

THE EXECUTIVE

Minutes of the meeting held on 24 September, 2024 in the Committee Room and virtually via Zoom

- PRESENT:** Councillor Gary Pritchard (Deputy Leader) (Chair)
- Councillors Neville Evans, Carwyn Jones, Alun Roberts, Dafydd Roberts, Dafydd Rhys Thomas, Robin Williams (Deputy Leader).
- IN ATTENDANCE:** Chief Executive
Deputy Chief Executive
Director of Function (Resources)/Section 151 Officer
Director of Function (Council Business)/Monitoring Officer
Head of Democracy
Head of Profession (HR) and Transformation (for items 5 & 6)
Corporate Planning, Performance and Programme Manager (GP) (for items 5 and 6)
Legal Services Manager (MY) (for item 11)
Committee Officer (ATH)
Webcasting Officer (FT)
- APOLOGIES:** Councillor Nicola Roberts (Portfolio Member for Planning, Public Protection and Climate Change), Mr Fôn Roberts (Director of Social Services), Mr Marc B. Hughes (Director of Education, Skills and Young People)
- ALSO PRESENT:** Councillors Douglas Fowlie (Chair of the Corporate Scrutiny Committee), Glyn Haynes, Trefor Lloyd Hughes, MBE, Derek Owen, Scrutiny Officer (EA) (for items 5 and 6).
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With the approval of the Executive, the Chair announced that the order of business would be varied to bring forward item 11 on the agenda to enable Councillor Carwyn Jones, Portfolio Member for Corporate Business and Customer Experience to leave the meeting to fulfil a personal commitment.

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 23 July 2024 were presented for confirmation.

It was resolved that the minutes of the previous meeting of the Executive held on 23 July 2024 be confirmed as correct.

4. THE EXECUTIVE'S FORWARD WORK PROGRAMME

The report of the Head of Democracy incorporating the Executive's Forward Work Programme for the period from October 2024 to May 2025 was presented for confirmation.

The Head of Democracy updated the Executive on the items that were new to the Forward Work Programme along with items that had been rescheduled for the reporting period. An additional amendment to the Forward Work Programme since its publication was the deferral of the Procurement Strategic Plan and new Contract Procedure Rules from the 22 October 2024 meeting to the December 2024 meeting as the new Procurement Act 2023 will not now take full effect until February 2025.

It was resolved to confirm the Executive's updated Forward Work Programme for the period October 2024 to May 2025 with the changes outlined at the meeting.

5. SCORECARD MONITORING – QUARTER 1 2024/25

The report of the Head of Profession (HR) and Transformation incorporating the Corporate Scorecard for Quarter 1 2024/25 was presented for the Executive's consideration. The scorecard report is used to monitor the performance of the Council's key performance indicators in delivering its day-to-day activities that underpin the delivery of the Council Plan.

Councillor Carwyn Jones, Portfolio Member for Corporate Business and Customer Experience provided an overview of the scorecard monitoring report in its new format which brought the contents into closer alignment with the Council Plan and strategic objectives. He reported that the majority (94%) of indicators with targets monitored during the quarter performed well against their targets with there being some examples of strong performances in Adults' Services, Children and Families' Services, Housing Services, the Planning Service, the Waste Management Service and Leisure Service which all reflect a positive start to the year. Other areas in which the performance met or exceeded the target include street cleaning, clearance of fly-tipping incidents, complaint handling and staff absences. Two indicators that underperformed in the first quarter were in relation to inspections of high-risk businesses to ensure compliance with food hygiene legislation and responses to FOI requests within timescale. The report refers to the reasons for the missed targets as well as the planned remedial actions and confirms that these areas will be subject to monitoring and oversight by the Leadership Team to ensure improvements in performance going forward. As a number of the performance indicators are new to the scorecard, many currently do not have targets and are there to set a baseline with some data not available until the end of the year. As the year progresses the scorecard will become more fully populated and trends will be monitored from the second quarter with the aim of setting targets in 2025/26.

Councillor Carwyn Jones expressed the Executive's appreciation of the work put in by the Council's staff to produce such encouraging results in the first quarter of 2024/25 which provide a firm foundation on which to build for the remainder of the year.

