

Contents

Contents	
Agenda	2
2 - Minutes of the last meeting	6
9 - Pay Policy Statement for 2014-15	23
Appendix A	24
Appendix B	28
10(i) - 2014-15 Budget	32
Attachments	39
10(ii) - 2014-15 - 2017-18 Financial Strategy	67
11 - Treasury Management	75
Appendix A	77
Appendix B	94
Appendices C and D	95
12 - Committees Calendar 2014-15	99
Appendix 1	100
13 - Non-attendance of a Member of the Council	101
14 - Protocol on the use of Social Media by Councillors	102
Appendix A	103
Appendix A.1	106
Appendix A.2	107
Appendix A.3	118
15 - Response to a Notice of Motion regarding reforms to Housing Benefit	134



Adran y Prif Weithredwr
Chief Executive's Department
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Cyfarfod / Meeting

Y CYNGOR
THE COUNCIL

Dyddiad ac Amser / Date and Time

1.00pm, DYDD IAU, 6 MAWRTH, 2014

1.00pm, THURSDAY, 6 MARCH, 2014

Lleoliad / Location

Siambwr Dafydd Orwig
Swyddfa'r Cyngor, Caernarfon

Pwynt Cyswllt / Contact Point

Eirian Roberts

(01286) 679018

maireirianroberts@gwynedd.gov.uk

(DOSBARTHUYD/DISTRIBUTED 27/02/14)

Harry Thomas
Prif Weithredwr / Chief Executive

www.gwynedd.gov.uk

27 Chwefror / February 2014

Annwyl Gyngorydd,

CYFARFOD O GYNGOR GWYNEDD – 6 MAWRTH 2014

FE'CH GWYSIR TRWY HYN i gyfarfod o **GYNGOR GWYNEDD** a gynhelir am **1.00PM, DYDD IAU** nesaf, **6 MAWRTH 2014 YN SIAMBR DAFYDD ORWIG, SWYDDFA'R CYNGOR, CAERNARFON**, i ystyried y materion a grybwyllir yn y rhaglen a ganlyn.

Dear Councillor,

MEETING OF GWYNEDD COUNCIL – 6 MARCH 2014

YOU ARE HEREBY SUMMONED to attend a meeting of **GWYNEDD COUNCIL** which will be held at **1.00PM** on **THURSDAY** next, **6 MARCH 2014** in **SIAMBR DAFYDD ORWIG, COUNCIL OFFICES, CAERNARFON** to consider the matters mentioned in the following agenda.

Yr eiddoch yn gywir/Yours faithfully,



Prif Weithredwr/Chief Executive

Bydd yr ystafelloedd a ganlyn ar gael i'r grwpiau gwleidyddol yn ystod y bore:-

The following rooms will be available for the political groups during the morning:-

Plaid Cymru - Siambr Dafydd Orwig
Annibynnol/Independent – Siambr Hywel Dda
Llais Gwynedd – Ystafell Gwyrfai
Democratiaid Rhyddfrydol/Liberal Democrats - Ystafell Llyfni
Llafur/Labour – Cefn Siambr Dafydd Orwig/Rear of Siambr Dafydd Orwig

AGENDA

1. APOLOGIES

To receive any apologies for absence.

2. MINUTES

The Chairman shall propose that the minutes of the last meeting of the Council held on 5 December, 2013 be signed as true record (copy attached).

3. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

4. THE CHAIRMAN'S ANNOUNCEMENTS

To receive any Chairman's announcements.

5. CORRESPONDENCE, COMMUNICATIONS OR OTHER BUSINESS

To receive any correspondence, communications or other business brought forward at the request of the Chairman.

6. URGENT BUSINESS

To note any items which are urgent business in the opinion of the Chairman so they may be considered.

7. QUESTIONS

To consider any questions the appropriate notice for which have been given under Procedural Rule 15.

8. PRESENTATION BY THE CABINET MEMBER FOR HEALTHY GWYNEDD

To receive a verbal presentation by the Cabinet Member for Healthy Gwynedd.

9. PAY POLICY STATEMENT FOR 2014/15

To submit the report of the Chief Executive (attached)

10. MATTERS TO BE DECIDED BY THE COUNCIL

CABINET – 18 FEBRUARY 2014

2014/15 BUDGET AND THE 2014/15 – 2017/18 FINANCIAL STRATEGY

(i) 2014/15 Budget

To submit the report of the Cabinet Member for Resources (attached).

(ii) 2014/15 – 2017/18 Financial Strategy

To submit the report of the Cabinet Member for Resources (attached).

11. TREASURY MANAGEMENT – TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION STRATEGY AND ANNUAL INVESTMENT STRATEGY FOR 2014/15

To submit the report of the Head of Finance (attached).

12. COMMITTEES CALENDAR 2014/15

To submit the report of the Head of Democratic Services (attached).

13. NON-ATTENDANCE OF A MEMBER OF THE COUNCIL

To submit the report of the Head of Democratic Services (attached).

14. PROTOCOL ON THE USE OF SOCIAL MEDIA BY COUNCILLORS

To submit the report of the Chairman of the Democratic Services Committee and the Head of Strategic and Improvement (attached).

15. NOTICES OF MOTION

To submit, for information, a letter received from the Department for Work and Pensions' Ministerial Correspondence Team in response to Councillor Dilwyn Morgan's notice of motion to the last meeting regarding reforms to Housing Benefit (attached).

THE COUNCIL, 5.12.13

Present: Councillor Dewi Owen (Vice-chairman in the chair).

Councillors: Lesley Day, Dyfed Edwards, Elwyn Edwards, Trevor Edwards, Thomas Ellis, Alan Jones Evans, Aled Evans, Jean Forsyth, Gwen Griffith, Selwyn Griffiths, Alwyn Gruffydd, Sian Gwellian, Annwen Hughes, Chris Hughes, John Brynmor Hughes, Louise Hughes, Peredur Jenkins, Aeron M. Jones, Anne Lloyd Jones, Charles W. Jones, Dyfrig Jones, Elin Walker Jones, Eric Merfyn Jones, John Wynn Jones, Llywarch Bowen Jones, Sion Wyn Jones, Eryl Jones-Williams, Beth Lawton, Dilwyn Lloyd, June Marshall, Dafydd Meurig, Dilwyn Morgan, Linda Morgan, Christopher O'Neal, Michael Sol Owen, W. Roy Owen, William Tudor Owen, Peter Read, Caerwyn Roberts, Liz Saville Roberts, W. Gareth Roberts, Mair Rowlands, Angela Russell, Mike Stevens, Gareth Thomas, Ioan Thomas, Ann Williams, Eirwyn Williams, Elfed Williams, Gruffydd Williams, Hefin Williams, John Wyn Williams, Owain Williams, R. H. Wyn Williams, Robert J. Wright and Eurig Wyn.

Also present: Harry Thomas (Chief Executive), Morwena Edwards, Iwan Trefor Jones and Dilwyn Williams (Corporate Directors), Dilys Phillips (Monitoring Officer / Head of Democracy and Legal Department), Dafydd Edwards (Head of Finance Department), Geraint George (Head of Strategic and Improvement Department), Aled Davies (Head of Regulatory Department), Arwel Ellis Jones (Senior Manager – Corporate Commissioning Service), Nia Elis-Williams (Senior Business Manager / Executive Support), Iwan Evans (Legal Services Manager), Nia Davies (Planning Manager – Policy) and Eirian Roberts (Member Support and Scrutiny Officer).

Apologies: Councillors Craig ab Iago, Stephen Churchman, Endaf Cooke, Anwen Davies, Edward Dogan, Gwynfor Edwards, Huw Edwards, Gweno Glyn, Simon Glyn, Jason Humphreys, Brian Jones, Linda Wyn Jones, Nigel Pickavance, John Pughe Roberts, Dyfrig Siencyn, Paul Thomas, Gethin Glyn Williams and Mandy Williams-Davies.

The meeting was opened with a prayer from Councillor Thomas Ellis.

1. MINUTES

The Chairman signed the minutes of the previous meeting of the Council, held on 19 September, 2013 as a true record.

2. DECLARATION OF PERSONAL INTEREST

Members had received a guidance note from the Monitoring Officer in advance regarding the following issues:-

Council Tax: Discretion to allow discounts (item 11 on the agenda)

It was explained that this item related to two categories of property, namely:-

- (a) second homes (holiday homes) which were empty but furnished; and
- (b) houses that had been empty and unfurnished for six months or more.

Members were advised to declare an interest in the item if they had a house in Gwynedd that fell into either of the two categories, and that they paid council tax on that house, and not non-domestic tax.

Council Tax Reduction Scheme (item 12 on the agenda)

Any member who was affected by this scheme, or who had a close family member who was affected, was advised to declare a personal interest.

The Monitoring Officer was of the opinion that it would be fair for members to conclude that they could take part in the discussion because the Council had little discretion regarding the scheme and that the recent decision by the Welsh Government had meant that there would be no financial effect on anyone.

However, she emphasised that it was the responsibility of every member to decide for him/herself whether the interest was such as to prevent him/her from taking part in the discussion.

- (a) Councillor Sion Jones declared a personal interest in item 7 on the agenda – A question involving Cartrefi Cymunedol Gwynedd – as he was a tenant of the housing association.

The member was of the opinion that it was not a prejudicial interest and he participated fully in the discussion on the item.

- (b) Councillors Anne Lloyd Jones, Michael Sol Owen and John Wyn Williams declared a personal interest in item 7 on the agenda – A question involving Cartrefi Cymunedol Gwynedd – as they were members on the Board of the housing association.

The members were of the opinion that it was not a prejudicial interest and they participated fully in the discussion on the item.

- (c) Councillor Angela Russell declared a personal interest in item 7 on the agenda – A question involving Cartrefi Cymunedol Gwynedd– as her daughter was a member on the Board of the housing association.

She was of the opinion that it was not a prejudicial interest and she participated fully in the discussion on the item.

- (ch) Councillors Thomas Ellis and Owain Williams declared a personal interest in item 11 on the agenda – Council Tax: Discretion to Allow Discounts – as they owned vacant houses.

The members were of the opinion that it was a prejudicial interest, and they withdrew from the meeting during the discussion on the item.

- (d) Councillor Aeron M. Jones declared a personal interest in items 11 and 12 on the agenda – Council Tax: Discretion to Allow Discounts and Council Tax Reduction Scheme – as he had been granted a tax-free period by the Council.

The member was of the opinion that it was a prejudicial interest, and withdrew from the meeting during the discussion on the item.

3. CHAIRMAN'S ANNOUNCEMENTS

- (a) Condolences were expressed to the following:-
Councillor R.H. Wyn Williams and family as his sister had passed away recently. The family of the late Councillor T. Islwyn Morris, Penrhyndeudraeth who used to be Chairman of the former Gwynedd County Council.

It was also noted that the Council wished to express condolences to everyone else within the county's communities who had lost loved ones recently.

The Council stood in silence as a mark of respect.

- (b) Speedy Recovery

The Chairman, Councillor Huw Edwards was wished a speedy recovery.

- (c) Congratulations

- (i) It was reported that the Property Service had been awarded the national Constructing Excellence in Wales award for the Ysgol yr Hendre development in Caernarfon. The Best Value category had been awarded on the basis that the development had offered value for money as well as economic benefits to the local area. It had been managed to ensure that 83% of labour carried out on the site had come from Wales and 71% of the suppliers had been located within 20 miles of the site.

Following success on a Welsh level, progression had been made into the British round and once again the development had been successful and had outclassed schemes from various parts of Scotland and England.

- (ii) It was reported that Gwynedd Council had been awarded five awards in the prestigious Wales Care Awards 2013.

This year, the National Care Awards had been celebrating their 11th year with a special ceremony in Cardiff. The Social Care Awards recognised and celebrated the devotion from hardworking individuals in the social care field. Congratulations were extended to Selwyn Lloyd Jones, Gwen Hughes, Ann Lane, Jan Atherton and Andre and Shan Dyke from the Social Services Department.

- (ch) General

Members were reminded that they were required to complete the questionnaire regarding Rhaeadr, the information bulletin for members. Electronic copies of the questionnaire were available in the latest edition of Rhaeadr.

4. QUESTIONS

Question by Councillor Sion Jones

"Gwynedd Councillors, and more importantly, Cartrefi Cymunedol Gwynedd's tenants, are becoming frustrated with the service and operation of Cartrefi Cymunedol Gwynedd. What is the Cabinet Member doing to ensure improvements within the Cartrefi Cymunedol Gwynedd housing association?"

Answer – Councillor John Wyn Williams, Cabinet Member for Planning

“The nature of the Council’s relationship with Gwynedd Community Homes is outlined in the transfer document and provides several paths for elected members to refer difficulties and frustrations.

Four members of the Council serve on Cartrefi Cymunedol Gwynedd’s Board, as well as another eight members, namely four independent members and four from amongst the tenants, who have been nominated by the tenants themselves, and who receive support from the Tenants Federation, etc. Also, any elected member can refer or discuss issues directly with their fellow members.

Cartrefi Cymunedol Gwynedd have established a dedicated telephone line to receive complaints from elected members. This service allows elected members direct access to the Customer Services Manager and an opportunity to highlight and seek a resolution of matters presented by members of the public.

There are also Quarterly Monitoring Meetings. Representatives from the Council meet quarterly with CCG to monitor progress against the 170 commitments highlighted in the original transfer document. I attend these meetings every six months so that there is a political input. Before each meeting all Council members are invited via e-mail to highlight any difficulties and the problems they have experienced. These issues are then discussed at the monitoring meeting and a response is then provided to the member. We usually explore about a half a dozen matters per quarter. We inform members that quarterly monitoring is in the pipeline and for them to raise any problems.

In addition, as part of the transfer agreement there is an Annual Report to the Council. Last year, it was submitted to the scrutiny committee with the intentio that the scrutiny committee would have more time for a discussion and to ask questions and the matter was submitted before the Communities Scrutiny Committee on 15 October.

As well as the above arrangements, Cartrefi Cymunedol Gwynedd also have internal arrangements in terms of dealing with complaints and external arrangements in terms of monitoring performance.”

Supplementary question by Councillor Sion Jones

“Can you provide assurance that substantial improvements are being made in terms of Cartrefi Cymunedol Gwynedd as soon as possible?”

Answer – Councillor John Wyn Williams, Cabinet Member for Planning

“Bearing in mind how many houses are being improved every week there are problems of course as there are in every association. There are problems, and some of them should not occur, but I discuss the problems along with ways to resolve them on a regular basis with Ffrancon Williams, the Chief Executive, in the same way as every other Board member has the right to do so, of course. We cannot resolve each one, but I take this seriously and I will continue to do so until the end of the process.”

5. PRESENTATION BY THE CABINET MEMBER FOR ENVIRONMENT

A PowerPoint presentation was given by Councillor W. Gareth Roberts, Cabinet Member for Environment, on the specific work fields that he had responsibility for, namely

Gwynedd Consultancy, the Highways and Municipal Department and the Transport and Street Care Unit in the Regulatory Department.

Members were given an opportunity to ask questions or offer observations. During the discussion, the following main issues were highlighted:-

- (i) A reference was made to flaws in the bus networks. The Cabinet Member responded by stating that every effort was being made to ensure connections, but if the Council was to spend more on this, further cuts would have to be made elsewhere. He agreed that there was no point running one-way services, but he did not believe that this happened in general. He also noted that there was a need for people to use the buses, or the service would not be available. Once the bus review would be completed in Arfon and everything would be at the same level across the county, any shortcomings could then be considered. He added that he had asked the Communities Scrutiny Committee to examine the matrix that would be used to prioritise bus routes and he asked members to bring specific examples of flaws to his attention.

When planning the matrix, the need to take tourism into account was emphasised as some buses were full in summer, but empty in winter. The Cabinet Member responded that this was the intention of the matrix.

Concern was expressed that all cutbacks on public transport would isolate the most vulnerable people within society and it was emphasised that the Council had a duty to ensure that those people could reach the services. In response, the Cabinet Member referred to some community transport schemes that were already operating in the county, such as 'O Ddrws i Ddrws', along with schemes to combine the school and public bus services, noting that there would be a need for more schemes of this type in future.

In order to facilitate access, it was noted that any minibuses used for community transport purposes should have a low-floor.

- (ii) Although this Council had reached the recycling target, it was noted that other neighbouring councils had performed slightly better, and it was enquired whether or not there was a scheme in place to examine what those councils did and the lessons that could be learnt from them? The Cabinet Member responded that this Council's performance by March this year was 51.52%, compared with the target of 52%. He noted that people who recycled did so extremely well, but that others ignored it entirely, and this was very disappointing. The Council had guaranteed 7,500 tonnes of food to GwyrAD each year, and were paying for that amount of food, but currently only 4,500 tonnes were being collected, with 25% of all food still going into the green bins. This meant that the Council were paying GwyrAD for the other 3,000 tonnes as well as paying for it to be sent to landfill, and as recycling targets increased, the Council's landfill allowance was decreasing.
- (iii) A concern was expressed regarding the intention to change to a system of collecting the green bins every three weeks and it was enquired what was wrong with the old system of emptying the bins on a weekly basis. It was also noted that arrangements to collect the various bins / boxes were now very complex.
- (iv) It was enquired how could spending £237,000 on toilets in Morfa Bychan be justified while other toilets across the county were in a poor condition. In response, the Cabinet Member explained that this scheme had been financed through grant

funding and that officers had been very resourceful in securing this grant. He further noted that although the number of Council toilets had now reduced from 94 in 2008 to 78, 36 community toilets had been established across the county as a result of receiving a grant from the Government to pay businesses for allowing the public to use their toilets.

It was noted that the fact money was scarce was accepted, but some of the toilets did not require much more than a fresh coat of paint. It was also noted that toilets should be open all year round. In response, the Cabinet Member explained that there were several costs involved with keeping toilets open and the aim was to keep those that were mostly used open for a longer time.

It was noted that Gwynedd relied heavily on tourism, but that it did not provide suitable toilets for visitors to the area. In response, the Cabinet Member noted that Gwynedd had a greater toilet provision than nearly every other county. The Chairman added that the parish councils should be congratulated for taking over the toilets and running them.

- (v) It was enquired what had happened to the £80,000 earmarked for dog fouling bins. In response, the Cabinet Member explained that the wardens targeted different areas, but that this was a task for the entire community, and not Gwynedd Council alone. He also noted that a lack of bins was not the problem but the attitude of some people, and it was impossible to get sufficient officers to pursue this minority.

It was agreed that members would receive electronic / hard copies of the Cabinet Member's presentation.

The Cabinet Member for Environment was thanked for his presentation.

6. FINANCIAL STRATEGY 2014/15 – 2017/18

Submitted – the report of the Cabinet Member for Resources noting the position in relation to the substantial grant reduction that would affect the Council in 2014/15 and to approve the high level strategy to deal with the new financial scenario it was faced with.

Members were given the opportunity to ask questions or offer observations. During the discussion, the following main issues were highlighted:-

- (i) In response to an enquiry regarding the reliability of the figures at the end of the financial projections in the table in paragraph 3 of the report, Dilwyn Williams, Corporate Director responded that the figures were reliable, to the extent that the professional ability of the Finance Department's staff along with his own professional ability allowed it. He reminded members that the Council had adopted this table in February, and there had been a belief at the time, based on robust information that had been available at the time, that the Government grant to the Council would have an extra £500,000 in 2014/15. However, eight months later, the grant had been decreasing to an equivalent of £8.3m. This had demonstrated that the position could radically change and the strategy for the next four years, that would be submitted to the Council in March, would be very different and much worse, not only as the grant would be much lower than what had been presumed in February, but also because there were presumptions here regarding pay rises. From past experiences, the officers were doing their best to comprehend what was likely to happen in future, but one could never obtain a 100% guarantee as there were factors beyond the Council's control.

- (ii) It was asked whether or not there was an intention to use balances and reserves for 2014/15, and if so, what would be the percentage? In response, the Cabinet Member for Resources noted that reducing spending on the anticipated scale meant reducing the workforce. This meant redundancies and redundancy payments, and in order to fund this, balances would have to be used or more cutbacks introduced. As the second option did not make economic sense, it was essential to have sufficient balances to carry over the Council, therefore, they should not be used excessively. If they had to, he added that the intention was to use £1.5m of the balances, but he warned that using balances achieved nothing apart from delaying the task of having to make a difficult decision for a year.

In response to a further enquiry, the Corporate Director explained that £1.5m subtracted 20% of the balances.

Given the reduction in the settlement, it was asked whether or not 20% was slightly low? The Corporate Director responded that in his professional opinion and that of the Head of Finance Department, the Council was faced with a tempestuous journey, and if too much of the balances were to be used, no money would be available to settle the redundancy payments that would have to be paid. Therefore, he strongly recommended that one should not digress too far away from the £1.5m or more cutbacks on services would have to be introduced, and while balances were available, this could be used in order to ultimately protect services.

It was noted that it was also a difficult time for Gwynedd residents, and in March the Council would be faced again with increasing Council Tax, rather than using balances.

The Leader noted that councils left no stone unturned when looking for savings, but this Council had avoided this with careful planning year on year, taking on a long-term aspect. This placed Gwynedd in a better position to manage its Council Tax level. In terms of balances' levels, this Council followed the advice and guidance of the Wales Audit Office and the Government's Minister for Local Government and Business had stated that she was satisfied with the balances' levels and financial strategy of Gwynedd Council.

RESOLVED

- (a) **To establish a new savings programme for the four year period to come which is based on trying to have the least possible effect on the outcomes for the people of Gwynedd and to be implemented from around the end of 2014/15 onwards.**
- (b) **In order to buy the necessary time to enable us to draw up a new considered and sensible programme of savings, that we use the remainder of our current savings programme along with several other steps, including using an element of balances (say around £1.5m) to formulate a balanced budget in 2014/15.**

7. REVISED STRATEGIC PLAN

Submitted – the report of the Leader which offered specific suggestions for revising the contents of the Strategic Plan for the remainder of 2013-14 in light of the new challenges that faced the Council. Referring to the suggestion to delete priority AMG 3 – Responding to the Threat of Climate Change, and the three associated projects, he noted that several members had expressed their concerns that this could create a perception that this field

did not receive a high level consideration from the Council, therefore, he recommended that this priority should not be deleted from the Strategic Plan.

He apologised that the Cabinet had not asked for the opinion of all members prior to formulating the final proposals and he confirmed that this would be part of the process next year.

RESOLVED to agree to the suggestions below with regards to revising the contents of the Strategic Plan for 2013/14 and adopting the revised Strategic Plan.

Priority	GOF3 – PROTECTING CHILDREN AND ADULTS
Change	<i>Delete the delivery proposal: We will also develop proposals in order to establish the nature of Adult Protection in Gwynedd through a review.</i>
Reason for the Change	Because of the challenging financial situation, this project did not reach the high category in the Cabinet's re-prioritisation list. Overview of adult protection work is greeted in the Safeguarding Children and Adults Strategic Panel.

Priority	ECON1 – STRENGTHENING BUSINESS RESILIENCE AND KEEPING THE BENEFIT LOCAL
Change	Delete the 'Growing Indigenous Businesses Project' and its associated Measures.
Reason for the Change	Because of the challenging financial situation, this project did not reach the high category in the Cabinet's re-prioritisation list. Work for 2013/14 is close to being completed and to achieving the proposals noted in the Strategic Plan for the year, but the funds and capacity are not sufficient for the project to continue in 2014-17.

Priority	ECON1 - STRENGTHENING BUSINESS RESILIENCE AND KEEPING THE BENEFIT LOCAL
Change	Delete the work of developing proposals for town centres and in the field of business succession.
Reason for the Change	The financial situation did not allow for extending resources to develop these activities. The work of developing proposals for supporting traditional businesses through difficult times will continue through the attention to e-business and e-commerce, the Gwynedd Buy Local Card and the This is Where Things Happen project.

Priority	AMG1 - PROMOTING AN APPROPRIATE
-----------------	--

	SUPPLY OF HOUSING FOR LOCAL PEOPLE
Change	Change the ambition of the 'Vacant Properties Back Into Use Project' in relation to the number of empty properties bought back into use during 2013-14 from 95 to 54. An additional clause has been included stating that money will be allocated to bring 10 additional vacant housing units back into use in the first quarter of 2014-15.
Reason for the Change	The ambition has been modified to reflect the level of resources allocated to the project. The additional clause has been included as the preparatory work will happen during the next few months but the units can not be brought back into use during 2013-14 due to the conditions of the grant that allow owners up to 6 months to make improvements and the grant is paid on completion of the work.

Priority	CC2 – REDUCING THE EFFECTS OF POVERTY AND DEPRIVATION
Change	Delete the result: <i>More vulnerable individuals and communities receiving appropriate support to move forward.</i> Delete the delivery proposal: <i>Set the foundations for establishing a coordinated system to provide support for vulnerable individuals and communities, along with appropriate social plans to help people make ends meet.</i>
Reason for the Change	Reducing the effects of poverty and deprivation remains a priority. However, there is a need to place more emphasis this year on responding to the welfare reform agenda due to the immediate impact of these changes on some of the county's residents.

Priority	CC4 - PROMOTING COMMUNITY PRIDE AND RESPONSIBILITY
Change	Delete the following delivery proposal: <i>Pilot community pride in areas in order to learn what works.</i>
Reason for the Change	The Delivery Panel decided that the delivery proposal should be deleted from the Strategic Plan. As the emphasis of the project now is to identify methods to reduce demand and public dependency on the Council's services by promoting social activities rather than the environmental component within the community pride pilot.

