

THE EXECUTIVE

Minutes of the hybrid meeting held on 2 March, 2023

- PRESENT:** Councillor Ieuan Williams (In the Chair)
Councillors Llinos Medi (Leader), Alun Roberts, Nicola Roberts, 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
Head of Adults' Services
Head of Housing Services
Programme, Business Planning and Performance Manager (GM)
Solicitor (Corporate Governance and Contracts)
Committee Officer (ATH)
- APOLOGIES:** Councillors Carwyn Jones, Gary Pritchard and Dafydd Rhys Thomas
- ALSO PRESENT:** Councillors Glyn Haynes, Dyfed Wyn Jones, R. Llewelyn Jones, Dafydd Roberts, Ken Taylor, Liz Wood, Arfon Wyn
Accountancy Services Manager (BHO), Scrutiny Manager (AGD)
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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 14 February, 2023 were presented for confirmation.

It was resolved that the minutes of the previous meeting of the Executive held on 14 February, 2023 be confirmed as correct.

4. REVENUE BUDGET MONITORING QUARTER 3 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 3 of the 2022/23 financial year was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that on 10 March, 2022 the Council set a budget for 2022/23 with net service expenditure of £158.365m, to be funded from Council Tax income, NDR and Welsh Government Revenue Support Grant. The overall projected financial position for 2022/23, including Corporate Finance and the Council Tax fund, is a projected underspend of £1.970m which represents 1.24% of the Council's net budget for 2022/23. Both Adults' Services and Children's Social Care budgets remain under pressure but this is offset by underspending in other services, notably Waste Collection and Disposal. More information about budget variances is set out in the detailed report. Although as a report on the position at the end of the third quarter the final projected outcome can be made with a higher degree of certainty, unexpected events may occur before year end and Quarter 4 can be a high demand period both of which could affect the final outturn position.

The Portfolio Member for Finance cautioned that notwithstanding the forecasted overspend for services is £87k, Adults' and Children's Services are significantly overspent as shown in Table 4 of the report. Additionally, the underlying position is masked by a number of one off items (vacant posts, additional grant funding and use of reserves) that have contributed to a significant reduction without which the true financial position of the Council's services would be much worse and would have weakened the Council's financial resilience considerably.

The Director of Function (Resources)/Section 151 Officer referred to the funding shortfall in school budgets for pay as set out in Table 3 of the report due to the total cost of the pay award for schools being higher than that budgeted for in 2022/23. Although this pressure falls on other services as well, because the schools budget is delegated the additional cost would normally have to come from school balances; these are projected to fall as schools continue to utilise their reserves to balance their budgets leaving a minority of schools with little or no balances and the remainder with significantly lower balances than in the previous two years. It will therefore be difficult for some schools to fund the additional pay costs from their own reserves without a further budget allocation. This being so and given the extent of the shortfall of £1.074m, the Executive is asked to recommend that Full Council make up that gap from the Council general reserve with the additional allocation to be distributed to schools through the funding formula.

Referring to the overspend on Adults' and Children's Services, Councillor Alun Roberts, Portfolio Member for Adults' Services confirmed that the demands on both services have been high. Care Inspectorate Wales's recent performance evaluation review of Anglesey's Social Services was positive and reflects the fact that the Council has been investing in those services in recent years to strengthen provision and to respond to demand.

Councillor Llinos Medi, Leader reflecting on the report highlighted the importance of prudent financial management and governance thereby enabling the Council to respond to changing circumstances.

It was resolved –

- **To note the position set out in Appendices A and B of the report 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, D and DD.**
- **To recommend to the Isle of Anglesey County Council that Full Council approve funding of £1.074m from the Council Fund general balances to the delegated**

schools budget, to cover the additional pay costs above those originally allowed for in the 2022/23 revenue budget.