Councillor Douglas Fowlie, Chair of the Corporate Scrutiny Committee reported from the committee's 17 September meeting which had considered the 2024/25 Q1 scorecard. In recommending the scorecard report to the Executive, Scrutiny members had noted the positive performance of the majority of the Council's key indicators at the end of the period and had sought assurance that the two under-performing indicators would improve and that work with services would commence to ensure that those KPIs for which there is no data for the first quarter can be reported upon in the second quarter onwards to enable a better understanding of performance trends.

The Chair thanked Scrutiny for the feedback and also added his own thanks to the Council's staff for their work in delivering commendable first quarter results. He referred specifically to

his own portfolio responsibilities including Children and Families Services and Housing Services and was pleased to note the excellent performance of the indicators for those services. Although there is no target for them in Q1 the data for homelessness applications and households placed in emergency and temporary accommodation is an indication of the challenges currently facing both the Council and society. He also welcomed the scorecard's revised format as easy to understand and to keep track of the Council's performance. Councillors Neville Evans and Alun Roberts also acknowledged the staff efforts in their portfolio areas and the latter referred to the newly published CIW improvement Check Letter in relation to the Council's Adults' Services which has identified a number of strengths and positive practices within the services and provides independent assurance of the Council's performance in those areas.

Councillor Robin Williams, Deputy Leader in referring to the two underperforming indicators highlighted that only two additional inspections of businesses were required to bring the performance to target in the case of indicator - Economy 07, and in respect of indicator - Whole Council Health -12, that 205 of the 247 FOI requests received in the quarter, which is a significant amount, have been responded to within the time limits.

It was resolved to accept the Scorecard Monitoring report for Quarter 1 2024/25 and to note the areas which the Leadership Team is exploring and investigating to manage and secure further improvements into the future. These are in relation to Freedom of Information requests responded to within timescale; the percentage of high-risk businesses that have been inspected in accordance with the food hygiene standards and working with services to ensure new KPIs are reported on from Q2 onwards to enable better understanding of performance trends.

6. ANNUAL PERFORMANCE REPORT 2023/24

The report of the Head of Profession (HR) and Transformation incorporating the Annual Performance report for 2023/24 was presented for the Executive's consideration. The report provides an overview of the work undertaken by the Council during the year and documents achievement against the Council's six strategic objectives along with its overall KPI performance and services' performance against budget.

The Annual Performance Report for 2023/24 was presented by Councillor Carwyn Jones, Portfolio Member for Corporate Business and Customer Experience who said that it was a pleasure to be able to present such a positive report in which 93% of the Council's planned work as set out in the annual delivery document has been achieved. The one key action not completed relates to the launch of the Council's new digital tenants portal to improve means of contact for the Council's tenants which has been delayed due to technical reasons and will now be launched in the first half of the year. Councillor Carwyn Jones highlighted some of the individual achievements under each strategic objective saying that the challenge now is to maintain this high level of performance into the future.

Councillor Douglas Fowlie, Chair of the Corporate Scrutiny Committee provided Scrutiny's perspective on the Annual Performance Report from the committee's 17 September meeting where members welcomed the report as reflecting a year of notable achievements which have contributed to many improvements on the Island. The committee also recognised that there are difficult financial challenges ahead and noted the possible impact on the Council's performance in the future. Having scrutinised the report, the Corporate Scrutiny Committee had resolved to agree the content as a fair and complete reflection of the Council's work over the period and to recommend the report for further consideration by the Executive.

The Chair emphasised that it is important to note that the annual performance report documents what has actually happened and has been achieved in 2023/24 and is not a publicity exercise. He also highlighted that the finer details within the body of the report are as important in reflecting what the Council has achieved and its commitment to positive progress as are the headlines e.g. the distribution of welcome packs for new arrivals and refugees throughout the Island during the year as part of the Council's objective of promoting the Welsh language and culture and encouraging the learning of the language by newcomers as well as by the Island's existing residents.

Councillor Alun Roberts, Portfolio Member for Adults' Services and Community Safety drew attention to the importance of resident involvement in shaping policy and service delivery and referred in the context of his own portfolio to the successful operation of the Older People's Forum and to Anglesey's acceptance as an official member of the World Health Organisation's Global Network of Age Friendly Communities.

The Chief Executive praised the report as a record to be proud of and emphasised that notwithstanding, the Council will still strive to make further improvements where it can. However, the Council's performance in all its aspects will have to be looked at in the context of the financial and budgetary challenges ahead and reports such as the annual performance report will need to reflect more fully the impact of those on the wellbeing of both the Island's residents and the Council's staff. Many areas are operating under pressure and any changes are likely to affect performance and/or wellbeing. While the Council is obligated to provide the best possible services and to continually improve in the delivery of those services, it also has a duty of care to its staff and to ensure that the pressures on staff are reasonable and fair which is becoming increasingly difficult as the demands on services continue to escalate.