Councillor Eryl Jones-Williams noted that he had abstained his vote as he could not support the proposal until he knew what were Betsi Cadwaladr University Health Board's plans in relation to the funding they had received from the Welsh Government to assist the Council with home care. In response, the Leader noted that he was sure the Cabinet Member could raise the matter with the Health Board.

8. COUNCIL TAX: DISCRETIONARY POWERS TO ALLOW DISCOUNTS

Submitted – a report by the Cabinet Member for Resources requesting a formal ratification for 2014/15 and thereafter of previous decisions not to allow any discounts for second homes and to disallow discount on empty properties.

Members were given an opportunity to ask questions or offer observations. During the discussion, the following main issues were highlighted:-

- (i) It was asked how many second homes were there in Gwynedd, and in how many second homes one half of a married couple claims to reside there permanently as a single person? The Head of Finance promised to discuss the matter with the member.
- (ii) It was noted that the problem involved people buying houses, registering them as a business and therefore paying no Council Tax. The Cabinet Member for Resources responded that he fully recognised the problem and that parts 4.5 and 4.6 of the report referred to the political pressures placed on the Government to control / prevent the transfer of second homes to commercial holiday lets.

It was noted that there were people letting houses of this type for short periods of time and living in them tax-free for the rest of the year, and a suggestion was made to establish a group to examine this in detail. In response, the Chief Executive noted that the Corporate Scrutiny Committee had already been planned to scrutinise this field.

- (iii) It was noted that the contents of the report was accurate, but what had not been included in it was a cause for concern, not only in this area, but in other areas of the Council's work. Reference was made to the latest decisions regarding caravan sites, e.g. permitting people to live in them all year round, and a concern was expressed that this was creating villages full of English people in the countryside. The results of the Census had been published this year but it did not seem that anything was being done. Support was expressed to the recommendation in the report, but this was a small step, and there was a need to be aware of the picture in its entirety.

It was noted that a great number of members were concerned with regards to planning issues and it was suggested that they should come together as a cross-party group or workshop to discuss the matter.

- (iv) A concern was expressed regarding what type of message would charging a 'premium' on second homes give to visitors and it was suggested that implementing such a policy would do more harm than good. It was also suggested that such a policy could penalise the wrong people, including some local people, e.g. someone who rented a house while renovating an empty house to move into.

On the contrary, if a person could afford two houses, it was suggested that he/she could afford to pay two Council Tax bills as well.

RESOLVED

- (a) That Gwynedd Council, for 2014/15, allows **NO** discount under Section 12 of the Local Government Finance Act 1992 to the two classes of second homes (classes A and B), as defined in the Council Tax (Prescribed Class of Dwellings) (Wales) 1998.
- (b) That Gwynedd Council, for 2014/15, allows **NO** discount in respect of empty homes (class C).

9. COUNCIL TAX REDUCTION SCHEME 2014/15

In the absence of the Cabinet Member for Poverty Prevention, a report was submitted by the Cabinet Member for Resources asking the Council to adopt a Local Scheme for providing assistance towards paying Council Tax from April 2014 onwards.

Further to the contents of the report, the Head of Finance Department explained that a letter had been received from the Welsh Government on 3 December stating that the regulations approved by the Assembly on 26 November would be updated, in terms of figures, by regulations to be discussed by the Assembly on 28 January, 2014. As the local scheme would have to be adopted by 31 January, it would be very difficult for the Council to see the final figures before reaching a decision on the matter, and although there was a level of risk associated with this, the substance of the scheme was the same as last year based on the regulations that had been adopted on 26 November, which were to be updated again by the regulations that would follow in January. Therefore, it was hoped that submitting the matter to this meeting would save on having to convene a special meeting of the Council in January.

RESOLVED

- (a) To note the 'Council Tax Reduction and Prescribed Requirements Regulations (Wales) 2013' for 2014/15.
- (b) Subject to the outcome of the current consultation, to adopt the provisions within the Regulations above in respect of its Scheme for the 2014/15 financial year as the Council's local scheme from 01/04/2014, with the following conditions regarding the discretionary elements being consistent with arrangements in 2013/14.
- (c) To apply a 100% disregard for war disablement pensions, war widows' pensions and war widowers' pensions, for both pensioners and working age claimants.
- (ch) Not to increase the extended reduction periods for pensioners and working age claimants be applied from the standard four weeks in the Prescribed Scheme.
- (d) Not to increase the backdate period for pensioners and working age claimants from the standard three months contained within the Prescribed Scheme.
- (dd) Where appropriate, that the Council delegates powers for the Head of Finance Department, in consultation with the Cabinet Member for Poverty Prevention, to make minor amendments to the scheme following the consultation and the January 2014 regulations updating the figures, on condition that it will not change the substance of the scheme.

10. JOINT LOCAL DEVELOPMENT PLAN – REVISED TIMETABLE IN THE DELIVERY AGREEMENT

Submitted – a report by the Cabinet Member for Planning outlining the revised timetable for the Delivery Agreement of the Joint Local Development Plan, in order to obtain the Council's approval before its submission to the Welsh Government.

Members were given an opportunity to ask questions or make observations. During the discussion the following main matters were highlighted:-

- (i) In response to an enquiry regarding what type of influence the councillors had within the scheme, the Cabinet Member referred to a series of seminars that had been arranged for members explaining that the input of councillors at those seminars were being forwarded to the Joint Planning Policy Committee, which had representatives from each political group. He also emphasised that the full Council would determine the contents of the final Scheme, and not the Cabinet, as the post-Public Inquiry Plan would be submitted to the full Council for it to be adopted or not.

Disappointment was expressed that so few members had attended the seminar in Ganllwyd and the Cabinet Member reiterated this observation by emphasising that this was the members' opportunity to influence the policy.

- (ii) In response to an enquiry, should a county or community councillor submit observations against including land within the plan during the observation submission period after the series of seminars, the Cabinet Member confirmed that his/her observations would be taken into account in reaching a decision on the adequacy of the site.
- (iii) It was noted that what was happening in Anglesey was affecting Gwynedd, and a concern was expressed in relation to the thousands of houses that were in the pipeline there. It was noted that Wylfa B was on the horizon, and rather than offering employment for local people, this would attract thousands of people from outside the area to move there. In response, the Cabinet Member noted that this concern had been noted by the Council.
- (iv) Referring to the timetable of the plan, concern was expressed that a lack of guidance in terms of the size of wind turbines for another two years would lead to great chaos in the areas. In response, the Cabinet Member noted that Gwynedd was in a fortunate position as its Unitary Development Plan was only a few years old and that it included clear policies to deal with this type of development.

RESOLVED to approve the following revised timetable for the Delivery Agreement.

Stage in the preparation process		Revised timetable
1.	Preparation and publication of the final Delivery Agreement (<i>Regulation 5-10</i>)	January to November 2011
2.	Review and develop the evidence base	July 2010 - October 2012
3.	Participation Pre-deposit – prepare the pre-deposit documents that will outline the key objectives and preferred strategy (<i>Regulation 14</i>). This will not be a full draft of the Joint LDP	January 2011 - October 2012

4.	Pre-deposit Consultation – a period of 6 weeks (<i>Regulation 15</i>). Formal consultation on the pre-deposit documents and the sustainability appraisal report	May - June 2013
5.	Participation – further develop the evidence base and prepare the Deposit Joint LDP (full draft plan) which is based on the evidence base, including the response to the pre-deposit documents	July 2013 - March 2014
6.	Placing the Joint LDP and associated documents on deposit – consultation period of 6 weeks (<i>Regulation 17</i>)	May - June 2014
7.	Consideration of comments about the Deposit Joint LDP (<i>Regulations 18 & 19</i>)	July 2014 - January 2015
8.	Publish comments on alternative sites, consulting upon them – a period of 6 weeks (<i>Regulations 20 & 21</i>)	September - October 2014
9.	Submitting the Joint LDP to the Assembly Government for Examination (<i>Regulation 22</i>)	February 2015
10.	Independent Public Examination (<i>Regulation 23</i>)	June 2015
11.	Publication of the Inspector's Report (<i>Regulation 24</i>)	March 2016
12.	Adoption of the Joint LDP (<i>Regulation 25</i>)	May 2016
13.	Monitoring and Reviewing	Annual report

11. ANNUAL REPORT OF THE GWYNEDD CORPORATE PARENT PANEL

The Lead Member for Children and Young People submitted the 2012/13 annual report together with the work programme of the Corporate Parent Panel for 2013/14.

She emphasised the role and responsibilities of members as corporate parents and encouraged them to attend the training session that had been arranged at Porthmadog Rugby Club on 8 January, 2014. She also noted that it was intended to hold further training sessions during the Area Forums. She then thanked the Services Scrutiny Committee for giving detailed attention to the annual review noting that the points raised would be referred to the attention of the Panel.

Members were given an opportunity to ask questions or make observations. During the discussion the following main issues were highlighted:-

- (i) In response to an enquiry regarding the implications of the pilot scheme to allow young people to remain with their foster parents after they are 18 years old, Morwena Edwards, Corporate Director noted that this was a voluntary scheme, and

that it was a matter of talking to the child, adapting, examining the impact of doing so and undertaking a review of this change.

- (ii) Reference was made to the observation in the report that it was difficult for young people who had left care to contact the Service after office hours, and it was enquired how things could be made easier for them. In response, the Lead Member for Children and Young People explained that steps had been taken since this point had been raised and she confirmed that 24 hour support was now available for these young people.
- (iii) It was noted that the Government in England had earmarked £50m in order to allow young people to remain with their foster parents until they are 21 years old and it was enquired what would happen in Wales. The Corporate Director responded that she did not believe there was an intention for Wales to follow the same route as England, and that she would raise this at the professional groups.

It was noted that it was not wished to see England separating from Wales on this as there was a real need to look after young people between 18 and 21 years old and it was enquired whether or not it would be possible to raise this with the Welsh Local Government Association. In response, the Corporate Director referred to the post care services being offered by the Council to these young people.

A request was made for a report on this to the Services Scrutiny Committee. The Lead Member for Children and Young People responded that the issue could be discussed at the next meeting of the Corporate Parent Panel, with thought given to where should lobbying take place on a national level and returning with a report to the Services Scrutiny Committee.

- (iv) Some members noted that they had not received information regarding the training in January. The Lead Member for Children and Young People noted that she would investigate this.

RESOLVED to approve the annual report and the attached work programme.

12. THE COUNCIL'S POLITICAL BALANCE

As a result of receiving a notice that Councillor John Brynmor Hughes was no longer an individual member and that he had moved to the Independent Group, the Leader submitted a report recommending the allocation of seats on the Council's committees and external bodies.

RESOLVED to adopt seat allocation on the Council's committees in accordance with the table below:-

SCRUTINY COMMITTEES

	Plaid Cymru	Independent	Llais Gwynedd	Labour	Liberal Democrats	Individual Member
Corporate	9	4	3	1	1	
Communities	9	4	3	1	1	
Services	9	4	4	1		

Audit	9	5	3	1		0

OTHER COMMITTEES

	Plaid Cymru	Independent	Llais Gwynedd	Labour	Liberal Democrats	Individual Member
Democratic Services	7	4	3	1		
Planning	7	3	3	1	1	
Central Licensing	7	4	4	0		
Language	8	4	3			
Appointment of Principal Officers	7	4	2	1	1	
Employment Appeals	4	1	1	1		

Number of seats	76	37	28	8	4	1	154
------------------------	-----------	-----------	-----------	----------	----------	----------	------------

	Plaid Cymru	Independent	Llais Gwynedd	Labour	Liberal Democrats	Individual Member
Pensions	3	2	1		1	
SACRE	3	2	2			
Local Consultative Joint Committee	6	2	2	1		
Special Educational Needs Joint Committee	4	2	1			
Joint Planning Policy Committee	4 (3 seats and one substitute)	2	1	1		0

Total seats	96	47	36	10	5	0	194
--------------------	-----------	-----------	-----------	-----------	----------	----------	------------

13. NOTICE OF MOTION

- (a) A response was submitted by the Government's Business Team in response to Councillor Eryl Jones-Williams' notice of motion to the last meeting calling for a Medical University in North Wales.
- (b) In accordance with Procedural Rule 17, it was reported that a notice of motion had been submitted, along with a procedural motion, in accordance with Procedural Rule 17(12), by Councillor Dilwyn Morgan, requesting that the following proposal be discussed at the full Council instead of being referred to a committee.

RESOLVED to discuss the motion at this meeting.

The following proposal was proposed and seconded:-

“Gwynedd Council objects to the bedroom tax implemented by the Westminster Government. We note the impact that this harmful policy has on many residents of Gwynedd, hitting the most needy in our communities. We also note the good work that is ongoing within the county to assist tenants who are faced with difficulties as a result of the bedroom tax. We ask the Council to encourage our partners, the social landlords, to make every effort to assist and support tenants to ensure that nobody will lose their home as a result of the implications of the bedroom tax. We press for the devolution of the welfare field to Wales in order to ensure that policies are implemented in accordance with the aspirations and requirements of the people of Wales.”

A member enquired whether or not she could propose the following notice of motion to Rhondda Cynon Taf Council as an amendment, referring to social housing landlords in Gwynedd rather than Rhondda Cynon Taf:-

“This Council deplores the injustice of the bedroom tax. As a consequence, this Council is seriously concerned about its effect on the health and well-being of the people who have fallen victim to this iniquitous condemn government housing benefit change. In an effort to mitigate against the worst effect of the bedroom tax regulations, this Council will commit to making official representation to social housing landlords operating in Rhondda Cynon Taf to not evict tenants for rent arrears which accrue as a consequence of the bedroom tax. This Council further commits to making representations to the Welsh Assembly Government to issue guidance to stop those same evictions until the bedroom tax is abolished.

She explained that adopting this motion would demonstrate that everyone collaborated across the political division to ensure that people are not forced to leave their homes as a result of the bedroom tax.

Although he fully agreed with the message of Rhondda Cynon Taf's motion, the proposer of the original motion noted that he believed that it would be possible, through his motion, to support work being undertaken by members of parliament and assembly members, particularly in north Wales, in holding the discussion regarding this issue.

It was noted that nobody objected to the original motion as such, but that it needed strengthening, and a suggestion was made to change the reference to '*encouraging our partners*' to read as '*we insist that our partners*'.

The proposer of the original motion agreed to amend the motion on these grounds with the Council's consent.

A vote was taken on the amended motion, and it was carried.

RESOLVED to accept the motion below:-

“Gwynedd Council objects to the bedroom tax implemented by the Westminster Government. We note the impact that this harmful policy has on many residents of Gwynedd, hitting the most needy in our communities. We also note the good work that is ongoing within the county to assist tenants who are faced with difficulties as a result of the bedroom tax. We insist that our partners, the social landlords, make every effort to assist and support tenants to ensure that nobody will lose their home as a result of the implications of the bedroom tax. We press for the devolution of the welfare field to Wales in order to ensure that policies are implemented in accordance with the aspirations and requirements of the people of Wales.”

The Chairman noted that a meeting of the full Council would not be held on 23 January, 2014 as the Council Tax Reduction Scheme 2014/15 had been submitted to this meeting. The next meeting of the full Council would be held on 6 March.

Everyone was wished a Merry Christmas and a Happy New Year.

The meeting commenced at 1.00pm and concluded at 3.45pm.

Meeting	Full Council
Date	6 March 2014
Title	Pay Policy Statement for 2014/15
Purpose	To approve a Pay Policy Statement in accordance with Section 38(i) of the Localism Act 2011
Author	Chief Executive – Harry Thomas
Portfolio Leader	Council Leader – Councillor Dyfed Edwards

1. **BACKGROUND**

- 1.1 Each year the full Council is required to adopt a Pay Policy Statement for the coming year.
- 1.2 The Council has tasked the Chief Officers Appointment Committee to formulate the pay policy and to report back to the full Council. This Committee met on 26 February and adopted the pay policy at Appendix A for the approval of the Council today.
- 1.3 The principal change to the policy relates to lower paid staff. The Committee accepted the Cabinet's recommendation to increase the pay of the Council's lowest paid staff by deleting the two lowest pay points from the Council pay structure. The details associated with this change are incorporated in the Cabinet report of 18 February, which is attached at Appendix B.
- 1.4 The Chief Officer Appointments Committee has not recommended any changes to the pay of chief officers.

2. **RECOMMENDATION**

- 2.1 It is recommended that the full Council adopts the pay policy statement at Appendix A subject to the necessary funds for the change to lower pay points being incorporated in next year's financial strategy.

Pay Policy Statement

INTRODUCTION

The Council is required by Section 38(1) of the Localism Act 2011 to prepare pay policy statements. These statements must articulate the Authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees. Pay policy statements must be prepared for each financial year, beginning with 2012/13. They must be approved by full Council.

PAY POLICY FOR CHIEF OFFICERS

The Council defines its chief officers as being its Chief Executive, Strategic Directors and Heads of Service.

Salary

The policy appertaining to the salaries of Heads of Service and Strategic Directors was originally adopted by Gwynedd Council's full Council in October 2009 and subsequently in June 2012.

It is based on an independent report by the Hay Group and is based on their job evaluation scheme.

Strategic Directors' salary was set in 2009 just under the lower quartile of the National Public Sector Market, for jobs of this size (lower quartile means that 75% of the sector are paid more).

The majority of Heads of Service's posts salary was based in 2009 on the median of the National Public Sector Market, for jobs of this size (median means that 50% of the sector are paid more).

The post of Head of Education is set at the lower quartile for jobs of this size.

The re-rating of actual pay to the above benchmark levels will occur next in 2015/16

The Chief Executive's salary has been set in accordance with the scale of £100,536 - £108,264.

The Council does not pay any bonus payments or performance related pay to its Chief Officers.

The salaries of the Council's Chief Officers are available on the Council's website on the following link - www.gwynedd.gov.uk/employmentbenefits

LOWER PAID

The Council's pay policy for its remaining staff is based on the Council's equal pay policy and its collective agreement with the recognised trade unions as introduced on the 1st April 2008.

The Council defines its lowest paid, as spinal pay point 7 on the national pay scale as agreed by the National Joint Council.

The Council's pay structures are subject to equal pay audits.

The relationship between the remunerations of its Chief Officers and its other employees is designed to secure the ability of the Council to be able to recruit and retain the best suitable candidates to its various posts, whilst maintaining the differentials as defined by the job's evaluation scheme.

Local Election Duties

The Council's fees for payments to its Returning Officer and Deputy Returning Officer for election duties are included in Appendix 1.

Severance and Retirement

The Council's severance and retirement schemes are applied equally and fairly to all staff regardless of grade, age or gender and are implemented in accordance with the regulations of the relevant pension schemes. There are no exceptions for Chief Officers. The relevant policies are available on the Council's website on the following link - www.gwynedd.gov.uk/employmentbenefits

Redeployment

The Council does not have a policy which excludes former officers, who were in receipt of severance, redundancy or pension payments, from being re-employed.

The Council will however consider each candidate on their own merits and will appoint with a view of achieving the best efficiency for the service and best value for its ratepayers. Such appointment, if made, would be subject to any abatements stipulated in the Local Government Pension Scheme Regulations.

Appointment of New Chief Officer (Salary of £100,000 and above)

The Full Council will approve any change in the salary package of any such post prior to its recruitment.

APPENDIX 1

ELECTION PAYMENT SCHEME AS APPROVED BY GWYNEDD COUNCIL

Fees for the general conduct of the election and performance of all duties which a Returning Officer is required to perform under any order or other enactment relating to the election of Councillors		
Returning Officer and Deputy Returning officer Fees	Contested	Uncontested
Returning Officer For the general conduct of the election and performance of all duties which a Returning Officer is required to perform under any order or other enactment relating to the election of Councillors.	117.00)
)
For each Electoral Division, Community/Town Council, Community/Town Council Ward)
)
Deputy Returning Officer Specific duties to include attending to receive nomination papers, examining them and adjudicating on their validity; dealing with candidates; notifying candidates of decisions on nominations, publishing statements of persons nominated and attending to receive withdrawals and conducting the counts.	80.00)
)
For each Electoral Division, Community/Town Council, Community/Town Council Ward)
By-Elections In any by-election where a Deputy Returning Officer is employed to manage the count: For each Electoral Division, Community/Town Council, Community/Town Council Ward	32.00 16.00	75.00

Chief Officers' Salaries

Chief Executive	£100,536 - £108,264
Strategic Directors x 3	£80,064 - £88,960
Head of Education	£67,960 - £75,511
Head of Customer Care, Democracy and Legal, Economy and Community, Finance, Highways & Municipal, Human Resources, Regulatory, Strategic & Improvement, Children & Supporting Families, Adults, Health and Wellbeing	£63,237 - £70,263
Head of Consultancy	£53,418 - £59,353

CABINET REPORT
18 February 2014

Cabinet Member: Councillor Dyfed Edwards
Councillor Peredur Jenkins

Subject: Pay Policy

Contact Officer: Harry Thomas, Chief Executive
Alwyn E Jones, Head of Human Resources

Decision Sought/Purpose of the Report

Cabinet Members are asked to:

- Increase the pay of the Council's lowest paid staff by deleting the two lowest pay points from the Council pay structure.
 - Make a recommendation to the Council to incorporate this change in the Council's pay policy statement for 2014/15 and also to recommend how the change should be financed.
-

1. INTRODUCTION

1.1 Last year the Cabinet asked officers to investigate the implications of implementing the "Living Wage" as part of the Council's pay structure. Officers reported that immediate full compliance would entail substantial costs (of the order of £1m per annum) and would create problems with the pay structure in terms of job evaluation.

The Leader of the Council subsequently asked officers to investigate the implications of taking a step towards the "Living Wage".

1.2 The Living Wage is currently set at £7.65 per hour and the national minimum wage for workers over 21 is £6.31 per hour. In developing an option, officers have attempted to strike a balance which maximises the number of staff benefitting whilst containing the costs to an achievable level and ensures the Council does not undermine its job evaluation scheme.

2. **THE PROPOSAL**

- 2.1 The recommendation is that the Council deletes the two lowest points on the pay scale, which means that the minimum wage the Council pays increases by 3.9% from £6.44 per hour to £6.69 per hour. In terms of pay grades, this would entail the following changes:-

<u>Pay Grade</u>	<u>Current Pay Point</u>	<u>New Pay Point</u>
GS1	5	7
GS2	6/7	8
GS3	8/9	9

- 2.2 The starting point for all three pay grades would increase as follows

	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
	<u>£</u>	<u>£</u>	
GS1	6.44	6.69	3.9%
GS2	6.54	6.91	5.7%
GS3	6.91	7.11	2.9%

- 2.3 The number of employees benefitting from the proposal is as follows:-

	<u>Permanent</u>	<u>Casual</u>	<u>Total</u>
GS1	848	443	1291
GS2	66	33	99
GS3	<u>508</u>	<u>187</u>	<u>695</u>
	<u>1422</u>	<u>663</u>	<u>2085</u>

The vast majority of the staff affected will be part-time workers and the changes to the GS3 grade will benefit new starters and existing staff on scale point 8.

3. **COST AND FINANCING**

- 3.1 The maximum cost of the proposal is £235,000 – the eventual cost may be marginally lower as the Council may be able to recharge some of the costs to third parties. The whole of the cost will be incurred in 2014/15 as the package has been designed such that staff receive all the benefit in one year.

- 3.2 In terms of financing the package, the Chief Executive and Head of Human Resources are in negotiations with Trade Union representatives, with the objective of signing a memorandum of understanding. This would cover future possibilities for savings in staff costs from terms and conditions of service. At present, the Council has an agreement not to implement changes to some staff terms and conditions until April 2016. The idea behind the memorandum of understanding is that the Council will have prepared any changes in good time for implementation in April 2016.
- 3.3 We cannot, however, be certain at this stage how detailed negotiations will proceed and the exact savings that will be available. This package therefore needs to be financed by other means with the memorandum of understanding then being available to help meet the expected financial gap in 2016/17.
- 3.4 Therefore, in terms of funding the change from next year, the options are limited. The Council is already deferring some of next year's difficult decisions by using balances to finance some of the 2014/15 financial gap. It would be imprudent to add the cost of this package to the Council's base budget and at the same time, defer the financing decision for a year as the Council already faces a massive financial gap in 2015/16. The only other option is to add the cost of this proposal to next year's Council Tax. If members accepted this solution, it would be equivalent to adding 0.4% on next year's Band 'D' Council Tax increase.

4. **CONCLUSIONS AND RECOMMENDATIONS**

- 4.1 Cabinet Members have already expressed a desire to see "fairness" as one of the Council's thematic priorities in the Council's strategic plan. There are many areas where the Council is already committed to this thematic priority e.g. welfare changes, health inequalities and closing the gap in educational achievement. This proposal is entirely consistent with the fairness agenda.
- 4.2 It is therefore recommended that:-
- (a) The Cabinet approves the proposed changes to the pay structure for lower paid staff.
 - (b) That the Cabinet recommends to increase the Council Tax to finance these changes

Opinion of the Statutory Officers

Chief Executive:

Author of the Report

Monitoring Officer:

"The role of the Cabinet in setting the policy direction and the role of the full Council in providing funding and agreeing the pay policy statement are inextricably interdependent. The two recommendations in the report appropriately acknowledge these two separate but linked roles. No other issues of propriety arise from the recommendation."

Chief Finance Officer:

"It is a matter for elected members to prioritise this proposal to delete the two lowest pay points from the pay structure, in fairness to staff on low pay. However, if the Cabinet/Council wishes to approve the proposed changes, then I entirely support the second part of the recommendation, i.e. to increase the Council Tax to finance these changes."

