Director of Function (Resources)/Section 151 Officer further advised that taking all things into consideration the £1.128m forecast underspend for 2022/23 is probably overly optimistic and this in turn will have implications for the 2023/24 budget strategy.

The Chief Executive advised that the Re:fit Programme which is intended to help public bodies reduce energy usage by implementing energy efficiency measures and which generates in the region of £300k savings per annum is not enough to make up the price gap in what is a fast changing energy market.

It was resolved –

- **To note the position set out in Appendices A and B in respect of the Authority's financial performance to date and expected outturn for 2022/23.**
- **To note the summary of contingency budgets for 2022/23 as detailed in Appendix C.**
- **To note the monitoring of agency and consultancy costs for 2022/23 in Appendices CH and D.**
- **To approve the transfer of the £100k underspend for increasing broadband in schools to an earmarked reserve to fund the broadband improvements in 2023/24 which have been delayed due to the completion of proper procurement processes.**

8. CAPITAL BUDGET MONITORING QUARTER 2 2022/23

The report of the Director of Function (Resources)/Section 151 Officer setting out the performance of the 2022/23 capital budget at Quarter 2 was presented for the Executive's consideration.

Councillor Ieuan Williams, Portfolio Member for Education and the Welsh Language presented the report saying that the total capital budget for 2022/23 is £52.725m which sum includes the Housing Revenue Account capital programme, capital slippage from 2021/22 and additional schemes which have come onto the programme as capital grants become available. (An update of the capital grant schemes in the 2022/23 capital programme was provided in the report). While the profiled budget spent to the end of the second quarter for the general fund is 103%, only 37% of the annual budget has been spent to date mainly because a number of the capital schemes are weighted towards the latter part of the financial year. The forecast underspend on the Capital Programme for 2022/23 is £5.572m with this being potential slippage into 2023/24 with the main contributor being a significant forecast underspend within the HRA. The funding for this slippage will also slip into 2023/24

and will be factored in to the 2023/24 Treasury Management Strategy Statement, Capital Strategy and Capital Programme. The Melin Llynnon scheme foresees increased costs and as such has requested approval of additional funding to enable the full scheme to be completed.

The Director of Function (Resources)/Section 151 Officer advised that the 2023/24 Capital Budget is unlikely to increase by any significant amount although the costs of capital projects are rising thereby limiting what the Council is able to do in terms of capital expenditure; the general capital grant has remained largely static with an increasing proportion of the funding being spent on maintaining existing assets and less on new or growth schemes meaning that it is becoming more difficult each year to set a capital budget that moves the Island forward. An increasing amount of capital expenditure is also funded by external grants many of which are tied to specific projects.

The Chief Executive highlighted also that many of the grants awarded are competitive meaning that time and resources are required to prepare applications and develop business cases for the competitive process.

The Executive noted that a reducing capital budget provides an additional challenge in terms of being able to implement schemes that have a positive effect on communities and also as regards managing a budget that does match expectations and/or aspirations.

It was resolved –

- **To note the progress of expenditure and receipts against the capital budget 2022/23 at Quarter 2.**
- **To approve the increase in the budget for Melin Llynnon as per section 4.2 of the report.**

9. HOUSING REVENUE ACCOUNT BUDGET MONITORING QUARTER 2 2022/23

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Housing Revenue Account at Quarter 2 2022/23 was presented for the Executive's consideration.

Councillor Ieuan Williams, Portfolio Member for Education and the Welsh Language presented the report and said that the HRA revenue surplus/deficit at the end of Quarter 2 shows an overspend of £493k compared to the profiled budget. The forecast has been reviewed and shows projected overspend of £958k of which £298k relates to the 2022/23 pay award which the HRA is required to fund in full. Capital expenditure is £2k above the profiled budget which assumes that much of the work is carried out in the second half of the year. The forecast expenditure for the year is £2,949 below budget. The forecast deficit combining both revenue and capital is now £4,137k, £1,991k below budget, largely the result of lower than budgeted capital expenditure. The opening balance of the HRA reserve stood at £12,333k. The revised budget allowed for the use of £6,128k of this balance. However, the revised forecasts will use only £4,137k leading to a reserve balance of £8,196k by the end of the financial year. Thus balance is ring-fenced and is only available to fund future HRA expenditure.

Councillor Ieuan Williams referred to Appendix C which provided an analysis of the expenditure on current new build/acquisition schemes and highlighted that the Council's total forecasted expenditure on developing new housing schemes in 2022/23 is £6m.

The Director of Function (Resources)/Section 151 Officer advised that the schemes listed in Appendix C are those that have been agreed and are being implemented; the Housing

Service will be adding new schemes to those listed as the Council continues to develop and expand its housing stock. As it does so the HRA's reserve balance of £8,196k will reduce the strategy being to draw on the reserve balance in the first place before the HRA moves to borrow externally. Borrowing costs will be met from the income generated by the housing developed; all proposed housing development schemes are subject to a financial viability assessment.

It was resolved –

- **To note the position set out in respect of the financial performance of the Housing Revenue Account (HRA) for Quarter 2 2022/23.**
- **The forecast outturn for 2022/23.**

10. THE COUNCILTAX BASE FOR 2023/24

The report of the Director of Function (Resources)/Section 151 Officer for the purpose of setting the Council tax base for 2023/24 was presented for the Executive's consideration.

