

Public Document Pack



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mrs Annwen Morgan
Prif Weithredwr – Chief Executive

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
Swyddfeydd y Cyngor - Council Offices
LLANGFNI
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RHYBUDD O GYFARFOD	NOTICE OF MEETING	
PWYLLGOR GWAITH	THE EXECUTIVE	
DYDD LLUN 14 RHAGFYR 2020 10.00 o'r gloch	MONDAY 14 DECEMBER 2020 10.00 am	
CYFARFOD RHITHIOL	VIRTUAL MEETING	
Swyddog Pwyllgor	Ann Holmes 01248 752518	Committee Officer

AELODAU/MEMBERS

Plaid Cymru/Party of Wales

Llinos Medi Huws, Carwyn Jones, R Meirion Jones, Alun W Mummery, Robert G Parry, OBE, FRAGS, Robin Wyn Williams

Annibynnol/Independent

Richard Dew, Dafydd Rhys Thomas, Ieuan Williams

COPI ER GWYBODAETH / COPY FOR INFORMATION

I Aelodau'r Cyngor Sir / To the Members of the County Council

Bydd aelod sydd ddim ar y Pwyllgor Gwaith yn cael gwahoddiad i'r cyfarfod i siarad (ond nid i bleidleisio) os ydy o/hi wedi gofyn am gael rhoddi eitem ar y rhaglen dan Reolau Gweithdrefn y Pwyllgor Gwaith. Efallai bydd y Pwyllgor Gwaith yn ystyried ceisiadau gan aelodau sydd ddim ar y Pwyllgor Gwaith i siarad ar faterion eraill.

A non-Executive member will be invited to the meeting and may speak (but not vote) during the meeting, if he/she has requested the item to be placed on the agenda under the Executive Procedure Rules. Requests by non-Executive members to speak on other matters may be considered at the discretion of The Executive.

At present this Committee is not being webcast live. A recording of the meeting will be made available on the Council's website as soon as possible.

A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest from a Member or Officer in respect of any item of business.

2 URGENT MATTERS CERTIFIED BY THE CHIEF EXECUTIVE OR HER APPOINTED OFFICER

No urgent matters at the time of dispatch of this agenda.

3 THE EXECUTIVE'S FORWARD WORK PROGRAMME (Pages 1 - 12)

To submit a report by the Head of Democratic Services.

4 TREASURY MANAGEMENT MID-YEAR REVIEW 2020/21 (Pages 13 - 34)

To submit a report to the Director of Function (Resources)/Section 151 Officer.

5 COUNCIL TAX PREMIUMS - SECOND HOMES AND LONG-TERM EMPTY PROPERTY (REVIEW) (Pages 35 - 56)

To submit a report by the Director of Function (Resources)/Section 151 Officer.

6 SPORTS NORTH WALES - BUSINESS CASE

To submit a report by the Interim Head of Regulation and Economic Development.

Isle of Anglesey County Council	
Report to:	The Executive
Date:	14 December 2020
Subject:	The Executive's Forward Work Programme
Portfolio Holder(s):	Cllr Llinos Medi
Head of Service / Director:	Lynn Ball Director of Function – Council Business / Monitoring Officer
Report Author: Tel: E-mail:	Huw Jones, Head of Democratic Services 01248 752108 JHuwJones@anglesey.gov.uk
Local Members:	Not applicable

A –Recommendation/s and reason/s
<p>In accordance with its Constitution, the Council is required to publish a forward work programme and to update it regularly. The Executive Forward Work Programme is published each month to enable both members of the Council and the public to see what key decisions are likely to be taken over the coming months.</p> <p>The Executive is requested to:</p> <p>confirm the attached updated work programme which covers January – August 2021;</p> <p>identify any matters for specific input and consultation with the Council's Scrutiny Committees during the Covid-19 emergency whilst taking into account the strategy for committee meetings up to 30 April 2021 endorsed by group leaders on 12 May 2020, which notes the expectations with regard to convening scrutiny committee meetings.</p> <p>note that the forward work programme is updated monthly and submitted as a standing monthly item to the Executive.</p>

B – What other options did you consider and why did you reject them and/or opt for this option?
-

C – Why is this a decision for the Executive?

The approval of the Executive is sought before each update is published to strengthen accountability and forward planning arrangements.

CH – Is this decision consistent with policy approved by the full Council?

Yes

D – Is this decision within the budget approved by the Council?

Not applicable.

DD – Impact on our Future Generations(if relevant)

1	How does this decision impact on our long term needs as an Island	Not relevant.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	

E – Who did you consult?**What did they say?**

1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	The forward work programme is discussed at Heads of Service meetings ('Penaethiaid') on a monthly basis (standing agenda item). It is also circulated regularly to Heads of Services for updates.
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	

4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	Under normal circumstances, monthly joint discussions take place on the work programmes of the Executive and the two Scrutiny Committees in order to ensure alignment.
9	Local Members	Not applicable.

F - Appendices:

The Executive's Forward Work Programme: January – August 2021

FF - Background papers (please contact the author of the Report for any further information):

The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020



The Executive's forward work programme enables both Members of the Council and the public to see what key decisions are likely to be taken by the Executive over the coming months.

Executive decisions may be taken by the Executive acting as a collective body or by individual members of the Executive acting under delegated powers. The forward work programme includes information on the decisions sought, who will make the decisions and who the lead Officers and Portfolio Holders are for each item.

It should be noted, however, that the work programme is a flexible document as not all items requiring a decision will be known that far in advance and some timescales may need to be altered to reflect new priorities etc. The list of items included is therefore reviewed regularly and updates are published monthly.

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Reports will need to be submitted from time to time regarding specific property transactions, in accordance with the Asset Management Policy and Procedures. Due to the influence of the external market, it is not possible to determine the timing of reports in advance

The latest version of the Executive's Forward Work Programme – **which is a live document and subject to change** - is set out on the following pages.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg / This document is also available in Welsh.

* Key:

S = Strategic – key corporate plans or initiatives

O = Operational – service delivery

FI = For information

The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020

Subject & *category and what decision is sought	Decision by which Portfolio Holder or, if a collective decision, why	Lead Service	Responsible Officer/ Lead Member & contact for representation	Pre-decision / Scrutiny (if applicable)	Date to Executive or, if delegated, date of publication	Date to Full Council (if applicable)
January 2021						
1	2021/22 Budget (S) To finalise the Executive's initial draft budget proposals for consultation.	The Executive / Leader of the Council	Resources Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams		The Executive 18 January 2021	
2	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive 25 January 2021	
3	Interim Housing Strategy 2020-21	The Executive / Leader of the Council	Housing Ned Michael Head of Housing Services Cllr Alun W Mummery		The Executive 25 January 2021	Full Council Date to be confirmed
4	Anglesey Further Education Trust Annual Report and Accounts 2019/20	The Executive / Leader of the Council	Resources Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams		The Executive 25 January 2021	

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5	Llangefni Golf Course	The Executive / Leader of the Council	Regulation and Economic Development	Christian Branch Interim Head of Regulation and Economic Development Cllr Carwyn Jones		The Executive 25 January 2021 (to be confirmed)
February 2021						
6	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business	Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive 15 February 2021
March 2021						
7	Annual Equality Report 2019/20 Approval of report.	Social Services Portfolio Holder	Council Business	Lynn Ball Director of Function – Council Business / Monitoring Officer Cllr Llinos Medi	Partnership and Regeneration Scrutiny Committee 9 March 2021	Delegated decision March 2021
8	Revenue Budget Monitoring Report – Quarter 3, 2020/21 (S) Quarterly financial monitoring report.	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021

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The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020

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9	<p>Capital Budget Monitoring Report – Quarter 3, 2020/21 (S)</p> <p>Quarterly financial monitoring report.</p>	The Executive / Leader of the Council	Resources	<p>Marc Jones Director of Function – Resources / Section 151 Officer</p> <p>Clr Robin Wyn Williams</p>	<p>Finance Scrutiny Panel (date to be confirmed)</p>	<p>The Executive 1 March 2021</p>	
10	<p>Housing Revenue Account Budget Monitoring Report – Quarter 3, 2020/21 (S)</p> <p>Quarterly financial monitoring report.</p>	The Executive / Leader of the Council	Resources	<p>Marc Jones Director of Function – Resources / Section 151 Officer</p> <p>Clr Robin Wyn Williams</p>	<p>Finance Scrutiny Panel (date to be confirmed)</p>	<p>The Executive 1 March 2021</p>	
11	<p>Treasury Management Strategy 2021/22</p> <p>Adoption of strategy for the new financial year.</p>	The Executive / Leader of the Council	Resources	<p>Marc Jones Director of Function – Resources / Section 151 Officer</p> <p>Clr Robin Wyn Williams</p>	<p>Finance Scrutiny Panel (date to be confirmed)</p>	<p>The Executive 1 March 2021</p>	<p>Council 9 March 2021</p>
12	<p>Charges for non-residential services 2021/22</p> <p>Approval.</p>	The Executive / Leader of the Council	Adults' Services	<p>Iola Richards Interim Head of Adults' Services</p> <p>Clr Llinos Medi</p>	<p>Finance Scrutiny Panel (date to be confirmed)</p>	<p>The Executive 1 March 2021</p>	

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The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020

	Subject & *category and what decision is sought	Decision by which Portfolio Holder or, if a collective decision, why	Lead Service	Responsible Officer/ Lead Member & contact for representation	Pre-decision / Scrutiny (if applicable)	Date to Executive or, if delegated, date of publication	Date to Full Council (if applicable)
13	Standard Charge for Council Care Homes 2021/22 Approval.	The Executive / Leader of the Council	Adults' Services	Iola Richards Interim Head of Adults' Services Cllr Llinos Medi	Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021	
14	Independent Sector Care Home Fees 2021/22 Approval.	The Executive / Leader of the Council	Adults' Services	Iola Richards Interim Head of Adults' Services Cllr Llinos Medi	Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021	
15	Housing Rent HRA and Housing Service Charges 2021/22	The Executive / Leader of the Council	Housing	Ned Michael Head of Housing Services Cllr Alun W Mummery	Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021	
16	Housing Revenue Account (HRA) Business Plan	The Executive / Leader of the Council	Housing	Ned Michael Head of Housing Services Cllr Alun W Mummery	Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021	

