

GWYNEDD COUNCIL CABINET



Date of meeting: 30 November 2021

Cabinet Member: Councillor Nia Jeffreys

Contact Officer: Geraint Owen, Head of Corporate Support Department

Contact Number: 32335

Subject: Hunaniaith Business Case

A Report to a meeting of the Gwynedd Council Cabinet

THE DECISION SOUGHT

To continue as a unit within the Council for the time being, and invest £203,880 in a chief officer for a four- year period to focus on attracting new grants and raising income, improve community contact, attract more community members to the Strategic Group and work towards being an independent entity.

REASONS FOR THE NEED FOR A DECISION

Response to the Cabinet's request on 24/11/2020 for further work on the possible options and establish a task force of officers to create a business case for the options.

1. INTRODUCTION

- 1.1 Hunaniaith was established as an operational unit within the Welsh Language Promotion Unit, Gwynedd Council, in 2009. Prior to that, the Gwynedd Language Initiative was implemented as a project managed by the CYMAD company from 2006.
- 1.2 Currently, Hunaniaith is operating under the banner of the Welsh Language Promotion Plan for Gwynedd 2018-2023 (Theme 4: The Language of the Community). The Promotion Plan sits within the policy framework proposed by the 2018 Gwynedd and Anglesey Well-being Plan - a statutory plan promoted by the Gwynedd and Anglesey Public Services Board. This Plan notes the protection and promotion of the Welsh language as one of Gwynedd's main well-being priorities.

- 1.3 As a result of the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language Measure (Wales) 2011, Welsh Language Standards (2015), the duty to ensure a prosperous future for the Welsh language was adopted by Public Services Boards across Wales, and the requirement on local authorities to implement Welsh Language Promotion Plans has also led to an increase in the responsibility of unitary councils in that context.
- 1.4 To that end, during the past years, despite the recognition given to the special linguistic situation of Gwynedd and the background of establishing Hunaniaith as a strategic unit within Gwynedd Council, the main income source - Grant Scheme to Promote and Facilitate the Use of Welsh 2019-21, Welsh Government - has mainly focused on funding activity that promotes and supports social use of Welsh in accordance with Theme 2 of the national language strategy, Cymraeg 2050, 'Increasing the Use of Welsh'. The emphasis of that grant scheme is on operating at grass roots level to promote and facilitate an increase in the social use made of the Welsh language.
- 1.5 This community focus is reinforced by Hunaniaith's current work programme and the operational priorities noted under the current grant conditions, namely:
 - influence the language of the family,
 - strengthen the link between the school and the community,
 - offer activities to a wide range of residents, including the 18-24 age group, and
 - develop an understanding of the linguistic practices of the residents of Gwynedd.
- 1.6 Under the guidance of the Welsh Government and the conditions of the grant scheme, Hunaniaith, in recent years, has also been collaborating closely with the Bangor Language Initiative. The Bangor Language Initiative was established in 2013 as a voluntary group that wished to condense and intensify the efforts to maintain and promote the use of Welsh in the city.
- 1.7 In 2016, a grant of £300,000 was received from the Welsh Government, under the Bwrw 'Mlaen scheme, to establish Popdy as a centre for Welsh language activities and organisations in Bangor. 30% of Hunaniaith's grant (£50,000) has been referred since then to maintain development officer(s) who work specifically in collaboration with Bangor Language Initiative. Currently, one full-time development officer and one part-time development assistant are employed specifically to work with the Bangor Language Initiative.
- 1.8 Hunaniaith's core function is noted as follows:
 - motivational and empowering role jointly with local communities and networks,
 - operational role to motivate and implement direct and sustainable projects at grass roots level.
- 1.9 Iaith Cyf was appointed in 2020 to undertake the work of considering the possible options for the Language Initiative Structure in Gwynedd in the future, addressing the current structure, an arms-length company, a charity, a not-for-profit company, grant allocation for communities or any other possible option.

1.10 This work was reported back to the Cabinet on 24/11/2020 where a request was made for further work on the possible options and establishing a task force of officers to create a business case for the options. The outcome of this work is submitted to you today.

2. Possible options

2.1 The main considerations of each option are outlined in turn below, with further details available in Appendix 1.

Option 1 - *To continue as a specific service unit within the Council*

- The governance model would remain unchanged from its current form
- Reliant on the Government's grant to sustain the current posts
- There would be a need to ensure how to generate the greatest benefit and impact in the community, attracting new community members to the Hunaniaith Strategic Group.
- Need to consider how Hunaniaith would attract additional funding from other sources.