I agree with the Chief Executive that it would be unwise to use the balances in 2014/15 to finance this, as it would add the cost of this package to the massive financial gap already facing the Council. It will be a very substantial challenge to balance the base budget for 2015/16 in any case without escalating the problem now. After detailed work on pay records etc., I can confirm the correctness of the figures in part 3.1 and 3.4 of the report, i.e. that the total cost of the proposed changes is approximately £235,000 and that is equivalent to adding approximately 0.4% on the Council Tax, i.e. an increase of 3.9% by 2014/15 instead of 3.5%".

REPORT TO COUNCIL
6 March 2014

Cabinet Member: Cllr Peredur Jenkins

Subject: 2014/15 Budget

Contact Officer: Dilwyn Williams, Corporate Director

Cabinet recommendation to the Council -

1.1 That a budget of £231,648,200 should be set for 2014/15 to be funded by £174,970,570 of Government Grant and an increase of 3.5% in the Council Tax which would generate Council Tax income of £54,973,640 with the remaining gap being funded by utilizing £1,703,990 of Council balances.

or; if the Council concurs with the proposal to change the Council's pay policy in order to move towards providing the living wage

1.2 That a budget of £231,860,660 should be set for 2014/15 to be funded by £174,970,570 of Government Grant and an increase of 3.9% in the Council Tax which would generate Council Tax income of £55,186,100 with the remaining gap being funded by utilizing £1,703,990 of Council balances.

1.3 That we should also establish a capital programme of £16.193m in 2014/15 and £17.974m in 2015/16 to be funded from sources noted in clause 10.7 of the appendix.

Opinion of local member

Not a local matter

Introduction

1. The Council has to set a balanced budget for the year ahead (2014/15) ensuring that the expenditure balances with the income.
2. Historically, and in accordance with good practice, the Council has established its' annual budget within the context of the medium term financial strategy in order to ensure that the budget is prepared for the

situation ahead rather than meeting the requirements of one year at a time.

3. This has proven to be of benefit to us in the past as we have been able to find savings in a rational and sensible way rather than having to take rushed decisions , which often lead to the wrong decisions in terms of the benefits to our citizens. [The Council is consulted on the longer term financial strategy in the following report].
4. The appendix attached to this report details all the relevant matters that need to be considered when establishing the 2014/15 budget.
5. The proposals for 2014/15 can be summarised as follows -

	£m
2014/15 Expenditure Requirements	240.30
Less Government Grant Income	(174.97)
Less Council Tax (based on an increase of 3.5%)	<u>(54.97)</u>
Deficit -	10.36
Reduce specific budgets	(3.06)
Savings being delivered and available in 14/15	<u>(5.52)</u>
To be met from balances and savings found early	<u>1.78</u>

6. In 2014/15 an assessment of our expenditure requirements suggests that we need to increase our expenditure to £240.30m.
7. This includes £1.4m to meet the costs of transfers into the settlement along with £1.5m to meet pressures on budgets. Full details are given in part 3 of the attached appendix.
8. There is also a need to provide for £558,000 of one off requirements to be funded by adding £128,750 of savings found earlier than required to the provision of £297,250 which is already in the budget to provide for one off requirements, and using £132,000 of balances to fund the remainder.
9. Within the proposed budget we will be complying with the Welsh Government's funding promise for schools but the secondary sector is under pressure due to the effects of demography and the fact that a number of grants given to them by Welsh Government are being reduced.
10. In order to assist the sector to have sufficient time to cope with lower budgets the Education Service intends to assist by giving schools a one off contribution of £160,000 in 2014/15 and I recommend that a further

£250,000 should be added from balances to assist further. The proposed budget also implements a temporary protection scheme to assist any school which falls below 260 pupils in order to buy time to come to a more permanent solution. However this underlines the need to find a longer term sustainable solution for this problem. Details are given in part 4 of the appendix.

11. The grant that we receive from the Welsh Government will reduce 4.4% to £174.97m. which is a much larger reduction than anything seen since local government reorganisation in 1996.
12. Therefore, in order to meet the financial gap that this creates in 2014/15 it will be possible to reduce some budgets without impairing on present front line service budgets and it will be possible to call upon savings which are already being found of £5.52m.
13. We had originally anticipated that there would be £6.2m of savings available in 2014/15 but there is one scheme which will no longer deliver the anticipated savings when the original business case was prepared, and there is another £450,000 of savings where the delivery profile has slipped into 2015/16. The deficit which the slippage creates can be covered by meeting it for one year from savings found before they are required. Details in relation to these issues are given in part 6 of the appendix.
14. It is recommended that the remaining gap is funded by increasing the Council tax by 3.5% which will generate £1.86m and that we should use £1.33m of balances to fund the remaining gap.
15. There is a further question in part 8 of the appendix in relation to taking action in respect of low pay in the Council. Adopting this proposal would mean changing the Council Tax increase from 3.5% to 3.9%.
16. Within the proposed budget the main risk is that we will not now have a contingency budget on which we can call and we will have to fall back on balances if we have an unexpected financial demands.
17. In the light of the need to to review every strategy (including the asset strategy) it is also proposed that we do not add to the capital programme approved by the Council last year, but that we should amend the programme to take account of unavoidable changes as shown in appendix 3 which will mean having a programme of £16.193m in 2014/15 and £17.974m in 2015/16. The programme continues to spend on capital

schemes at a much greater level than the resource which we receive from Welsh Government to support our programme.

18. The proposed budget tries to protect the services provided to the people of Gwynedd whilst keeping the Council Tax increase to the minimum which is consistent with that aim.
19. It also tries to buy time for us to ensure that any savings which we will have to deliver in future will be found from those areas which will have the least effect upon our citizens.
20. A Council Tax increase of 3.5% (or 3.9%) is recommended for 2014/15 in order to spread the variable annual effect of the financial squeeze consistently so that we do not have a low council tax increase in one year only to have to implement a massive hike in another year.
21. We anticipate that there will be other councils in Wales who will increase council tax at a level greater than this and the Cabinet considers such an increase to be the minimum required if we are to have any possibility of addressing the massive financial gap that faces us in the future.

Relevant considerations

22. As noted above, it is possible to increase the Council Tax by a greater or lesser amount which will then affect the level of savings which we will have to find.
23. We cannot affect the grant which we receive from Welsh Government (although officers and members are continually doing work to try and ensure fairness in the distribution formula) but in terms of the remaining parts of the equation we can change the spending amount but there are consequences to that of course.
24. It is a matter for the Cabinet to recommend an appropriate budget to the Council taking into account the grant we will receive from Welsh Government and an appropriate Council tax level. The Cabinet established the proposals noted above having given consideration to the factors noted in the appendix.
25. It is a matter for the Council to set the budget for 2014/15 in the context of the issues noted in the attached appendix and to consider whether they wish to change the proposals for council tax increase or the use of

balances (and in doing so : the level of savings which will have to be found).

26. The Audit Committee considered the financial propriety of the budget at its meeting on the 20 February. Some concern was expressed regarding the need to use balances especially in view of the likelihood that we will need one-off resources in future and the need to protect ourselves from unexpected financial shocks. However, bearing in mind the alternative (which would be to increase the Council Tax further), and the circumstances with which we are faced, it was accepted that the budget steers an appropriate course.

Views of the Statutory Officers

Chief Executive:

Last Autumn the Council's financial prospects worsened suddenly by £8m when the Welsh Government confirmed a change to its original plans for Council grant in 2014/15. The Council had an appropriate strategy in place to deal with the original grant figures and decided not to rush into a new round of cuts to deal with the extra deficit. This was done in order to buy time for the Council to come up with new efficiency measures and to better understand potential cuts to services.

The downside of the strategy is that the Council's proposed budget in 2014/15 is probably the tightest budget since its formation in 1996. There will be no contingency budgets for unanticipated increases in permanent expenditure during the year; there is considerable use of balances which defer making difficult budgetary decisions and there are emerging budgetary pressures which are difficult to quantify at this stage.

This approach puts enormous pressure and accountability on the Cabinet to make efficiency savings and cuts during 2014/15 well in advance of April 2015 so that we are, once again, back on the front foot. In order to succeed the Cabinet will benefit from a focussed input from the Scrutiny Members. The Council faces a daunting financial challenge but, providing everyone performs their roles effectively and given our good track record, we can be confident of controlling the damage to Council services in Gwynedd.

Monitoring Officer:

Although it is for the Full Council to make the final decision on the budget it is important that the Cabinet provides a clear recommendation regarding its spending plans and draft budget and this report fulfils that requirement. Once the Council has agreed on the funding sources then it is the Cabinet who will be responsible for the expenditure and prioritisation within that budget, including realising any necessary savings.

Head of Finance:

These observations form the Chief Finance Officer's report on the "robustness of estimates" and "adequacy of financial reserves" in accordance with s.25 of the Local Government Act 2003. The Council must have regard to this, and associated risks identified by the Chief Finance Officer, when determining the annual budget and level of Council Tax.

When the members reach a decision on the use of balances in the budget setting cycle, it is essential to consider and assess the risks facing the Council. I am providing this opinion after considering the financial position, commitments and fundamental assumptions in the budget, such as inflation rates and interest, the change in the demand for services, estimates on the savings plans, etc.

I have been involved in relevant discussions as the Cabinet Member for Resources and the Corporate Director devised this financial strategy, and I can confirm the reasonableness of the forecasts submitted in this report regarding the Council's spending needs for 2014/15 and beyond, although some uncertainty and further strain is inevitable with pressure on our budget from several directions. However, I believe that the assumptions in the Corporate Director's report are fair and that those assumptions produce financial figures with a measured and acceptable level of risk.

In order to mitigate the risk associated with the financial strategy in 2013/14, Cabinet Members, Heads of Department, service managers and accountants responsible for the Council's budgets have generally acted with discipline and diligence to manage expenditure and secure income. Conscientious financial management will need to be reinforced in 2014/15, as our financial flexibility has diminished.

Further to an unprecedented challenging grant settlement from the Welsh Government for 2014/15 and in the generally difficult financial climate, there is no doubt that the Council will need a prudent level of balances for 2015/16 and beyond, in order that it can meet unavoidable redundancy costs and further bridging costs in the years ahead before its larger savings plans can be realised.

However, as our current level of balances (about £8m) are at a prudent level, and as Gwynedd has a savings strategy for the years ahead, with the promise from Cabinet members that they will adhere to plans to prioritise in 2014, I support the steps recommended, including using a reasonable portion of balances (around £1.8m) in order to bridge the gap in 2014/15 and to allow the Council time to implement an appropriate savings programme.

I am convinced that what is recommended here is prudent if the Council acts appropriately during 2014 in preparation for 2015/16 and beyond. However, this will mean a challenging and key role for the Cabinet, making a number of difficult decisions whilst prioritising to achieve savings, as agreed in principle with the members whilst developing this Financial Strategy.

Attachments
2014/15 Budget Report

2014/15 BUDGET

1 Background

- 1.1 This report notes the factors that influence the revenue budget required for 2014/15.

2 Welsh Government Grant

- 2.1 The Welsh Government has announced the final settlement for 2014/15 together with indicative figures for the following year. The details are noted below in Table 1.

Table 1
Revenue Support Grant 2014/15 & 2015/16

£m	Wales	Gwynedd
2013/14	4,439,012	183,042 (*)
2014/15	4,264,466	174,971
Reduction	3.9%	4.4%
2015/16 (indicative)	4,198,518	172,346
Reduction	1.5%	1.5%

* £181.633m was the true grant figure for 2013/14 but the figure has been adjusted to take into account the transfers into the settlement in order to compare like with like.

- 2.2 It can be seen from the above table that Gwynedd Council faces losing over £8.071m grant next year which is a reduction of 4.4%, with the average reduction across Wales being 3.9%.
- 2.3 One of the reasons for the higher than average reduction is that the factors feeding the allocation formula keep going against us.
- 2.4 Specifically in 2014/15 Gwynedd has the lowest but one increase across Wales in the number of primary school pupils and it also had the highest but one reduction in the number of income support claimants under 65 year of age.
- 2.5 In addition, due to the way the formula works, as authorities across Wales in general spend less on average on transportation (compared with Education and Social Services) and as we receive a greater proportional share in the area of transportation, we suffer more as the expenditure figures are fed into the formula.
- 2.6 In the official published statements, the Government notes that the average reduction across Wales was 3.4% but this disregards the fact that £26m of Council Tax Reduction Scheme money which was

previously paid as a grant in 2013/14 has been transferred into the settlement. In order to compare like with like therefore this figure should be included, which means that the reduction is closer to 3.9% .

- 2.7 We must also be careful not to read too much into the indicative figures for 2015/16.
- 2.8 We know from experience this year that it would be futile to put too much emphasis on this figure. The reduction could be greater, especially in the wake of the Chancellor's Autumn Statement, and any further policy changes within Welsh Government by this time next year.
- 2.9 One feature of the settlement is the substantial difference between the actual grant figure for this year [£181.633m for Gwynedd] and the figure used for comparison [£183.042m].
- 2.10 The difference of £1.409m comes about due to a number of grants which have been transferred to the settlement. It should be noted that the settlement also includes a third tranche of the resource provided by Welsh Government for borrowing to spend on our roads. More details are given in part 3.12 of the report.

3 Council Revenue Expenditure - 2014/15

- 3.1 Table 2 below shows the increase in the expenditure required for 2014/15.

Table 2
2014/15 Budget

	£'000
Base Budget 13/14	233,912
Salary Inflation	1,551
Other Inflation	1,191
Precepts	(21)
Increments	(94)
Pensions	264
Council Tax Reduction Scheme	203
Interest on Balances	236
Borrowing Costs	(404)
Demography	452
Miscellaneous	2
Income budget adjustments	92
Transfers into settlement	1,414
Pressures on services	1,498
Total requirement	240,296

3.2 **Base Budget 13/14** – Although £233.912m is the net 2013/14 expenditure figure it is important to note that the Council's true expenditure is £367m but this figure comes down to £234m as we receive a multitude of grants worth £79m and raise nearly £54m for services which we provide. As there is a trend for a number of these grants to be reduced there is also pressure on services to ensure that the corresponding expenditure reduces in order to balance the grant reduction, but this is not possible in every case without having a substantial effect on services provided to the people of Gwynedd.

3.3 **Salary Inflation** – This is the main assumption where the figure required for 2014/15 is unknown at present. Obviously there will be pressure from the unions to increase salaries bearing in mind that salaries have been constrained over the last few years. However, the Chancellor has noted that he wants to see public sector salary settlements restricted to 1% in the years ahead.

There is a provision for an increase of 1% therefore in the base budget. Should salaries increase more than that it would increase our requirement for savings in the years ahead.

3.4 **Other inflation** – This figure represents a provision for general inflation of 2.1% but making specific provision for items where the inflation rate is likely to be higher (e.g. Electricity and Gas).

This figure is lower than that added in previous years due to the fact that the increase experienced this year was less than that forecast when preparing the budget which means that less provision is required for 2014/15.

In order to ensure that the payments made for services also contributes towards meeting the financial gap, every income budget has been increased by 2.5% which represents the inflation figure at the time the budget was prepared.

3.5 **Increments and Pensions** – The increments figure is the increase that results from giving staff salary increments, but this year, due to staff turnover, this figure represents a saving. Over the last 3 years the employer's contribution for staff pensions has increased 0.5% per year. However following the Pension Fund valuation the Fund Actuary has noted that there is no need to increase contributions for the next three years, and therefore there will be no increase in 2014/15.

However, in April 2014, the nature of the Local Government Pension Scheme will change which means that overtime payments will become pensionable. It has therefore been necessary to provide for higher employer contributions.

- 3.6 **Council Tax Reduction Scheme** - In the past, if the cost of Council Tax benefit increased (or decreased) the cost (or the saving) was reflected in the grant we received from the Department of Work and Pensions. Following transfer of the grant to the Welsh Government (and they in turn transferring that grant to the settlement), from now on, the Council will have to face any additional costs within the figure that we receive in the settlement.

Theoretically, there is £8.9m in the settlement to pay for the assistance given to taxpayers, but it is likely that this will not be sufficient to meet the true costs this year. On the basis of the latest projections it will be necessary to add about £203,000 to this budget in 2014/15. [The effect of inflation is already incorporated into the inflation figure noted above].

- 3.7 **Interest on Balances** - by now we had expected that interest rates would have started to rise but they continue to be extremely flat. As a result, rather than borrowing externally, we use internal borrowing which reduces the amounts we have to invest. Therefore, we will not be receiving as much interest in 2014/15 and this must be reflected in the budget.
- 3.8 **Borrowing costs** - we are benefiting from lower borrowing costs next year due to repayment of loans and the fact that we are not borrowing any new money as it is better for us to use the money tied up in our reserves (which attract low interest rates anyway) rather than borrowing at a higher cost to the Council.
- 3.9 **Demography** - We usually acknowledge the increasing number of elderly clients we would expect to provide for as a result of the ageing population, but as reported last year we have not had to do this for some years since the actual number has not risen. However, in 2013/14 it appears that the number of such clients has caught up with the demographic projections and we will have to add £858,000 to the budget to recognise this increase.

Against this increase however, we have seen a decrease in the number of children in our secondary schools which results in a budgetary reduction in that sector (£840,810). With an increase in pupil numbers in the primary sector (which results in a need to increase the budget by £434,860), there is a net saving of nearly £406,000 as a result of falling pupil numbers.

This reduces the total net demography figure to £452,000.

This substantial reduction in the secondary sector is of some concern to me and I return to this issue in part 4 below.

3.10 **Miscellaneous** – The figure shown here is a collection of miscellaneous minor items which need to be adjusted in the various budgets such as adjustments in the tonnages going to landfill; adjustments to the National Insurance thresholds; adjustments required to changing terms of external contracts undertaken by us; increase in the number of elected members who choose to be a part of the pension scheme and a raft of other minor items.

3.11 **Adjustments to Income Budgets** – The income budgets are reviewed annually to assess trends and it is now necessary to adjust the income budget for Hafan Pwllheli in order to reflect the fact that the actual income has decreased due to a decrease in use (which in itself might be due to the current economic climate). However there is a positive effect on some other income budgets to be set against this. The effect on specific budgets can be seen below [figures in brackets show an increasing income and figures without brackets show a decrease] –

- Hafan, Pwllheli : £180,000
- Land Searches : [£13,000];
- Cemeteries : [£10,000];
- Crematorium : [£25,000]
- Building Control : [£40,000].

3.12 **Transfers to the settlement** – As stated above a number of grants are being transferred to the settlement this year as follows -

- ***Council Tax Reduction Scheme (£803,000)*** – in order to ensure that the scheme continues to pay the Council Tax in full for those on low income.
- ***Grant for Administering the Council Tax Reduction Scheme (£179,000)*** – for paying the cost of staff in the Benefits Unit who administer this Scheme. This is the sum that was transferred into the settlement - the actual cost (and the previous grant) was much higher but a reduction in the grant has been introduced as part of the Government's austerity programme.
- ***Additional Council Tax support grant for Pensioners (£150,000)*** – there is currently a national scheme which gives additional support to pensioners who receive support with their Council Tax and this is funded from a Government grant. They have added this to the settlement for 2014/15 and have stated that it is a matter for councils whether they continue with it or not. This has been added to the budget for 2014/15 as it was too late in the day to consider abolishing it but it should be noted that this is an option for the years ahead.

- **Public Conveniences Grant (£17,000)** – this grant is being transferred to the settlement. At present it pays for payments given to businesses urging them to open their conveniences to the public.

On top of these transfers there is £265,000 in the settlement to pay for the third tranche of the road improvements borrowing plan. Although this is not actually a true transfer to the settlement it is a budget we must spend for specific purposes and therefore I have included it under this heading.

3.13 **Pressure on Services** - There are two main headings here namely

- a) **Applications received from services for additional funds to meet the pressures on their Services (£1.471m).**

Every service is invited to identify any expenditure which is required for the Council to continue to ensure the continuation of basic services. This heading is not for new developments but rather for continuation of current basic services.

Details of the recommendations are given in Appendix 1.

Some of the issues needing consideration are reflected in this year's spending patterns. Others are a result of factors where there is a need to increase the budget in order to protect outcomes to the public or to meet statutory requirements. There is also an element of Central Government creating more pressure and expectations and our having to deal with the consequential effects (on top of the reduction in our grant)

These items have been subject to challenge before being recommended. This figure is significantly lower than that which we have seen in the past.

Also in this report it is noted that one-off pressures worth £558,000 also need to be approved in order to ensure continuation of service. This can be funded from the £297,250 performance incentive grant money kept each year for the purposes of one off spending and an further additional £128,750 from savings which have been found early in 2013/14, with the remainder (£132,000) being funded from balances.

- b) **School Requirements (£27,580)**

The background to this is noted in part 4 below.

4 Schools

- 4.1 The Welsh Government have noted that they have protected the Local Government Grant in order to ensure a lower reduction in school budgets compared with other services. The implication presumably is that we would have seen a reduction greater than 4.4% had they not given us this protection.
- 4.2 Our approach towards this to date has been to continue to plan on the basis of what the Council would wish to do for schools then measuring that against the Welsh Government's proposals and consider whether there is a need to adjust anything in order to comply with the promise.
- 4.3 This rule means that there is a need to ensure that this year, schools receive an increase of +0.45%. As noted last year, this raises the basic question as to how logical it is for the Council to continue to deliver the Welsh Government's wishes when we will have to cut other services to pay for it. We do not know of course what the effect would be of not complying in terms of Welsh Government response and the response of the schools themselves.
- 4.4 The figures in the budget shown above (which include ensuring that schools receive the necessary increase in their budgets to meet inflation etc) along with other actions noted in this section, mean that we will fulfil this requirement this year.
- 4.5 Therefore, unlike other services, for the third year in a row, overall the schools budget will not face having to find savings in 2014/15 other than to face the usual adjustments that arise from the change in pupil numbers, with some schools benefiting and some losing out.
- 4.6 However in order to understand the overall context, it is important that the Cabinet is aware of what is happening with grants given to schools by the Welsh Government.
- 4.7 In 2014/15 Gwynedd schools will benefit nearly £900,000 due to increased deprivation grant that schools receive with about £520,000 going to the primary sector and about £374,000 going to the secondary sector. Of course the distribution to individual schools will depend on the number of children in individual schools eligible for free school meals and it must be used to improve results amongst children from less privileged backgrounds.
- 4.8 However against this increase, the secondary sector will face a reduction of about £500,000 in post 16 and 14-19 network grant.
- 4.9 With a reduction of £840,810 in the budget due to a decrease in the number of children noted in paragraph 3.9 above, and these grant

reductions, the secondary sector is going to suffer substantially this year with the reduction approaching £1m.

- 4.10 In view of the unexpected grant reduction, the Schools Service is offering £160,000 on a one off basis from its own resources in order to assist the sector to acclimatise to this reduction in grant.
- 4.11 However, if we look at the demographic position on its own, the reduction in the number of pupils means that one school will fall below 260 pupils (which is the number whereby there are real doubts on the ability of a school to deliver the curriculum) and therefore it is suggested that we need a protection scheme for the secondary sector whereby the budget of secondary schools that fall under 260 pupils is protected until it is possible to find a longer term solution for schools of this size.
- 4.12 However, with two other schools nearing the figure of 260 pupils, this underlines the need to ensure a long term solution to the problem. Such a plan would cost £27,580 in 2014/15.
- 4.13 Taking into account the Council's priority in its Strategic Plan of improving children and young persons' educational standards, there is a question as to whether we should go further and consider the funding balance between the primary sector (which will see an increase of nearly £1m in its overall budget) and the secondary sector (which will see a similar reduction in its budget even after taking the above steps into account).
- 4.14 It may be the case that time does not allow us to consider such a policy now, but we must be alive to the fact that whilst the secondary sector will have planned for the demographic reduction, finding ways of dealing with the total reduction is not going to do anything to help the sector concentrate on educational attainment.
- 4.15 I recommend that we assist the sector to acclimatise to the reduction by giving them more time to cope with the situation and add to the sum that the education service itself plans to use to assist, by using balances to make a one off contribution of a further £250,000.

5 Summary of the position in 2014/15

- 5.1 It can therefore be seen from the above, that the Council's expenditure needs for 2014/15 are £240.30m (an increase of 2.1% not taking into account the transfers into the settlement) and we will be receiving a grant of £174.97m from the Welsh Government (a reduction of 4.4%).

- 5.2 On top of this, **without** any increase in the Council Tax, it is estimated that £53.11m will come from the Council Tax in 2014/15 (an increase of £835,170 from this year).
- 5.3 Members may remember that when we were preparing the 2013/14 budget we were under the impression that the Council Tax Reduction Scheme was to be amended so that everyone would have to pay at least 10% of the Council Tax and we were worried that this would have an adverse effect on how much Council Tax we could collect. We therefore brought the collection rate down from 99% to 97.5%.
- 5.4 However, late in the day, the Welsh Government decided to keep to a scheme that would continue to give a 100% relief to those on low income. As that scheme is to continue in 2014/15 we can increase the collection rate back to 99%. This will turn around the reduction in income implemented in the Council budget for 2013/14.
- 5.5 With expenditure requirements of £240.30m and a total Government Grant and Council Tax income of £228.08 we see that we will therefore be facing a deficit of £12.22m in 2014/15.