It was resolved to agree to the content of the Annual Performance Report for the financial year 2023/24 as reflecting the Council's performance against its strategic objectives as outlined in the Council Plan, and to recommend that the Full Council adopt the report at its 26 September meeting.

7. REVENUE BUDGET MONITORING - QUARTER 1 2024/25

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the Council's services including variances at the end of Quarter 1 2024/25 was presented for the Executive's consideration.

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance who reported that the initial projection based on information at the end of the first quarter of 2024/2025 is that the revenue budget will be overspent by £90k (0.05%) for the year ending 31 March 2025. While that is a satisfactory position, it is early in the financial year, the financial prospects are uncertain and the situation can change. It is hoped that the UK Chancellor's budget on 30 October will provide some assurance regarding the funding settlement for the next few years mindful also of the warnings that have been issued about the black hole in the public finances.

The Director of Function (Resources)/Section 151 Officer referred to the pressure on the Council's services with the overall combined position for the Council's services showing a forecasted overspend of £1.966k at the end of the financial year as reflected in Table 4 of the report. An analysis of the forecasted variance by reasons is provided in Table 5. The main area of concern is within Children's Services where both the number of children being placed with out of county providers and the cost of each placement have increased. This is not an issue that is unique to Anglesey with most councils facing the same cost and demand pressures on their children's social care budgets. The general financial position is improved

due to staff vacancies and the Council's overall income is projected to exceed the budget by £620k with income levels in Leisure and Highways services being significantly higher than the income target. While it is difficult to accurately forecast the end of year financial position this early in the year on the basis of one quarter's actual expenditure, there are factors that are adding to the uncertainty which relate primarily to the pay awards for non-teaching staff and teaching staff which have yet to be resolved and will impact on the Council's final financial position as detailed in section 8.2 of the report.

The Executive noted the challenges facing Children and Families' services which are replicated across councils in Wales and the UK nationally, as well as the uncertainty around unresolved pay awards which are beyond the Council's control but could significantly impact its budget.

It was resolved –

- **To note the position set out in Appendices A, B and C of the report in respect of the Authority's financial performance to date and expected outturn for 2024/25.**
- **To note the summary of Contingency budgets for 2024/25 as detailed in Appendix CH.**
- **To note the monitoring of agency and consultancy costs for 2024/25 in Appendices D and DD.**

8. CAPITAL BUDGET MONITORING – QUARTER 1 2024/25

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial performance of the capital budget for the first quarter of the 2024/25 financial year was presented for the Executive's consideration.

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance who reported that actual capital expenditure to 30 June 2024 is £9.533m against the profiled budget of £10.790m with a further £1.345m in committed expenditure bringing the total expenditure for the quarter to £10.878m. Although the profiled budget spent to the end of the first quarter for the general fund is 104%, only 11% of the annual budget has been spent to date, this is because a number of the capital schemes are weighted towards the latter part of the financial year. The results at the end of quarter 1 and the associated projected expenditure show that the majority of projects are on target to be completed within budget although being early in the financial year, the situation can change as the year progresses.

The Director of Function (Resources)/Section 151 Officer referred to the Council's dependency on external grants for a large part of its capital programme some of which are awarded annually and some on a competitive basis. The capital programme takes some time to gather momentum with a number of schemes scheduled to get fully underway in quarters 2 and 3 and their progress can be affected by several factors including the weather conditions over quarters 3 and 4. However, the forecast underspend on the programme based on quarter 1 information is £0.700m which is encouraging.

It was resolved –

- **To note the progress of expenditure and receipts against the capital budget 2024/25 at Quarter 1.**
- **To approve the additional schemes amounting to £11.369m and a reduction in the HRA budget of £1.345m to the capital programme and amendments to funding as**

per Appendix C of the report which will result in a revised capital budget of £69.361m for 2024/25.

9. HOUSING REVENUE ACCOUNT BUDGET MONITORING – QUARTER 1 2024/25

The report of the Director of Function (Resources)/Section 151 Officer setting out the financial position of the Housing Revenue Account (HRA) for Quarter 1 2024/25 was presented for the Executive's consideration.