Option 2 - *A company under the Council's control*

- There would be a need to establish a company that could be based on shares or to operate on a not-for-profit basis, a company by guarantee. Hunaniaith's existing staff would transfer to the new company, via TUPE.
- A chief officer would need to be appointed for the company, along with company maintenance costs. There would be a need to fund the additional costs by attracting new grants and taking 10% of a contribution from all grants as a contribution towards the company's running costs.
- A board of directors would need to be appointed from amongst the members and/or officers of the Council.
- The new company would be reliant on attracting a Government grant to fund the current posts, therefore there would be a need to ensure that match funding is available in order to attract the grant.
- The company would be open to apply for project funding from various sources, respond to commissions and operate commercially.

Option 3 - *Establish an independent entity/entities to Gwynedd Council.*

- There would be a need to establish a non-Council-owned company or in a minority role in legal terms, e.g. a company limited by guarantee (that could also apply for charitable status) or a charitable corporate organisation
- Hunaniaith's existing staff would transfer to the new company, via TUPE arrangements and so higher pension contributions would have to be funded.
- A chief officer would need to be appointed for the company, along with company maintenance costs. There would be a need to fund the additional costs by attracting new grants and taking 10% of a contribution from all grants as a contribution towards the company's running costs.
- A Board of Directors would need to be appointed
- The new company would be reliant on attracting a Government grant to fund the current posts, therefore there would be a need to ensure that match funding is available in order to attract the grant.
- The company would be open to apply for project funding from various sources, respond to commissions and operate commercially.

Outcomes

Each of the above options would achieve the following outcomes at a different scale.

- The ability to expand the scope and nature of Hunaniaith's work
- The ability to attract income from other sources
- The ability to secure the voice of the community in Hunaniaith's priority arrangements.
- More fairness in terms of sharing the grant across the county.

Please see the matrix in Appendix 2, which outlines how each option meets the above outcomes.

3. Financial analysis

3.1 Finance work has been carried out to estimate the proposed costs of each option, as seen in the following table.

| | Proposed costs of Option 1: £ | Proposed costs of Option 2 £ | Proposed costs of Option 3 £ |
|-----------------------|--|---|---|
| Staff | 143,100 | 195,740 | 225,970 |
| Property | 0 | 7,500 | 7,500 |
| Services and Supplies | 23,790 | 35,650 | 28,990 |
| Sub-total | 166,890 | 238,890 | 262,460 |
| | | | |
| Government Grant | (166,890) | (166,890) | (166,890) |
| <i>New grants</i> | <i>0</i> | <i>(72,000) *</i> | <i>(95,570) *</i> |
| Net Total | 0 | 0 | 0 |

** Grant equivalent to £720,000 or £955,700 would need to be attracted to obtain a 10% contribution from them towards managing the initiative*

- 3.2 In terms of the costs of option 1, it must be borne in mind that match funding in terms of office space and the time of the Senior Language and Scrutiny Advisor are also contributions towards attracting the grant. In terms of the costs of option 2, staffing costs include the salary of the chief officer to lead the initiative. In terms of the costs of option 3, costs include the salary of the chief officer, the salary of the part-time support officer as well as higher pension costs.
- 3.3 As a result of further work on the income levels of other language initiatives across Wales, it became apparent that other initiatives do not attract grants at these levels, but rather attract income through commercial elements, that would not be suitable for Gwynedd, e.g. creating and maintaining childminding clubs and charging a fee on attendees.
- 3.4 It must be noted that there is a considerable amount of competition for those grants and it is therefore difficult to provide assurances regarding the success in attracting any additional grants in the future.
- 3.5 Uncertainty continues in relation to the implications of Brexit on any European grants in the future.

4. NEXT STEPS AND TIMETABLE

- 4.1. If the plan is approved, the intention is for it to be adopted immediately.
- 4.2. As a result of the information in terms of the size of the new grants that would need to be attracted and the increase in costs for options 2 and 3, the Cabinet is asked to approve that the unit should continue within the Council for the time being, and invest £203,880 in a chief officer for a period of four years. The chief officer will focus on attracting new grants and generating an income, improving community contact, attracting more community members to the Strategic Group, and working towards being an independent entity.

5. ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION

- 5.1. We have engaged with the Hunaniaith Strategic Group.