6 Dealing with the gap in 2014/15

- 6.1 At its meeting on 5 December, the Council agreed with the principle of having a strategy that was based on setting a balanced budget for 2014/15 in order to buy the necessary time to draw up a considered and sensible savings programme to be implemented as soon as possible.
- 6.2 In order to establish a balanced budget, the first step that can be taken is to delete the current provision we have for salary increases higher than 1% which will save £1.61m within the budget. Of course this will increase the risk if the salary increase agreed for 2014/15 turns out to be greater. The Westminster Government has stated its intention to limit salary increases to 1% for an extended period but with the economy showing signs of getting stronger we must ask how long they can continue with this aspiration as the public sector workforce have seen the true value of their salaries falling over a number of years.
- 6.3 If the salaries increase more than the 1% allowed for in the budget, this risk can be managed by dealing with the situation if it arises and depending on balances to carry us over until we can adjust the budget in 2015/16.
- 6.4 However we should be aware that the Council will not then have a contingency budget for 2015/16 and balances will be the only means of protection against any other financial shocks.

- 6.5 The second step that can be taken is to delete the permanent budget we have for the Strategic Plan. This could restrict our ability to complete some elements of the Strategic Plan that require a permanent budget, but once again, if an issue which really needs a permanent budget is such a priority that other services should be cut to pay for it, this can be considered on a case by case basis during the year. This will save £0.87m.
- 6.6 In 2010/11 an element of the Council Tax increase was generated especially to protect us from having to make future savings in our budget, and therefore there is £0.38m in the budget that can be used to meet this gap.
- 6.7 There is also a free resource in the primary schools budget which hasn't yet been delegated, that could be made available to assist with the gap. In view of the fact that the primary sector is already seeing an increase in 2014/15 and the financial gap with which we are faced, it is suggested that we utilise this money which is worth £0.2m for the time being to try and close the gap until such time as the Council has had an opportunity to further consider its policy in this area.
- 6.8 We also have savings plans already being found for 2014/15 and we had originally forecast that this would amount to £6.2m.
- 6.9 The latest analysis shows that there will be problems in achieving one scheme.
- 6.10 **North Wales Procurement Unit Scheme** - A North Wales collaborative scheme which was successful in finding savings (a total of £3.1m) but unfortunately, as those savings were found in areas where there were fewer opportunities for Gwynedd to take advantage compared with other authorities it will not be possible to deliver £257,910 of the earmarked sum for this scheme.
- 6.11 In addition however, it appears that there is a need to change the completion profile for some of the other schemes as there has been slippage in their delivery. An element of slippage is of course inevitable when finding so many savings. This analysis shows the need to move £450,000 worth of savings in 2014/15 to the following years and therefore, only £5.52m will be available to meet the gap in 2014/15.
- 6.12 This year however, we have delivered savings early to the value of more than £1m before they were required which means that there is a one off "fund" of savings available.
- 6.13 It is noted above that we intend to use £128,750 to fund one off bids and in view of the fact that we will have some savings delivered later, I

suggest that we should use a further £450,000 from this fund to meet the gap.

- 6.14 Taking into account all the above therefore we will have met £9.03m of the gap of £12.22m that arises in 2014/15 leaving £3.19m left to be found.

7 Council Tax

- 7.1 In the light of this gap, the key decision required is the exact level of Council Tax to be raised for 2014/15.
- 7.2 In the projections made up to now in our medium term financial strategy, a figure of 3.5% has been assumed.
- 7.3 Of course the key to all of this is to strike an appropriate balance between the need to spend on services for the most vulnerable in our society and the appropriate increase to be levied on the residents of Gwynedd.
- 7.4 3.5% would produce £1.86m of income and this would equate to a Council Tax increase of £37.43 in a Band D property or a little under 72p a week. [The tax raised by the community councils and the Police Authority would of course be additional to this]. A little over 19% of households in Gwynedd receive some element of assistance towards their Council Tax, and 60% of properites in Gwynedd ar ein bands lower than band D.
- 7.5 Every 0.1% lower than 3.5% would increase the financial gap we would need to find by around £53,110 (and therefore 0.5% lower would increase the financial gap by £531,150). The figures would be exactly the same for any increase above 3.5%.
- 7.6 The increase in Gwynedd's Council Tax together with the average increase across Wales since 2008/9 is shown below.

Year	Gwynedd	Wales
Total 08-14	24.7%	21.0%
2013/14	3.5%	3.1%
2012/13	3.5%	1.9%
2011/12	3.9%	3.1%
2010/11	3.9%	3.7%
2009/10	3.9%	3.9%
2008/9	3.8%	3.7%

- 7.7 We do not yet know what the average increase across Wales for 2014/15 will be but the latest information I have is that not many

authorities will be increasing less than 3% with a substantial number considering an increase near the mid 3% and a number considering an increase higher than 4%.

- 7.8 The information the Director has obtained from conversations with officers from other authorities suggests that the estimated average across Wales will be about 4%.
- 7.9 The choice between taxation and retaining services is a difficult one and of course it is a matter for members to weigh up the appropriate balance they consider to be the right one.
- 7.10 In keeping to the projections made last year when establishing the present financial strategy, increasing the Council Tax by 3.5%, would leave a gap of £1.33m. The only way to find this would be by finding more savings.
- 7.11 These savings would not be available on 1st April and therefore we would need to depend on balances to bridge the period until the savings are available.
- 7.12 Meeting the gap entirely from Council Tax would mean an increase of 6% which is obviously above a reasonable threshold.

8 Pay Policy

- 8.1 Consideration is presently being given to the pay of staff on the lowest grades in order to start meeting the calls for those on lower grades to be given a living wage. The Cabinet will receive a report on this issue on 18 February.
- 8.2 The only way to fund this without adding to the savings that we are already facing would be to increase the Council Tax in order to pay for it.
- 8.3 If we intend to adopt such a policy it would be necessary to add 0.4% to the proposed increase specifically to pay for this policy.

9 Balances

- 9.1 It is forecast that we will have general balances of about £8m at the end of this financial year, representing about 2.2% gross revenue expenditure.
- 9.2 I have stated on more than one occasion that due to the turbulent financial environment we are facing in years ahead, that it is appropriate to keep sums in reserve in order to deal with any problems that could arise.

- 9.3 Nothing has happened in the meantime to change this opinion. In fact, as noted in paragraph 6.2 above, we will not now have any contingency budget and the risk has therefore increased. As a result, the need to ensure that we have appropriate balances in order to meet any financial shocks is more relevant.
- 9.4 However, in view of the funding gap which we face (even if we increase the Council Tax by 3.5%), and in order to give ourselves to consider where we should find this gap, it is recommended that we use £1.33m of balances until we can find the remaining necessary savings.
- 9.5 In addition to this £1.33m, the recommendation to assist the secondary education sector and pay for one off bids noted in paragraphs 3.13 and 4.15 above will mean that we are using a total of £1.7m from balances (along with £578,750 of the early savings fund) to underpin the 2014/15 budget.
- 9.6 We have a number of earmarked reserves that have been established by the Council to meet specific Council expenditure needs. These are of course part of the Council budget.
- 9.7 In order to ensure that every Council member is aware of them a copy of the relevant pages of the accounts are attached in Appendix 2.
- 9.8 It is of course important to continually review the level of these reserves and as I reported last year, the Head of Finance is conducting a review of these reserves.
- 9.9 The need to undertake the transformation of a number of services (including paying substantial redundancy costs) will certainly mean further one off expenditure requirements. In addition to this members will be aware of the contents of the Commissioners' Report on Governance and Delivery of Public Services published recently which suggests that there is a local government re-organisation on the horizon. This will also create a need to fund one off expenditure when preparing for such re-organisation.
- 9.10 On this basis, the Head of Finance is currently considering, rather than hold the usual review, he is investigating the potential for a reprioritisation within these reserves in order to use any released resources to meet the need for resources to transform and pay for redundancies along with any implications arising as a result of the Commission's report.

10 Capital

- 10.1 Whilst council revenue budgets face constraints, capital budgets are also under pressure.
- 10.2 Last year the Council established a capital programme for three years namely 2013/14; 2014/15 and 2015/16.
- 10.3 In the light of the revenue constraints we face and the fact that our Asset Strategy includes a significant element of prudential borrowing (which places pressures on the revenue budget to pay for the borrowing costs) the Council has decided that a review of the Asset Strategy should be undertaken.
- 10.4 For the time being therefore I recommend that we keep to the schemes set out last year without adding further schemes for 2016/17 in order to wait until the review has been completed.
- 10.5 It is forecast that this will be completed by May and the 2016/17 programme can be added then.
- 10.6 However, there is a need to adjust what was agreed last year in order to reflect some necessary changes that have arisen due to a change in the proposed profile for individual schemes. These are detailed in Appendix 3 which shows the changes required.
- 10.7 We will fund the programme as follows -

Table 3
Funding capital programme 2014/15 - 2015/16

£'000	2014/15	2015/16
Capital Requirements	16,193	17,974
To be funded through		
Capital provision in the settlement	6,630	6,630
School grants	724	5,503
Capital receipts	1,476	930
Contribution from revenue	1,988	2,860
Prudential borrowing	5,375	2,051
Total to be financed	16,193	17,974

- 10.8 One aspect of the financing proposals is the level of capital expenditure that continues to be funded compared with the specific support provided in the settlement. This shows the benefit of having a long term programme through the asset strategy which allows us to plan a long term programme and trying to maximise the benefit we can obtain from the available resources.

11 Equality Impact Assessment

- 11.1 The budget outlined above endeavours to continue to achieve appropriate outcomes for all our citizens, but as our grant income is decreasing, and does not even meet inflation costs, we must find savings.
- 11.2 The greatest risk in terms of having a disproportionate effect upon those with protected characteristics is in the area of savings. The Equality and Human Rights Commission have already identified this risk and have reminded local authorities of their duty to assess the effect of their Financial decisions.
- 11.3 We will continue to develop our arrangements for assessing the equality impact of our Financial decisions in conjunction with the Equality and Human Rights Commission and other local authorities, by sharing good practice and identifying effective steps which can be taken in future.
- 11.4 Our aim is to ensure that our financial decisions conform with the requirements of the Equality legislation, namely :-
- Get rid of illegal discrimination, harassment and victimisation and any other conduct prohibited by the Act.
 - Promote equality of opportunity between people who share a relevant protected characteristic and those we do not.
 - Encourage good relations between those who share a protected characteristic and those we do not.

In making our assessment we will try and identify how to make the best of any opportunity to improve equality in addition to trying to avoid or mitigate any negative effects to the best of our ability.

- 11.5 In planning our budgets consideration is given to equality on each level, by utilising data and evidence in relation to demography and trends at a strategic level, and in the same way (but more specifically) in coming to decisions on individual savings schemes. Data and evidence has already been collected for our Equality Strategic Plan and we will continue to build upon this information by analysing new data (such as the 2011 Census results), monitoring our services and engagement.
- 11.6 We have clear processes for finding any savings we may need which includes making a full assessment of savings which could have a detrimental impact in equality terms. We analyse each individual savings scheme noting if we consider that the department needs to conduct an impact assessment when developing the scheme. In accordance with the Equality and Human Rights Commission's request

we will produce an annual report on this Process and publish it on our website.

- 11.7 However the budget does not just try and meet inflation costs, it also tries to ensure that unavoidable financial pressures being placed on services due for example to greater demands being placed upon them due to increasing numbers of clients and so on are recognised in the budgetary decisions.
- 11.8 Each Service has the right to submit a request for additional funding if it considers that this is required to ensure that the service continues and these sums can be seen under the "Service Pressures" heading. The sums seen there are also a recognition that we must ensure sufficient funding to ensure that our financial arrangements do not have a detrimental impact on the level of service provided.
- 11.9 Full details are given in Appendix 1 and it can be seen that over £760,000 is going towards social care, and this is in addition to the £858,000 demography provision made to recognise the increased number of elderly clients.

12 Conclusions

- 12.1 This report sets out the factors that should be considered when establishing the budget for 2014/15.
- 12.2 It is proposed that we need to recognise a revenue need to spend of £240.30m which includes a provision of £1.5m for pressures on services and includes provision for implementing a protection scheme for the secondary education sector in order to buy time for us to establish a more permanent solution.
- 12.3 Provision is also made for one off pressures on services of £558,000 by adding £128,750 of savings delivered early to the provision already in the budget along with £132,000 from balances.
- 12.4 After receiving grant of £174.97m from the Welsh Government and with Council Tax income of £53.11m (without any increase) this will leave a financial gap of £12.22m to be found in that year.
- 12.5 This funding gap can be found by a combination of reducing some budgetary headings £3.06m and using £5.52m of savings already being found, along with £0.45m of savings found early to recognise the fact that there has been some slippage in the savings programme, this will reduce the gap to £3.19m.

- 12.6 A 3.5% Council Tax increase is therefore recommended to produce £1.86m and bridging the remainder until we are able to find savings to meet it by using £1.33m from balances.
- 12.7 This will mean setting a net budget of £229,944,210 after using balances and other funds.
- 12.8 An analysis of the budget per service is given in Appendix 4.
- 12.9 It is also recommended that a capital programme of £16.193m should be established for 2014/15 together with £17.974m for 2015/16.

Bids to be approved for 2014/15

Reference	Reason for the bid	Outline of the Matter	Finance		Category recommended	Recommendations/Observations	Financial Recommendation	
			Permanent (£)	One off (£)			Permanent Recommendation	One off (£)
Social Services, Housing and Leisure Department								
GCTH1	Purchase of new Community Care Management System – a follow-up to RAISE	The contract with CareWorks for a care management system, namely Raise, is ending and a bid is being submitted for capital funding to procure a new system. The revenue bid funds the support required to input data in the new system, namely 1 x Programme Manager for 3 years £148,830; 1 x input support officer for 3 years £88,760; 2 x input support officers+G7 for a year £58,510. A total of 4 temporary posts. An additional contribution of £25k by Gwynedd to the Consortium (WSC) is also included towards project management costs for two years to manage the process.		321,000	Approve	Based on the uncertainty regarding the exact amount of the bid and the timetable, it is recommended to earmark the bid amount in a separate fund in order to fund the application and challenge the exact amount when definite information is available.		321,000
GCTH2	Business Manager and administrative support for the North West Wales Safeguarding Adults Board	The Gwynedd and Anglesey Safeguarding Adults Board includes senior officer representation from partner bodies such as Health and the Police. Much more work is required to stabilise the Board and enable it to provide clear guidance on developments and improvements within the field of safeguarding so that the Board can operate at the same status as the Gwynedd and Anglesey Safeguarding Children Board. Since safeguarding matters are led by local authorities, the work is a joint responsibility with Anglesey County Council according to the agreed formula of 60:40 - Gwynedd's contribution is £36,800 and Anglesey's contribution is £25,740. This is a bid to fund a post and administrative support.		38,600	Meet from within current resources	The Department is asked to secure support within the resources available.		
GCTH3	Transitional Care Packages 18+ Adults Service	A bid to fund the care of 13 young people who are almost 18 years old, or who have just turned 18 years old recently, and who need to have their care transferred to the Adults Service. The Children's Service currently funds their care until they are 18 years old. The aim is to collaborate with Gwynedd's Aftercare Services, the Education Department and the Betsi Cadwaladr University Health Board to plan arrangements to ensure that individuals will not continue to need care for college placements beyond 19 years old, and therefore reduce the need for costly out of county placements.	675,000		Approve	Following a review of packages within the Service, the bid amount has reduced to £270k.	405,000	
GCTH4	Operation Pallial	A temporary arrangement to fund a regional worker to lead on Operation Pallial will last longer than expected. The number of people requiring very intensive support has increased yet again. It is estimated that the cost of Gwynedd's contribution will be £10k.		10,000	Approve	The Department is obliged to fund it.		
GCTH5	Temporary closure of Bangor Swimming Pool	In order to carry out necessary maintenance work which includes disposing of asbestos, the Property Service has stated that Bangor Swimming Pool must be closed for six months to complete the work. The value of the project is £600k and a one-off bid is made for funding to compensate the Service for loss of income during the closure period, namely £40k.		40,000	Approve	Funding is obligatory.		40,000
Total for Social Services			675,000	409,600			405,000	361,000

Reference	Reason for the bid	Outline of the Matter	Finance		Category recommended	Recommendations/Observations	Permanent Recommendation	One off (£)
			Permanent (£)	One off (£)				
Strategic Safeguarding Panel								
PG1	Monitor the quality of safeguarding on a corporate level	The Strategic Safeguarding Panel was established in Gwynedd to ensure corporate ownership of the safeguarding agenda as a whole within the Council. Corporate safeguarding policy and guidance have now been produced and every department/service have produced their own policy/guidance. It was noted in the Panel's Action Plan that "there is a need to ensure an (independent) annual audit of the quality of procedures across the Council's departments and services by sampling safeguarding operational procedures" and reporting on the findings to the Strategic Panel with recommendations for further action. Additionally, as a result of the Winterbourne review (learning disability services specifically but it is relevant to other fields), the Action Plan notes that an independent expert must be employed "to ensure there are robust arrangements and procedures in place" for safeguarding adults "with a clear action plan". The amount includes a bid from the Education Department for £7,500.	22,500		Alternative funding method	Invoice departments for the work.		
PG2	Strategic Safeguarding Panel - Monitor the Quality of Residential Provision for children placed in Gwynedd	Again, in the Strategic Safeguarding Panel's action plan, it notes "the need to monitor the quality of the residential provision by external agencies / bodies / private agencies for children with additional needs or looked after children. These are residential provisions for children placed by another local authority, but Gwynedd has a responsibility to monitor their quality. The capacity to achieve this work is not currently available.	40,000		Refuse	The Business Unit is reprioritising work to address this requirement.		
PG3	Raise awareness of safeguarding policies and guidelines	In order to ensure corporate ownership of the safeguarding agenda as a whole, it is noted in the Strategic Safeguarding Panel's action plan that there is a need to raise awareness amongst staff, members and those working on behalf of the Council about the policies and guidelines. It was agreed that this should be done by producing relevant materials and arranging sessions for raising awareness.		10,000	Alternative Funding Method	Invoice departments for the work.		
Total for Strategic Safeguarding Panel			62,500	10,000				
Human Resources Department								
AD1	An Occupational Health Provision and a Health Surveillance Programme for Council staff	Since July 2009, the Occupational Health Unit has been employing an Occupational Health officer to carry out duties such as conducting basic health checks, implementing the health and well-being promotion programme, processing requests for retiring on the grounds of ill health and conducting basic consultations with staff. Recently, the Unit has been providing statutory health surveillance for specific cohorts amongst the Council's staff. This is a bid for funding to retain the post. In the past, this post was funded from reserves.	32,000		Alternative Funding Method	To be funded by the Department for a year and a request for the Department to prepare a business plan in the meantime.		
Total for Human Resources			32,000					
Regulatory Department								
Rh1	Grant cuts by the Government for Public Transport	Significant risk has been highlighted arising from the cut to the LTSG grant and from the system used by the Government to allocate subsidies to transport services. There has been a 25% cut for the year 2013-2014. There is potential for a further cut in 2014-2015 which will equate to an additional £224,000. LTSG Grant Deficit 2012/2013 = £62,350 LTSG Grant Deficit 2013/2014 = £152,961 Less BSOG grant = (£249,800) BSOG Commitments = £156,000 Estimated LTSG Grant Deficit 2014/2015 (a reduction of 25%) = £102,046 Net Deficit = £223,557 There has also been a cut to the fuel allowance for contractors which has affected the subsidy prices of some services. Further cuts in the grant received from the Government in 2015/16 and 2016/17 is a strong possibility but we cannot yet project the likely impact.	223,000		Refuse	The recommendation is based on the fact that a grant cut by the Government is what has led to this bid.		

Reference	Reason for the bid	Outline of the Matter	Finance		Category recommended	Recommendations/Observations	Permanent Recommendation	
			Permanent (£)	One off (£)			Permanent Recommendation	One off (£)
Rh2	Bus Service	There are changes worth £101,000 to current public transport journeys. There is an additional cost of £93,000 to the service following the rationalisation of area journeys, operational from 1 January 2014. £70,000 for three journeys that have not been awarded and the department is looking at many options, including abolishing the journeys completely.	264,000		Temporary funding	The recommendation is based on the fact that a grant cut for bus companies by the Government is what has led to this bid.		132,000
Total for Regulatory Department			487,000					132,000
Strategic and Improvement Department								
SG2	The performance management system for the whole Council is ending in June 2014.	Gwynedd Council is using the Ffynnon software system, which is provided and funded nationally, to manage performance. However, the agreement will expire at the end of June 2014 and the timetable for introducing the new national system, 'Pan', is slipping. Gwynedd makes considerable use of Ffynnon, therefore the risk to business continuity is high. There are a number of options under consideration, and one of those is to seek an agreement with Coactivia to extend the support for Ffynnon for a year. The bid would fund the extension but it is difficult to estimate the exact cost at present.		40,000	Alternative Funding Method	To be funded by the Department.		
Total for Strategic and Improvement				40,000				
Dept. Economy and Community								
Ec11	The Urdd Eisteddfod 2014	Gwynedd Council will be expected to ensure a presence on the Urdd Eisteddfod ground in Bala in 2014 and support activities. The E&C Department will try and target a number of grants and make use of sponsorship funding and funding programmes that are available to hold activities and competitions. But because the European funding period is ending in 2014, it is anticipated that there will be less grant money available for Bala. It is estimated that a budget will be needed for the cost of hiring a tent, transporting equipment and a contribution towards events.		25,000	Approve	Recommended to fund in accordance with the Council's priorities.		25,000
Total for Economy and Community Department				25,000				25,000
Finance Department								
C1	Ensure the continuity of the core service that administers benefits, as a result of a grant reduction and a transfer to the settlement	Benefits administration is funded directly by the DWP through the "Admin Subsidy" grant. £179,360 of it will transfer to the settlement by 2014/15. Also, there is a cut in the residual "Admin Subsidy", worth £130,307 namely £84,597 in 2014/15 and £45,710 in 2013/14.	130,310		Partly Fund temporarily	The Department will receive £179,000 as part of the transfer to the settlement, it is therefore recommended to fund the bid partially, namely £65,000 , as one-off bridging finance based on the lack of clarity regarding future arrangements in this field. However, the Department must fund £25k of the bid.		40,000
Total for Finance Department			130,310					40,000

Reference	Reason for the bid	Outline of the Matter	Finance		Category recommended	Recommendations/Observations	Permanent Recommendation	
			Permanent (£)	One off (£)			Permanent Recommendation	One off (£)
Highways and Municipal Department								
PB1	Waste	<p>(a) £205,000 – a reduction in the Sustainable Waste Management grant (£105k deficit 2013-14 & £100k estimated 2014-15)</p> <p>(b) £85,750 – further increase in landfill costs (have already obtained £222k through the budget process) because of a delay in the collection arrangement until October 2014</p> <p>(c) (£42,800) – savings of £31,490 with green waste and £11,310 IVC Penhesgyn</p> <p>(ch) £167,560 – a new category in 2013-14, namely dealing with sweepings that are treated through the "silt buster" procedure @ £50.50/t. It would go to landfill @ £80/t as well as disposal costs otherwise.</p> <p>(d) £93,260 – costs of dealing with timber. The department originally burnt the timber. Around £80k a year could be saved by returning to burning but it will affect the recycling targets as it would not be included in these.</p> <p>(dd) £49,140 – the costs of dealing with mattresses - £19k and carpets - £30,140 have increased because of the amount of tonnage.</p> <p>(e) £148,000 – part of the strategy, namely an increase in the food tonnage that is sent to GwyrAD £137,760 and way-leave - £10,240</p>	705,910		Approve	This bid is unavoidable to fund but the exact amount is dependent on the result of the waste review that is underway.	705,910	
PB2	Disposal Sites	<p>An increase is anticipated in the aftercare costs of Cilgwyn 2014-15 after capping the site. £40k will be required for the effluent treatment work together with the electricity to operate it.</p> <p>Also, a significant reduction was seen in the income generated from the site (royalties). The site could change following the capping but there is currently a deficit of £90k.</p> <p>It is anticipated that the effluent from Llwyn Isaf will be higher than the estimated £15k.</p>	145,000		Approve	This bid is unavoidable to fund but the exact amount is dependent on the result of the waste review that is underway.	145,000	
Total for Highways and Municipal			850,910				850,910	
Education Department								
Add 1	Taxis Overspend - £156,310.70 as a result of an increase in numbers. £58,400 overspend in the buses budget, again because of the numbers but re-tendering as well.	Taxis - anticipate an overspend on the current budget 2014/15 of £167,110.70	214,710		Approve	This bid is unavoidable to fund and it has already been agreed to hold a review of the Unit.	214,710	
Total for Education			214,710					
TOTAL			2,452,430	484,600			1,470,620	558,000

Additional Capital Bids

Reference	Reason for the bid	Outline of the Matter			Recommendations/Observations	Amount recommended
			Bid Amount	Category recommended		
Social Services, Housing and Leisure Department						
GC1	Purchase of new Community Care Management System – a follow-up to RAISE	The agreement for the RAISE system with CareWorks is ending in April 2016 and there is a need to invest in a new system. The bid includes the software licences, interface, data migration, training and project management costs of the supplier, and consulting on the new system following the tendering process. Since this process is underway, this is only an estimate of the actual costs.	572,500	Approve	It is recommended to earmark the amount in a separate fund in order to fund the bid when definite information is available.	572,500
Total			572,500			572,500
Human Resources Department						
AD1	A rolling programme of safety improvements inside school sites	This rolling programme was established to meet the requirements of a statutory notice by the HSE in 2004 to improve the traffic situation within the county's schools. For 2014/15 a programme of essential work worth £50k was identified within the boundaries of one school. The rest of the project is looking at options of increasing parking spaces in front of the school which will probably lead to further bids of £250k. A feasibility study at another school has identified the need to undertake work on the site in order to increase safety standards with respect to transport on the school grounds, which includes designating an area for car parking at the rear of the building. A bid for £40k is submitted for this. A bid of £20k is submitted for general work and for monitoring and maintaining the transport work programme at Gwynedd's schools.	110,000	Partly Approve	Recommend approving funds for essential work in one school, £50k. But request a specific report from the Head of Human Resources Department reviewing the risks and the relative expenditure in this field.	50,000
Total for Human Resources			110,000			50,000
Economy and Community Department						
Ec1	Cist Gwynedd	Gwynedd Council has been supporting the voluntary sector through this fund since 1996. The Welsh Office SDF used to be the original source of funding, but since 2001/02 the money has become part of the settlement. The annual budget is a total of £250,000, split into £110,000 revenue and £140,000 capital. The budget is managed under the successful brand of Cist Gwynedd. Cist Gwynedd includes a package of grants to support community and voluntary activities. The Voluntary Development Fund is funding specifically towards supporting capital projects by community and voluntary organisations and initiatives, which operate to serve the communities and residents of Gwynedd only.	140,000	Partly Approve	Recommend an amount of £70,000 with the Service's agreement.	70,000
Total for Economy and Community			140,000			70,000
TOTAL			822,500			692,500

Extract from the Final Accounts – Earmarked Reserves

The note below highlights the sums set aside from the General Fund in earmarked reserves in order to provide finance for liabilities which will be spent in future.