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance who reported that the HRA revenue surplus/deficit at the end of the first quarter shows an underspend of £270k compared to the profiled budget. The forecast at year end is an underspend of £23k as detailed in Appendix A to the report. The capital expenditure is £93k below the profiled budget at the end of quarter 1 but is forecasted to be on budget at the year-end as explained in Appendix B to the report. The £10,578k budget for grant income is expected to be achieved in full and £509k from the earmarked reserve will be utilised in full by the year end. The forecast deficit (combining both revenue and capital) is £10,093k which is £23k under the budget.

The Director of Function (Resources)/Section 151 Officer advised with regard to the future HRA position that while the HRA reserve has in the past held a healthy balance which has been used to fund capital expenditure on new housing developments and on maintaining the Council's existing housing stock to Welsh Housing Quality Standards (WHQS), the balance on the reserve is expected to reduce to £1,177k by the end of the current financial year. This being so, consideration will have to be given to how the cost of maintaining the existing stock will be funded in future and while borrowing is possible it is not sustainable to be borrowing annually to maintain the housing stock as it would not add anything to HRA income levels. Whilst maintenance costs have been affected by high inflation in the past three years, rental income has not kept pace to the same extent meaning that the surplus on the revenue side has reduced with less available for capital expenditure. In addition, The WHQS have been updated by Welsh Government in 2023 to set new more exacting targets for social housing which will be more costly to meet. These matters will be considered in putting together the HRA Business Plan and Strategy and it is likely that those remaining councils in Wales with their own housing stock will need to have a conversation with Welsh Government about the quality standards and rent levels and how sustainable the situation is going forwards. The Section 151 Officer confirmed that the current year is not affected by those issues with sufficient funding available to invest in the existing housing stock and to undertake new development as planned.

Councillor Robin Williams in proposing the report agreed that the situation needs to be reviewed either in terms of rent levels or the expectations regarding the maintenance of the housing stock to the Welsh Housing Quality Standards, and while the Council is committed to continuing to provide high quality social housing, it is becoming difficult to meet the expectations of the WHQS in practice on a year-by-year basis and a discourse at national level is required.

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 1 2024/25.**
- **The forecast outturn for 2024/25.**

10. MEDIUM TERM FINANCIAL PLAN 2025/26 – 2026/27

The report of the Director of Function (Resources)/Section 151 Officer incorporating the Medium-Term Financial Plan (MTFP) for 2025/26 to 2026/27 was presented for the Executive's consideration and approval. The MTFP set out the Council's likely resource requirement for the next three financial years and details how the Council plans to balance the resource requirement with the funding available. It takes account of all known changes that are required to be built into the 2024/25 base budget and makes assumptions on the main factors that impact on the Council's revenue budget (pay costs, pensions, general inflation, Welsh Government funding, demographic and demand pressures).

The report was presented by Councillor Robin Williams, Deputy Leader and Portfolio Member for Finance as an annual pre budget statement as required by the Council's Constitution which outlines the Council's current financial position and sets out the projections for the following three years along with the assumptions on which the projections are based and the financial issues that are facing the Council over that time. The MTFP has been drawn up during a period of continued economic uncertainty which makes financial forecasting difficult as the situation could change significantly over the period.

The Director of Function provided a detailed exposition of the Council's financial position and projected budget requirements over the next three financial years as reflected in the report taking into account all the relevant issues including local and national budget pressures as described in sections 5 and 6 of the report. An estimate of the revenue budget for the each of the financial years for 2025/25 to 2027/28 is given in Table 8 of the report based on the most likely scenario for all the assumptions (best and worst case scenario models are set out in Table 9) and shows an additional budget requirement of £11.841m for 2025/26. In order to fund this requirement as well as to replace the £4.425m of reserves used to balance the budget in 2024/25 with permanent funding would require the Council's Aggregate External Funding (AEF) to rise by 7% and Council Tax to increase by over 17% (Table 10 of the report refers). If there is no increase in AEF, then Council Tax would have to increase by around 36% in order to generate sufficient permanent funding to meet the estimated net budget requirement of £196.005m in 2025/26. A 1% increase in AEF and a 5% increase in Council Tax would only generate an additional £3.88m leaving a gap of £7.958m plus the replacement of the £4.425m of reserves used in 2024/25 which takes the shortfall to £12.382m. Section 12 of the report outlines the possible avenues available to the Council to begin to address the funding gap including the limited use of general balances and reserves. The analysis in Appendix 4 of the report shows that 85.9% of the Council's net expenditure budget is spent on statutory services which makes it very difficult to achieve budget savings if statutory services are to be maintained. Work has begun to identify any efficiency savings that can be applied but given the previous austerity cuts and rising demand for services, Services have not identified any significant efficiency savings that can be generated. Any savings that can be generated can only be done so through reducing services or by ceasing to undertake services.