- **To approve the transfer of the net underspend on homelessness and homelessness prevention estimated at £260k to an earmarked reserve for homelessness and homelessness prevention in future years. This has occurred due to Welsh Government announcing a significant uplift of £373k to the No One Left Out grant.**

5. CAPITAL BUDGET MONITORING QUARTER 3 2022/23

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Capital Budget at the end of Quarter 3 of the 2022/23 financial year was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that the Council approved a Capital Programme for non-housing services of £17.177m for 2022/23 and a Capital Programme of £18.784m for the Housing Revenue Account (HRA). In addition, in June 2021, the Executive approved capital slippage of £11.242m to be brought forward from 2021/22 bringing the Capital Programme for non-housing services to £28.419m and £18.784m for the HRA. Since the budget setting process, schemes have been added to the programme most of which are grant funded which amount to £10.837m which with the HRA budget being reduced by £3.750m, brings the total capital budget for 2022/23 to £54.290m. The profiled budget at the end of Quarter 3 was £32.065m whereas the actual expenditure is £24.315m with a further £2.907m expenditure having been committed. The forecast underspend on the Capital Programme for 2022/23 is £15.223m with this being potential slippage into the 2023/24 Capital Programme. The funding for this slippage will also slip into 2023/24 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2023/24.

The Director of Function (Resources)/Section 151 Officer highlighted the additional grant funded schemes added to the programme since budget setting as shown in Appendix C to the report which shows the extent to which the Council is reliant on grants for its capital expenditure as core capital funding has remained static over recent years with rising inflation now further affecting its value.

It was resolved to note the progress of expenditure and receipts against the capital budget 2022/23 at Quarter 3.

6. HOUSING REVENUE ACCOUNT BUDGET MONITORING QUARTER 3 2022/23

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Housing Revenue Account (HRA) Budget for Quarter 3 2022/23 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience presented the report which set out the financial performance of the Housing Revenue Account (HRA) for the period from 1 April to 31 December, 2022 comprising of both revenue and capital expenditure. He highlighted that the HRA is ring-fenced and its reserves cannot be used for purposes other than to fund costs relating to the Council's housing stock including the development of new housing. The Council has been proactive over many years in improving and developing its housing stock as attested to by Appendix 3 to the report which shows that 180 additional housing units have been planned for 2022/23

comprising of several new housing schemes across the Island as well as the re-purchase of former right to buy properties.

The HRA revenue surplus/deficit at the end of Quarter 3 shows an overspend of £544k compared to the profiled budget. The forecast has been reviewed and projects an overspend of £951k for the year with further details provided in Appendix A to the report. The capital expenditure is £4,509k below the profiled budget. The forecast expenditure for the year is £4,891k below budget with further details provided in Appendix B. The forecast deficit surplus combining both revenue and capital is now £2,187k, £3,940k less than the budget due mainly to 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 forecast will only use £2,187k giving a reserve balance of £10,146k by the end of the financial year which will be available to fund future HRA expenditure.

The Director of Function| (Resources)/Section 151 Officer commented that the report outlines the most significant variances with regard to capital expenditure and also clarifies the reasons why some schemes have slipped which may be due to unforeseen works, planning delays, tender issues and/or difficulties in obtaining external agency approval for certain aspects of a scheme.

The Head of Housing Services highlighted that high costs and lack of contractors have contributed significantly to the increase in repairs and maintenance expenditure with the Housing Maintenance Unit showing an overspend of £749k at the end of Quarter 3. The budget for reactive repairs and maintenance has had to be reviewed ahead of the next financial year to ensure that it makes sufficient provision. In terms of capital, 49 new housing units are being let this financial year and the Service continues to buy back 15 former council properties per year.

It was resolved to note the following –

- **The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for Quarter 3 2022/23.**
- **The forecast outturn for 2022/23.**

7. TREASURY MANAGEMENT MID-YEAR REVIEW 2022/23

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Mid-Year Review was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that the mid-year review forms part of the treasury management reporting requirements under the CIPFA Code of Practice and is in accordance with the Council's Scheme of Delegation. The report was scrutinised by the Governance and Audit Committee at its meeting held on 8 December 2022. The Executive is asked to endorse the report for Full Council's approval as well as recommending an increase in the limit at which the Council can lend to other local authorities from £5m to £10m. This is because of increased cash balances and demand from other local authorities and in order to avail of the best possible investment opportunities, local authorities also being seen as an advantageous and low risk option.

The Director of Function (Resources)/Section 151 Officer advised that the report sets out Treasury Management activity during the first half of 2022/23 and compares performance against the Treasury Management Strategy for 2022/23 and the Prudential Indicators set out therein. The report also provides an update on the capital position. The report confirms that during the half year to 30 September, 2022 the Council has operated within those Prudential Indicators and no difficulties are envisaged in complying with the indicators for the current or

future years. No revision to policy is proposed. However, since the period which the mid-year review covers interest rates have risen significantly which from an investment perspective will provide the Council with increased income which in turn can be used to bolster the revenue budget. Conversely, higher interest rates means that any new borrowing will become more expensive.