Councillor Ieuan Williams, Portfolio Member for Education and the Welsh Language presented the report noting that the figure calculated for the Council Tax base to be used by Welsh Government to set the Revenue Support Grant for the Council for 2023/24 is 31,272.36. This figure excludes adjustments for premiums and discounts granted by some authorities (not Anglesey) in respect of Classes A, B, and C. The figure for the Tax Base for tax setting purposes which does include adjustments for premiums is 32,819.56.

The Director of Function (Resource)/Section 151 Officer explained the process by which the Council Tax Base is calculated both for the purpose of Welsh Government in determining the level of the Revenue Support Grant and also for local tax setting purposes and the factors involved including in the case of the latter the increase in the second homes premium from 50% to 75% which is expected to be ratified by Full Council in setting the budget in March, 2023. He referred to changes in the tax base from the previous year as regards the number of properties subject to the standard Council Tax, long-term empty properties and second homes and confirmed that increasing the second homes premium from 50% to 75% would generate an additional £800k to be reinvested in housing projects to help young people purchase a home in their locality. In response to questions about the effect of the second homes premium on the Revenue Support Grant and whether the RSG takes account of demographic profiles specifically an older population and their greater need for services the Director of Function (Resources)/Section 151 Officer clarified how the Standard Spending Assessment which is an assessment of the amount authorities in Wales need to spend on services, is worked out and the factors considered which includes a number of different datasets including population. He confirmed that the second homes premium does not affect the amount of funding the Council receives from Welsh Government and advised that a predominantly older population does not generate more funding but that a decrease in the younger population does impact the formula by which the SSA is calculated and reduces the level of funding to the Council.

It was resolved –

- **To note the calculation of the Council Tax Base by the Director of Function (Resources) and Section 151 Officer – this will be used by the Welsh Government in the calculation of the Revenue Support Grant for the Isle of Anglesey County Council for the 2023/24 financial year, being 31,272.36 (Part E6 of Appendix A to the report).**

- To approve the calculation by the Director of Function (Resources) and Section 151 Officer for the purpose of setting the Council Tax Base for the whole and parts of the area for the year 2023/24 (Part E5 of Appendix A to the report)
- That, in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (SI1995/2561) 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 Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 2016, the amounts calculated by the Isle of Anglesey County Council as its tax base for the year 2023/24 shall be 32,819.56 and for the parts of the area shall be as listed in the table under recommendation 3 of the report.

11. COMMON ALLOCATIONS POLICY FOR SOCIAL HOUSING

The report of the Head of Housing Services which sought the Executive's approval to adapt the Common Allocations Policy on a temporary basis to respond to the housing need of individuals in emergency/temporary accommodation was presented.

The Head of Housing Services advised that the Service has seen an increase in the number who require support due to a combination of factors with 42 households in emergency /temporary accommodation during the last week of October, including 12 family households. Officers continue to have a higher caseload because of the increase in presentations and a lack of opportunity to move into settled accommodation. In an attempt to have churn within emergency accommodation therefore and to reduce the need for emergency accommodation, the Service proposes that its allocations process be adapted to allow one of every four properties to be allocated to individuals who are within emergency accommodation or at risk of becoming homeless and not follow the Common Allocation Policy for each allocation. Utilising this approach would ensure that those with the most housing need would be considered sooner and offered suitable housing. The number of such allocations would be monitored on a quarterly basis and a review procedure developed to ensure that appropriate support is provided to maintain the tenancy. If supported, the direct lets approach would be approved by the Housing Options Manager as such allocations are not in accordance with the Common Allocations Policy.

It was resolved –

- To approve a temporary partial change in the Common Allocations Policy for housing in response to the increase in the number of individuals who present as homeless who have been placed or at risk of being placed in emergency/temporary accommodation.
- That allocations made during this period for homeless households be approved by the Housing Options Team Manager as these allocations would not adhere to the Common Allocations Policy.

12. DISABLED FACILITIES GRANT POLICY CHANGE

The report of the Head of Housing Services which sought the Executive's approval to change the Disabled Facilities Grant Policy so that means testing for small and medium adaptations be removed from the application process was presented.

The Head of Housing Services outlined the purpose of the Disabled Facilities Grant and explained the application process. Pre-pandemic the budget of £750,000k met demand and was spent fully within the financial year. While demand decreased during the pandemic, the last six months has seen cases that were put on hold during that period coming back into the

system with a number of those being substantial grant awards which are likely to put more pressure on the budget. Welsh Government has asked local authorities to remove means testing for small and medium adaptations with each authority receiving a 10% uplift in its Enable budget to cover the additional cost. Small works are those costing up to £1,000 and medium works refer to works costing between £1,000 and £10,000; all works costing over £10,000 are deemed large adaptations and will continue to be means tested. The report provides examples of the type of works that come under the small and medium categorisations. Removing means testing from the DFG process will reduce the time taken to process applications and could reduce the number of clients doing without recommended adaptations because of means testing. The report also considers the possible effect of the change in policy on demand and what an increase in demand could mean in terms of costs and the timescale for completing adaptations.

It was resolved to approve the removal of the financial means test for small and medium works up to the value of £10,000 from the application process for Disabled Facilities Grant.

**Councillor Llinos Medi
Chair**