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Period: January – August 2021

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17 Medium Term Financial Strategy and Budget 2021/22 (S) Adoption of final proposals for recommendation to the County Council.	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel (date to be confirmed) Corporate Scrutiny Cttee 16 February 2021	The Executive 1 March 2021	Council 9 March 2021
18 Capital Strategy and Capital Programme	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel (13 November 2020) Finance Scrutiny Panel (date to be confirmed)	The Executive 1 March 2021	Council 9 March 2021
19 Capital Budget 2021/22	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel (date to be confirmed) Corporate Scrutiny Committee 16 February 2021	The Executive 1 March 2021	Council 9 March 2021

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The Executive's Forward Work Programme Period: January – August 2021

Updated 3 December 2020

Subject & *category and what decision is sought	Decision by which Portfolio Holder or, if a collective decision, why	Lead Service	Responsible Officer/ Lead Member & contact for representation	Pre-decision / Scrutiny (if applicable)	Date to Executive or, if delegated, date of publication	Date to Full Council (if applicable)
20	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive 22 March 2021	
21	Corporate Scorecard – Quarter 3, 2020/21 (S) Quarterly performance monitoring report.	The Executive / Leader of the Council	Corporate Transformation Carys Edwards Head of Profession – HR and Transformation Cllr Dafydd Rhys Thomas	Corporate Scrutiny Committee 8 March 2021	The Executive 22 March 2021	
22	Introducing Galw Gofal – Care Connect charges for Council Housing Tenants	The Executive / Leader of the Council	Housing Ned Michael Head of Housing Services Cllr Alun W Mummery	Corporate Scrutiny Committee (date to be confirmed)	The Executive 22 March 2021 (to be confirmed)	
April 2021						
23	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive 26 April 2021	

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The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020

Subject & *category and what decision is sought	Decision by which Portfolio Holder or, if a collective decision, why	Lead Service	Responsible Officer/ Lead Member & contact for representation	Pre-decision / Scrutiny (if applicable)	Date to Executive or, if delegated, date of publication	Date to Full Council (if applicable)
May 2021						
24	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive May 2021	
June 2021						
25	Welsh Language Standards Annual Report 2020/21 Approval of report.	Portfolio holder with responsibility for the Welsh language.	Council Business Huw Jones Head of Democratic Services Cyng Ieuan Williams	To be confirmed	Delegated decision June 2021	
26	The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive June 2021	
27	Corporate Scorecard – Quarter 4, 2020/21 (S) Quarterly performance monitoring report.	The Executive / Leader of the Council	Corporate Transformation Carys Edwards Head of Profession – HR and Transformation Cllr Dafydd Rhys Thomas	Corporate Scrutiny Committee 	The Executive June 2021	

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The Executive's Forward Work Programme

Period: January – August 2021

Updated 3 December 2020

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28 Revenue Budget Monitoring Report – Quarter 4, 2020/21 (S) Quarterly financial monitoring report.	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel	The Executive June 2021	
29 Capital Budget Monitoring Report – Quarter 4, 2020/21 (S) Quarterly financial monitoring report.	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel	The Executive June 2021	
30 Housing Revenue Account Budget Monitoring Report – Quarter 4, 2020/21 (S) Quarterly financial monitoring report.	The Executive / Leader of the Council	Resources	Marc Jones Director of Function – Resources / Section 151 Officer Cllr Robin Wyn Williams	Finance Scrutiny Panel	The Executive June 2021	
July 2021						
31 The Executive's Forward Work Programme (S) Approval of monthly update.	The Executive	Council Business	Huw Jones Head of Democratic Services Cllr Llinos Medi		The Executive July 2021	

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ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	EXECUTIVE COMMITTEE	
Date:	14 DECEMBER 2020	
Subject:	TREASURY MANAGEMENT MID-YEAR REVIEW REPORT 2020/21	
Portfolio Holder(s):	COUNCILLOR R WILLIAMS	
Head of Service / Director:	R MARC JONES	
Report Author: Tel: E-mail:	JEMMA ROBINSON 01248 752675 JemmaRobinson@ynysmon.gov.uk	
Local Members:	n/a	
A –Recommendation/s and reason/s		
<ul style="list-style-type: none"> Consider the Treasury Management Mid-Year Review Report for 2020/21 and refer on to the next meeting of the full Council with any comments for final consideration. 		
B – What other options did you consider and why did you reject them and/or opt for this option?		
n/a		
C – Why is this a decision for the Executive?		
<ul style="list-style-type: none"> To comply with regulations issued under the Local Government Act 2003 and with the Council's Treasury Management Scheme of Delegation for 2020/21 (Appendix 8 of the Treasury Management Strategy Statement 2020/21). In accordance with the Scheme of Delegation, this report was scrutinised by the Audit Committee on 01 December 2020. The report will be presented to the full Council once it has been accepted by this Committee. 		
CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
N/A		
DD – Who did you consult? What did they say?		
1	Chief Executive / Senior Leadership Team (SLT)(mandatory)	
2	Finance / Section 151(mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

10	Other	The Audit Committee resolved to: <ul style="list-style-type: none"> To accept the Treasury Management Mid-Year Review report for 2020/21, and to recommend it to the Executive without comment.
E – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	
F - Appendices:		
Appendix A –Treasury Management Mid-Year Review for 2020/21		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> Treasury Management Strategy Statement 2020/21 Prudential and Treasury Indicators 2020/21 Treasury Management Outturn Report 2019/20 		

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. As from 2020/21, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

A report setting out our Capital Strategy was taken to the Executive Committee on 2 March 2020, and a revised Strategy for 2021/22 will be taken to the full Council before 31 March 2021.

1.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially, the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses and, on occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:-

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:-

- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.
- (iii) Receipt by the full Council of an Annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report (this report) and an Annual Report, covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- (v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, the delegated body is the Audit Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:-

- An economic update for the first half of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

3. Economic Update

- 3.1 The Council's treasury advisers provided an economic update and can be found in Appendix 1. They have also recently provided the following interest rate forecast:-

	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
Bank Rate (%)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB rate (%)	1.80%	1.80%	1.80%	1.80%	1.80%	1.90%	1.90%	1.90%	1.90%	1.90%
10yr PWLB rate (%)	2.10%	2.10%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%
25yr PWLB rate (%)	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%	2.70%	2.70%	2.70%	2.70%
50yr PWLB rate (%)	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%

- 3.2 The Council's treasury advisers recently provided a commentary alongside the interest rate forecast above. This commentary can be found in Appendix 2.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

- 4.1 The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the full Council on 10 March 2020. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. Annual Investment Strategy

- 5.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions. As shown by the interest rate forecasts in section 3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31 March 2023, investment returns are expected to remain low.

- 5.2** While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.
- 5.3** Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.
- 5.4** The Council held £42.224m of investments as at 30 September 2020 (£20.208m at 31 March 2020) and the investment portfolio yield for the first six months of the year was 0.07%. A full list of investments as at 30 September 2020 can be found in Appendix 3. A summary of the investments and rates can be found in Appendix 4.
- 5.5** Due to the large sums of grants received from Welsh Government to help deal with the Covid crisis and the availability of call accounts to the Council, this has resulted in the Council holding balances in call accounts over and above the limits approved within the Annual Investment Strategy included in the TMSS 2020/21. When producing the TMSS 2020/21, these unprecedented times could not be foreseen. In light of this, counterparty limits will be assessed and reviewed when producing the TMSS for 2021/22.
- 5.6** The Council's budgeted investment return for the whole of 2020/21 is £0.053m and performance for the year to date is in line with the budget, with £0.027m received to the end of Quarter 2. However, our projection to year end is that we will underachieve the budget by approximately £0.011m. Although our cash balances have been higher than normal, this is offset by the lower than anticipated interest rates.
- 5.7** The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 5.8** The approved countries for investments can be seen in Appendix 5.
- 5.9** The table below shows a list of investments made to other Local Authorities during the first half of this financial year. Given that security of funds is the key indicator of this Council, other Local Authorities is seen as the most secure way of investing funds, and this gives a greater rate of return than most bank call accounts.

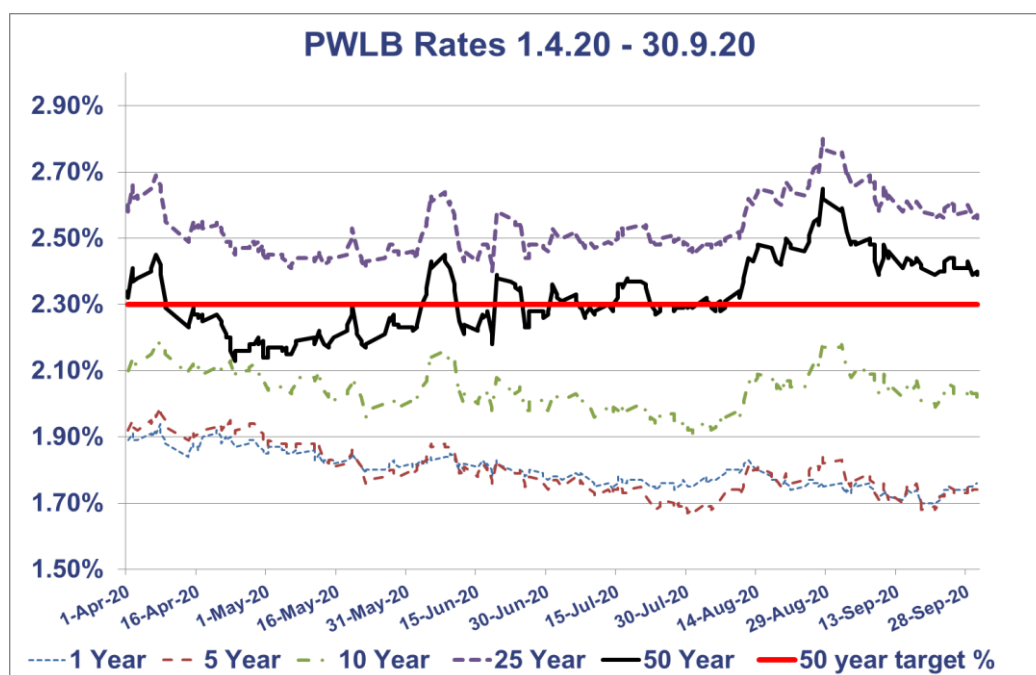
Local Authority	Start Date	End Date	Interest Rate %	Amount £
Blackpool Borough Council	30/07/2020	23/10/2020	0.15	5,000,000
Thurrock Council	11/09/2020	11/01/2021	0.15	5,000,000
Dudley Metropolitan Borough Council	25/09/2020	23/12/2020	0.15	3,500,000