It was resolved –

- **To recommend to Full Council that it approve the change in counterparty limit to other local authorities as per section 5.3 of the report.**
- **To note the Treasury Management 2022/23 Mid-Year Review report and to forward it to Full Council without further comment.**

8. TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Treasury Management Strategy Statement for 2023/24 was presented for the Executive's consideration.

The Portfolio Member for Finance, Corporate Business and Customer Experience and reported that the Treasury Management Strategy Statement (TMSS) is presented to ensure that the Council is implementing best practice with regard to its treasury management operations in accordance with the CIPFA Code of Practice for Treasury Management. The TMSS was scrutinised by the Governance and Audit Committee at its meeting on 7 February, 2023.

The Director of Function (Resources)/Section 151 Officer advised that the report sets out the Council's borrowing and investment strategy for 2023/24 and does not differ significantly from the previous year's strategy in maintaining an investment approach that seeks to ensure the security of its investment, liquidity in being able to access cash when needed and then return on investment. However, the Council will be actively seeking to take advantage of improved interest rates in 2023/24 to maximise investment returns within those priorities. As regards borrowing the Council has been using internal resources to fund capital expenditure and will continue to maintain a position of only borrowing according to need. But with interest rates rising the benefits of internal/external borrowing will be monitored to ensure that short term savings by not undertaking new long term borrowing in 2023/24 are not outweighed by the potential for incurring additional costs from delaying new external borrowing. The strategy also sets out at Appendix 12 the Prudential Indicators by which treasury activity will be monitored during the year.

The Chair highlighted that the CIPFA Treasury Management Code requires the responsible officer to ensure that Elected Members with responsibility for treasury management receive adequate training in treasury management and he confirmed that this training has been delivered.

It was resolved to note the Treasury Management Strategy Statement for 2023/24 and to forward the report to the Full Council without further comment.

9. MINIMUM REVENUE PROVISION (MRP) POLICY

The report of the Director of Function (Resources)/Section 5 Officer outlining proposed changes to the Council's MRP Policy was presented for the Executive's consideration. Attached to the report at Appendix 3 was a report by Link Group, the Council's Treasury

Management Advisors commissioned in February 2021 which included a review of the Council's MRP strategy and policy along with an options appraisal.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience summarised the regulatory context which requires local authorities to charge to the revenue account for each financial year a Minimum Revenue Provision (MRP) to account for the cost of their debt in the financial year. The MRP charge must be prudent the aim being to ensure that the cost of the debt is charged to the revenue account over a period that is commensurate with that over which the capital expenditure provides benefits and that it is affordable. The available methods to determine a prudent provision are set out in Welsh Government Guidance on Minimum Revenue Provision which allows for 4 different methods – the Regulatory Method; the CFR Method; The Asset Life Method (divided into two further options namely the equal instalment method and the annuity method) and the Depreciation Method. A local authority can change the method its uses to calculate all or part of its MRP at any time.

The Portfolio Member reported that the Council revised its MRP Policy in 2018 and adopted the Equal Instalment Asset Life Method to calculate its MRP charge for both its supported borrowing and unsupported borrowing. In February 2021 it instructed its Treasury Management Advisors (Link Group) to review its MRP policy to establish whether the 2018 Policy remained fit for both current and future spending plans but due to other issues the outcome of the review was not considered further at the time. With the change in the economic climate and the resulting pressures, it is now considered to be an opportune time to consider the results of the Link review. The Link report as appended recommends the Asset Life Annuity approach to calculate MRP charges from 2022/23 onwards both for HRA supported and unsupported borrowing and for General Fund supported and unsupported borrowing this being on the basis that it is prudent, affordable and sustainable.

The Portfolio Member explained what adopting the Annuity method entailed saying that it follows a similar method to a standard repayment mortgage where the combined repayment sum of principal repayment and interest remains constant and as a result, the amount of principal repaid in the early years is low and increases over time. Therefore under the annuity method, the MRP charge is low in the initial years and increases over time. Although the overall sum set aside through the current and proposed MRP policies are the same, when the timing of the cash flows is taken into account and the value of future sums discounted to their current value, the net present value under the proposed method is lower than the current method, reducing also the impact on future generations in line with the principles of the Well-being of Future Generations (Wales) Act 2015. Different options were considered in relation to periods of time and interest rates as detailed in the report and the most affordable were selected.