5.2. Views of the Statutory Officers:

i. The Monitoring Officer:

I've had input into this project and I am content with the propriety of the recommendation.

ii. Head of Finance:

Having worked with Finance Department officials with the author of the report, I confirm that the figures contained in part 3 of the report are accurate, or fair estimates where appropriate. In the current climate, given the uncertainty of the core grant position, and the lack of other grants generally, I agree that it would be prudent to continue to provide this service in-house at this time.

The Cabinet can approve a relevant commitment from the Transformation Fund for an additional post, over a 4-year period at a cost of £203,880 to manage the service and improve the situation. That is, a one-off bid could be biased, before prioritising the other one-off bids to be approved from the Transformation Fund to support the principles of the Council Plan.

APPENDIX 1

| | Option 1 - do nothing | Option 2 - Local Government Company | Option 3 - establish an independent entity |
|----------------------|---|---|---|
| <i>Description</i> | <i>It would continue as a specific service unit within the structure of Gwynedd Council</i> | <i>A Council-owned company</i> | <i>It would establish an independent entity/entities to Gwynedd Council</i> |
| Advantages | <ul style="list-style-type: none"> • It would facilitate collaboration opportunities with other Council departments. • The ability to attract and manage volunteers to assist with the initiative's work. • Democratic accountability already in place via the Council's structures (e.g. Hunaniaith Strategic Group). • It would ensure a relationship with other accountability structures in relation to the Welsh language within the Council (e.g. Language Committee). • Networks already established, e.g. Community Support Teams, expertise in attracting grants. | <ul style="list-style-type: none"> • The scope and nature of the activities could be expanded as a result of attracting some additional income sources. • Attracting and managing volunteers to assist with the initiative's work. • Opportunity to establish a lead system that is more responsive to the needs of the work. • Possible to ensure representation within the relevant networks within the Council. • Possible to establish voluntary consultative forums as required. • Networks already established, e.g. Community Support Teams, expertise in attracting grants. | <ul style="list-style-type: none"> • It would be possible to extend the scope and nature of the activities as a result of attracting additional income sources. • Attracting and managing volunteers to assist with the initiative's work. • The Board of Directors open to attract members in accordance with the need for a range of specific skills and expertise. • Independence from the Council and is therefore more likely to attract broader community ownership. • Able to present an independent specialist voice within the Council's partnership networks and in other forums. • Able to act as an equal partner as other language initiatives within Mentrau Iaith Cymru. |
| Disadvantages | <ul style="list-style-type: none"> • Unable to apply for additional external grants, e.g. Community Lottery Fund. • A perception of Hunaniaith as a Council agent being able to produce unreal expectations and restrict the ability to be effectively involved with communities. • Decisions associated with the Council's bureaucracy processes. | <ul style="list-style-type: none"> • No direct ownership by bodies or individuals outside the Council. • A perception of Hunaniaith as a Council agent continuing as a potential obstruction. | <ul style="list-style-type: none"> • Possibility of having no support structures in place. • Uncertainty regarding the annual grant, thus impacting the viability of the initiative. • Need to test the market in terms of the level of interest in the community. |
| Risks | <ul style="list-style-type: none"> • Maintaining the current situation that is restricted to the Government Grant - a risk that it will reduce. • The small resource will not be able to provide support across the county and meet the broad and varied needs. | <ul style="list-style-type: none"> • Unable to attract members to serve on the Initiative's Board. • Unable to attract grants. • Unable to appoint a suitable Chief Officer. | <ul style="list-style-type: none"> • Unable to attract members to serve on the Initiative's Board. • Unable to attract grants. • Unable to appoint a suitable Chief Officer. |