6. Borrowing

6.1 The projected capital financing requirement (CFR) for 2020/21 is £140.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has projected year end borrowings of £128.9m and will have used £11.7m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate, but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

6.2 No borrowing was undertaken during the first half of this financial year, and it is anticipated that borrowing will be undertaken during the second half of the financial year. There will be a borrowing requirement to fund a part of the 2020/21 capital programme and this will be through internal borrowing (drawing down cash balances) and external borrowing. External borrowing is in relation to funding the capital cost of new vehicles as per the conditions of the waste contract awarded to Biffa. This is anticipated to be £4.449m and is subject to Executive approval on 30 November 2020. In addition, the effect of coronavirus on the capital programme objectives are being assessed. Therefore, our borrowing strategy will be reviewed and then revised in order to achieve optimum value and risk exposure in the long-term.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. PWLB rates varied within a relatively narrow range between April and July but the longer end of the curve rose during August. This increase came in two periods: the first in the second week of the month was on the back of hopes for fresh US stimulus. This saw investors switch monies out of government bonds and into equities. The second shift higher at the longer end of the curve came in the latter stages of the month as investors reacted to the announcement of the tweak to the Fed's inflation target. Despite moves further out in the yield curve, the short end remained anchored on the basis of no fundamental change to the interest rate outlook. The 50-year PWLB target rate for new long-term borrowing was unchanged at 2.30%.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

6.3 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has, therefore, been undertaken to date in the current financial year.

7. The Council's Capital Position (Prudential Indicators)

7.1 This part of the report is structured to update:-

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

7.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure in comparison to the capital budget:-

Capital Expenditure	2020/21 Original Estimate	Position as at 30 September 2020	2020/21 Current Estimate
	£'000	£'000	£'000
Council Fund	30,434	7,791	20,967
HRA	19,032	3,680	12,788
Total	49,466	11,471	33,755

7.2.1 The projected expenditure shows that the majority of projects are on target to be completed within budget but the main project that is forecast to be underspent is the 21st Century Schools Programme, along with HRA forecasting a significant underspend. This is reflected in the above table. A full breakdown on the planned capital expenditure for 2020/21 is provided in the Capital Budget Monitoring Report Q2, presented to the Executive on 30 November 2020.

7.3 Changes to the Financing of the Capital Programme

7.3.1 There are some changes to the financing of the capital programme, as can be seen in the table below. The main reason for the change is as noted in paragraph 7.2.1, as there will be significant underspend in capital schemes in 2020/21 (21st Century Schools Programme and HRA). However, these schemes will slip into 2021/22, along with their funding, and it is not anticipated, at this point, that any funding will be lost due to the delays.

7.3.2 The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original funding of the capital programme, and the expected funding arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Financing	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
Capital Grants	20,769	15,070
Capital Receipts	793	782
Reserves	619	487
Revenue Contribution	16,133	10,152
Supported Borrowing	7,955	5,727
Unsupported Borrowing	1,796	136
Loan	1,401	1,401
Total	49,466	33,755

7.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

7.4.1 Tables 7.4.2 and 7.4.3 below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary, which is set annually by the Council as part of the Treasury Management Strategy Statement.

7.4.2 Prudential Indicator – the Operational Boundary for external debt

	2020/21 Operational Boundary as per TMSS 2019/20 £'000	2020/21 Opening Borrowing Position £'000	Amount Within the Boundary £'000	2020/21 Estimated Borrowing Position £'000	Amount Within the Boundary £'000
<i>Prudential Indicator – External Debt/ The Operational Boundary</i>					
Borrowing	189,000	139,232	49,768	128,924	60,076
Other long term liabilities	3,000	0	3,000	0	3,000
Total Debt 31 March	192,000	139,232	52,768	128,924	63,076

7.4.3 Prudential Indicator – Capital Financing Requirement (CFR)

7.4.3.1 We are currently slightly below the original forecast for Capital Financing Requirement due to the forecast underspend in borrowing, mainly down to the 21st Century Schools Programme.

	2020/21 Original Estimate £'000	2020/21 Revised Estimate £'000
<i>Prudential Indicator – Capital Financing Requirement</i>		
CFR – Council Fund	108,536	101,469
CFR – HRA	39,449	39,198
Total CFR	147,985	140,667
Net movement in CFR	5,951¹	3,763²

¹ Movement between 2019/20 estimate and 2020/21 estimate in TMSS 2020/21

² Movement between 2019/20 actual (per Statement of Accounts 2019/20) and 2020/21 revised estimate

Original CFR Forecast	147,985
Reduced MRP between TMSS 2020/21 forecast and Capital Q2 2020/21 revised forecast	154
Underspend in Unsupported Borrowing for HRA in 2020/21	-250
Underspend on loan (difference between TMSS 2020/21 forecast and Capital Q2 revised forecast)	-3
Underspend in Unsupported Borrowing in 2019/20 and 2020/21 due to the delay in the progress of the 21 st Century Schools programme	-4,105
Underspend in Supported Borrowing in 2019/20 due to additional grant received in 2019/20 as substitute funding which reduced the need for Supported Borrowing	-3,114
Revised CFR Forecast	140,667

7.5 Limits to Borrowing Activity

7.5.1 The first key control over the treasury activity is a prudential indicator to ensure that, over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need, which will be adhered to if this proves prudent. The current borrowing position is £135.650m, which is below the CFR forecast for this and the next two financial years (see table below), therefore, this indicator has not been breached.

	2020/21 £'000	2021/22 £'000	2022/23 £'000
CFR (year-end forecast)	140,667	163,266	168,970

	2020/21 Original Estimate £'000	Current Position at 30 September 2020 £'000	2020/21 Revised Estimate £'000
External Borrowing	139,232	135,650	128,924
Internal Borrowing	8,753	5,017	11,743
Plus other long term liabilities	0	0	0
CFR (year-end position)	147,985	140,667	140,667

7.5.2 It is not envisaged that there will be any difficulties for the current year in complying with this prudential indicator.

- 7.5.3** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members, currently £183m. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.

Authorised Limit for External Debt	2020/21 Original Indicator	Current Borrowing Position as at 30 September 2020	Estimated Borrowing Position as at 31 March 2021
	£'000	£'000	£'000
Borrowing	178,000	135,650	128,924
Other long term liabilities	5,000	0	0
Total	183,000	135,650	128,924

8. Compliance with Treasury and Prudential Limits

- 8.1** It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020/21. No difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in compliance with the Council's Treasury Management Practices, however, please refer to paragraph 5.5 for explanation regarding deviation from approved investment limits.

9. Recommendation

- 9.1** To consider the content of the report and refer the report to the Full Council for consideration along with any additional comments the Executive may wish to make.

Diweddariad ar yr Economi hyd yma a'r rhagolygon / Economic Update & Forecasts

As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

- The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
- The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
- It forecast that there would be excess demand in the economy by Q3 2022 causing **CPI inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.

The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.

In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.

Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.

There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is

also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth. One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

US. The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

EU. The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan. There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.

World growth. Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services

Sylwadau ar y rhagolygon diweddaraf ar raddfeydd llog / Commentary on the latest interest rates forecasts

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11th March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4th June, but that date was subsequently put back to 31st July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11th March 2020 in margins over gilt yields, the current situation is as follows:-

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)

- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.

- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services

Crynodeb Benthycyca a Buddsoddi – Chwarteroedd 1 a 2 2020/21
Borrowing and Investment Summary – Quarters 1 and 2 2020/21

	30 Medi / Sept 2020		30 Mehefin / June 2020	
	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)	£'m	% (talwyd ar fenthycyca a dderbyniwyd ar fuddsoddi) / % (paid on borrowing and received on investment)
Benthycyca – graddfa sefydlog Borrowing – fixed rate				
BBGC / PWLB	132.9	4.24	132.9	4.24
Dim BBGC / Non-PWLB	2.7	0	2.7	0
Benthycyca – graddfa amrywiol Borrowing – variable rate	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Adneuon – galw hyd at 30 diwrnod Deposits – Call to 30 days	28.7	0.03	44.6	0.02
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	13.5	0.15	Dim / Nil	d/b / n/a
Adneuon – Tymor sefydlog 1 bl. + Deposits – Fixed Term 1 year +	Dim / Nil	d/b / n/a	Dim / Nil	d/b / n/a
Cyfanswm Adneuon Total Deposits	44.2	0.07	44.6	0.02
Adneuon Uchaf yn y Chwarter Highest Deposits in the Quarter	51.6	d/b / n/a	56.9	d/b / n/a
Adneuon Isaf yn y Chwarter Lowest Deposits in the Quarter	42.2	d/b / n/a	37.2	d/b / n/a
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	48.2	0.04	48.0	0.18