It was resolved to recommend to the Full Council that it approve the following MRP changes for the current financial year 2022/23 and beyond –

- **To note the report in Appendix 1 and Link Asset Group's report attached in Appendix 3 on the Minimum Revenue Provision (MRP) options.**
- **To change the Housing Revenue Account (HRA) MRP charge on supported borrowing CFR from 2% of the HRA capital financing requirement (CFR) to the Asset Life – Annuity approach for 60 years at the Council's average interest rate payable on its loans (Option 1ch in Table 2 in Appendix 1 to the report) from 1 April, 2022.**
- **To change the HRA MRP on unsupported borrowing CFR from 2% of the HRA CFR to the Asset Life – Annuity approach for 60 years at the Council's average interest rate on its loans (Option 2ch in Table 2 in Appendix 1) from 1 April, 2022.**

- To change the Council Fund MRP on supported borrowing CFR from the Asset Life – Equal Instalment method to the Asset Life – Annuity approach for 46 years at the Council’s average interest rate payable on its loans (Option 3ch in Table 2 in Appendix 1) from 1 April, 2022.
- To change the Council Fund MRP on unsupported borrowing CFR from the Asset Life – Equal Instalment approach to the Asset Life – Annuity method for 27.5 years at the Council’s average interest rate payable on its loans from 1 April, 2022.
- To approve the revised MRP Policy Statement for 2022/23 and beyond in Appendix 2 of the report which is based on the options in the recommendations in the bullet points above.

10. COMMUNITY BASED NON-RESIDENTIAL SOCIAL CARE SERVICES – 2023/2024 FEES AND CHARGES

The report of the Head of Adults’ Services seeking the Executive’s approval to set a level for community based non-residential social care services fees and charges for 2023/24 was presented for consideration.

Councillor Alun Roberts, Portfolio Member for Adults’ Services reported that it is usual practice to review the charges in respect of domiciliary services annually to coincide with Central Government’s revision of benefit and pension levels. The report sets out the proposed fees and charges for 2023/24 for community based non-residential social care in accordance with the Social Services and Well-Being (Wales) Act 2014.

It was resolved to approve the following –

- **Charges for Telecare services as outlined in Table A of the report, namely:**
 - Tier 1 Analogue – everyone will be paying £55.90 per quarter**
 - Tier 2 & 3 Analogue – everyone will be paying £111.41 per quarter**
 - Tier 1 Digital – everyone will be paying £71.50 per quarter**
 - Tier 2 & 3 Digital – everyone will be paying £142.48 per quarter**
- **Telecare Annual charges as outlined in Table B, namely:**
 - Services and Maintenance £133.18**
 - Services only £86.08**
 - One-off installation £53.25**
- **Rate for Direct Payments at £14.50/hour**
- **To maintain a charge of £10.00 for the administration of Blue Badge requests and replacements as outlined in paragraph 5.**
- **To increase the fee for purchasing day care services in independent residential homes by 10.57% to £41.55**
- **To increase Domiciliary Care fees by £1.55 per hour to comply with new legislation**
- **Charges for Meals in Day Services as outlined in Table C, namely :**

Meals in Day Services for adults (excluding people with learning disabilities) £7.25
Mid-day snack in Day Services for people with learning disabilities £3.05
Other refreshments (tea/coffee/cake) in Day Services £1.70

11. LOCAL AUTHORITY HOMES FOR OLDER PEOPLE – SETTING THE STANDARD CHARGE 2023/24

The report of the Head of Adults' Service seeking the Executive's approval to set the level of the Authority's Standard Charge for local authority care homes for the year April, 2023 to March, 2024 was presented for consideration.

Councillor Alun Roberts, Portfolio Member for Adults' Services reported that Local Authorities are required under Section 22 of the National Assistance Act 1948, to set the Standard Charge for their homes. He referred to the basis for calculating the Standard Charge as outlined in the table within the report which showed the estimated cost per resident per week for the year to 31 March 2024 to be £863.30. The recommendation is that the full cost of the service is charged which is £863.30.