| | Option 1 - do nothing | Option 2 - Local Government Company | Option 3 - establish an independent entity |
|-------------------------------|---|--|--|
| <i>Description</i> | <i>It would continue as a specific service unit within the structure of Gwynedd Council</i> | <i>A Council-owned company</i> | <i>It would establish an independent entity/entities to Gwynedd Council</i> |
| | <ul style="list-style-type: none"> Unable to ensure the commitment of members to serve on the Strategic Group. Ensure community ownership of the work programme. | <ul style="list-style-type: none"> Need for clarity regarding who else is doing similar work in Gwynedd to assess the real potential to attract new grants. | <ul style="list-style-type: none"> Need for clarity regarding who else is doing similar work in Gwynedd to assess the real potential to attract new grants. Is there interest out in the community to manage the initiative? |
| Legal Implications | <ul style="list-style-type: none"> None. | <ul style="list-style-type: none"> Exact implications to be confirmed when the model is clear. | <ul style="list-style-type: none"> Community movement to take control of the initiative - whether a new or existing movement. An independent entity and therefore no role for the Council in terms of input or management. |
| Financial Implications | <ul style="list-style-type: none"> An opportunity to review opportunities to attract funding from other sources (internal and external). Unable to apply for some external grants, e.g. Community Lottery Fund. | <ul style="list-style-type: none"> No change to the pension contribution. The new staffing structure could be funded by taking an element of each grant application made, e.g. 10% of each application going towards staffing costs. Clarity is needed on what would happen to the match funding of 30% that the Council is currently funding - will this continue as support for the initiative or will it be up to the initiative to secure match funding for the grant? Hunaniaith staff are implementing elements of the Council's Promotion Plan; this element will need to be funded if a new provision model is in place (as well as procuring the work). Possible to submit applications for project or capital funding from various sources, bid for commission work and operate commercially, e.g. a community translation company. | <ul style="list-style-type: none"> A higher pension contribution and there will be a need to ensure that a bond is in place. The new staffing structure could be funded by taking an element of each grant application made, e.g. 10% of each application going towards staffing costs. Clarity is needed on what would happen to the match funding of 30% that the Council is currently funding - will this continue as support for the initiative or will it be up to the initiative to secure match funding for the grant? Hunaniaith staff are implementing elements of the Council's Promotion Plan; this element will need to be funded if a new provision model is in place (as well as procuring the work). Ability to attract additional grants. Possible to submit applications for project or capital funding from various sources, bid for commission work and operate |

| | Option 1 - do nothing | Option 2 - Local Government Company | Option 3 - establish an independent entity |
|--------------------------------|---|---|---|
| <i>Description</i> | <i>It would continue as a specific service unit within the structure of Gwynedd Council</i> | <i>A Council-owned company</i> | <i>It would establish an independent entity/entities to Gwynedd Council</i> |
| | | <ul style="list-style-type: none"> There would be a need to establish or commission a support service from the Council or another company. | <ul style="list-style-type: none"> commercially, e.g. a community translation company. There would be a need to establish or commission a support service from another company. |
| Staff implications | <ul style="list-style-type: none"> Need to review the current staffing structure to ensure that it is fit-for-purpose, e.g. full-time chief officer to lead. | <ul style="list-style-type: none"> TUPE implications and therefore a sufficient period of time will be required to consult with staff. Possible changes in staff terms of employment in the future. | <ul style="list-style-type: none"> TUPE implications and therefore a sufficient period of time will be required to consult with staff. Possible changes in staff terms of employment in the future. |
| Governance Arrangements | <ul style="list-style-type: none"> No change in legal terms, but there would be a need to consider where best to position the Initiative within the Council's structure in terms of community work and contact, e.g. Economy and Community Department. There would be a need to review the current governance arrangements to ensure that they are fit-for-purpose, e.g. Strategic Groups and Sub-groups. | <ul style="list-style-type: none"> An arms-length entity. No way of establishing charitable status. | <ul style="list-style-type: none"> An independent entity by establishing a Company Limited by Guarantee or a Charity. |

APPENDIX 2

Hunaniaith options assessment matrix

| Outcomes | Option 1 - to continue as a service unit within the Council | Option 2 - establish an arms-length company in the ownership of the Council | Option 3 - establish an independent entity |
|--|---|---|--|
| Sustainable organisation for the future | Maintaining the status quo | The Council able to underwrite pension costs Uncertainty about the level of potential new grants in the future | Higher pension costs could possibly be unsustainable. Uncertainty about the level of potential new grants in the future |
| The ability to extend the scope and nature of the work | Less scope to do this as a part of the Council | More scope to do this by attracting new grants | Full scope to be able to do this as a community initiative |
| The ability to secure the voice of the priority arrangements | Less interest in the community as it is associated with the Council | Easier to attract the community's interest in an arms-length initiative | Easier to attract the company's interest in a community initiative |
| The ability to attract income from other sources | Less scope to do this as a part of the Council | More scope to attract additional grants than from within the Council but not all grants available to an arms-length organisation either | Scope to attract additional grants opened in full |

Note the risk to the Council with Option 2 and 3 if they do not succeed, i.e. risk to the Council's reputation having transferred to an unsustainable initiative and a risk for the Council to have to take the initiative back.