ATODIAD / APPENDIX 4

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuron a ddelir gyda phob un ar 30 Medi 2020*
Credit ratings of investment counterparties and deposits held with each as at 30 September 2020*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuron / Deposit £'000	Hyd (Galw/ tymor sefydlog) / Duration (Call / Fixed Term**)	Cyfnod (O / I) / Period (From / To)	Graddfa Dychweliad/ Rate of Return %	Graddfa Tymor Hir Fitch Long Term Rating	Graddfa Tymor Byr Fitch Short Term Rating	Graddfa Tymor Hir Moody's Long Term Rating	Graddfa Tymor Byr Moody's Short Term Rating	Graddfa Tymor Hir Standard & Poor's Long Term Rating	Graddfa Tymor Byr Standard & Poor's Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	7.207	Galw/ Call	n/a	0.00	A+	F1	Aa3	P-1	A+	A-1	Oren – 12 mis / Orange -12 months
Santander Group plc	Santander UK plc	7.490	Galw/ Call	n/a	0.12	A+	F1	Aa3	P-1	A	A-1	Coch – 6 mis / Red - 6 months
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc (Rhan / Gwladoli / Part / Nationalised)	0.002	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
The Royal Bank of Scotland Group plc	National Westminster Bank Deposit	14.025	Galw/ Call	n/a	0.01	A+	F1	A1	P-1	A	A-1	Glas - 12 mis / Blue – 12 months
Cyngor Bwrdeistref Blackpool Borough Council	Cyngor Bwrdeistref Blackpool Borough Council	5.000	Sefydlog/ Fixed	30/07/20 - 23/10/20	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyngor Thurrock Council	Cyngor Thurrock Council	5.000	Sefydlog/ Fixed	11/09/20 – 11/01/21	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyngor Bwrdeistref Metropolitan Dudley Metropolitan Borough Council	Cyngor Bwrdeistref Metropolitan Dudley Metropolitan Borough Council	3.500	Sefydlog/ Fixed	25/09/20 – 23/12/20	0.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* Ceir y Rhestr Benthycy Cymeradwyedig yn Atodiad 8 o'r Datganiad Strategaeth Rheoli Trysorlys 2020/21/Strategaeth Buddsoddi Blynnyddol/The Approved Lending List can be found at Appendix 8 of the 2020/21 Treasury Management Strategy Statement / Annual Investment Strategy

** Sef tymor ar pwynt y buddsoddi/Being term at the point of investment.

Gwledydd cymeradwy ar gyfer buddsoddi
Approved countries for investments

Yn seiliedig ar y gyfradd credyd sofran isaf sydd ar gael
Based upon lowest available sovereign credit rating

AAA

- Awstralia / Australia
- Denmarc / Denmark
- Yr Almaen / Germany
- Lwcsembwrg / Luxembourg
- Yr Iseldiroedd / Netherlands
- Norwy / Norway
- Singapôr / Singapore
- Sweden / Sweden
- Y Swistir / Switzerland

AA+

- Canada
- Y Ffindir / Finland
- U.D.A. / U.S.A.

AA

- Abu Dhabi (UAE)
- Frainc / France

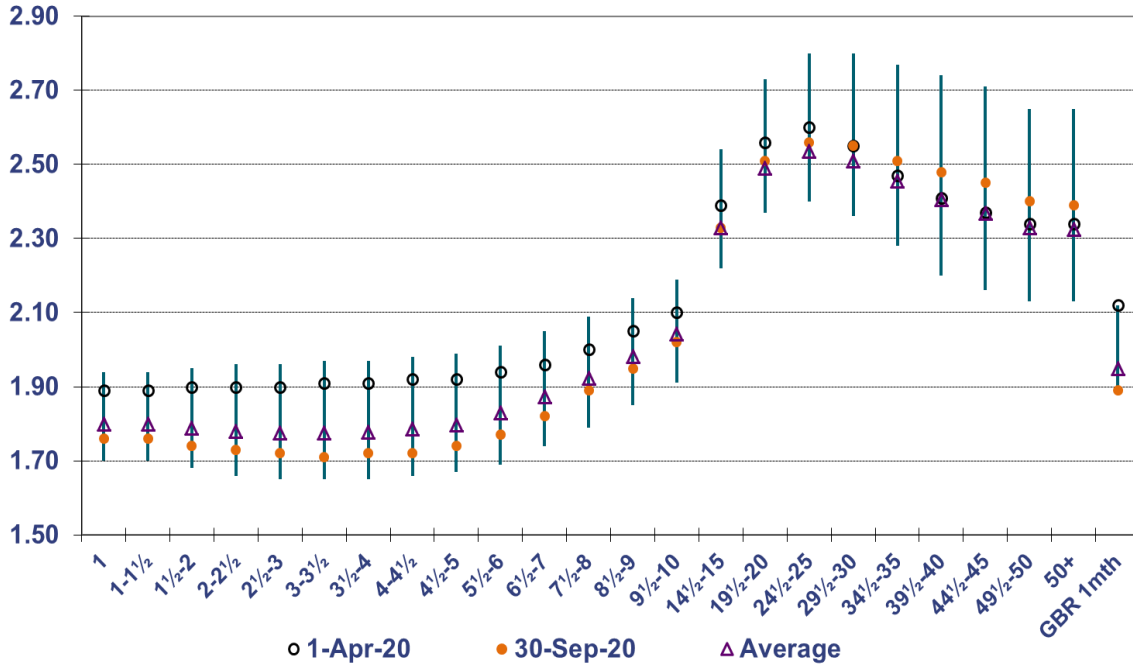
AA-

- Gwlad Belg / Belgium
- Hong Kong
- Qatar
- D.U. / U.K.

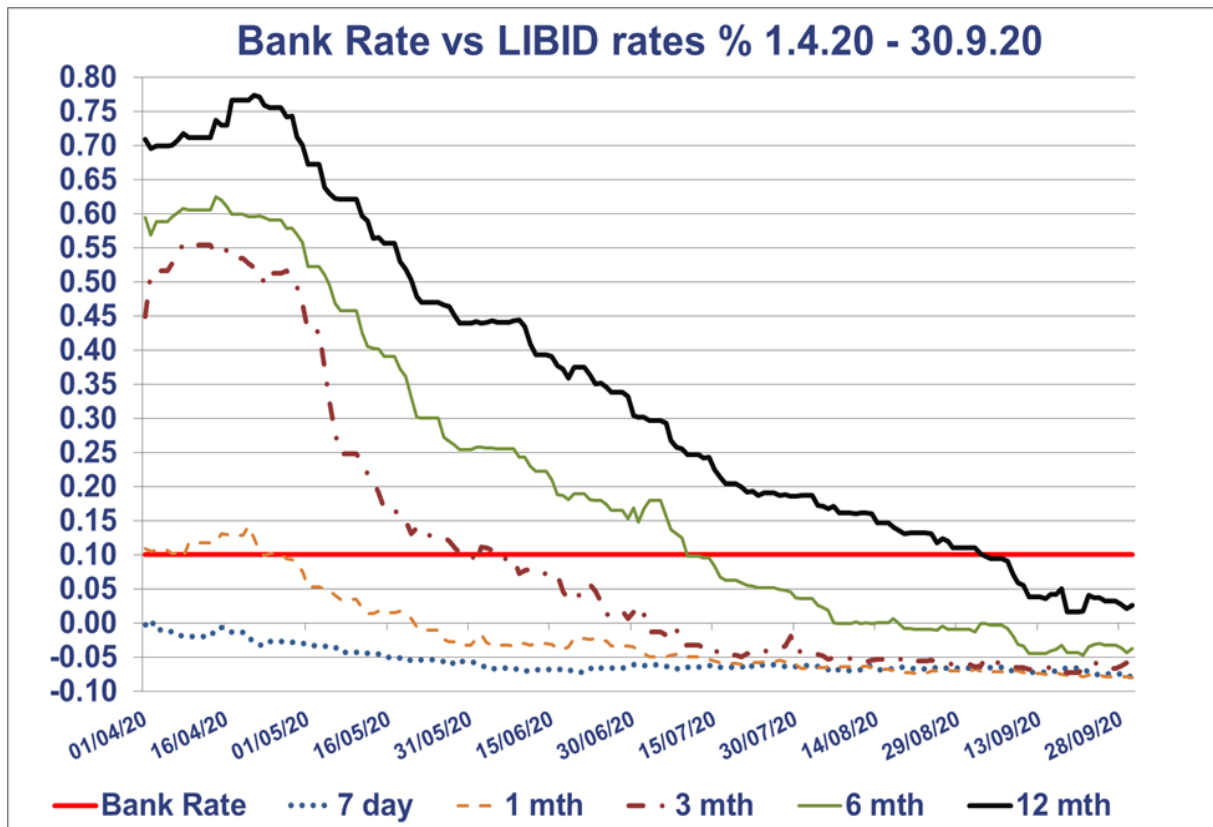
Graffiau Ychwanegol / Additional Graphs

Cymhariaeth o baramedrau benthyca â benthyca allanol gwirioneddol / Comparison of borrowing parameters to actual external borrowing

PWLB Certainty Rate Variations 1.4.20 to 30.9.2020



Bank Rate vs LIBID rates % 1.4.20 - 30.9.20



Isle of Anglesey County Council	
Report to:	THE EXECUTIVE
Date:	14 DECEMBER 2020
Subject:	COUNCIL TAX PREMIUMS - SECOND HOMES AND LONG-TERM EMPTY PROPERTY (REVIEW)
Portfolio Holder(s):	COUNCILLOR ROBIN WYN WILLIAMS (PORTFOLIO HOLDER – FINANCE)
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Report Author:	GERAINT H. JONES (REVENUES AND BENEFITS SERVICE MANAGER)
Tel:	01248 752651
E-mail:	ghifi@ynysmon.gov.uk
Local Members:	NOT APPLICABLE
A –Recommendation/s and reason/s	
<p>RECOMMENDATIONS</p> <p>1. To note the content of this report reviewing the operation of the Council Tax Premium since the Isle of Anglesey County Council’s (full Council) decision on 27 February 2019 to increase the Council Tax premiums from 1 April 2019 to 100% for long term empty property and 35% for second homes. To note the impact of the Covid-19 pandemic on the Council Tax base and Council Tax premiums.</p> <p style="margin-left: 20px;">VARIOUS OPTIONS</p> <p style="margin-left: 20px;">To consider the following options and recommend to the full Council proposals to adopt:-</p> <p>2. To continue with the policy unchanged and undertake a further review on a date of the Executive/full Council’s choosing OR</p> <p>3. Decide –</p> <ul style="list-style-type: none"> • whether the premium should be reduced, remain the same or increased and to what percentage levels? • whether the premium should remain the same for both long term empty properties and second homes or should different percentage rates continue to apply? • whether a greater percentage of the income raised from the premiums is hypothecated rather than increasing Council Tax income to meet general service costs? • whether to undertake a full public consultation. <p>4. To consider whether additional funding generated from the premium should be allocated to the schemes designed to assist first time buyers or continue to deliver the funding as at present to deliver both schemes.</p> <p>(Appendix A provides details of the estimated income that would apply for different premium percentages for both long term empty properties and second homes).</p>	

(Appendix B provides information details of premiums applied by other Welsh Authorities with effect from 1 April 2020).