The Head of Adults' Services advised that the inflationary increase of 7.71% is less than that allowed for independent sector providers.

It was resolved that the full cost of the service is charged which is £863.30 per week.

12. FEES AND CHARGES 2023/24

The report of the Director of Function (Resources)/Section 151 Officer setting out a proposed schedule of fees and charges for 2023/24 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that as part of the annual budget setting process, all the Council's fees and charges are reviewed. The Executive has set an objective that all non-statutory fees and charges are increased by an average of 3% across each individual service. This has allowed Service Heads to increase individual fees by more or less than 3%, but overall, the increase across the service equates to a 3% increase. All statutory fees have been increased by the sum set by the approving body, where the increase has been published. Where the revised charge is not known, the fee is shown as to be confirmed (TBC) and will be updated once the notification of the new fee is received. Fee increases in respect of Social Care are the subject of separate reports to this meeting.

The Portfolio Member highlighted that not all fees and charges are being upgraded for 2023/24 with the charge for school meals remaining unchanged.

It was resolved to approve the schedule of Fees and Charges for 2023/24 as outlined in the booklet appended to the report.

13. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24

The report of the Director of Function (Resources)/Section 151 Officer setting out the detailed revenue budget proposals for 2023/24 for the Executive's final review and agreement was presented.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that the Executive is required to agree a number of key matters in respect of the 2023/24 budget. This will then allow the final recommendations to be

presented to the Full Council at its meeting on 9 March, 2023. The matters requiring agreement are the Council's Revenue Budget and resulting Council Tax for 2023/24; the Council's updated Medium Term Financial Strategy and the use of any one-off funds to support the budget.

The Executive proposed a budget for 2023/24 of £172.438m which based on the provisional AEF of £123.555m would require an increase of 5% in Council Tax and the use of £1.758m of the Council's general balances to balance the budget. The approach taken of combining savings with increasing the Council Tax and using balances to achieve a balanced budget was endorsed as part of the public consultation process on the Council Plan and was also supported by the Corporate Scrutiny Committee when it considered the initial budget proposals at its meeting on 19 January, 2023. The budget also includes a proposed increase in the Council Tax Premium for second homes to 75% the income from which will be used to increase the supply of affordable housing. However, on 24 February the Employers announced the initial pay offer to the Union in respect of the non-teaching pay award. The offer is a flat rate increase of £1,925 to all employees with an increase of 3.88% to all employees on spinal column point 43 and above and a 3.5% increase for Chief Officers and the Chief Executive. It is estimated that this will increase costs by approximately 7% compared to the 3.5% that was allowed for in the initial budget proposal and will therefore place an additional £2m as a pressure on the budget. Having considered how to fund this additional cost, and having concluded that finding savings worth £2m at this late stage in the budget setting process is impractical and that increasing Council Tax by 10% to cover the cost is unacceptable in the current economic climate the Executive proposes that the Council's reserves be used to meet this cost in 2023/24 as the only realistic option. The Portfolio Member highlighted that this option is possible because the Council's finances have been prudently managed over recent years thereby building up reserves to a level that allows the Council to meet such costs without further detriment to services or the public. Having a sufficient level of reserves not only enables the Council's immediate needs to be met but places it in a better position to be able to deal with future challenges. He was therefore happy to propose the budget to the Executive.

The Director of Function (Resources)/Section 151 Officer said that he was required to set a budget that reflects what are considered to be the costs of providing the Council's services for the following year and to report the same to the Council. The high rate of inflation has been a significant factor in the 2023/24 budget setting process and although a projected provision for inflation was made in the initial draft budget proposal, the budget has had to be adjusted for the draft final proposal because of the higher than budgeted for non-teaching pay offer. Setting the budget is always a balance between projecting the Council's costs as accurately as possible without making over provision which would lead to a higher than required Council Tax increase. The Section 151 Officer referred to minor changes in the final budget settlement announced on 1 March comprising of additional funding within the settlement which benefited Anglesey by £2,000 and the transfer into the settlement of a grant of £107k to assist the North Wales Fire Authority meet increased pension costs; the Fire Authority has increased its levy by a similar amount resulting in a zero net effect on the Council's budget.