2012/13	Balance
	31
	March
	2013
	£'000
Renewals Reserves	1,716
Capital Reserves	14,286
Insurance Reserves	3,444
Services Fund	5,086
Objective 1 Fund	0
Convergence Programme Fund	1,602
Development Reserve	212
Redundancy Costs to Realise Savings Reserve	1,935
Central Training	336
Communication Centre Reserve	278
Schools Service Reserves	1,204
Economy and Community Reserves	113
Highways and Municipal Reserves	1,786
Waste Developments Reserve	426
Gwynedd Consultancy Reserves	290
Regulatory Reserves	791
Major Maintenance Work on County Roads Fund	0
Care - Other Reserves	127
Business Process Transformation Fund	244
Invest to Save Fund	1,497
Invest to Save Fund - Carbon Reduction Plan	1,521
Transforming Fund	7,105
Committed Revenue Grants Fund	168
Capital Reserve to Realise Savings	209
Contracts Tendering Fund	403
Housing Water and Sewerage Services Fund	1,337
Housing Environmental Warranty	480
Savings Programme Reserve	932
Information Technology Reserve	373
Restoration Fund	500
Preparatory Work for European Grant Funding Schemes	150
Various Other Reserves	1,343
Total	49,894

- (i) The Renewals Reserve is used by the Provider and Leisure Services, Highways and Municipal, Economy and Community and the Print Room to replace vehicles and equipment as required.
- (ii) The Capital Reserve represents resources already committed to finance part of the Council's Capital Programme.
- (iii) Gwynedd Council does not insure all risks with external insurers but instead it has established an internal reserve to meet those uninsured risks. The balance on the Insurance Reserve also includes an element relating to the relevant insurance requirements of the former Gwynedd County Council (pre 1996).
- (iv) The Services Fund represents the element of slippages and underspend that service departments have the right to carry forward for use in the subsequent financial year, other relevant specific budgets and one-off budgets that extend over more than one year.
- (v) Objective I - Fund was created for additional capital or revenue costs which arise from the requirements to develop plans for Objective I.
- (vi) Convergence Programme Fund – amounts reserved for the Councils' proportional contribution in relation to capital and revenue plans under the Convergence Programme.
- (vii) The Development Reserve relates to specific projects already determined by the Council such as Affordable Housing and E-Government.
- (viii) Redundancy Costs to Realise Savings Reserve – provision for financing redundancy costs to realise budgetary savings.
- (ix) Central Training – relates to the management training development programme.
- (x) Communication Centre Reserve – sums set aside towards developing the Communication Centre.
- (xi) Schools Service Reserves – includes sums set aside to respond to related financial problems with 'Integration' requirements, changeable demands in 'Out of County – Special Educational Needs', 'Supporting Schools' and the 'Schools Loans Scheme'.
- (xii) The Economy and Community Reserves include a number of balances relating to schemes operating on a partnership basis mainly, where the scheme balances must be accounted for separately.
- (xiii) The Highways and Municipal Reserves include mostly sums set aside to protect situations of uneven expenditure – 'equalisation accounts' – and likely requirements from contracts.
- (xiv) The Waste Development Reserve is for relevant commitments and developments in the waste field including our commitment to the North Wales Waste Partnership.
- (xv) Gwynedd Consultancy Reserves – includes amounts set aside to protect against situations of uneven expenditure due to coastal protection works and possible employment requirements resulting from changes in the Consultancy Service's work programme.

- (xvi) Regulatory Reserves – include a number of balances relating to schemes operating mainly on a partnership basis, and where the scheme balances must be accounted for separately, together with specific requirements relating to the Unitary Development Plan.
- (xvii) Major Maintenance Work on County Roads Fund – to support the cost of large maintenance work on county roads.
- (xviii) Other Care Reserves – includes amounts set aside to protect against possible situations of uneven expenditure due to contract requirements.
- (xix) Business Process Transformation Fund – A one-off fund to aid the business transformation process to realise savings for the Council.
- (xx) Invest to Save Fund – Provision for the investment in various plans to realise permanent financial savings, and further includes the requirements and resources of the Improving the Council Fund.
- (xxi) Invest to Save Fund – Carbon Reduction Plan – Partly funding the Carbon Reduction Plan programme of works to reduce carbon emissions whilst generating monetary revenue savings.
- (xxii) Transforming Fund – Provision for the change in the Council’s internal procedures to be more effective and more efficient.
- (xxiii) Committed Revenue Grants Fund – includes revenue grants received and committed for future use.
- (xxiv) Capital Reserve to realise savings – Provision to support capital plans that will realise permanent financial revenue savings.
- (xxv) Contracts Tendering Fund – in response to uneven spending situations as a result of the tendering process for transport contracts.
- (xxvi) Housing Water and Sewerage Services Fund – amounts reserved for requirements relating to sewerage procedures, water piping and sewage treatment work on old Council Housing Estates, which were not adopted by Welsh Water.
- (xxvii) Housing Environmental Warranty – reserved for possible implications as a result of giving environmental warranties to Cartrefi Cymunedol Gwynedd, in connection with specific and special circumstances that relate to environmental plans on the land of old Council Housing Estates.
- (xxviii) Savings Programme Reserve – strategic financing provision to assist and give the Council some flexibility with regards to the essential savings programme in the future.
- (xxix) Information Technology Reserve – renewals fund in order to respond to future uneven expenditure patterns.
- (xxx) Restoration Fund – provision towards the cost of the restoration work following the flood damage in November 2012, to roads, bridges, etc.
- (xxxi) Preparatory Work for European Grant Funding Schemes – provision towards the cost of preparing business cases to attract European funding sources and grants.

(xxxii) Various Other Reserves – includes amounts set aside to meet a variety of other commitments.

CAPITAL PROGRAMME FOR 2014/15 - 2016/17

£'000	2014/15	2015/16
Buildings Repairs & Maintenance (dealing with the backlog and avoiding future deterioration)	4,501	2,096
Fire and Asbestos work	626	
Schools organisation	2,738	11,229
Replacing temporary classrooms which have come to the end of their life.		1,058
Road Maintenance (Borrowing Scheme)	3,780	
Street Lighting	50	50
Safety Fences on roads	14	134
Dealing with flooding on roads	100	100
Plying Fields	35	35
Waste Strategy	430	-
Vehicle renewals	186	407
Transport feasibility schemes	100	100
Cycle routes	20	20
Information technology renewals	592	501
Electronic Documents and Records system	328	244
Housing Grants	2,000	2000
To be distributed	693	-
Total	16,193	17,974
Compared to previous total	15,748	20,346

1. Schools Organisation figure has changed as a result of re-profiling the schemes - no change in the overall total for the schemes.
2. Replacing temporary classrooms figure changed due to being able to undertake the work at a lower cost.
3. Roads Maintenance figure reflects the amount which the Government grant allows us to borrow.
4. Waste Strategy figure reduced due to the business case to change the way we dispose of waste, obviating the need to construct new cells at Ffridd Rasus.
5. The "to be distributed" figure reflects the capital bids approved in Appendix 1.

APPENDIX 4

Proposed budgets by service 2014/15

2014/15 Budget											
	Base	Inflation\	Precepts	Council Tax	Interest	Demography	Transfers	Presures	Savings	Base	
	Budget		Increments	Reduction	and	Income and	into the	on		Budget	
	2013/14		and Pensions	Scheme	borrowing	Miscellaneous	settlement	Services		2014/15	
DEPARTMENTS	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team	793	10	(11)	0	0	164	0	0	(3)	953	
Strategic and Improvement	4,364	52	14	0	0	14	0	0	(13)	4,431	
Finance	3,813	68	(5)	0	0	(5)	179	40	(46)	4,044	
Democracy and Legal	1,594	31	7	0	0	12	0	0	(9)	1,635	
Customer Care	7,329	120	(1)	0	0	26	0	0	(100)	7,374	
Human Resources	2,934	38	4	0	0	(26)	0	0	(43)	2,907	
Trunk Roads Agency	(87)	0	0	0	0	0	0	0	0	(87)	
Highways and Municipal	21,941	697	162	0	0	(60)	17	769	(227)	23,299	
Regulatory (Planning, Transport and PP)	6,895	142	8	0	0	(60)	0	(64)	(198)	6,723	
Gwynedd Consultancy	(63)	8	1	0	0	156	0	0	(24)	78	
Central Education	13,683	106	29	0	0	(25)	0	215	(509)	13,499	
Schools Budget	70,255	118	(93)	0	0	(464)	0	278	(245)	69,849	
Economy and Community	3,523	(4)	7	0	0	171	0	25	(216)	3,506	
Social Services	55,443	710	(1)	0	0	836	0	640	(995)	56,633	
Housing	1,543	25	2	0	0	(10)	0	0	(7)	1,553	
Leisure and Provider	1,898	158	47	0	0	19	0	(33)	(215)	1,874	
Total Departments	195,858	2,279	170	0	0	748	196	1,870	(2,850)	198,271	
Corporate and Capital items	37,569	463	(21)	203	(168)	(202)	1,218	140	(5,731)	33,471	
GROSS TOTAL =	233,427	2,742	149	203	(168)	546	1,414	2,010	(8,581)	231,742	
		0	0		0	0				0	
Balances and specific reserves	485	0	0	0	0	0	0	(129)	(450)	(94)	
NET TOTAL =	233,912	2,742	149	203	(168)	546	1,414	1,881	(9,031)	231,648	

REPORT TO COUNCIL
6 March 2014

Cabinet Member: Cllr Peredur Jenkins

Subject: 2014/15 – 2017/18 Financial Strategy

Contact Officer: Dilwyn Williams, Corporate Director

Decision sought

The Council's views on the proposals for dealing with the financial problems with which we are faced for the next 4 years namely –

1. In relation to the position over the next 4 years, we should find the £34m funding gap projected for the period by keeping all options open (including the possibility of raising the Council tax by more than 3.5% and finding savings from the schools budget) and that we should find the majority of the gap by maximising efficiency savings and demand management we can deliver.
 2. An inclusive system should be established in order to establish efficiency savings plans and prioritisation which needs to be made in order to establish where we should cut services.
 3. In the meantime advantage must be taken of any opportunity to deliver savings even if it means not waiting for the regime in question so as not to lose the opportunity.
-

Introduction

4. Historically, and in accordance with good practice, the Council has established its' annual budget within the context of the medium term financial strategy in order to ensure that the budget is prepared for the situation ahead rather than meeting the requirements of one year at a time.
5. This has proven to be of benefit to us in the past as we have been able to find savings in a rational and sensible way rather than having to take

- rushed decisions , which often lead to the wrong decisions in terms of the benefits to our citizens.
6. Gwynedd Council's practices have been used as a good practice example in a national report on financial planning published recently by the Welsh Audit Office.
 7. The previous report presents the cabinet's recommendations for consideration by the Council in relation to the 2014/15 budget.
 8. In addition, in view of the difficult financial prospects ahead of us, and as we need to plan ahead for future years' budgets and propagate schemes early enough in order to be able to meet this financial challenge, the Cabinet also wishes to consult the Council on what needs to be done in order to face these medium term challenges.
 9. In addition to establishing a budget for 2014/15, an effort has also been made to project the financial situation for the following three years so that we set the 2014/15 position in it's wider context and plan how we are going to meet the challenges ahead.
 10. The strategy for the next 4 years gives a realistic picture of what could lie in store for us. Details of the projections used can be found in Appendix 1.
 11. The grant figure we will receive from the Welsh Government is the most uncertain figure from 2016/17 onwards. Taking this year's experience into account there is also some doubt as to whether we can rely on the figure given for 2015/16. Since the grant represents about 80% of the Council's income, obviously this figure is key to the projections. We know from the Chancellor's statement and the statements made by Welsh Government Ministers that it will not be good news for Local Government in Wales and an attempt has been made to estimate the level of this grant on the basis of the public sector spending figures that are in the official Westminster Government public spending reports.
 12. Also, as we go further into the future there is more uncertainty regarding all the figures and we have therefore divided the strategy into two parts as set out below, with the first two years being more certain and the last two years representing planning targets.
 13. The table below shows the results of the projections made, and notes the savings already planned or being delivered.

Table 1
Financial planning projections for the 4 years 2014/15 – 2017/18

£M	2014/15	2015/16	2016/17	2017/18	Total
Additional spending needs	6.4	7.7	10.2	6.7	31.0
Grant loss (increase)	6.7	4.4	3.5	6.1	20.7
Council Tax (*)	(2.7)	(1.8)	(1.9)	(2.0)	(8.4)
Planned deficit	10.4	10.3	11.8	10.8	43.3
Budgetary adjustments	(3.1)				(3.1)
Current Savings programme	(5.5)	(0.7)	(0.2)		(6.4)
Use of balances and early savings	(1.8)	1.8			-
To be found -	(-)	11.4	11.6	10.8	33.8

(*) based on an average yearly increase of 3.5%

14. It can be seen that we are projecting a funding gap of around £50m over the period, but with an assumed council tax increase of 3.5% and savings already being found, this will leave around £34m to be found. £14m of this funding gap arises due to the assumptions relating to the Government grant we will receive and is extremely sensitive to that figure.
15. Whilst there is of course a possibility that this reduction could be less (which would result in the gap being less) there is also a possibility that the reduction could be higher and therefore I think it is realistic for us to use a planned figure of £34m for the period ahead.
16. The projection also assumes an average increase of 3.5% Council Tax every year. It's a matter for the Council to decide on the Council Tax increase every year but 3.5% is noted in the above projection in order to show the substantial gap that is left even after such an increase. If the Council wishes to see a higher or lower increase it will obviously affect the financial gap stated.
17. In order to underline the seriousness of a £34m gap we must be alive to the fact that if we protected the whole of the schools budget, this would mean a reduction of 27% in every other service within the Council. I would invite members to look at the budget book and to choose any service and consider how they could reduce 27% costs from every other service. It will be a very difficult task.
18. Therefore, on the basis that we will need to find about £34m over the next four years, and in order to consider all the implications, we must come to a conclusion on -

- The probable increase in Council Tax for the years ahead. Are we going to keep to our strategy of increasing the Council Tax 3.5% or are we going to increase it further in view of the implications of finding such a large funding gap on our services?
 - What element of this gap will we be asking schools to take on? With such a large gap it is unreasonable to consider that we can fully protect schools but we need to consider how much protection can be achieved.
 - What amount of further efficiency savings will be able to find and be proactive to reduce demand for Council Services;
 - Since any gap left after this will have to come from service cuts – how are we going to decide where these cuts fall.
19. What is obvious is that we have to ensure that we have maximised the sums obtained from efficiency savings and demand management activities and falling back on service cuts as a last resort. This is the way forward if we really want to ensure the least effect on the people of Gwynedd.
20. As the table below notes, even if we raised the Council Tax to 5% for the next four years, and we expected to get 6% from the schools budget, and assuming that we are able to discover £15m efficiency savings from reduced demand, this would continue to mean finding service cuts worth £9m.

Table 2
Projection of service cuts required in different scenarios

	Conservative efficiency	More ambitious efficiency	Leave all options open CT up to 5% Schools up to 6% Savings from the Commission
Council Tax	-	-	£2.5m
Schools	-	-	£4.3m
The Commission	-	-	£3.0m
Efficiencies	£15m	£20m	£15m
Cuts	£19m	£14m	£9.2m
	£34m	£34m	£34m

21. Taking a less optimistic attitude towards the Council Tax, the school budget and efficiency savings, it can be seen that the level of cuts would then increase to £19m which would be very difficult if not impossible to achieve considering the effect that this would have on the people of Gwynedd.
22. **It is therefore recommended** that all the options should be kept open until we see the effect and the implications of the decisions with which we will be faced to achieve savings. Working on any other basis will only place us in a position with which we may not be able to cope. This would mean working within the following framework -

Council Tax Policy	Consider increase in the Council Tax in the 3.5% - 5% range
Schools Budget	Consider setting a target for the schools budget based on what is practical
Commission on Public Service Governance and Delivery	Consider whether there will be any savings arising from reorganisation which we can depend upon and take into account
Efficiency Savings	Maximising the efficiency savings that can be achieved
Service Cuts	Figure remaining

23. Obviously whatever the final figures we achieve in the above equation, it will be necessary to try and maximise the sum that comes from efficiency savings and demand management.
24. We are currently considering all opportunities that are available to individual services in order to find further efficiency savings/demand management savings and these figures will be used as a basis for efficiency savings/demand management targets for the individual services to be approved in April.
25. Services will then be expected to establish schemes in order to achieve these targets and ensuring that the scrutiny process is part of the approvals process before they are presented to the Council Cabinet during 2014.
26. In achieving such savings, this will meet an element of the gap (but is unlikely to meet all of it).

27. As we will have to ensure that we have established our priorities if we are to implement service cuts, we will need an inclusive process to do so which will include all council members and considered engagement with the people of Gwynedd. I am currently discussing this matter with officers with a view to bringing forward a suitable regime in the early spring.
28. We should be glad that our previous forward planning activity has enabled us to ensure that we are not yet in a position of having to implement service cuts in our core budget – a position which is not necessarily replicated at some other authorities but we must face the fact that we will face an element of this in future, especially if the local government grant continues to reduce.
29. However, even if we do take advantage of the opportunity to plan carefully, bearing in mind that our priority is to look for efficiency savings ahead of service cuts, and bearing in mind that establishing and implementing such schemes takes more time than implementing service cuts, there is a danger that time will not allow us to deliver the above vision in its entirety.
30. It will therefore be necessary for the Cabinet to take advantage of any opportunity that arises in the meantime to achieve savings – including any opportunity that arises during the current year.
31. The Audit Committee has given consideration to the financial propriety of the proposed strategy at its meeting on 20 February, and subject to the observations relating to the use of balances noted in the previous report, they were satisfied that the report addresses the possible risks inherent in the proposed strategy.

APPENDIX 1

4 year assumptions 2014/15 - 2017/18

£m	2015/16	2016/17	2017/18	Total
Additions to the budget				
Pay inflation	3.1	3.3	3.3	Based on 2% p.a. from 15/16
Other inflation	1.5	1.5	1.5	Calculation based on CPI predictions and its effect on Council inflation
Payroll costs	0.3	0.3	0.3	Previous experience
Precepts	0.2	0.2	0.2	Best estimate
Borrowing costs	0.1	(0.3)	-	Specific calculation
Interest	-	(0.1)	(0.1)	Best estimate
Demography	0.4	0.3	0.3	Specific calculation
Pressures on services	2.1	5.0	1.2	£1m a year for genera pressures + known significant other pressures
Total additions	7.7	10.2	6.7	
Government Grant reductions	4.4	3.5	6.1	-2.5% in 15/16; -2% in 16/17 a -3.5% in 17/18
Total gap after grant	12.1	13.7	12.8	

Views of the Statutory Officers

Chief Executive:

Last Autumn the Council's financial prospects worsened suddenly by £8m when the Welsh Government confirmed a change to its original plans for Council grant in 2014/15. The Council had an appropriate strategy in place to deal with the original grant figures and decided not to rush into a new round of cuts to deal with the extra deficit. This was done in order to buy time for the Council to come up with new efficiency measures and to better understand potential cuts to services.

The downside of the strategy is that the Council's proposed budget in 2014/15 is probably the tightest budget since its formation in 1996. There will be no contingency budgets for unanticipated increases in permanent expenditure during the year; there is considerable use of balances which defer making difficult budgetary decisions and there are emerging budgetary pressures which are difficult to quantify at this stage.

This approach puts enormous pressure and accountability on the Cabinet to make efficiency savings and cuts during 2014/15 well in advance of April 2015 so that we are, once again, back on the front foot. In order to succeed the Cabinet will benefit from a focussed input from the Scrutiny Members. The Council faces a daunting financial challenge but, providing everyone performs their roles effectively and given our good track record, we can be confident of controlling the damage to Council services in Gwynedd.

Monitoring Officer:

Although the financial strategy is a matter for the Cabinet to decide it has indicated a desire to be inclusive and consult with the Council. I support the intention to do so.

Head of Finance:

See my detailed opinion on the '2014/15 Budget' report (an accompanying item on this agenda). I have worked with the Cabinet Member for Resources and the Corporate Director (DOW) in the preparation of the Medium Term Financial Plan, and I confirm that this report is firmly based on estimates which are fair and prudent.

MEETING	FULL COUNCIL
DATE	6 MARCH 2014
TITLE	TREASURY MANAGEMENT TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION STRATEGY AND ANNUAL INVESTMENT STRATEGY FOR 2014/15
PURPOSE	ADOPT THE PROPOSED STRATEGIES
AUTHOR	DAFYDD L EDWARDS – HEAD OF FINANCE
CABINET MEMBER	COUNCILLOR PEREDUR JENKINS

Introduction and Background

1. The Code of Practice for managing Treasury Management in Public Services published by CIPFA, requires the Council to prepare a Policy Statement and practice papers together with detailed schedules setting out the Council's approach to all treasury operations. The primary requirement of the Code is the approval by the Full Council of the Policy Statement, the practice papers and the schedules. These were approved by the Council (in respect of 2013/14) at its meeting of 28th February 2013.
2. The Welsh Assembly Government's Statutory Guidance on Local Government Investments ("The Guidance"), requires the Council, as part of its treasury management function to prepare an Annual Investment Strategy. The Guidance states that authorities can combine the Treasury Management Strategy Statement and the Annual Investment Strategy into one report. Gwynedd Council has adopted that suggestion, therefore the Annual Investment Strategy is included as section 5 of **Appendix A**.
3. The Council is required by the Code and the Guidance to approve an annual Treasury Management Strategy Statement, Minimum Revenue Provision Strategy and an Annual Investment Strategy prior to the commencement of each financial year. The proposed strategy for 2014/15 is detailed herewith as **Appendix A** and **Appendix D**.
4. The counterparties list (**Appendix B**) shows the recommendations for January 2014. This will be updated when specific advice is received regarding the bodies within the new categories of investment, such as building societies that are below A- rating, are received.
5. As Administering Authority of the Gwynedd Pension Fund the Council also undertakes treasury management investment functions on its behalf by combining the surplus cash held by the Council and the Pension Fund for daily investment purposes. The Pension Fund requests this annually as the returns received are improved and the risks reduced by combining the cash with the Council's funds. The Pensions Committee will approve the relevant elements of this Strategy Statement and request the continuation of the pooling arrangements for 2014/15 at its meeting on 17th March 2014.

6. In addition, the Local Government Act 2003 introduced a prudential framework for local authority's capital investment. The new arrangements, which were applicable from 1st April 2004, introduced a new system of governance for local authority capital expenditure, based largely on self regulation. The Prudential Code for Capital Finance in Local Authorities has been developed by CIPFA as a professional code of practice, with statutory backing, to support local authorities in taking decisions to spend capital. Key objectives are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. Local authorities, before the beginning of each financial year, are required to set certain prudential indicators for the forthcoming and following years. Following the recent review, CIPFA has now introduced a new prudential indicator, "Upper limits on the proportion of net debt to gross debt" to highlight where an authority may be borrowing in advance of its cash requirement. The indicators, which are based on the capital and revenue budget proposals contained elsewhere on the agenda, are shown here in **Appendix C**.
7. With effect from 31st March 2008, the Welsh Assembly Government introduced the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 [the "Amendment Regulations"]. These Regulations introduce certain amendments to those introduced in 2003 [the "Original Regulations"] as part of the implementation of the Prudential Borrowing regime. Amongst the changes introduced is the requirement for an Annual Minimum Revenue Provision (MRP) Policy Statement.
8. The Original Regulations set out a statutory basis and a complex formula for the calculation of MRP. The Amendment Regulations only require a charge that is 'prudent', and authorities are permitted more discretion in terms of the charge levied, albeit within certain parameters. **Appendix D** therefore also incorporates the Annual MRP Statement for 2014/15.
9. Members of the Audit Committee and the Cabinet Member for Resources were invited to a briefing meeting on 29 January 2014 with Arlingclose, the Council's Treasury Advisors, to discuss Treasury Management. Members were reminded of CIPFA's Code of Practice for Treasury Management as well as their roles and responsibilities as members for the Treasury Management function. The advisors highlighted the various current treasury risks, and spoke in detail about the credit and counterparty risks, interest rate risks and inflation risk. They also discussed the Council's debt portfolio, net borrowing position, and the prudential indicators.
10. All of the following papers were presented to the Audit Committee on 20 February, where proposals were explained and generally accepted, further to questions from Members. The Audit Committee decided to recommend to the full Council as follows:

Recommendation

11. **The Council is asked to adopt the Treasury Management Strategy Statement and the Annual Investment Strategy for 2014/15 (Appendix A), the Prudential Indicators (Appendix C), the Minimum Revenue Provision Strategy (Appendix D) and the pooling arrangement with the Pension Fund for daily cash flow investment.**

Treasury Management Strategy Statement 2014/15

1. Introduction

- 1.1 In March 2011 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.
- 1.2 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in April 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.3 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.4 The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

2. External Context

2.1 Economic background

The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.7% in August 2013, but is not forecast to fall below the threshold until 2016, due to the UK's flexible workforce.