The report makes clear that the position for 2025/26 is the worst the Council has faced at this stage of the budget setting process for a number of years and follows on from 2024/25 which was also a financially challenging year as regards setting the budget. While the position does begin to improve in 2026/27 and 2027/28, the improvement is dependent on a number of factors turning out favourably e.g. inflation and pay awards remaining low, demand for services levelling off, budget savings being identified and delivered and the local government settlement keeping pace with inflation. The situation in Anglesey is no different to that of other councils both in Wales and England with some local authorities in a far worse position and some already in financial difficulties.

The Chief Executive in saying that the report sets out a very sobering picture, gave assurance that the Council's managers are taking the situation very seriously and are tackling it on a daily basis by seeking to manage and reduce current spending so that the Council is in the best possible position to set next year's budget. Senior Managers are also considering all options for submission to the political and democratic processes that will follow including whether the Council will deliver to statutory expectations or whether it will continue to go beyond those expectations because it is the right thing to do. These are difficult discussions to have and are difficult processes to lead on while also trying to maintain staff morale and goodwill. There are a number of factors that can influence how the budget turns out and these may lead to a better than predicted outcome thereby reducing the need for service cuts. He reiterated that the Leadership Team and senior managers are evaluating the situation in both the short and medium terms including how to ensure the Council remains sustainable while continuing to meet statutory requirements and the expectations of residents.

The Chair acknowledged the financial challenges which the Council is facing in the next few years and he and the Executive's members thanked the Section 151 officer for setting out those challenges clearly and comprehensively in the MTFP and were grateful for the guidance and direction provided.

Councillor Robin Williams referred to discussions he had had with representatives of two other councils which are contemplating raising council tax by 10% or above as part of addressing budget shortfalls which is reflective of the general difficulties which councils are grappling with.

It was resolved to note the contents of the Medium-Term Financial Plan 2025/26 to 2026/27 and to approve the assumptions made therein.

11. CHANGING THE CONSTITUTION – CONCERNS AND COMPLAINTS POLICY AND CONTRACT PROCEDURE RULES

The report of the Director of Function (Council Business)/Monitoring Officer and the Director of Function (Resources)/Section 151 Officer seeking the Executive's views on proposed changes to the Council's Constitution with regard to the Concerns and Complaints Policy (CPP) and Contract Procedure Rules (CPRs) for recommendation to the Full Council.

The report was presented by Councillor Carwyn Jones, Portfolio Member for Corporate Business and Customer Experience who outlined the changes being proposed and the relevant factors for consideration as set out in the report. The proposal is that both the CPP and the CPRs be removed from the Constitution and all material future changes to them be approved by the Executive. The CPP and CPRs along with supporting documents shall appear in a prominent position on the Council's website. The changes would enable more timely review and amendment and would introduce a more flexible and responsive process. Publishing the CPP/CPRs and documentation prominently on the Council's website will ensure transparency as well as clarity and accessibility for the public when they wish to pursue the complaints process and for contractors/businesses wishing to bid for Council contracts. There is no legal requirement to include the CPP/CPRs in the Constitution nor expectation to do so from the Council's regulators. There are no risks or disadvantages to the proposal.

It was resolved to recommend the following to the Full Council –

- **That the Concerns and Complaints Policy and Contract Procedure Rules are removed from the Council's Constitution and authority delegated to the Monitoring Officer to make any consequential amendments arising from these decisions.**

- That the Concerns and Complaints Policy and the Contract Procedure Rules (together with all supporting documents relevant to each) shall be readily available on the Council's website.
- That any future amendments to the Concerns and Complaints Policy and the Contract Procedure Rules shall no longer be matters reserved to Full Council and shall instead, be approved by the Executive or by the Monitoring Officer under existing delegation where those changes do not provide for any local choice or where changes are minor. Any changes to the Contract Procedure Rules shall always be subject to consultation with the Director of Function (Resources)/Section 151 Officer.

Councillor Gary Pritchard
Chair

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