While the Council has sufficient resources in reserve to enable it to use some of those monies to balance the budget for 2023/24, this is not a sustainable strategy in the long-term. The Medium Term Financial Plan updated for 2024/25 and 2025/26 in Table 4 of the report which is based on assumptions regarding inflation, pay and the local government settlement that may change as 2024/25 draws nearer indicates that there will be a need to make significant reductions in the net revenue expenditure budget in 2024/25 (over £6.5m); although this could be partly offset by the further use of reserves it only postpones the need to make budget reductions in 2025/26. The situation does improve in 2025/26 with only a small shortfall in funding projected but this is dependent on the continued strategy of

increasing Council Tax by 5% per annum. Hopefully the economy will recover this year to the extent that it allows the Westminster Government to increase its allocation to Welsh Government and that in turn translates to an improved settlement for councils in Wales; if not then 2024/25 is likely to be a challenging year financially.

Councillor Robert Ll. Jones, Chair of the Corporate Scrutiny Committee reported on the Committee's deliberations at its meeting on 28 February, 2023 with regard to the final draft budget proposals and he thanked the Section 151 Officer and his staff and the Portfolio Member for Finance for the work that had gone into the budget setting process and for their input at the Corporate Scrutiny Committee's budget meetings. He confirmed that the Committee had questioned the Officers and Portfolio Member for Finance on the ability of the budget to respond to service pressures and demand; the impact of the proposals on the citizens of Anglesey or any protected groups and the use of funding released as a result of changes in levies and contributions to joint services after the initial budget proposal was set. The Committee had also considered the acceptability of a 5% increase in Council Tax. Having been provided with assurances and advice by the Officers and Portfolio Member, the Committee had resolved to recommend the proposed budget of £172.548m for 2023/24 including a 5% increase in Council Tax and the use of monies from general balances to fund any gap between the provisional settlement and the final settlement.

The Director of Function (Resources)/Section 151 Officer clarified that since the publication of the final budget report for the 28 February meeting of the Corporate Scrutiny Committee the budget proposal has been adjusted upwards to £174.569m to reflect the non-teaching pay offer which is the budget the Executive is being asked to recommend to the Full Council.

Members of the Executive spoke to say how difficult the process of setting the 2023/24 budget had been and how important it is to have adequate reserves which has meant that the Council is able to balance the budget for 2023/24 without resorting to further cuts in services or a larger increase in Council Tax. Although it was acknowledged that using reserves to balance the budget is a risk the Executive is mindful of the impact of the cost of living crisis on households and recognises that there must be careful planning ahead of the 2024/25 financial year to see what more can be done to protect the residents of Anglesey. To this end it was suggested that there must be an improved settlement for local government to help this and other councils meet their statutory obligations, keep up with pay and inflation and to maintain and/or improve services. It was also noted that having to plan in a context of uncertainty about future funding settlements is difficult and that moving to a more consistent budget setting framework spanning three years instead of one would better help councils face future challenges.

The Portfolio Member for Finance, Corporate Business and Customer Experience thanked the Director of Function (Resources)/Section 151 Officer and the staff of the Finance Service for their work on the budget setting process along with the other budget/finance related reports on this meeting's agenda which sentiments were echoed by the Executive.

It was resolved –

- **To agree the final details of the Council's proposed budget as shown in Section 4 of Appendix 1 and Appendix 2 of the report.**
- **To note the Section 151 Officer's recommendation that the Council should maintain a minimum of £8.6m general balances.**
- **To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in Section 5 of Appendix 1.**

- To recommend a net budget for the County Council of £174.569m and resulting increase in the level of Council Tax of 5.00% (£68.40 – Band D) to the Full Council, noting that a formal resolution, including the North Wales Police and Community Council precepts will be presented to the Council on 9 March, 2023.
- That any differences between the provisional settlement and the final settlement will be adjusted for by using the general contingency which is included in the 2023/24 budget, or by making a contribution to/from the Council's general reserves in order to set a balanced budget.
- 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 prior consent of the Executive.
- To confirm that the level of Council Tax Premium for second homes increases to 75% and for empty homes remains at 100%.

14. CAPITAL STRATEGY

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Capital Strategy 2023/24 including the proposed Capital Programme for 2023/24 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience in presenting the report said that under the revised CIPFA Prudential Code (September 2017) local authorities are required to produce a capital strategy which sets out the long term context in which capital expenditure and investment decisions are made. This requirement is aimed at ensuring that authorities take capital and investment decisions in line with service objectives and properly take into account stewardship, value for money, sustainability and affordability.