The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.7% in September 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.

Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under

Forward Guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.

In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Fed did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.

2.2 Credit outlook

The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. This is already manifest in relation to holders of subordinated debt issued by the Co-op which will suffer a haircut on its conversion bail-in to alternative securities and/or equity. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

2.3 Interest rate forecast

Arlingclose's forecast is for the Bank Rate to remain flat until late 2016, the risk to the upside (i.e. rates being higher) are weighted more heavily towards the end of the forecast horizon, as the table below shows. Gilt yields are expected to rise over the forecast period with medium- and long-dated gilts expected to rise by between 0.7% and 1.1%.

- 2.4 A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at *Annex A*.
- 2.5 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.4%, and that no new long-term loans will be required.

3. Local Context

3.1 The Authority had £111.6m of borrowing and £52.2m of investments as at 31 December 2013. This is set out in further detail at *Annex B*. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.13 Actual £'000	31.3.14 Estimate £'000	31.3.15 Estimate £'000	31.3.16 Estimate £'000	31.3.17 Estimate £'000
Gross CFR	165,924	168,430	173,714	178,437	182,813
Less: Other long-term liabilities *	(29)	(15)	0	0	0
Borrowing CFR	165,895	168,415	173,714	178,437	182,813
Less: External borrowing **	(113,248)	(112,469)	(111,267)	(131,267)	(129,500)
Internal borrowing	52,647	55,946	62,447	47,170	53,313
Less: Usable reserves	(65,725)	(45,211)	(39,812)	(34,269)	(32,223)
Less: Working capital	(23,718)	(18,162)	(18,102)	(18,082)	(18,077)
Investments	(36,796)	(7,427)	4,533	(5,181)	3,013

* finance leases that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of £40m.

Table 1 shows that the Council may need to borrow up to £4.5million in 2014/15. This is based on projections for significant use of reserves during 2013/14 and 2014/15 and includes those capital schemes which are financed by borrowing. Some slippage is likely in both of these and therefore additional external borrowing has not been budgeted for in 2014/15. However, it is estimated that additional borrowing of £20million will be required in 2015/16, and this is included in the table above.

3.3 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2014/15.

4. Borrowing Strategy

- 4.1 The Authority currently holds £112 million of loans, a decrease of £1 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2014/15. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £190 million.
- 4.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2014/15 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5 In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.
- 4.6 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board
 - UK local authorities
 - any institution approved for investments (see paragraph 5.3 below)
 - any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
 - special purpose companies created to enable joint local authority bond issues.

The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it may consider other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

4.7 The Authority holds £16.2m as a LOBO (Lender's Option Borrower's Option) loan where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. There is no option during 2014/15. Total borrowing via LOBO loans will be limited to £16.2m.

4.8 Short-term and variable rate loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

4.9 **Debt Rescheduling**

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

5. **Investment Strategy**

5.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £48 and £81 million, and similar levels are expected to be maintained in the forthcoming year. This includes the cash balances of Gwynedd Pension Fund which are pooled with the Council's funds for investment purposes. The Pension Fund requests this annually as the returns received are improved and the risks reduced by combining the cash with the Council's funds. The Pensions Committee will approve the relevant elements of this Strategy Statement and request the continuation of the pooling arrangements for 2014/15 at its meeting on 17th March 2014.

5.2 Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.3 The Authority may invest its surplus funds with any of the counterparties in table 2 below, subject to the cash and time limits shown.

Table 2: Approved Investment Counterparties

Counterparty	Cash limit	Time limit
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	5 years*
	AA+	5 years*
	AA	4 years*
	AA-	3 years*
	A+	2 years
	A	1 year
	A-	
The Authority's current account bank (Barclays Bank plc) if it fails to meet the above criteria	£1m	next day
UK Central Government (irrespective of credit rating)	unlimited	10 years**
UK Local Authorities (irrespective of credit rating)	£11m each	2 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher	£5m each	2 years
UK Building Societies without credit ratings	£1m each	1 year
Money market funds and other pooled funds	£6m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser	£5m each	3 months
	£1m each	1 year
	£100k each	5 years
Business loans to local companies***	£3m each	10 years

* but no longer than 2 years in fixed-term deposits and other illiquid instruments

** but no longer than 5 years in fixed-term deposits and other illiquid instruments

*** Advancement of these loans will be approved by the procedure detailed in paragraph 5.9 below. Evaluation of the Business Loans is not part of the advice or services from the Council's treasury advisor.

- 5.3 There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.

5.4 **Current Account Bank**

Following a competitive tender exercise held in 2010, the Authority's current accounts are held with Barclays Bank plc which is currently rated above the minimum A- rating in table 2. Should the credit ratings fall below A-, the Authority may continue to deposit surplus cash with Barclays Bank plc providing that investments that can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).

5.5 **Registered Providers**

Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

5.6 **Building Societies**

The Authority takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Authority's deposits would be paid out in preference to retail depositors. The Authority will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

5.7 **Money Market Funds**

These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

5.8 **Other Organisations**

The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

5.9 **Local Loans Fund**

The Council has set up a Local Loans Fund which will make loans to local businesses. These investments are included in the Non-Specific Investments table above and will be for a maximum period of 10 years. The total value of the fund for such investments is £3million. Applications for loans under this scheme will not be part of the usual credit assessment for treasury management investment purposes but will be assessed by appointed consultants and any decision to lend will be made by the Investment Panel for the scheme.

5.10 **Risk Assessment and Credit Ratings**

The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a A- rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.11 Other Information on the Security of Investments

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

5.12 Specified Investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

- 5.12 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled funds; and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£30m
Total shares in money market funds	£35m
Total investments without credit ratings or rated below [A-]	£7m
Total investments in foreign countries rated below [AA+]	£7m
Total non-specified investments	£50m

- 5.13 **Investment Limits:** The Authority’s revenue reserves and Pension Fund cash available to cover investment losses are forecast to be £48 million on 31st March 2014. In order that no more than 23% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £11 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers’ nominee accounts (*e.g. King & Shaxson*), foreign countries and industry sectors as below:

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£11m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£11m per group
Any group of pooled funds under the same management	£11m per manger
Negotiable instruments held in a broker's nominee account	£11m per broker
Foreign countries	£11m per country
Registered Providers	£14m in total
Building Societies	£14m in total
Loans to small businesses	£7m in total
Money Market Funds	£35m in total

5.14 **Approved Instruments:** The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice),
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £7 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

5.15 **Liquidity management**

The Authority uses prudent cash flow forecasting techniques to determine the maximum period for which funds may prudently be committed.

6. Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

6.1 Security

The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target
Portfolio average credit score	6.0

6.2 Liquidity

The Authority intends to adopt a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a specific period, without additional borrowing. The baseline will be established during 2014/15 and the new measure will be introduced for 2015/16 onwards.

6.3 Interest Rate Exposures

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2014/15	2015/16	2016/17
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	50%	50%	50%

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

- 6.4 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
50 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 6.5 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2014/15	2015/16	2016/17
Limit on principal invested beyond year end	£30m	£20m	£10m

7. Other Items

- 7.1 There are a number of additional items that the Authority is obliged by CIPFA or WG to include in its Treasury Management Strategy.
- 7.2 **Policy on Use of Financial Derivatives:** In the absence of any legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.
- 7.3 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed every year as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

- 7.4 **Investment Advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is monitored by the Head of Finance and the Investment Manager on a regular basis.
- 7.5 **Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £195 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Annex A – Arlingclose Economic & Interest Rate Forecast December 2013

Underlying assumptions:

- Growth continues to strengthen with the second estimate for Q3 growth coming in at an unrevised 0.8%. The service sector remains the main driver of growth, boosted by a contribution from construction.
- The unemployment rate has fallen to 7.6%. The pace of decline in this measure will be dependent on a slower expansion of the workforce than the acceleration in the economy, alongside the extent of productivity.
- The CPI for November has fallen to 2.1%, a much more comfortable position for the MPC. Utility price increases are expected to keep CPI above the 2% target in 2014, before falling back again.
- The principal measure in the MPC's Forward Guidance on interest rates is the Labour Force Survey (LFS) unemployment rate. The MPC intends not to raise the Bank Rate from its current level of 0.5% at least until this rate has fallen to a threshold of 7%.
- The reduction in uncertainty and easing of credit conditions have begun to unlock demand, much of which has fed through to the housing market. In response to concerns over a house price bubble, the Bank of England announced a curtailment of the Funding for Lending Scheme, which will henceforth concentrate on business lending only.
- The MPC will not hesitate to use macro prudential and regulatory tools to deal with emerging risks (such as curtailing the FLS). Absent risks to either price stability or financial stability, the MPC will only tighten policy when it is convinced about the sustained durability of economic growth.
- Federal Reserve monetary policy expectations - the slowing in the pace of asset purchases ('tapering') and the end of further asset purchases - will remain predominant drivers of the financial markets. Tapering of asset purchases will begin in Q1 2014. The US political deadlock over the debt ceiling will need resolving in Q1 2014.
- The European backstop mechanisms have lowered the risks of catastrophic meltdown. The slightly more stable economic environment at the aggregate Eurozone level could be undone by political risks and uncertainty in Italy, Spain and Portugal (doubts over longevity of their coalitions). The ECB has discussed a third LTRO, as credit conditions remain challenging for European banks.
- China data has seen an improvement, easing markets fears. Chinese leaders have signalled possible monetary policy tightening.
- On-going regulatory reform and a focus on bail-in debt restructuring of is likely to prolong banking sector deleveraging and maintain the corporate credit bottleneck.

Forecast:

- Our projected path for short term interest rates remains flat. Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.
- We continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the soft fundamental global outlook and risks surrounding the Eurozone, China and US.

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00
Arithmetic Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk													
3-month LIBID rate													
Upside risk	0.20	0.25	0.30	0.35	0.40	0.50	0.55	0.60	0.65	0.70	0.75	0.90	0.95
Arithmetic Central Case	0.45	0.45	0.50	0.55	0.65	0.75	0.75	0.75	0.75	0.80	0.80	0.80	0.80
Downside risk			0.05	0.10	0.20	0.30	0.30	0.30	0.30	0.30	-0.35	-0.35	-0.35
1-yr LIBID rate													
Upside risk	0.35	0.30	0.35	0.40	0.45	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.80
Arithmetic Central Case	0.90	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.40	1.40
Downside risk	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arithmetic Central Case	1.45	1.50	1.55	1.60	1.65	1.70	1.75	1.85	1.95	2.10	2.30	2.50	2.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
10-yr gilt yield													
Upside risk	0.50	0.50	0.50	0.65	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arithmetic Central Case	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	3.00	3.10	3.30	3.50	3.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
20-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arithmetic Central Case	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.65	3.75	3.85	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80
50-yr gilt yield													
Upside risk	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arithmetic Central Case	3.45	3.50	3.55	3.60	3.65	3.70	3.75	3.80	3.85	3.95	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80

Annex B – Existing Investment & Debt Portfolio Position

	31.12.13 Actual Portfolio £m	31.12.13 Average Rate %
External Borrowing:		
PWLB – Fixed Rate	95.4	6.11
LOBO Loans	16.2	4.23
Total Gross External Debt	111.6	5.84
Investments:		
Short-term investments	52.2	0.56
Total Investments	52.2	0.56
Net Debt	59.4	

COUNTERPARTIES CURRENTLY MEETING INVESTMENT CRITERIA

Country	Counterparty	Maximum Limit of Investments £m	Maximum Length of Loans
UK	DMADF, DMO	No Limit	No Limit
UK	UK Local Authorities	£30m (£30m)	2 years
UK	Santander UK Plc (Banco Santander Group)	£12m (£18m)	Up to 6 months 2-years
UK	Bank of Scotland (Lloyds Banking Group)	£12m (£18m)	Up to 6 months 2-years
UK	Lloyds TSB (Lloyds Banking Group)	£12m (£18m)	Up to 6 months 2-years
UK	Barclays Bank Plc	£12m (£18m)	Up to 1 year 2-years
UK	Close Brothers	£12m (£18m)	Up to 100 days 2-years
UK	Clydesdale Bank (National Australia Bank Group) **SUSPENDED 28/09/11**	£12m (£18m)	2-years
UK	Goldman Sachs International Bank	£10m	Up to 100 days
UK	HSBC Bank Plc	£12m (£18m)	Up to 1 year 2-years
UK	Leeds Building Society	£1m	Up to 100 days
UK	Nationwide Building Society	£12m (£18m)	Up to 1 year 2-years
UK	NatWest (RBS Group)	£12m (£18m)	Overnight Only 2-years
UK	Royal Bank of Scotland (RBS Group)	£12m (£18m)	Overnight Only 2-years
UK	Standard Chartered Bank	£12m (£18m)	Up to 1 year 2-years
Australia	Australia and NZ Banking Group	£12m (£18m)	Up to 1 year 2-years
Australia	Commonwealth Bank of Australia	£12m (£18m)	Up to 1 year 2-years
Australia	National Australia Bank Ltd (National Australia Bank Group)	£12m (£18m)	Up to 1 year 2-years
Australia	Westpac Banking Corp	£12m (£18m)	Up to 1 year 2-years
Canada	Bank of Montreal	£12m (£18m)	Up to 1 year 2-years
Canada	Bank of Nova Scotia	£12m (£18m)	Up to 1 year 2-years
Canada	Canadian Imperial Bank of Commerce	£12m (£18m)	Up to 1 year 2-years
Canada	Royal Bank of Canada	£12m (£18m)	Up to 1 year 2-years
Canada	Toronto-Dominion Bank	£12m (£18m)	Up to 1 year 2-years
Finland	Nordea Bank Finland	£12m (£18m)	Up to 1 year 2-years
Finland	Pohjola	£12m (£18m)	Up to 6 months 2-years
France	BNP Paribas **SUSPENDED 08/11/13**	£12m (£18m)	Up to 100 days 2-years
France	Credit Agricole CIB (Credit Agricole Group) **SUSPENDED 08/11/13**	£12m (£18m)	Up to 100 days 2-years
France	Credit Agricole SA (Credit Agricole Group) **SUSPENDED 08/11/13**	£12m (£18m)	Up to 100 days 2-years
France	Société Générale **SUSPENDED 08/11/13**	£12m (£18m)	Up to 100 days 2-years
Germany	Deutsche Bank AG	£12m (£18m)	Up to 1 year 2-years
Germany	Landesbank Hessen-Thurnigen (Helaba)	£10m	Up to 100 days
Netherlands	ING Bank NV	£12m (£18m)	Up to 100 days 2-years
Netherlands	Rabobank	£12m (£18m)	Up to 1 year 2-years
Netherlands	Bank Nederlandse Gemeenten	£12m (£18m)	Up to 1 year 2-years
Singapore	DBS Bank Ltd	£12m (£18m)	Up to 6 months 2-years
Singapore	Oversea-Chinese Banking Corporation (OCBC)	£12m (£18m)	Up to 6 months 2-years
Singapore	United Overseas Bank (UOB)	£12m (£18m)	Up to 6 months 2-years
Sweden	Svenska Handelsbanken	£12m (£18m)	Up to 1 year 2-years
Switzerland	Credit Suisse	£12m (£18m)	Up to 100 days 2-years
US	JP Morgan	£12m (£18m)	Up to 1 year 2-years

1. There is a limit of £18m on banks within the same banking group.
2. The time limits in the above list relate to term deposits. Negotiable/tradable instruments such as CD's are subject to a 5 year limit. Current recommended duration limits are considerably lower than this, but the limits outlined above provide flexibility to react to the possibility of continued stabilisation or improvement in credit and economic conditions in 2013/14.
3. This list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively, if a counterparty is downgraded, this list may be shortened.

Appendix C - Prudential Indicators 2014/15

1. Background

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Estimates of Capital Expenditure

The Authority's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total Capital Expenditure	41,223	35,610	25,574	22,379
Capital Receipts	702	1,192	1,680	230
Government Grants	19,193	12,774	8,111	8,022
Revenue	11,173	9,499	4,049	2,059
Supported Borrowing	4,166	4,122	4,122	4,122
Prudential borrowing	5,989	8,023	7,612	7,496
Total Financing	41,223	35,610	25,574	22,379

3. Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.14 Revised £'000	31.03.15 Estimate £'000	31.03.16 Estimate £'000	31.03.17 Estimate £'000
Total CFR	168,430	173,714	178,437	182,813

The CFR is forecast to rise by £14.383m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

- 4. Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.14 Revised £'000	31.03.15 Estimate £'000	31.03.16 Estimate £'000	31.03.17 Estimate £'000
Borrowing	112,469	111,267	131,267	129,500
Finance leases	15	0	0	0
Total Debt	168,988	171,984	181,318	182,660

Total debt is expected to remain below the CFR during the forecast period.

5. Operational Boundary for External Debt

The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

Operational Boundary	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Borrowing	175,000	175,000	175,000	175,000
Other long-term liabilities	0	0	0	0
Total Debt	175,000	175,000	175,000	175,000

6. Authorised Limit for External Debt

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2013/14 Revised £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Borrowing	195,000	195,000	195,000	195,000
Other long-term liabilities	0	0	0	0
Total Debt	195,000	195,000	195,000	195,000

7. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2013/14 Revised %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
General Fund – assuming 3.5% increase in Council Tax for 14/15 and going forward	5.84	5.35	5.60	5.78
General Fund – assuming 3.9% increase in Council Tax for 14/15, and 3.5% increase going forward	5.84	5.34	5.59	5.78

8. Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £
General Fund - increase in annual band D Council Tax	0	0	0

9. Adoption of the CIPFA Treasury Management Code

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* at its full Council meeting on 3rd March 2011.

Appendix D – Annual Minimum Revenue Provision Statement 2014/15

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2010.

The broad aim of the WG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Where loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

Capital expenditure incurred during 2014/15 will not be subject to a MRP charge until 2015/16.

Based on the Authority's estimate of its Capital Financing Requirement on 31st March 2014, the budget for MRP has been set at £6.86m.

MEETING	THE COUNCIL
DATE	6 MARCH 2014
TITE OF THE REPORT	COMMITTEES CALENDAR 2014/15
PURPOSE	PRESENT A DRAFT OF THE COUNCIL'S COMMITTEES CALENDAR FOR 2014/15
AUTHOR	GERAINT GEORGE, HEAD OF DEMOCRATIC SERVICES

1. BACKGROUND

- 1.1 During the process of creating the Council's Committees Calendar for 2014/15, members were invited through *Rhaeadr* to express their opinion on the timetable for the Council's Committee meetings for 2014/15.
- 1.2 The purpose of this was to ensure that the Council ensures that everyone has the opportunity to participate in the democratic process, therefore making every effort to ensure that meetings are held in suitable locations and at a reasonable time so as to assist members to fulfill their roles effectively. No comments were received in response to the request issued in *Rhaeadr*.
- 1.3 Discussions were held with a draft version of the 2014/15 Committees Calendar with Snowdonia National Park to ensure that there were no clashes in the meetings of both organisations.
- 1.4 Disussions were also held with the Business Group, however they did not have any comments on the draft version of the 2014/15 Committees Calendar.

2. 2014/15 COMMITTEES CALENDAR

- 2.1 The Committees Calendar for 2014/15 is presented overleaf.
- 2.2 One additional meeting of the Council has been programmed for July this year. Please note, however, that additional meetings can be called in special circumstances.

3. RECOMMENDATION

The Council is asked to adopt the Committees Calendar for 2014/15.

	20142015	Meeting Time	May	June	July	August	September	October	November	December	January	February	March	April	May
COUNCIL		pm	*1		17			9		4			5		*14
Cabinet		pm	20	10	1/15		16	7	4/25	16	13	3/17	17	14	5
Member Training		am/pm	7		2		24		12		14	25		22	
(1) Corporate Scrutiny Committee		am/pm		5			11		13		15		26		
(2) Communities Scrutiny Committee		am/pm	13		8		30			2		24			
(3) Services Scrutiny Committee		am/pm		19				2		11		12		16	
Audit Committee		am	6		10		25			18		19			12
Democratic Service Committee		am/pm		3			9			9			10		
Planning Committee		am/pm	19	16	7/28		1/22	13	3/24	15	12	2	2/23	27	
Joint Planning Policy Committee		am/pm		20			26		21		23		6		
Central Licensing Committee		am		23			15			8			9		
Standards Committee		am		30			29				26			20	
SACRE		pm		25				22				11			
Language Committee		am		26				23			29			23	
Local Joint Consultative Committee		am			11										
Employment Appeals Committee		am/pm		13			19		14			6		17	
Pensions Committee		pm		17	*31			21			6		24		
Porthmadog Harbour Consultative Committee		pm						8					4		
Pwllheli Harbour Consultative Committee		pm						28					31		
Aberdyfi Harbour Consultative Committee		am							11				3		
Barmouth Harbour Consultative Committee		am						16					19		
SCHOOL HOLIDAYS (for information)			05 & 26-30		22/07 -	29/08		27/10 - 31/10		22/12 -	02/01	16-20	30/03 -	10/04	04 & 25-29

*Cyfarfod Blynnyddol / *Annual Meeting

MEETING	THE COUNCIL
DATE	6 MARCH 2014
SUBJECT	NON-ATTENDANCE OF A MEMBER OF THE COUNCIL
PURPOSE OF THE REPORT	REQUEST TO APPROVE THE NON-ATTENDANCE OF A MEMBER OF THE COUNCIL
AUTHOR	GERAINT GEORGE, HEAD OF DEMOCRATIC SERVICES

1. BACKGROUND

- 1.1** Section 85 of the Local Government Act 1972 states that if a member of a local authority fails to attend any meeting of the authority for a period of six consecutive months from the date of their last attendance, they shall cease to be a member of the authority.
- 1.2** The only exception to this is if their non-attendance has been approved by the authority.

2. THE ISSUE FOR GWYNEDD COUNCIL

- 2.1** The hospital treatment of his daughter, and more recently his father's Terminal illness, has affected many aspects of Councillor Nigel Pickavance's life, including his ability to attend any formal meetings of the authority.
- 2.2** The Full Council is required to approve Councillor Nigel Pickavance's absence from meetings of the authority to enable him to continue to be a member.
- 2.3** If approval for non-attendance is not given, then Councillor Nigel Pickavance would cease to be a member of the Council.
- 2.4** It is suggested, under these circumstances, that Councillor Nigel Pickavance's non-attendance be approved due to the serious personal circumstances that he has faced during recent months.

3. RECOMMENDATION

- 3.1** That the Full Council approves Councillor Nigel Pickavance's non-attendance at meetings due to the serious personal circumstances that he has faced during recent months, in accordance with Section 85 of the Local Government Act 1972, allowing him to continue to be a member of Gwynedd Council.

MEETING OF	FULL COUNCIL
DATE	6th MARCH, 2014
SUBJECT	PROTOCOL ON THE USE OF SOCIAL MEDIA BY COUNCILLORS
PURPOSE	TO APPROVE A PROTOCOL
AUTHOR	COUNCILLOR LESLEY DAY, CHAIRMAN OF THE DEMOCRATIC SERVICES COMMITTEE GERAINT GEORGE, HEAD OF THE STRATEGIC AND IMPROVEMENT DEPARTMENT

PROTOCOL ON THE USE OF SOCIAL MEDIA BY COUNCILLORS

1. The Council's Standards Committee and Democratic Services Committee have agreed on the need for a protocol on the use of Social Media by councillors. A joint Task Group of three members of the two committees was established to draft such a protocol.
2. The Task Group met on two occasions and the Democratic Services Committee had an initial discussion on the content that offered some observations that were sent to the attention of the Task Group.
3. A draft of the protocol based on that work was submitted to the Standards Committee on 27 January and then a draft of the protocol was distributed to each council member through Rhaeadr in order to receive any comments on it.
4. The protocol and the attached appendices are submitted here to the Council for adoption. If the protocol is adopted, the intention is to hold short training sessions at the Area Forums, considering the need for further training subsequently.

GWYNEDD COUNCIL

PROTOCOL ON THE USE OF SOCIAL MEDIA BY COUNCILLORS

INTRODUCTION

1. Social Media is an important means of communication in society today and is changing the way in which people communicate and network. This change offers a new platform for engagement, communication and listening. As a result, it is natural that this change affects the way in which the Council contacts the county's citizens and also the way in which councillors operate.
2. The Council welcomes members' increasing use of social media and wishes to facilitate this by giving proper advice and support. The Council's Democratic Services and Standards Committees have recognised the need for guidance on what is and is not acceptable. This protocol is intended to provide such guidance and complements the general rules under the Code of Conduct for Elected Members. Obviously, the basic position is that the same standards of conduct apply whether a member is on-line or not.