REASONS AND BACKGROUND

On 10 March 2016, the full Council agreed to disapply any discounts granted for long-term empty dwellings and for dwellings occupied periodically (usually known as second homes) and apply a higher amount of council tax (called a Council Tax premium) to come into effect from 1 April 2017. The full Council set the Council Tax premium at 25% of the standard rate of council tax for both long-term empty dwellings and for dwellings occupied periodically (usually known as second homes).

On 27 February 2019, the full Council (following a period of public consultation which involved the highest number of responses ever received in regard to the budget setting process) agreed to continue to disapply any discounts granted for long-term empty dwellings and for dwellings occupied periodically (usually known as second homes). A decision was made to increase the higher amount of council tax (called a Council Tax premium) which would come into effect from 1 April 2019. From this date, the full Council agreed to set the Council Tax premium at 100% of the standard rate of council tax for long-term empty dwellings and at 35% for dwellings occupied periodically (usually known as second homes).

The Council Leader and Executive have now requested that a further review is undertaken with regard to Council Tax premiums since the full Council's last decision of 27 February 2019 and, also, having regard to the impact of the Covid-19 pandemic, if any, on the Council's Council Tax base and movements from the Council Tax Valuation List to the Business Rating List – in particular for second homes/holiday lets.

With regard to the Council Leader and Executive's request this review will concentrate on -

- to establish if the premiums determined had met the aims of the Executive and the full Council when they were introduced; and
- whether, as a consequence, the Executive to consider whether the premium levels determined needed to be varied or revoked when the full Council sets its Council tax requirement for 2021/22; and
- if it was determined that the premium levels required to be varied or revoked the revised premiums would come into force from 1 April 2021 onwards or from a later date.

The Executive is reminded of the Welsh Government's aim when it gave discretion to local authorities to charge a premium on top of the standard rate - it was a tool to help local authorities:-

1. Bring long-term empty homes back into use to provide safe, secure and affordable homes; and
2. Support local authorities in increasing the supply of affordable housing and enhancing the sustainability of local communities.

In considering whether or not to charge a premium, regard was to be given to these aims and, also, the particular housing need and circumstances in the Authority's area.

Factors that helped the full Council to decide whether to charge a premium or not included –

- the numbers and percentages of long-term empty dwellings or second homes in its area;
- the distribution of long-term empty dwellings or second homes and other housing in the Authority and an assessment of their impact on property values in particular areas;
- potential impact on local economies and the tourism industry;
- patterns of demand for, and availability of, affordable homes;
- potential impact on the local public services and local community;
- other measures available to the Authority to increase housing supply and to bring back empty properties into use.

As regards the financial implications from disapplying discounts and determining premiums, the Authority is able to retain any additional funds generated by implementing the premiums to spend as it wished. New tax base regulations were passed by Welsh Government negating the need for the Authority's Revenue Support Grant to be adjusted as a consequence of an increase in the tax base. The additional funds generated could be spent by the Authority as it wished, but the Welsh Government encouraged the Authority to use any additional revenue generated to help meet local housing needs, in line with the policy intentions of the premiums.

The Executive, in November 2017, mindful of the policy intentions of the premiums, approved a policy for the implementation of two new schemes to support local first time buyers, to be funded from the additional premium:-

- a) A grant to help first time buyers purchase and renovate an empty home; and
- b) An equity loan to help first time buyers.

Initially, the policy was restricted to specified town/community council areas, which had the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices. However, due to high volumes of enquiries from eligible first time buyers who were purchasing outside of these specified areas, the scheme was extended across Anglesey, providing equal and fair home purchase opportunities. (Executive decision taken by the Portfolio Holder for Housing and Supporting Communities, February 2018).

When considering introducing Council Tax premiums the Executive and full Council had due regard for apparent risks which are summarised below. These are now reviewed -

- *The Council Tax data on long-term empty dwellings and second homes had not been updated regularly since the full Council set a policy of no discounts being applied for such dwellings. The full standard Council Tax is payable on such dwellings. A review undertaken in 2015 by a credit reference company checking their records with that of the Council established that 22% to 25% of long-term empty dwellings or second homes on Council Tax records had a medium to high risk that they were occupied as a person's sole or main residence. No Council Tax premium can be charged on such properties and there was, therefore, a risk that the estimation of the additional income generated could be overstated.*

UPDATE: this risk has not materialised. Income from premiums continues to exceed budgeted income. However, under Covid-19 two trends emerge – firstly, movement of properties to the business rates valuation list to attract Covid-19 business rates related grants. Secondly, for long term empty properties, ongoing completion work is being delayed (as is the case for new properties) – mainly caused by the initial lockdown period under Covid-19 but, also, supply delays and public utility/planning delays as organisations/businesses change working practices due to Covid-19. These have led to delays in completion of properties/renovation works, which has then resulted in the property attracting the 100% premium. Despite these contradictory trends, income from Council Tax Premium for 2019/20 and 2020/21, compared to budgets is as follows –

Year	Budgetted Income	Actual Income	Surplus
2019/20	£1,444,000	£1,961,904	+£517,705 ¹
2020/21 @ 31.10.20	£1,392,640	£2,083,496	+£690,856 ^{1*}

¹the figures given include police and local preceptors

*this has been adjusted in respect of the local discretionary discount from payment of the Council Tax Premium due to Covid-19, approved by the Council Leader in May 2020.

The budgets set reflected a more cautious estimation based on the apparent risks identified.

- *Would there be an increase in owners refusing or unable to pay the Council Tax premium?*

UPDATE: there is no evidence to suggest, as regards the Council Tax premium, that there has been a general refusal to pay or an inability to pay the Council Tax premium, apart from individual cases. The impact of Covid-19 has meant that, during 2020/21, overall this Council has a -2.05% (£953,312 in value) reduction in the in-year Council Tax collection rate (@ 31.10.20) compared to a Welsh average of -£1.89%. Council Tax recovery did not begin until August 2020 this year and summonses have been issued for the first magistrates court hearing in December 2020, amounting to 1,700 cases with a value of £1.8m i.e. nearly 50% of the arrears referred to previous years balances which would normally have been reminded in April/May each year.

The increase in arrears is, therefore more down to Covid-19 than the Council Tax premium itself. It is, however, worth noting that approximately 160 cases (£476k in value) had arrears in excess of 18 months where a number of the larger debt balances included the Council Tax premium (£180k). Most of these, however, (with arrears of debt over £3k) were long term empty property subject to the 100% Council Tax premium awaiting dispersal of an estate following the death of the owner/previous occupier.

- *Would there be an increase in Council Tax premium avoidance by owners in, for example, transferring use to business rates, changing from second homes to long-term empty, attempting to market the property for sale or rent to claim an exception, claiming that the dwelling is occupied or changing sole and main residence?*

UPDATE: evidence suggests that during 2020/21 there has been an increase in the owners transferring domestic property to business rates – the incentive to do so was to claim the Covid-19 grants that were available based on business rates payable. There is no evidence of exemption being claimed from payment of the premium with properties being placed for sale or to rent, other than normal commercial practices

There is some more recent preliminary evidence but, again, mainly due to Covid-19, suggesting that more requests are being made to change the treatment of dwellings from second homes to sole or main dwellings. Evidence is being provided by taxpayers of working from home, electoral roll registration, general practitioner registrations, DVLA vehicle registration addresses, more time spent at Anglesey with work offices being visited less and less etc. This will be monitored to see if this pattern becomes more permanent.

During 2020/21, approximately 250 formal requests have been received to waive the payment of Council Tax premium as taxpayers were prevented from visiting properties during the Covid-19 restrictions. These exemption requests are mostly being rejected (apart from certain chalets on designated caravan parks) as the Covid-19 restrictions for certain periods only prohibited travel to such property. Discretionary relief from payment of the premium has been awarded in accordance with the Council Leader's amendments to the discretionary policy, which mainly affected long term empty property not second homes. By 31 October 2020, nearly £65k in Council Tax premium relief has been given.

5 Council Tax payers have formally appealed to the Valuation Tribunal with regard to the Council's refusal to grant a Class G exemption – no hearing dates have yet been set.

- *Would this lead to a reduction in the domestic property Council Tax Register i.e tax base?*

UPDATE: when comparing the tax base calculation (@ 31st October) for 2020/21 and that for 2021/22, the number of chargeable property has reduced by 23 (with an increase of 65 properties for Band A and B but a reduction of 88 properties in other bands). These movements are probably due to property moving to business rates but with the Council also developing affordable housing mainly falling into Bands A and B. **If this trend continues, the tax base will continue to reduce.**

The tax base for tax setting purposes for 2021/22 remains at very much the same level as for 2020/21, which is due to more properties becoming second homes despite a number of these moving to the business rates listing. The number of properties that pay the standard Council Tax has, however, fallen by 158, with properties subject to premium having increased by 23. This is mainly for bands C to F. Whilst a number of these will be receiving a single person discount, many in this number will have moved to being second homes.

The number of long term empty properties has increased by 58 and this figure needs explaining. There is evidence, as mentioned earlier, to suggest that work on bringing long term property back into use has been delayed due to the Covid-19 pandemic, with builders not on site, supply issues and Covid-19 friendly working practices introduced by public utilities and planners for site visits/service connections delaying completion dates. When eventually these properties are completed and brought back into use during 2021/22, this will create a significant movement in the debit as such property revert to paying the standard Council Tax. Such properties, after 12 months, are currently subject to the 100% long term empty property premium. Relief from payment of the premium was granted by the Council Leader for the period 26 March 2020 to 26 September 2020. Since this date, the full 100% premium is payable on many of these long term empty properties.

By the end of 31 October 2020, the overall tax base set for tax setting purposes for 2020/21 is estimated to have increased by 0.05% from 31,532.53 to 31,548.20 – but this is mainly due to an increase in properties subject to the premium. It should be remembered that the number of chargeable properties has fallen in that period.