The Director of Function (Resources)/Section 151 Officer advised that the Capital Strategy is linked to a number of other key plans and strategies as noted in the report some of which have yet to be approved; this being so the capital strategy being presented is an interim strategy. Further work will be undertaken during 2023/24 to complete and approve those plans and to assess their impact on the capital strategy in the longer term after which a revised and updated capital strategy will be presented to the Executive prior to the commencement of the 2024/25 financial year.

It was resolved to endorse and to recommend the Capital Strategy 2023/24 to the Full Council.

15. CAPITAL BUDGET 2023/24

The report of the Director of Function (Resources)/Section 151 Officer incorporating the proposed capital budget for 2023/24 was presented for the Executive's consideration.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that a Capital Budget of £37.962m for 2023/24 is being proposed comprising of schemes carried forward from 2022/23, the refurbishment/replacement of existing assets, new one-off projects, the Schools Modernisation Programme and the Housing Revenue Account to be funded from a combination of the General Capital Grant, supported borrowing and capital receipts as outlined in Table 1 of the report. The final detailed proposed capital programme is shown in Appendix 2 to the report.

The Director of Function (Resources)/Section 151 Officer advised that when the capital outturn report at the end of Quarter 4 2022/23 is presented to the Executive any slippage amounts requested to be carried forward to 2023/24 will be subject to the Executive's approval at that stage. Also additional capital grants may be made available and subsequently incorporated within the capital budget meaning that the budget and programme as presented represent a starting point and will be revised and updated to reflect any additional funding received.

Councillor Robert Ll. Jones, Chair of the Corporate Scrutiny Committee reported from the Committee's 28 February, 2023 meeting to which the capital budget and programme for 2023/24 had been presented, and he confirmed that the Committee had given careful consideration to the proposed capital programme and schemes within the context of the limited capital funding available for the general fund and had sought clarification from the Officers and Portfolio Member of how those proposals enable delivery of the Council's medium term priorities while balancing short-term pressures as well as the extent to which the Council is able to determine its own capital priorities and expenditure. Having received assurances and advice on those matters, and having considered all the information presented the Committee had resolved to recommend the proposed capital budget of £37.962m to the Executive.

In response to comments made by the Leader about dwindling capital resources limiting what the Council is able to deliver in terms of capital investment and barely covering essential maintenance with there being a need therefore to make representations to Welsh Government for increased capital funding, the Chair referred to a meeting with regulators earlier in the week at which this matter had been raised.

The Chief Executive confirmed that the regulators had been asked to escalate the issue of the sufficiency of capital funding to national level saying also that although the focus has been predominantly on revenue spending, investment in the Council's assets and maintenance of the buildings from which the Council's services are delivered are equally important. Much of the Council's buildings stock is dated and in need of upgrading with many buildings not meeting the needs of Anglesey's residents in the way the Council would wish and high inflation has further eroded the value of the Council's capital resources. The regulators were asked to bring this issue to Welsh Government's attention for discussion at national level on the basis that ensuring that the Council's assets are fit for purpose is essential which responsibility is becoming ever more difficult to fulfil with the funding that is available.

It was resolved to recommend to the Full Council the following Capital Programme for 2023/24:

	£'000
2022/23 Schemes Brought Forward	12,373
Refurbishment/Replacement of Assets	5,682

New One Off Capital Projects	386
21st Century Schools	5,964
Housing Revenue Account	13,557
Total Recommended Capital Programme 2023/24	37,962

Funded By:

General Capital Grant	3,410
Supported Borrowing General	2,158
21st Century Schools Supported Borrowing	919
21st Century Schools Unsupported Borrowing	2,797
HRA Reserve & In Year Surplus	9,221
HRA Unsupported Borrowing	0
Capital Receipts	500
External Grants	6,584
2022/23 Funding Brought Forward	12,373
2023/24 Total Capital Funding	37,962

16. COUNCIL PLAN 2023-28

The report of the Head of Profession (HR) and Transformation incorporating the draft Council Plan for 2023-28 was presented for the Executive's consideration. The Plan included the corporate wellbeing aims as well as the strategic objectives and associated work streams.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience reported that the Council Plan as presented is the culmination of 12 months of preparation in which time an extensive and comprehensive consultation process was undertaken as described in the report which deployed a variety of means of reaching the public and interested parties in order to generate as much interest and responses as possible. In excess of 2,500 responses were received following the public consultation prior to the development of the Plan and those responses played a central role in setting the strategic objectives therein. The Portfolio Member emphasised that while the Plan reflects the context in which the Council is operating it must be responsive to any changes during the five year period and will be adapted accordingly.