THE OPPORTUNITIES AND RISKS

3. The development of Social Media offers opportunities for sharing information with and seeking responses from residents. The various means (Facebook, Twitter, Blogs etc) offer a quick, cheap and effective way of doing so. Social Media puts users at the leading edge of breaking news. They also are a means to enable contact with those who would, perhaps, have had no previous link with democratic processes.
4. As a result, they provide a media that can prove very useful to the Council corporately and also to local councillors. By proper use of Social Media, councillors can benefit greatly and the Council encourages appropriate use by councillors. However, it is important to be aware of the dangers and risks associated with their use. Misuse of these media can lead to significant legal difficulties and the Attorney General has issued guidance seeking to avoid that. (see <https://www.gov.uk/government/news/attorney-general-to-warn-facebook-and-twitter-users-about-contempt-of-court>)

FUNDAMENTAL PRINCIPLES

5. The fundamental principle is that "The Gwynedd Standard" (see Appendix 1) and the Code of Conduct for Councillors (see Appendix 2) are relevant to all activities, including the use of Social Media. Consequently, the conduct of members when using social media must adhere to the same standards of conduct as they would observe at a committee, a public meeting or in correspondence.

6. Therefore, in addition to the general legal duties, the following principles should be borne in mind:-
- Showing respect to others
 - Not revealing exempt or confidential information
 - No bullying, harassment, victimisation or threatening of fellow councillors officers or members of the public
 - Not seeking personal benefit
 - Remembering the principles of equality
 - Not to decide matters in advance
 - No incitement of conduct contrary to this protocol by others
 - Not being a party to a personal vendetta against others

THE RESPONSIBILITY FOR “CONTENT”

7. One big difference between the social media and other media is that the owner of the “site” is responsible not only for their own statements but also the statements made by others on that site. Consequently, if inappropriate statements are made, the owner of the “site” is responsible for withdrawing those statements.
8. In addition, once something is posted on a social media site, it is in the public domain. The Council will, as required, ask members to remove any content in violation of this protocol and failure to do so will be in contravention of the protocol. However, members must be aware that, once in the public domain, it is difficult to withdraw an entry, whether that be of fact or opinion, and that could lead, in the end, to legal action.

“POLITICAL” DISCUSSIONS

9. Local “political” discussions can be robust and challenging. Whilst the Public Services Ombudsman has accepted that members must have a “thicker skin” since criticism of ideas and opinion is part of democratic debate, the “Gwynedd Standard” does make it clear that no-one should be offensive or abusive even in those “political” discussions. This protocol confirms that those standards are relevant to members in their use of social media.

THE COUNCILLOR AS AN INDIVIDUAL

10. A councillor can establish a site in their own name or as “Councillor ****”. Members should be aware that this protocol is relevant to either scenario. Since it is clear that the fact that an individual is an elected member is out in the public domain, a member should be equally careful in any social media scenario. The extent to which this protocol is applied depends on the subject matter but the standards of conduct are the same.

THE USE OF COUNCIL EQUIPMENT

11. The councillor may use the Council's equipment for publishing information on social media but members should be even more wary of the content.

USE AT MEETINGS

12. Social media may be used at the meetings of the Council and its committees. However, it must be borne in mind that:-
 - A member's main focus should be on the discussion in hand and the decision to be made
 - Exempt and confidential information should not be tweeted
 - The details of meetings should not be tweeted

WEB-CASTING

13. The Council will be moving in due course to broadcast some of its meetings (full Council and some committees) over the Web. As a part of that development, we will be encouraging the use of social media for members of the public to respond to discussions. However, that will take place through the Council's official "sites". The individual use of media by elected members falls under paragraph 12 of this protocol.

TRAINING

14. Training on this protocol will be provided for members in order to empower them to make responsible and appropriate use of the media. There is a clear expectation that members will take advantage of such training. However, it is clear that the responsibility for conformance with the protocol rests with the individual member.

DISCIPLINE AND DEALING WITH COMPLAINTS

15. Any complaints relating to the protocol should be sent to the Propriety Officer. The Standards Committee will deal with any issue of discipline arising from any reported transgression of this protocol according to its normal arrangements on member conduct submitting recommendations to the Council as required.

APPENDIX 1 – THE GWYNEDD STANDARD

APPENDIX 2 – CODE OF CONDUCT

APPENDIX 3 – WELSH LOCAL GOVERNMENT ASSOCIATION GUIDELINES

THE GWYNEDD STANDARD

This document explains the standard of conduct expected from Gwynedd Council's councillors in dealing with each other. It should be read in conjunction with the Members Code of Conduct and the Protocol Member-Officer Relations. It adds to those documents and not detract from them.

Gwynedd Council members are expected to :-

Public behaviour:

- Show respect to each other
- Not to make personal abusive comments about each other.
- Not to publish anything insulting about each other.
- Not to make malicious allegations against each other.
- Not to publish or spread any false information about each other.
- Show respect to diversity and equality.

Behaviour in committees:

- Behave with dignity in the Chamber.
- Show respect to the Chairman and obey his decisions.
- Not to use indecent language nor make racial remarks or remarks which prejudice any section of society.

Confidentiality:

- Keep the confidentiality of exempt papers and any other documents which are not public.
- Not to release confidential information to the press or the public.
- Return confidential papers.
- Not to use confidential information for purposes other than intended.

Local members

- Work with members of adjoining wards for the benefit of the locality.
- If dealing with any matter relating to another ward
 - Explain to anyone seeking assistance that he/she is not the local member
 - Inform the local member, unless it would lead to a breach of confidentiality

PART 5 – MEMBERS CODE OF CONDUCT.

INTRODUCTION.

The Conduct of Members (Principles) (Wales) Order 2001 sets out the principles which are to govern the conduct of members of a relevant authority in Wales. They are:

Selflessness

1. Members must act solely in the public interest. They must never use their position as members to improperly confer advantage on themselves or to improperly confer advantage or disadvantage on others.

Honesty

2. Members must declare any private interests relevant to their public duties and take steps to resolve any conflict in a way that protects the public interest.

Integrity and Propriety

3. Members must not put themselves in a position where their integrity is called into question by any financial or other obligation to individuals or organisations that might seek to influence them in the performance of their duties. Members must on all occasions avoid the appearance of such behaviour.

Duty to Uphold the Law

4. Members must act to uphold the law and act on all occasions in accordance with the trust that the public has placed in them.

Stewardship

5. In discharging their duties and responsibilities members must ensure that their authority's resources are used both lawfully and prudently.

Objectivity in Decision-making

6. In carrying out their responsibilities including making appointments, awarding contracts, or recommending individuals for rewards and benefits, members must make decisions on merit. Whilst members must have regard to the professional advice of officers and may properly take account of the views of others, including their political groups, it is their responsibility to decide what view to take and, if appropriate, how to vote on any issue.

Equality and Respect

7. Members must carry out their duties and responsibilities with due regard to the need to promote equality of opportunity for all people, regardless of their gender, race, disability, sexual orientation, age or religion, and show respect and consideration for others.

Openness

8. Members must be as open as possible about all their actions and those of their authority. They must seek to ensure that disclosure of information is restricted only in accordance with the law.

Accountability

9. Members are accountable to the electorate and the public generally for their actions and for the way they carry out their responsibilities as a member. They must be prepared to submit themselves to such scrutiny as is appropriate to their responsibilities.

Leadership

10. Members must promote and support these principles by leadership and example so as to promote public confidence in their role and in the authority. They must respect the impartiality and integrity of the authority's statutory officers and its other employees.

PART 1

INTERPRETATION

1.(1) In this code —

“co-opted member” (“*aelod cyfetholedig*”), in relation to a relevant authority, means a person who is not a member of the authority but who —

- (a) is a member of any committee or sub-committee of the authority, or
- (b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority,

and who is entitled to vote on any question which falls to be decided at any meeting of that committee or sub-committee;

“meeting” (“*cyfarfod*”) means any meeting —

- (a) of the relevant authority,
- (b) of any executive or board of the relevant authority,
- (c) of any committee, sub-committee, joint committee or joint sub-committee of the relevant authority or of any such committee, sub-committee, joint committee or joint sub-committee of any executive or board of the authority, or
- (d) where members or officers of the relevant authority are present other than a meeting of a political group constituted in accordance with Regulation 8 of the Local Government (Committees and Political Groups) Regulations (1990⁽¹⁾),

and includes circumstances in which a member of an executive or board or an officer acting alone exercises a function of an authority;

“member” (“*aelod*”) includes, unless the context requires otherwise, a co-opted member;

“relevant authority” (“*awdurdod perthnasol*”) means—

- (a) a county council,
- (b) a county borough council,
- (d) a community council,
- (d) a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004⁽²⁾ or a scheme to which section 4 of that Act applies,
- (e) a National Park authority established under section 63 of the Environment Act 1995⁽³⁾;

“you” (“*chi*”) means you as a member or co-opted member of a relevant authority; and

“your authority” (“*eich awdurdod*”) means the relevant authority of which you are a member or co-opted member.

In relation to a community council, references to an authority’s monitoring officer and an authority’s standards committee are to be read, respectively, as references to the monitoring officer and the standards committee of the county or county borough council which has functions in relation to the community council for which it is responsible under section 56(2) of the Local Government Act 2000.

⁽¹⁾ S.I. 1990/1553 as amended by S.I. 1991/1389; S.I. 1993/1339; S.I. 1998/1918; and S.I. 1999/500.
⁽²⁾ 2004 c.21.
⁽³⁾ 1995 c.25.

PART 2

GENERAL PROVISION.

2. (1) Save where paragraph 3(a) applies, you must observe this code of conduct –
 - (a) whenever you conduct the business, or are present at a meeting, of your authority;
 - (b) whenever you act, claim or give the impression you are acting in the role of member to which you were elected or appointed;
 - (c) whenever you act, claim to act or give the impression you are acting as a representative of your authority; or
 - (d) at all times and in any capacity, in respect of conduct identified in paragraphs 6(1)(a) and 7.
- (2) You should read this code together with the general principles prescribed under section 49(2) of the Local Government Act 2000 in relation to Wales.
3. Where you are elected, appointed or nominated by your authority to serve –
 - (a) on another relevant authority, or any other body, which includes a police authority or Local Health Board you must, when acting for that other authority or body, comply with the code of conduct of that other authority or body; or
 - (b) on any other body which does not have a code relating to the conduct of its members, you must, when acting for that other body, comply with this code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.
4. You must -
 - (a) carry out duties and responsibilities with due regard to the principle that there should be equality of opportunity for all people, regardless of their gender, race, disability, sexual orientation, age or religion;
 - (b) show respect and consideration for others;
 - (c) not use bullying behaviour or harass any person; and
 - (d) not do anything which compromises, or which is likely to compromise, the impartiality of those who work for, or on behalf of, your authority.
5. You must not –
 - (a) disclose confidential information or information which should reasonably be regarded as being of a confidential nature, without the express consent of a person authorised to give such consent, or unless required by law to do so;
 - (b) prevent any person from gaining access to information to which that person is entitled by law.

6. (1) You must–
- (a) not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute;
 - (b) report, whether through your authority’s confidential reporting procedure or direct to the proper authority, any conduct by another member or anyone who works for, or on behalf of, your authority which you reasonably believe involves or is likely to involve criminal behaviour (which for the purposes of this paragraph does not include offences or behaviour capable of punishment by way of a fixed penalty).
 - (c) report to the Public Services Ombudsman for Wales and to your authority’s monitoring officer any conduct by another member which you reasonably believe breaches this code of conduct;
 - (d) not make vexatious, malicious or frivolous complaints against other members or anyone who works for, or on behalf of, your authority.
- (2) You must comply with any request of your authority’s monitoring officer, or the Public Services Ombudsman in Wales, in connection with an investigation conducted in accordance with their respective statutory powers.
7. You must not –
- (a) in your official capacity or otherwise, use or attempt to use your position improperly to confer on or secure for yourself, or any other person, an advantage or create or avoid for yourself, or any other person, a disadvantage;
 - (b) use, or authorise others to use, the resources of your authority –
 - (i) imprudently;
 - (ii) in breach of your authority’s requirements;
 - (iii) unlawfully;
 - (iv) other than in a manner which is calculated to facilitate, or to be conducive to, the discharge of the functions of the authority or of the office to which you have been elected or appointed;
 - (v) improperly for political purposes; or
 - (vi) improperly for private purposes.
8. You must -
- (a) when participating in meetings or reaching decisions regarding the business of your authority, do so on the basis of the merits of the circumstances involved and in the public interest having regard to any relevant advice provided by your authority’s officers, in particular by –
 - (i) the authority’s head of paid service;
 - (ii) the authority’s chief finance officer
 - (iii) the authority’s monitoring officer
 - (iv) the authority’s chief legal officer (who should be consulted when there is any doubt as to the authority’s power to act, as to whether the action proposed lie within the policy framework agreed by the authority or where the legal consequences of action or failure to act by the authority might have important repercussions)
 - (b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by your authority.

9. You must –

- (a) observe the law and your authority's rules governing the claiming of expenses and allowances in connection with your duties as a member;
- (b) avoid accepting from anyone gifts, hospitality (other than official hospitality, such as a civic reception or a working lunch duly authorised by our authority), material benefits or services for yourself or any person which might place you, or reasonably appear to place you, under an improper obligation.

PART 3

INTERESTS

Personal Interests.

10. (1) You must in all matters consider whether you have a personal interest, and whether this code of conduct requires you to disclose that interest.

(2) You must regard yourself as having a personal interest in any business of your authority if -

(a) it relates to, or is likely to affect -

- (i) any employment or business carried on by you;
- (ii) any person who employs or has appointed you, any firm in which you are a partner or any company for which you are a remunerated director;
- (iii) any person, other than your authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties as a member.
- (iv) any corporate body which has a place of business or land in your authority's area, and in which you have a beneficial interest in a class of securities of that body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body.
- (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a body of the description specified in sub-paragraph (iv) above;
- (vi) any land in which you have a beneficial interest and which is in the area of your authority.
- (vii) any land where the landlord is your authority and the tenant is a firm in which you are a partner, a company of which you are a remunerated director, or a body of the description specified in sub-paragraph (iv) above.
- (viii) any body to which you have been elected, appointed or nominated by your authority;

- (ix) any
 - (aa) public authority or body exercising functions of a public nature;
 - (bb) company industrial and provident society, charity, or body directed to charitable purposes;
 - (cc) body whose principal purposes include the influence of public opinion or policy;
 - (dd) trade union or professional association; or
 - (ee) private club, society or association operating within your authority's area;
 - in which you have membership or hold a position of general control or management;
 - (x) any land in your authority's area in which you have a licence (alone or jointly with others) to occupy for 28 days or longer;
- (b) a member of the public might reasonably perceive a conflict between your role in taking a decision, upon that business, on behalf of your authority as a whole and your role in representing the interests of constituents in your ward or electoral division; or
- (c) a decision upon it might reasonably be regarded as affecting -
- (i) your well-being or financial position, or that of a person with whom you live, or any person with whom you have a close personal association;
 - (ii) any employment or business carried on by persons as described in 10(2)(c)(i);
 - (iii) any person who employs or has appointed such persons described in 10(2)(c)(i), any firm in which they are a partner, or any company of which they are directors;
 - (iv) any corporate body in which persons as described in 10(2)(c)(i) have a beneficial interest in a class of securities exceeding the nominal value of £5,000; or
 - (v) any body listed in paragraphs 10(2)(a)(ix)(aa) to (ee) in which persons described in 10(2)(c)(i) hold a position of general control or management,
- to a greater extent than the majority of –
- (aa) in the case of an authority with electoral divisions or wards, other council tax payers, rate payers or inhabitants of the electoral division or ward, as the case may be, affected by the decision; or
 - (bb) in all other cases, other council tax payers, ratepayers or inhabitants of the authority's area

Disclosure of Personal Interests.

- 11.** (1) Where you have a personal interest in any business of your authority and you attend a meeting at which that business is considered, you must disclose orally to that meeting the existence and nature of that interest before or at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority and you make -
- (a) written representations (whether by letter, facsimile or some other form of electronic communication) to a member or officer of your authority regarding that business, you should include details of that interest in the written communication; or

(b) oral representations (whether in person or some form of electronic communication) to a member or officer of your authority you should disclose the interest at the commencement of such representations, or when it becomes apparent to you that you have such an interest, and confirm the representation and interest in writing within 14 days of the representation.

(3) Subject to paragraph (14(1)(b) below, where you have a personal interest in any business of your authority and you have made a decision in exercising a function of an executive or board, you must in relation to that business ensure that any written statement of that decision records the existence and nature of your interest.

(4) You must, in respect of a personal interest not previously disclosed before or immediately after the close of a meeting whether the disclosure is made pursuant to sub-paragraph 11(1), give written notification to your authority in accordance with any requirements identified by your authority's monitoring officer from time to time but, as a minimum containing –

(a) details of the personal interest;

(b) details of the business to which the personal interest relates; and

(c) your signature.

(5) Where you have agreement from your monitoring officer that the information relating to your personal interest is sensitive information, pursuant to paragraph 16(1), your obligations under this paragraph 11 to disclose such information, whether orally or in writing, are to be replaced with an obligation to disclose the existence of a personal interest and to confirm that your monitoring officer has agreed that the nature of such personal interest is sensitive information.

(6) For the purposes of sub-paragraph (4), a personal interest will only be deemed to have been previously disclosed if written notification has been provided in accordance with this code since the last date on which you were elected, appointed or nominated as a member of your authority.

(7) For the purposes of sub-paragraph (3), where no written notice is provided in accordance with that paragraph you will be deemed as not to have declared interest in accordance with this code.

Prejudicial Interests

12. (1) Subject to sub-paragraph (2) below, where you have a personal interest in any business of your authority you also have a prejudicial interest in that business if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

(2) Subject to sub-paragraph (3), you will not be regarded as having a prejudicial interest in any business where that business -

(a) relates to -

(i) another relevant authority of which you are also a member;

- (ii) another public authority or body exercising functions of a public nature in which you hold a position of general control or management;
 - (iii) a body to which you have been elected, appointed or nominated by your authority;
 - (iv) your role as a school governor (where not appointed or nominated by your authority), unless it relates particularly to the school of which you are a governor;
 - (v) your role as a member of a Local Health Board where you have not been appointed or nominated by your authority;
- (b) relates to –
- (i) the housing functions of your authority where you hold a tenancy or lease with your authority, provided that you do not have arrears of rent with your authority of more than two months; and provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) the functions of your authority in respect of school meals, transport and travelling expenses, where you are a guardian, parent, grandparent or have parental responsibility (as defined in section 3 of the Children Act 1989) of a child in full time education, unless it relates particularly to the school which that child attends;
 - (iii) the functions of your authority in respect of statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of such pay from your authority.
 - (iv) the functions of your authority in respect of an allowance or payment made under section 22(5), 24(4) and 173 to 176 of the Local Government Act 1972, an allowance or pension under section 18 of the Local Government and Housing Act 1989, or an allowance or payment under section 100 of the Local Government Act 2000.
- (c) your role as a community councillor in relation to a grant, loan or other form of financial assistance made by your community council to community or voluntary organisations up to a maximum of £500.
- (3) The exemptions in subparagraph (2)(a) do not apply where the business relates to the determination of any approval, consent, licence, permission or registration.

Overview and Scrutiny Committees

- 13.** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where –
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority’s executive, board or another of your authority’s committees, sub-committees, joint committees or joint sub-committees; and

- (b) at the time the decision was made or action was taken, you were a member of the executive, board, committee, sub-committee, joint-committee or joint sub-committee mentioned in sub-paragraph (a) and you were present when that decision was made or action was taken.

Participation in Relation to Disclosed Interests.

- 14.** (1) Subject to sub-paragraphs (2), (3) and (4), where you have a prejudicial interest in any business of your authority you must, unless you have obtained a dispensation from your authority's standards committee -
- (a) withdraw from the room, chamber or place where a meeting considering the business is being held -
 - (i) where sub-paragraph (2) applies, immediately after the period for making representations, answering questions or giving evidence relating to the business has ended and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration; or
 - (ii) in any other case, whenever it becomes apparent that that business is being considered at the meeting;
 - (b) not exercise executive or board functions in relation to that business;
 - (c) not seek to influence a decision about that business;
 - (d) not make any written representations (whether by letter, facsimile or some other form of electronic communication) in relation to that business; and
 - (e) not make any oral representations (whether in person or some form of electronic communication) in respect of that business or immediately cease to make such oral representations when the prejudicial interest becomes apparent.
- (2) Where you have a prejudicial interest in any business of your authority you may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.
- (3) Sub-paragraph (1) does not prevent you attending and participating in a meeting if -
- (a) you are required to attend a meeting of an overview or scrutiny committee, by such committee exercising its statutory powers; or
 - (b) you have the benefit of a dispensation provided that you –
 - (i) state at the meeting that you are relying on the dispensation; and
 - (ii) before or immediately after the close of the meeting give written notification to your authority containing –

- (aa) details of the prejudicial interest;
- (bb) details of the business to which the prejudicial interest relates;
- (cc) details of, and the date on which, the dispensation was granted; and
- (dd) your signature.

(4) Where you have a prejudicial interest and are making written or oral representations to your authority in reliance upon a dispensation, you must provide details of the dispensation within any such written or oral representation and, in the latter case, provide written notification to your authority within 14 days of making the representation.

PART 4

REGISTER OF MEMBERS' INTERESTS

Registration of Financial and Other Interests and Memberships and Management Positions.

- 15** (1) Subject to sub-paragraph (3), you must within 28 days of -
- (a) your authority's code of conduct being adopted or the mandatory provisions of this model code being applied to your authority; or
 - (b) your election or appointment to office (if that is later), register your financial interests, where they fall within a category mentioned in paragraph 10(2)(a) in your authority's register maintained under section 81(1) of the Local Government Act 2000 by providing written notification to your authority's monitoring officer.
- (2) You must, within 28 days of becoming aware of any new personal interest or change to personal interest registered under sub-paragraph (1), register that new personal interest or any change by providing written notification to your authority's monitoring officer.
- (3) Sub-paragraphs (1) and (2) do not apply to sensitive information determined in accordance with paragraph 16(1).
- (4) Sub-paragraph (1) will not apply if you are a member of a relevant authority which is a community council when you act in your capacity as a member of such an authority.

Sensitive information.

- 16** (1) Where you consider that the information relating to any of your personal interests is sensitive information and your authority's monitoring officer agrees you need not include that information when registering that interest, or, as the case may be, a change to the interest under paragraph 15.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under sub-paragraph (1) is no longer sensitive information, notify your authority's monitoring officer asking that the information be included in your authority's register of members' interests.

(3) In this code “sensitive information” (“*gwybodaeth sensitif*”) means information whose availability for inspection by the public creates, or is likely to create, a serious risk that you or a person who lives with you may be subjected to violence or intimidation.

Registration of Gifts and Hospitality.

- 17** You must, within 28 days of being offered any gift, hospitality, material benefit or advantage above the value of £25, provide written notification to your authority’s monitoring officer of the existence and nature of that gift, hospitality, material benefit or advantage. You must register any such offer whether you accept it or not.



Social Media: A Guide for Councillors

August 2013

Contact

Welsh Local Government Association

The WLGA's primary purposes are to promote a better local government, its reputation and to support authorities in the development of policies and priorities which will improve public service and democracy.

It represents the 22 local authorities in Wales with the 3 fire and rescue authorities and 3 national park authorities as associate members.

Welsh Local Government Association

Local Government House
Drake Walk
Cardiff
CF10 4LG

Tel: 029 2046 8600

Fax: 029 2046 8601

www.wlga.gov.uk

Published: August 2013

Copyright: Welsh Local Government Association

ISBN: 978-1-906423-99-5

We are indebted to the officers and members who have contributed to this guide, particularly the members participating in the WLGA training for members in social media, the member support officer network, LLG and monitoring officers and SOCITIM. Also to Kevin O'Keefe from EXCELA INTERIM MANAGEMENT & CONSULTANCY LTD www.excela.co.uk who has contributed to the guide and delivered the training programme.

Due to the rapid developments in this area this guide will be regularly updated. Suggestions for inclusion are welcomed and further training for members is available from the WLGA. Contact Sarah Titcombe Organisational and Personal development Adviser - 029 2046 8638 sarah.titcombe@wlga.gov.uk

Foreword

I'm delighted to present this useful guidance on social media which gives councillors a clear idea about what these tools are and how we can use them. There are some great ideas to help us think about how we make the most of these effective and cheap forms of communication.

Social media has changed the way we work in Monmouthshire. All of our employees and members have permission to use social media at any time so that they can make the most of what channels like Twitter and Facebook offer.
<http://acedigitalcomms.wordpress.com/2013/05/29/unrestricted-staff-access-to-social-media-access-a-roundup/>

In short, they're an easy way to talk and to listen to our residents, local businesses and other partner organisations. Without access to these tools we would be a weaker organisation as we would not hear what people in our communities care about, what they want to get involved with and what they think of their council.

Social media has given us a chance to be creative and try new things. Our foster carers in Monmouthshire use Yammer to stay connected and learn from each other.

<http://monmouthshirecc.wordpress.com/2012/03/12/rewind-story-fostering-communication-using-yammer/>

We use YouTube for our budget consultations.