The figures in the table below shows the movement in Band D equivalent property as it affects the tax base for the period 1 April 2020 – 31 October 2020. These figures apply for the financial year 2020/21 only, i.e. backdating of debit adjustments for previous years are not included as well as the premium element and local discounts. Members are also asked to note that the tax base calculation figures above include assumptions in respect of forecasted adjustments in debit to come through in the remaining months of the year (and next year) and additional bad debt provision that may be required. The table below shows actual Band D equivalent property movements affecting the first 7 months of 2020/21 –

Description	No of Band D equivalent property
New property – band increases – reopen accounts	+165
Property removed – band decreases	-210
New occupation	+1,576
Old occupation	-1,610
Total Gross Debit Adjustments	-79
Disabled reduction	-3
Exemptions	-76
Property Discounts	+1
Personal Discounts	+3
Total Net Debit Adjustments	-75
Total Net Adjustments	-154

- *Would there be an impact on the Council's reputation?*

UPDATE: with regard to the 100% premium on long term empty dwellings, the Executive amended the Council Tax discretionary relief policy to allow the premium to be waived when work is ongoing to bring the property back into use and the property had not been unoccupied for more than two years previously. Due to Covid-19, delays have occurred in completion of renovation work which has meant that a few taxpayers are now subject to the premium where otherwise they may not have been. This is even after the amendments to the policy announced by the Leader in May 2020. Presently, to grant extension for the remission of the premium in such circumstances by officers would be contrary to the Council's discretionary relief policy.

As already mentioned, numerous requests have been made for Class G Exemptions or relief from payment of the 35% Council Tax premium, or extension to the Class C six month exemption from payment of Council Tax due to the Covid-19 restrictions. Most have accepted the Council's reasons for not granting the exemption, remitting the premium or extending the 6 month free period from payment of Council Tax and have continued to pay.

It is true to state, however, that many see the premium as a "tax without representation" and that their investment in improving local properties, employing local tradesmen, resulting in increased spending in the local economy is not being recognised. Many have stated if the Council wishes to increase the premium on second homes for future years they will have to consider whether to change use of the property or indeed whether they continue to have second homes on the Island.

Some owners of second homes purchase the property as an investment and use the property for their own use or allow friends and family to stay in the property. If the cost of holding the investment increases i.e. through an increase in Council Tax premium, there is a risk that they will seek to generate additional income from their investment by letting the property on a commercial basis. This in turn opens up the opportunity for the property to transfer from a domestic property to a non-domestic property which, in turn, leads to a reduction in the overall taxbase.

- *Would this lead to an increase in the number of appeals and legal challenges?*

UPDATE: there is no evidence as a direct result of introducing the premiums, that this has led to an increase in the number of appeals and challenges. Recent appeals are as a direct result of Covid-19 only.

- *How would this impact on the local tourism industry?*

UPDATE: there seems to be little or no quantifiable impact on tourism. It is Covid-19 that has impacted on tourism, leading to taxpayers making decisions whether they continue to pay the Council Tax or business rates – mainly to attract Covid-19 related grants.

HAVE THE PREMIUMS DETERMINED MET THE AIMS OF THE EXECUTIVE AND THE FULL COUNCIL?

- A. Two new schemes were established to support first time buyers onto the property ladder which were to be funded from a proportion of the Council Tax Premium. In **Appendix C** is a report prepared by the Head of Service (Housing) which provides a more detailed analysis of the impact of these specific schemes with regard to the original aims of the Executive and full Council.

- B.** Based on the numbers of second homes and long-term empty properties as at 31 October 2020 (tax base calculation date), Council Tax premiums to date have not succeeded in bringing long-term empty and second homes back into use in the areas which have the highest numbers of second homes and/or the lowest numbers of homes at lower quartile house prices and, as a consequence, not enhanced the sustainability of local communities in such areas

It would seem that property owners in such areas are prepared to meet the additional cost of the premium at its current level – but the movement to business rates needs to be monitored and kept under review.

However, the possible impact of Covid-19 and delays to refurbishment work to long-term empty properties has reversed the reduction in numbers in recent years of the number of long-term empty properties – this, however, may be a trend reversed in 2021/22.

Covid-19, along with Covid-19 grants linked to business rates, has drawn attention to taxpayers that if they meet the requirements to be considered a holiday let, they can request that the property is registered as a business premises. This will mean no Council Tax and premium is payable and due to the small business rates relief on up to two properties, no business rates in the majority of instances will be paid or paid at a reduced rate. This may lead to a reduction in the number of second homes rather than the introduction and the level of the Council Tax premium. It is an area difficult to predict.

(**Appendix D** provides an analysis per town/community councils of the number of dwellings subject to the premium, split between second homes and long-term empty properties and Council Tax bands as at 31 October 2020).

ANALYSIS OF THE MOVEMENT OF PROPERTIES BETWEEN THE COUNCIL TAX VALUATION LIST AND THE BUSINESS RATES RATING LIST

The Council Leader has requested an analysis to establish the number of domestic property that has moved from Council Tax (being treated as second homes) to Business Rates (being treated as holiday self-catering lets) in recent months and also the resultant loss of Council Tax income. The methodology used to arrive at the summary analysis was:-

- The period concerned would be 1 April 2020 to 31 October 2020;
- Going through each property removed from the Council Tax Valuation List and then looking at Business Rates Rating List was dismissed as an option – too time consuming as many cases were backdated over 2 to 3 years;
- Analysis was produced from the Northgate Sx3 Revenues software system to list for all years for the agreed period properties removed from the Council Tax Valuation List. A sample of 20% was checked to see the percentage of cases that had been removed from the Council Tax Valuation List but had not transferred across to the Business Rating list. This established 5% had been removed for other reasons and an extrapolation would be done based on this. This gave extrapolated figures of 210 properties removed with £669,754 Council Tax income lost (original figures were 221 and £705,004);

- Analysis was produced from the Northgate Sx3 Revenues software system to list for all years the Small Business Rates Relief awarded initially @ 1 April 2020 (£4,095,252) at annual billing and then as at 31 October 2020 (£4,715,512) – difference between the two identifying the additional small business rates relief awarded in that period;
- It was noted from the sample check that, for a significant number of domestic properties removed from the Valuation List, this was backdated for 2 or 3 years and the start date in the Rating List in the sample checked in almost all cases matched the delete date on the Valuation List.

The following table is produced –

No. of Council Tax property removed in the period 01.04.20 – 31.10.20	Loss of Council Tax income directly to the Council	Loss to the public purse if Small Business rates was not granted	Loss to public purse after Small Business Rates Relief was granted
210	£669,754	£49,493	£620,260

B – What other options did you consider and why did you reject them and/or opt for this option?

This is a report providing information to the Executive allowing them to consider future options with regard to Council Tax premium policy and levels in future financial years to be considered by full Council.

C – Why is this a decision for the Executive?

Decisions on levels of premiums have not been delegated to the Executive.

CH – Is this decision consistent with policy approved by the full Council?

No decision will be made by the Executive – it will review the current policy on Council Tax premiums with the aim of making recommendations, after consultation during the budget setting cycle, to the full Council to determine.

D – Is this decision within the budget approved by the Council?

This report is part of the budget setting cycle for 2021/22.

DD – Impact on our Future Generations(if relevant)

1	How does this decision impact on our long term needs as an Island	This is a review of a current policy.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	This is a review of a current policy.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	No

4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	Consultation will be required to change the policy over a period and time to be agreed.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	The aim of the current policy is to create sustainable communities in areas having a high incidence of long term empty dwellings and second homes - bringing such properties back into use.
E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Comments included in report
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	Comments included in report
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	
F - Appendices:		
FF - Background papers (please contact the author of the Report for any further information):		

INCWM YCHWANEGOL PREMIWM - PREMIUM ADDITIONAL INCOME 2021/22

Eiddo Dwelling	Nifer / Total	Cyfwerth Band D Equivalent	Premiwm Ychwanegol / Additional Premium (%)							
			25%	30%	35%	40%	50%	60%	75%	100%
Tai Gwag / Empty Homes	491	465.97	£151,988	£182,385	£212,783	£243,180	£303,976	£364,771	£455,963	£607,951
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a graddfa gasglu 98.5% / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£32,220	-£38,663	-£45,108	-£51,551	-£64,440	-£77,327	-£96,658	-£128,878
Cyfanswm / Total			£119,768	£143,722	£167,675	£191,629	£239,536	£287,444	£359,305	£479,073
Ail Dai / Second Homes	2,584	2,762.22	£788,455	£946,146	£1,103,837	£1,261,528	£1,576,910	£1,892,293	£2,365,366	£3,153,821
Llai lleihad i 80% o'r Sail y Dreth y Gyllideb a graddfa gasglu 98.5% / Less reduction to 80% Budget Tax base and 98.5% Collection Rate	-	-	-£78,493	-£94,191	-109,890	-£125,588	-£156,985	-£188,384	-£235,479	-£313,972
Cyfanswm / Total	3,075	3,421	£709,962	£851,955	£993,947	£1,135,940	£1,419,925	£1,703,909	£2,129,887	£2,839,849

Canrannau Premiymau Cyngorau Cymru / Welsh Council's Premiums Percentages (statswales.gov.wales)

Name / Enw	2020 - 21	
	Tai Gwag Hirdymor / Long Term Empty	Ail Dai / Second Homes
Ynys Môn / Isle of Anglesey	100%	35%
Gwynedd	50%	50%
Conwy	25%	25%
Dinbych / Denbigh	50%	50%
Fflint / Flint	50%	50%
Wrecsam / Wrexham	50%	50%
Ceredigion	25%	25%
Powys	50%	50%
Penfro / Pembroke	25%, 50%, 100%	50%
Abertawe / Swansea	100%	0%
Caerdydd / Cardiff	50%	0%

**Nid yw gweddill cyngorau Cymru yn codi premiwm /
All remaining Welsh Councils do not charge premiums.**

Ynys Môn, Abertawe: mae'r premiwm 100% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Isle of Anglesey, Swansea: the 100% long term empty premium is payable after 12 months;

Gwynedd, Dinbych, Fflint, Wrecsam, Powys, Caerdydd: mae'r premiwm 50% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Gwynedd, Denbigh, Flint, Wrexham, Powys, Cardiff: the 50% long term empty premium is payable after 12 months;

Conwy: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis. O'r 1 Ebrill 2021, bydd y premiwm ar y ddau categori yn codi i 50% /
Conwy: the 25% long term empty premium is payable after 12 months. From 1 April 2021, the premium for both categories will increase to 50%;

Ceredigion: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 12 mis /
Ceredigion: the 25% long term empty premium is payable after 12 months;