The Programme, Business Planning and Performance Manager reiterated the comments about the inclusivity of the consultation process with the Plan having been created on the basis of the most far-reaching consultation work ever undertaken by the Council. The Plan sets the strategic direction for the Council over the next five year period addressing areas which the public has indicated are priority areas for them in relation to social care and wellbeing; education, housing and the economy, along with climate change and the Welsh Language.

Councillor Robert Ll. Jones, Chair of the Corporate Scrutiny Committee confirmed that the draft Council Plan 2023-28 was received by the Committee at its 28 February, 2023 meeting when Members challenged the Portfolio Member and Officers on the deliverability of the

Plan and whether there were any gaps in the document; the way in which it addresses statutory duties and meets the requirements of the Well-being of Future Generations (Wales) Act; the role of the Council's partners in helping deliver the Plan's objectives and the arrangements for monitoring and reporting progress. Having considered the information presented and assurances received, the Committee resolved to recommend the Council Plan 2023-28 for further consideration by the Executive.

The Chair commented that the Plan outlines the Council's high level strategic aims and objectives and that further, more detailed plans will be developed under each strategic objective. Speaking as Portfolio Member for Education and the Welsh Language he said that in light of the 2021 Census data which showed a continued decline in the Welsh speaking population of Wales, he would like to see the Welsh Language being prioritised in the list of strategic objectives, and he proposed that the Council Plan be recommended to the Full Council with that amendment.

It was resolved to recommend the Draft Council Plan 2023-28 for proposed adoption by the Isle of Anglesey County Council at its meeting on 9 March, 2023, subject to prioritising the Welsh Language in the list of strategic objectives contained therein.

17. JOB SHARING ON THE EXECUTIVE

The report of the Director of Function (Council Business)/Monitoring Officer setting out statutory changes to Executive arrangements as a result of the Local Government and Wales Act 2021 was presented for the Executive's consideration. The report proposed that the Council's Constitution be amended to reflect and provide for the statutory changes included in the 2021 Act.

Councillor Robin Williams, Portfolio Member for Finance, Corporate Business and Customer Experience summarised the legislative background saying that the 2021 Act includes a requirement that local authorities must include in their Executive arrangements a provision enabling two or more councillors to share office on the Executive. Section 58 of the Act also details that this provision must include job-sharing in the office of deputy leader and leader. Whilst the Council's Constitution includes provision for the Leader to share office and for two or more councillors to share office as Executive Members there is no express provision for the Deputy Leader role to be shared. Neither does the Constitution provide for how issues of quorum or voting will be affected where there is an arrangement for an office to be shared nor does it detail how job-sharing arrangements will affect the overall number of members on the Executive. It is proposed that the Constitution be amended to reflect and provide for the statutory changes in the 2021 Act as detailed in section 1.2 of the report and further in Appendix 1 together with any consequential constitutional changes that arise.

The Solicitor (Corporate Governance) confirmed that the changes are statutory and not a matter of local choice and that it is therefore necessary that the Council's Constitution be amended to reflect the provisions of the Act with regard to job sharing on the Executive. The report sets out and seeks the Executive's agreement to recommend to Full Council the constitutional changes that need to be made.

It was resolved to recommend to the Full Council that constitutional changes are made to:

- **Allow for one or more Members to job share as Leader, Deputy Leader and as Portfolio Holders on the Executive.**

- **Allow the maximum number of Members on the Executive to be amended to reflect the statutory maximum numbers where Executive members share roles, and**
- **Detail the arrangements in relation to quorum and voting when Executive members are job-sharing –**
 - a) **In accordance with the wording in Appendix 1 to the report**
 - b) **Any further consequential amendments that are required as a result of this decision.**
- **Should any changes be made by way of job-share arrangements and/or the number of individuals in receipt of a senior salary change due to job-share arrangements, the Council will inform the Independent Remuneration Panel of Wales (IRPW) and promptly publicise the same.**

**Councillor Ieuan Williams
Chair**