<http://digitalmon.wordpress.com/2013/01/13/youtubing-a-budget-consultation-and-how-a-great-blogger-helped-us-get-better/>

We even recruited our current head of children's services using YouTube, Twitter and LinkedIn.

<http://acedigitalcomms.wordpress.com/2011/07/11/social-care-recruiting-using-social-media-how-monmouthshire-council-is-recruiting-a-head-of-childrens-services-using-youtube/>

I use Twitter and my blog to connect with residents, other councillors and farmers and people who share my interests. I really see the value of this form of communicating – social media is now a legitimate business tool.

<http://digitalmon.wordpress.com/2013/01/12/councillor-peter-fox-leader-of-the-council-talking-about-social-media/>

I hope you enjoy this very informative guide.



Councillor Peter Fox

Leader Monmouthshire County Council
WLGA Spokesperson for ICT and Digital Inclusion

Introduction

A revolution is taking place in how we communicate. The world is experiencing the biggest ever change in how information is created and owned, as well as the speed in which it can be shared. This is changing the way we live, work and even how we speak and think.

This guide is for Councillors who would like to use social media as a tool to share information, open new dialogues with the people in their community and beyond, and engage their electorate in productive two-way conversation.

We live in an open, accessible and dynamic communications world. The use of social media will help ensure your voice is heard.

1. What is social media?

Social media is a blanket term applied to a range of online multimedia tools that are used for creating content and two-way communication. They can be accessed via your smartphone, PC, laptop, tablet or smart TV. All social media accounts are free of charge and can be set up quickly and easily from an Internet page. Although this guide will focus on Facebook and Twitter, some useful examples of social media include:

Blogs which are like an online diary journal where you can share information. Examples are Wordpress, Blogger, SimpleSite. Here is an example of a

typical member's blog -

<http://hughevans.wordpress.com/>

Top tip:

Share your thoughts and activities, and comment on the issues that mean the most to you. Maintaining a regular blog could make compiling your annual report all the easier.

Micro blogs allow users to share shorter pieces of information. **Twitter** is an example of a micro-blog. Short messages which you post on Twitter are called "Tweets" – they are each limited to 140 characters (letters, numbers and spaces). Tweets are not a private means of communication and can be seen by anyone who is "following" you. Twitter also has a message facility where you can send messages directly to other Twitter users. However, all such personally directed messages can also be viewed by all of your other followers. You can even forward other Twitter users' Tweets to your own followers, by using the Re-Tweet function.

Tweeting is a good way of promoting local events, live tweeting @council meetings and to give links to longer posts. #Jaynecowan

Top tip:

Follow and be followed. Twitter is a great tool for finding out what is happening, what people think of local and global issues. Listen first and then simply join in the conversation.

Social Networks such as *Facebook* are like having your own small website which can include pictures and text and can provide information and photos. Typically these sites allow you to update people on what you are doing or thinking through a 'status' update and allow you to talk about who you are, what's important to you, what you have done and your plans. You can invite people to be your 'friends' and also set different levels of access to your account, so some people can see all the information about you or you can make less detail available to others. You can also use Facebook to communicate with groups or individuals. People who find your page, comments or proposals of interest can "like" you, which encourages further use, and is a useful way of taking a straw poll of your ideas.

Linked-IN is a professional equivalent of Facebook. You can provide information about your career history and skills, and people with whom you are "linked" can endorse you for particular skills. This is a handy site for finding expertise and keeping up-to-date with business developments in your ward or area.

Flickr, Vimeo, Instagram and **You Tube** are examples of platforms for sharing videos and photographs. Don't forget to seek permission before taking photos to upload to, or copying images from these sites. **Snapchat** is a photo messaging application for photo, video, drawing and text.

Communities of Practice are a way of like minded people joining a community where they can share knowledge and discuss issues relevant to the Community for example the LGA Knowledge Hub.

2. Why Should You Use Social Media?

Social media will allow you to open new conversations with the people you represent, and the potential for councillors using social media is huge. Your Council will already have official accounts on Twitter and many also have Facebook accounts. Scrutiny Committees may also be using social media to undertake service reviews.

So what are the benefits to councillors of using social media?

- Increasing numbers of people are using Twitter and Facebook, as their preferred method of communication. If you have a presence on these platforms you have the potential to establish two- way communication with all of them.
- It's a useful way of finding out what people are talking about locally, their concerns and interests.
- It's useful for finding out about breaking news, the latest research or publication or the latest policy announcements from political parties.
- It's a good way of making the electorate more aware of the work you do personally.

- It's an effective way of coordinating campaigns for example, allowing campaign workers access to your Facebook account.
- Social media allows you to have a conversation with a range of people that you would never be able to physically meet and who do not traditionally seek out their local representatives.
- Social media allows for immediate communication. You can pass on information and receive opinions in minutes. You can forward information from other people equally quickly. "Going Viral" is not necessarily a bad thing, and refers to a mass spreading of a piece of information around the world.
- The local and sometimes national press will follow councillors' on Twitter or Facebook. This means that they know what you are talking about the minute you talk about it.
- Social media is mobile. You can take it around your community, on the train, to a coffee shop or coffee morning or even in bed.
- You can upload pictures and videos, showing for example your role in local events, pictures of potential sites for development, new buildings, local eyesores - a picture tells a thousand words.
- It's free, accounts cost nothing, you probably already have the equipment you need. All you need is time.
- You can receive immediate feedback on your ideas and manifesto to allow

you to modify your proposals in line with local thinking.

- Above all, it can be a lot of fun!

3. How to Use Social Media effectively

Choose your medium and sign up. This is very straightforward and will take you less than five minutes!

Facebook and Twitter are good places to start. You might want to begin with a trial personal account (rather than calling yourself "Councillor Jones") and experiment with family and friends. Make sure that you understand how people find you and who can access your material.

Remember:

- On Facebook you can control who has access to different parts of your account. You can manage what the world sees and what your "friends" see.
- On Twitter the whole world can see everything you Tweet. Even the messages that you Tweet directly to other people can be viewed by anyone unless you have locked down your account to followers.
- When you are ready to set up your final account, consider the identity you use. The name you give yourself online is important as it allows people to find you. Prefacing your Twitter account with Cllr lets people know exactly who you are and indicates that the Code of Conduct will apply.

- You might want to consider setting up a separate personal and “professional” account - you can talk about the amazing food in the restaurant around the corner to your friends and followers in your informal account, and the plans for the new bypass to your friends and followers on your professional account. However, many councillors think that some of their personal comments about food, places they've visited, football matches or TV helps break down perceptions of councillors and proves that they are normal like everyone else!

I use Twitter to speak with residents and engage more broadly. Also to twitter on about books, music, trains and ale, Almost human!

@LukeOHolland (Cardiff Councillor)

- Make it easy for people to find you online. Many people will start their search for the area that you represent, so make sure you mention your location frequently as that this will then be picked up by search engines. You will also want to make sure that your social media account details are on your business cards, posters and flyers.
- On Twitter, sign up to Tweety Hall and other sites where councillors can be found by their electorate.
- Increase your web presence by linking to other people and sites, leave comments on others' posts

and encourage others to link with you. The more you are mentioned, the more people will find you.

- Choose your friends on Facebook and who you would like to follow on Twitter. Bear in mind that people know who follows them and will often follow you in return. Find people on Twitter with links to your community, county or region by searching using the 'hashtag' (#) symbol to prefix your search-term for example #Reynoldston, #Gower, #Swansea, #South West Wales, #Wales.
- Be disciplined about making time available to write new content and answer your “friends” and “followers”; a regular time each week to update your Facebook status and throughout the day to check Twitter.
- Decide on what you are going to talk about and how. This could be
 - Weekly updates of your own activities as a councillor - don't forget your pictures! This works better on Facebook as you can include more detail. Remember Twitter is only 140 characters and tends to be more instant and timely.
 - Regular updates on council policies and actions of interest to your community.
 - Links and re-tweets of other relevant national activities.
 - Issues on which you would like feedback.

- Notice of events and public meetings.

Remember using social media is all about two-way communication, it's good for providing information to your community or flagging up press statements, but it's better as a tool to get useful feedback. You **will** get feedback and you should expect some people to challenge your ideas or enter into a debate with you online. This is part and parcel of social media.

4. Etiquette and style

- Keep your communications clear, positive, polite and professional. Plain language helps. Many people use abbreviations on Twitter – you'll pick these up as you go along!
- Avoid being ironic or sarcastic, it can be misinterpreted.
- On Facebook, you will need to monitor and, if necessary, censor the contributions that other people make to your site; delete them if they do not match your required standards of behaviour or language. Defamatory and offensive language will be attributed to the publisher as well as the original author and could incur financial liability. It is up to you to decide if you want to remove posts that disagree with your political position, however if you do remove them you may be accused or censoring contributions on political grounds.

- On Twitter, you can block people who are habitually offensive or vexatious. Remember however, blocking them only stops them engaging directly with you, their tweets will continue to be public to all of their followers.
- Bear in mind that constituents may find party political point scoring tedious and prefer to hear information about what you are achieving.
- If you don't have anything to say...don't say anything. Even though it's tempting to let your followers know how busy you are they will soon become bored with constant updates on your day without some relevant or interesting information.

5. Support from the Council

Councillors are generally provided with the ICT equipment that they need to do their job. The Independent Remuneration Panel expects that this will include ICT equipment, support and training.

It is also reasonable to expect that you should also have access to social media sites to enable you to carry out your councillor role more effectively. You do not need the council to set you up with a personal social media account but you should take advantage of any training or guidance provided to help you use it properly.

Most councils have a social media policy. You will need to abide by this and any social media protocols that may have

been agreed when using your “councillor” account.

It’s worth remembering that the council is responsible for any information provided on its website and is subject to legal responsibilities. **You** are personally responsible for the material that you broadcast via your own social media accounts or websites – but more of this later.

Advice will be available to you from a number of council officers. The Monitoring Officer, Head of Democratic Services, the Communications Team and the ICT Manager are likely to have useful advice.

6. Social Media and Council Meetings

Recently, especially with the advent of webcasting there has been an increase in interest in the use of Twitter in council meetings. Clearly you will need to be guided by your council’s constitution. Other than what your constitution or social media policy says, there is no legal reason why you shouldn’t use social media from meetings. However, some common sense does need to apply.

- Tweeting on meeting progress and receiving comments from the community can be helpful for transparency and engagement BUT excessive use of Twitter may give people the impression that you are not concentrating on the business in

hand or are even relying on guidance from outside the meeting. For that reason, it is probably sensible not to use Twitter during a planning or licensing debate. Committee chairs may want to decide how to address this in their meetings and you should abide by the rules set out in your constitution.

- Remember, you may not need to tweet about the detail of a meeting - some councils are introducing new arrangements for webcasting meetings and many also have “official” twitter feeds for live on-line conversations to run alongside the meetings.
- If your council webcasts your meetings, this provides a useful way of the public viewing what is happening at first hand and ensures that any video recordings are accurate. Filming meetings informally, whether this is done by councillors or the public may cause difficulties and is usually covered by the Constitution. It may provide a distraction to the proceedings and, if an edited version of events appears on You Tube it might create a false impression.
- Remember that you should not tweet or communicate in any way the content of exempt or confidential business dealt with by local authorities in closed session such as when making formal appointments.

7. The Welsh Language

You can use social media in the language of your choice; you do not have to translate your personal Tweets or Facebook accounts.

Councils' social media streams might however be available either separately in Welsh and English or bilingually. The Welsh Language Commissioner feels that there is no need for social media streams to be bilingual as the two separate streams will be accessed by, and sufficient for different communities.¹

Make sure that you are aware of your Council's rules on the use of the Welsh language set out in your Welsh Language Scheme.

8. Golden rules

Think before you tweet or post on Facebook. Do not say anything, post views or opinions that you would not be prepared to:

- Discuss face to face with the person you are speaking about.
- Write on a placard and carry down your high street and discuss and defend with anyone who sees it.
- Be prepared to have minuted in a public meeting – remember, Twitter or Facebook effectively publicly

¹ <http://www.participationcymru.org.uk/home/all-wales-public-service-organisations-internet-and-social-media-survey>

minutes everything for you as you go along!

Remember that once you have said something it may be seen by millions - friends, supporters, political opponents and the press and could be re-tweeted around the world in minutes.

Keep your messages professional, polite and positive.

Remember to try to keep tweets and texts separate – many people tweet comments that they would previously have texted someone privately; this may be about meeting up later (do you want all your followers knowing your plans and gatecrashing your lunch!?) through to 'in' jokes that could be misinterpreted. Don't follow an individual unless you know them or have a good reason for doing so. Some people, such as constituents or council employees, might find it a bit uncomfortable to have their local councillor hanging on their every word.

If you make a mistake admit it. Mistakes happen so don't try to cover it up as there will always be a record of what you've said.

Don't enter into unhelpful online arguments; remember all of your followers or friends will be witnessing this online. Ignore people or block them if they persist in vexatious comments.

Don't tweet or post on Facebook when you are "tired" it's probably sensible to

turn off your phone at any time when you think your judgement may be impaired. Bear in mind that it is possible for your followers and friends to be seen. If you follow or are Facebook “friends” with council employees, contractors who have been procured to provide services to the council, a company or member of the public making a planning application or pressure groups, this *might* be construed as having a close personal association with them and therefore a personal interest.

As with your own leaflets or newsletters, always ask permission before taking a picture that you intend to use. NEVER take photos of children without the express permission of their parents based on an understanding of what you intend to use the picture for. Your council will have a policy on taking pictures of children, take advice on this before taking or using pictures.

Do not allow anyone else access to your social media accounts, protect your passwords, especially if you use a public computer.

Just like email, you can get spam in social media! Be wary about direct messages via Twitter, even from people you know, with messages such as ‘Hi, have you seen this photo of you on Twitter?’ Delete these before opening, as the spam could then be sent to all of the people you are following...

9. Possible Pitfalls and How to Avoid Them

Time and Commitment

Maintaining your social media accounts can take time. Many people start enthusiastically and then allow their accounts to lie fallow. This is risky as friends and followers may think that you are inactive or, worse, unresponsive.

To avoid this:

- Only set up accounts that you can manage, choose either Twitter or Facebook if necessary. It is possible to set up links between the two which will save you duplicating information.
- Set time aside regularly for updates and get used to communicating ‘on the hoof’.

The Law

Councillors new to social media tend to be concerned about the legal implications. It is an important consideration, and some councillors and other politicians have fallen foul of the law, but with careful use and following some ground-rules you will be fine!

The style of communication employed in the social media environment tends to be fast and informal. Messages can appear lightweight and transitory.

Whenever you post something on social media, it becomes a publication, you have effectively made a broadcast. As it is now in the public domain, it is subject

to both the **Code of Conduct** and to various **Laws**.

Code of Conduct

If you conduct yourself on twitter or Facebook as you would in person on the street or in your leaflets, then you will be fine.

Remember that according to guidance from the Ombudsman, the Code of Conduct applies to you whenever you are "Conducting the business of your authority, acting, claiming to act or give the impression you are acting in your official capacity as a member or representative of your authority" Also the Code applies if you "Conduct yourself in a manner which could reasonably be regarded as bringing your office or your authority into disrepute"² If you can be identified as a councillor when you are using social media, either by your account name or how you describe yourself or by what you comment upon and how you comment, the requirements of the Code of Conduct apply. Also if you say something that could be regarded as bringing your office or authority into disrepute the Code applies even if you are not apparently acting in your official capacity or do not identify yourself as a member. Remember that the Ombudsman's guidance states that "Making unfair or inaccurate criticism of your authority in a public arena might

² <http://www.ombudsman-wales.org.uk/en/publications/Guidance-policies.aspx>

well be regarded as bringing your authority into disrepute"

In the same way that you are required to act in council meetings or in your communities you should:

- **Show respect for others** - do not use social media to be rude or disrespectful
- **Not disclose confidential information about people or the council**
- **Not bully or intimidate others** - repeated negative comments about or to individuals could be interpreted as bullying or intimidation
- **Not try to secure a benefit for yourself or a disadvantage for others**
- **Abide by the laws of equality** - do not publish anything that might be seen as racist, sexist, ageist, homophobic or anti faith. Even as a joke or "tongue in cheek"

Predetermination

As a councillor, you are aware that when you act in a quasi-judicial capacity, for example on a planning or licensing committee, you should not make up your mind about an issue that is to be formally decided upon before you had heard all the relevant information. You are allowed to be predisposed to a particular view but not to have gone so far as to have predetermined your position. It is important to remember therefore that

anything relevant you might have said about particular issues on social media could be used as evidence of your having made up your mind in advance of hearing all the relevant information.

Criminal Offences

Don't panic! These generally apply to you already in your conduct as a councillor, but it is worth considering them as they apply to social media:

Harassment - It is a criminal offence to repeatedly pursue a campaign against someone where this is likely to cause alarm, harassment nuisance or distress.

Data Protection - It is illegal to publish personal data about individuals unless they have given you their permission. This might apply to your constituents or service users. As a councillor you are a data controller in your own right and therefore personally responsible for what you publish.

Incitement - It is a criminal offence to incite any criminal act.

Discrimination and Racially Aggravated Offences (or any other protected

Characteristic) - It is a criminal offence to make a discriminatory remark about anyone based on a "Protected Characteristic" as defined in The Equality Act (such as their race, religion, sexual orientation etc).

Malicious & Obscene

Communications - It is a criminal offence to send malicious or obscene communications.

Civil Law

This is where things get more risky for anyone who uses Twitter or Facebook, whether they are councillors, members of the public or celebrities...

Defamation - It is against the law to make a false statement about someone which damages their personal or professional reputation. Crucially - even if you simply retweet or pass on information originally posted by others, you may still be held equally as responsible as the original commentator. This can also apply to publishing images. If found liable to another person, you could be ordered to pay large sums of money as damages.

"High Court: Sally Bercow's Lord McAlpine tweet was libel"
<http://www.bbc.co.uk/news/world-22652083>

Copyright - The legal ownership of the contents of documents, photos, videos and music belong to the person who created them. You could be in breach of copyright if you reproduce such material without the owner's permission. Always ask for written

consent before you use someone else's material.

Political Comment and Electioneering - Remember that although it is acceptable to make political points or canvass votes via your own social media accounts this will not be permissible if you are using this via council supplied computer equipment, certainly in the run-up to elections. The Electoral Commission has further information about the return on expenditure that candidates need to provide on advertising or campaign literature.

10. Further Information, Interesting Sites and Sources of Help

Bear in mind that information, sites and terminology change quickly. Facebook is already reporting a drop in users. However, the next big social media platform will soon be on its way. Here are some current examples of information and useful sites but bear in mind that they may be quickly out of date.

Sign on to **Twitter** here
<https://twitter.com/>

Sign up to **Facebook** here
<https://en-gb.facebook.com/>

Tweety Hall. A platform that gathers all the Councillors that have Twitter accounts in the UK

together so that all their posts can be read in one place and the public can easily find their local councillor. All you have to do to join them is send them a Tweet.
<http://tweetyhall.co.uk/>

Twenty-first century councillors

<http://socialmedia.21st.cc/>
Useful guidance for members using social media.

<http://kindofdigital.com/>
An online innovation agency helping organisations engage online with citizens, communities and stakeholders. Has useful examples of social media guidance.

LGA's Knowledge Hub is an example of a community of practice. This one was set up specifically for people working in and with local government and has online fora, libraries full of materials and details of events.

<https://knowledgehub.local.gov.uk/>

Social Media and Online Collaboration Community. Join this Community of the Knowledge Hub to talk to other councillors and officers working with Social Media.

11. Glossary

Blog

Term derived from Weblog i.e an internet log or diary

Blogosphere

All the Blogs on the Internet

Community of Practice

Group of people who are members of an online 'club' because they have a role or an interest in an area of work

Direct Message

A message sent via Twitter to someone who follows you or who you follow.

Facebook

An example of social networking

Flickr

Photo sharing site

Follower

Someone who has chosen to follow you on Twitter

Friend

Someone who you have allowed to access your Facebook page. Not necessarily a real friend.

Forum

A virtual discussion area

#Hashtag

A hashtag or # is a way of denoting a keyword which can be used as a search term on Twitter.

Instagram

A platform for sharing photos and videos

Instant Messaging

A conversation with one other person via for example *Microsoft Live Messenger* or *Yahoo Messenger*. A conversation which, if you indicate that you are available for a chat is more immediate than e mail and easier to type than a text

Microblog

Short blog e.g. Twitter using a maximum of 140 characters

Pinterest

A virtual pinboard for creating and sharing images

RebelMouse

A free service that connects to your accounts at services such as Facebook, Twitter and/or Instagram. It integrates all your SM Tweets, postings and blogs automatically into one page, boosting your SM presence without you doing anything extra as it 'runs in the background'. It will save you having to tweet your blogs etc. to get more prominence on search engines.

Retweet

To forward a Tweet received on Twitter

RSS feeds or Really Simple Syndication feeds

Messages from websites informing you that new information is available so that you don't have to keep checking the website for updates

Social Bookmarking

A way of saving and sharing all your favourite sites on the web, for example

Delicious

Social networking

Facebook etc

Snapchat

A photo messaging application for photos, videos, drawings and text

Spam

Electronic junk mail

Trending

Current popular people or conversations as in *trending on Twitter now...*

Troll

Someone who disrupts online communities or discussions through unhelpful or irrelevant posts

Tweet

A message sent on Twitter

Tweety Hall

A virtual gathering place for councillors with Twitter accounts

Twitter

An example of microblogging

Vimeo

A platform for sharing videos and photographs

Wiki

A tool which enables anyone to add or edit content on a website

Wikipedia

Online Encyclopedia which works using this method and is therefore not always accurate

You Tube

A platform for sharing videos and photographs



Department
for Work &
Pensions

Ministerial
Correspondence
Caxton House
Tothill Street
LONDON
SW1H 9DA

www.dwp.gov.uk

ministers@dwp.gsi.gov.uk

Our Ref: TO/14/01427

Mrs Eirian Roberts
Gwynedd Council
Shirehall Street
CAERNARFON
Gwynedd
LL55 1SH



22 January 2014

Dear Mrs Roberts

Thank you for your recent correspondence about reforms to Housing Benefit. Government Ministers receive a large volume of correspondence and they are unable to reply personally on every occasion. I have been asked to respond.

Local authority staff are responsible for assessing help with rent, and they can explain the effects of the changes. They can make Discretionary Housing Payments (DHPs) in some circumstances, to people whose benefit falls short of their rent. Payment is at the discretion of the local authority.

Ministers believe it was right to change the previous arrangements, under which people who live in the social rented sector could have their rents met in full from Housing Benefit whether or not they under-occupied their homes. This was no longer considered sustainable and Housing Benefit for working-age tenants in the social rented sector is now being restricted. These restrictions apply where people live in a property that is too large for their needs.

Without immediate reform, the Housing Benefit bill would have exceeded £25 billion by 2015. Ministers felt it essential to act quickly to bring it under control. However as well as helping to contain growing Housing Benefit expenditure, this change should encourage mobility within the social rented sector, making better use of available social housing.

Ministers believe that we need to do everything possible to improve the way we use the social housing stock. There are widespread mismatches between household size and size of accommodation. Benefits have been subsidising nearly one million extra bedrooms for people under-occupying their accommodation, at a time when there are over a quarter of a million households living in overcrowded conditions in the social rented sector. Ministers have a comprehensive strategy in place to increase the numbers of new homes for rent. The Government is investing more funding in this. The strategy will help deliver up to 170,000 affordable homes by 2015 for rent and affordable ownership.

When working out the size of property for Housing Benefit purposes, the criteria take account of the number of people who occupy the dwelling as their home, their ages and the composition of the household. Changes in the household make-up will take immediate effect except where a relative living in the home dies. In these cases, legislation allows a 12-month period where the rent is met in full or continues to be met at the previous level.

Amending regulations have clarified the size criteria rules for two specific groups. First, people who are approved foster carers will be allowed an additional room, where the conditions are satisfied. Second, the size criteria rules will not be applied to a room normally occupied by a member of the Armed Forces provided they intend to return home. Ministers have agreed improved arrangements through these regulations which put these protections beyond doubt. With regard to people with disabilities, the determination of whether disability requires a tenant to have an extra bedroom is a matter for the local authority to decide, with the help of guidance issued by this Department.

Ministers are aware of the impact that the changes may have on some other groups. They had already announced an additional £25 million for the DHP budget from 2013/14, but on 30 July 2013 they announced further funding to help those affected by the Housing Benefit changes. Further, in his Autumn Statement on 5 December 2013, the Chancellor confirmed £40 million of additional DHP expenditure in both 2014/15 and 2015/16. Guidance to local authorities has emphasised that DHPs remain available for priority groups, potentially including those people whose homes have had significant disability adaptations.

These extra amounts come on top of the £190 million already set aside over the Spending Review period to help local authorities implement the Housing Benefit reforms, which included an extra £130 million for DHPs. Local decision-makers are better placed to make informed judgements about relative priorities and needs and to target limited resources more effectively.

Ministers have made a commitment to monitor this reform closely, and the extra funding forms a part of that. The measures are being monitored and evaluated over a two-year period. Initial findings will be available before the end of 2014 and the final report in late 2015. The evaluation will include small-scale, independent primary research with a range of local authorities, social landlords and voluntary organisations. As part of the research, officials will look at supply issues, rural factors and people unable to share rooms. Where possible, it will also consider people's financial circumstances, social networks and family life.

As part of their role in assessing Housing Benefit, local authority staff will be able to advise on the amounts that can be paid in individual cases.

Yours sincerely

Ministerial Correspondence Team