Penfro: mae'r premiwm 25% ar eiddo gwag hirdymor yn daladwy ar ôl 36 mis, 50% ar ôl 48 mis a 100% ar ôl 60 mis /
Pembroke: the 25% long term empty premium is payable after 36 months, 50% after 48 months and 100% after 60 months;

Abertawe: o'r 1 Ebrill 2021 bydd premiwm 100% ar ail dai yn cael ei godi /
Swansea: from 1 April 2021, 100% premium on second homes will come into force;

Casnewydd: yn ymgynghori ar godi premiwm ar dai gwag hirdymor /
Newport: consulting on charging a premium on long-term empty property.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	14 December 2020
Subject:	Equity loans for first time buyers and Empty Homes Grants financed through the Empty Homes and Second Homes Council Tax Premium
Portfolio Holder(s):	Councillor Alun Mummery
Head of Service / Director:	Ned Michael
Report Author:	Gwenda Owen
Tel:	01248 752238
E-mail:	GwendaOwen@ynysmon.gov.uk
Local Members:	All
A –Recommendation/s and reason/s	
<p>1. Recommendations</p> <p>That the Executive approve the continuation of the Policy. That the Executive approve the continuation of funding to deliver the Policy.</p> <p>Reasons - Demonstrable evidence that the scheme has met its objectives to support local first time buyers to become owners of homes which are affordable to them in their area of choice. This makes best use of existing housing stock by bringing back into use empty homes in need of improvement, often a blight on the neighbourhood, It also supports local small to medium sized enterprises and has additional community benefits.</p> <p>Background</p> <p>In November 2017 Isle of Anglesey County Council approved a policy for implementation of two schemes to support first time buyers onto the housing ladder, to be funded from a proportion of the Council Tax Premium on both long term empty properties and second homes, namely:- A grant to help first time buyers purchase and renovate an empty home; and An equity loan to help first time buyers afford a property.</p> <p>Funding</p> <p>During 2017-18 the scheme was funded solely by Isle of Anglesey County Council via the Council Tax Premium. Due its popularity, demand outstripped the funding allocated by the Council. During 2018-21, Housing Services successfully bid for funding from the Welsh Government's Targetted Renovation Investment Programme (TRIP) to supplement the Council's investment in order to support more applicants. This funding is restricted to applicants within the designated Holyhead travel to work area. There is no indication that it will continue into 2021-22 as the funding is to be targeted at town centre regeneration.</p>	

The chart below shows the funding allocated to the scheme during the period from 2017 to 2021.

Period	Council Funding for grants	TRIP Funding	Total Funding
2017 – 2018	£170,000	n/a	£170,000
2018 - 2019	£170,000	£295,000	£465,000
2019 – 2020	£340,000	£213,075	£553,075
2020 - 2021	£300,000	£293,975	£593,975
Total	£1,020,000	£802,050	£1,782,050

A further sum of £35,000 is allocated annually to fund the post of Assistant Empty Homes Officer from the Council Tax Premium allocation.

Scheme 1 –Empty Homes Renovation Grant for First Time Buyers

This scheme provided a grant of up to £20,000 for local first time buyers purchasing a long term empty property in need of upgrading. These properties are likely to be more affordable as the price is lowered to reflect the cost of the work required. The grant covers items such as energy efficiency measures, re-wiring, damp eradication, replacement kitchens and/or bathrooms, windows and doors, plastering and internal re-configuration to suit modern living.

Demand for the Scheme 01.11.17 – 30.09.20

Demand for the scheme has been high as outlined below:-

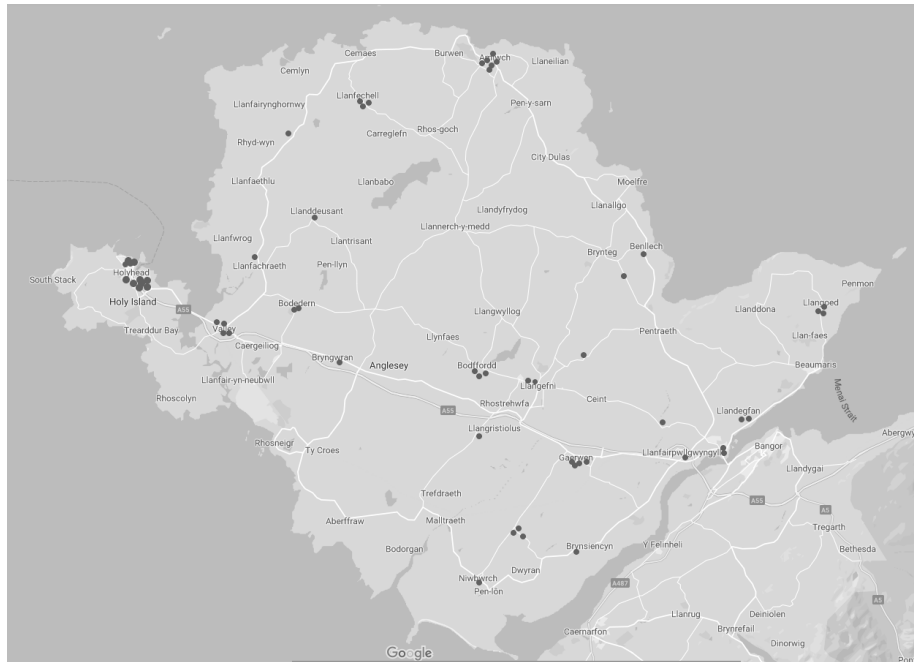
Analysis of First time buyer grant enquiries and applications	
Number of applications approved	70
Number of applications pending, awaiting completion of purchase	18

Expenditure 01.11.17 - 30.09.20

Period	Applications Processed	Grants Approved
2017 - 2018	6	£106,403
2018 - 2019	21	£386,959
2019 - 2020	26	£477,793
2020 –2021 Apr-Sep	17	£312,279
Total	70	£1,283,434
Applications pending	18	£360,000
Overall Total	88	£1,643,434
Balance unallocated		£66,870

Properties Returned to Use

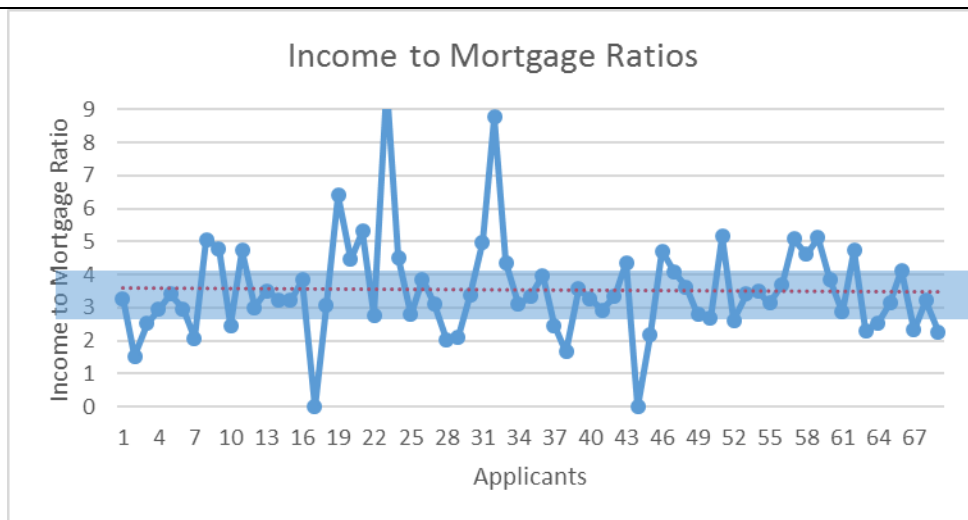
A total of 54 properties have been returned into use to date and the 16 properties where grants have already been approved, should also be returned to use by 31.03.21. It is anticipated that applications pending will be approved by 31.12.20 and a proportion of these may also be returned to use by 31.03.21. The map below shows the location of properties returned to use through the grant scheme. This demonstrates how the scheme has met the objective of offering home ownership opportunities across the Island.



Affordability, and possible risks and impact of Covid 19

The Office for National Statistics (ONS) produced an article on First-time buyer housing affordability in England and Wales in 2017, which included an analysis of house prices and earnings for prospective first-time buyers, as well as purchase prices and incomes of previous first time buyers.

In 2017 those who became first time buyers in England and Wales spent on average 4.3 times their gross annual income purchasing a property with a mortgage, up from 4.2 in 2016. First time purchase affordability ratios in 2017 were lowest in local authorities in Wales. In Anglesey, the average was between 2.70 and 3.99 and this is largely reflected in the case of first time buyer grant applicants and this has remained static for the past four years.



According to the Halifax, first time buyers are increasingly turning to 35-year mortgages over traditional 25-year terms due to rising house prices and tougher affordability tests. A longer mortgage period means lower monthly repayments but the cost of home ownership will be increasing due to the additional interest to be paid. Out of 70 applicants, 46 had taken a mortgage for a term of 35 years or more.

Forecasts released by property portal Zoopla show that, despite a surge in demand earlier in 2020, the share of homes purchased by first time buyers in the UK looks likely to drop for the first time in five years as major banks pull low-deposit mortgage off the market in response to the Covid 19 crisis. If forecasts prove correct, that will mark the first decline in house sales to first-time buyers since 2015. The report said the ability of first time buyers to buy a property has been affected by the economic downturn caused by Covid-19, which has resulted in a reduced availability of higher loan-to-value mortgages.

In 2019, 90%-plus mortgages accounted for around a fifth of all home loans in the UK. But since lockdown, major mortgage lenders have started to withdraw from 90%-plus lending, fearful of falling house prices and arrears. This has already started to impact on first time buyer grant applications, with two applicants having to withdraw as they had been unable to provide the 15 and 20% deposits required by lenders who had originally indicated that only 5% was required. The chart below breaks-down the percentage of deposit provided by applicants, the median rate being 11%.

Percentage deposit	Number of applicants
0 – 5% deposit	20
5.1 – 10% deposit	7
11.1 – 15% deposit	31
Over 15.1 deposit	12
Median Percentage deposit	11%

A high proportion of applicants who put forward a higher deposit do so because it has been gifted either in part or in full by family members. Out of the 70 approved applications, 23 have been gifted some or all of the deposit from a family member. This concurs with a report produced by Legal and General which estimates that around 56% of first time buyers rely on the “Bank of Mum and Dad” for help to purchase their first home. 71% of these new homeowners said they would not have been likely to buy without financial help from family. Should lenders continue to require deposits of 15% or more, there is a likelihood that we will see the number of first time buyers in Anglesey decline, unless the “Bank of Mum and Dad” continues to be able to step in.

Added benefits

The scheme offers a range of additional benefits:-

- **227** local small or medium Sized enterpricess have benefitted from the scheme through being awarded the renovation work. This demonstrates added value as the grant funding of £340,000 has not only supported first time buyers, but has been further invested in the local economy, thereby providing continued work opportunities for local people.
- All properties have been improved, with particular emphasis on improving energy efficiency levels which then results in lower energy costs for owners.
- It has provided home ownership opportunities for local first time buyers within their area of choice, close to family networks and thus contributing to the preservation of the Welsh language.
- Empty homes can be a blight on communities and by improving and occupying them it helps to regenerate communities and increase footfall in town centres.
- First time buyers complimentary of the opportunities afforded to them by the Council through the scheme. Comments on the evaluation form included:-

“It made getting on the property ladder much easier for someone in my financial position. It helped me make my house a safe and enjoyable home”.

“It allowed me to buy an affordable home and to modernise and make it liveable something I wouldn't have been able to do without the grant”

“Made a significant difference as we were able to live together as a family, safe warm and happy My five year old now has her own room and is not sharing with me.”

Scheme 2 – Low cost home ownership scheme.

The launch of the scheme was deferred due to demand for the first time buyer grant scheme exceeding expectation and the Welsh Government offering a “Help to Buy” Scheme, is similar to equity loans and is available on new homes.

Equity loans have historically been offered by the Homebuy Scheme, however, the Council is now in a position to offer Equity Loans in its own rights. The benefits of doing so, is that any funding will be re-cyclable within the scheme when properties are sold in the future therefore offering sustainability.

With continued funding, it is proposed that the low cost home ownership scheme is launched in April 2021. The scheme will only be available to qualifying local first time buyers purchasing an empty home in Anglesey.

B – What other options did you consider and why did you reject them and/or opt for this option?

C – Why is this a decision for the Executive?

To ensure that the policy continues to have the full approval and support of the Executive Committee.

CH – Is this decision consistent with policy approved by the full Council?		
The full Council agreed on March 2016 to use its discretionary powers to raise a Council Tax Premium on long term empty dwellings and second homes from 1 st April 2017.		
The Executive agreed to invest in the Schemes in February 2017.		
D – Is this decision within the budget approved by the Council?		
The schemes will continue to be funded from extra receipts raised from the Council Tax premium on Empty homes and Second Homes.		
DD – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	It makes a contribution to meeting affordable housing need on the Island, providing local people with home ownership opportunities.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	The scheme allows Welsh speaking communities to stay together thus providing opportunities for people to continue to use the Welsh Language on a day-to-day basis.
E – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	.
2	Finance / Section 151 (mandatory)	
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	

F - Appendices:

FF - Background papers (please contact the author of the Report for any further information):

Guidance on the Implementation of the Council Tax Premiums on Long-Term Empty Homes and Second Homes in Wales – Welsh Government, January 2016

Policy on Help for local first time buyers financed from the Council Tax Premium on empty homes and second homes.

AIL DAI / SECOND HOMES

Cyngor Tref / Cymuned – Town / Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm Total	
Aberffraw	3	14	7	6	6	2	1	0	0	39	2%
Amlwch	12	20	22	21	15	4	0	0	0	94	4%
Biwmares / Beaumaris	1	9	24	54	23	19	6	0	1	137	5%
Bodedern	3	1	1	4	2	1	0	1	0	13	1%
Bodffordd	2	3	4	4	2	0	0	0	0	15	1%
Bodorgan	1	10	12	9	10	5	2	1	1	51	2%
Bryngwran	1	1	5	5	2	0	0	0	0	14	1%
Caerybi / Holyhead	55	24	15	13	4	3	2	0	0	116	4%
Cwm Cadnant	4	3	3	3	16	18	14	4	7	72	3%
Cylch y Garn	2	6	5	9	14	5	3	1	0	45	2%
Llanbadrig	10	19	23	24	14	4	1	1	0	96	4%
Llanddaniel	1	3	3	6	1	0	1	0	0	15	1%
Llanddona	6	6	5	10	7	7	4	1	1	47	2%
Llanddyfnan	1	0	4	4	6	2	0	0	1	18	1%
Llaneilian	5	4	9	14	6	3	0	2	0	43	2%
Llanerchymedd	5	5	3	2	2	1	0	0	0	18	1%
Llaneugrad	12	2	1	5	5	3	0	0	0	28	1%
Llanfachraeth	0	4	1	2	1	0	0	0	0	8	0%
Llanfaelog	9	19	87	81	72	48	34	7	0	357	14%
Llanfaethlu	0	1	6	5	6	2	3	0	0	23	1%
Llanfair Mathafarn Eithaf	13	6	29	87	63	16	9	0	0	223	9%
Llanfairpwllgwyngyll	0	4	6	6	6	5	1	0	0	28	1%
Llanfair yn Neubwll	0	10	5	5	2	1	2	0	0	25	1%
Llanfihangel Ysceifiog	1	3	4	4	4	0	1	0	0	17	1%
Llangefni	11	8	8	11	6	0	2	0	0	46	2%
Llangoed	0	11	15	17	12	4	3	3	0	65	3%
Llangristiolus a Cherrigceinwen	3	4	4	5	4	2	1	0	0	23	1%
Llanidan	3	5	8	5	3	1	2	0	0	27	1%
Mechell	5	10	9	9	4	1	1	1	0	40	2%
Moelfre	4	3	25	70	25	7	5	0	0	140	5%
Penmynydd	0	2	10	3	1	2	0	0	0	18	1%
Pentraeth	8	15	19	15	7	3	2	0	0	69	3%
Porthaethwy / Menai Bridge	5	8	20	20	20	8	2	1	1	85	3%
Rhoscolyn	4	3	11	11	15	13	5	2	3	67	3%
Rhosybol	2	1	1	10	6	2	1	0	0	23	1%
Rhosyr	2	13	19	26	9	6	1	1	0	77	3%
Trearddur	4	17	72	62	60	42	24	11	3	295	11%
Tref Alaw	1	3	2	4	1	2	0	0	0	13	1%
Trewalchmai	0	1	2	6	0	0	0	0	0	9	0%
Y Fali / Valley	2	4	11	11	8	9	0	0	0	45	2%
CYFANSWM / TOTAL	201	285	520	668	471	250	133	37	19	2,584	

TAI GWAG HIRDY MOR / LONG-TERM EMPTY PROPERTY

Cyngor Tref / Cymuned – Town / Community Council	A	B	C	D	E	F	G	H	I	Cyfanswm Total	
Aberffraw	5	0	0	3	3	0	0	0	0	11	2%
Amlwch	5	7	5	3	5	1	0	0	0	26	5%
Biwmares / Beaumaris	0	11	2	5	5	2	2	0	0	27	5%
Bodedern	0	0	0	4	1	0	0	0	0	5	1%
Bodffordd	2	4	2	2	2	0	0	0	0	12	2%
Bodorgan	0	2	3	2	1	1	0	0	0	9	2%
Bryngwran	1	0	1	2	0	0	1	0	0	5	1%
Caergybi / Holyhead	38	20	3	6	1	0	0	0	0	68	14%
Cwm Cadnant	0	2	1	1	2	2	1	1	0	10	2%
Cylch y Garn	0	0	1	1	1	1	0	0	0	4	1%
Llanbadrig	7	3	5	1	4	1	3	0	1	25	5%
Llanddaniel	1	1	1	1	0	1	0	0	0	5	1%
Llanddona	0	1	0	4	2	1	0	0	0	8	2%
Llanddyfnan	1	0	1	0	4	0	0	0	0	6	1%
Llaneilian	3	1	0	6	0	0	2	0	0	12	2%
Llanerchymedd	2	2	0	2	0	0	0	0	0	7	1%
Llaneugrad	0	0	1	0	0	1	0	0	0	2	0%
Llanfachraeth	0	1	0	1	0	0	0	0	0	2	0%
Llanfaelog	1	6	3	3	3	1	1	1	0	19	4%
Llanfaethlu	0	0	0	1	3	0	0	0	0	4	1%
Llanfair Mathafarn Eithaf	3	2	2	7	4	0	1	0	0	19	4%
Llanfairpwllgwyngyll	0	1	0	5	4	0	0	0	0	10	2%
Llanfair yn Neubwll	1	3	1	1	0	0	0	0	0	6	1%
Llanfihangel Ysceifiog	1	2	3	4	2	0	0	0	0	12	2%
Llangefni	22	10	2	2	2	1	0	0	0	39	8%
Llangoed	0	3	4	0	1	0	0	0	0	8	2%
Llangristiolus a Cherrigceinwen	2	0	2	4	1	0	0	0	0	9	2%
Llanidan	0	2	20	1	1	0	0	0	0	5	1%
Mechell	0	1	4	13	0	2	2	0	0	12	2%
Moelfre	0	2	0	2	0	1	0	0	0	5	1%
Penmynydd	0	0	0	0	2	0	0	0	0	2	0%
Pentraeth	0	2	5	0	0	0	0	0	0	7	1%
Porthaethwy / Menai Bridge	5	2	4	6	2	0	0	0	0	19	4%
Rhoscolyn	1	0	0	2	3	0	1	0	0	7	1%
Rhosybol	0	2	1	0	2	0	0	0	0	5	1%
Rhosyr	0	4	7	4	2	0	0	0	0	17	3%
Trearddur	4	0	2	2	6	4	0	0	0	18	4%
Tref Alaw	0	2	0	3	0	2	0	0	0	7	1%
Trewalchmai	1	2	0	0	0	0	0	0	0	3	1%
Y Fali / Valley	2	2	6	3	0	1	0	0	0	14	3%
Cyfanswm / Total	107	103	74	95	72	22	15	2	1	491	

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Isle of Anglesey County Council	
Report to:	Executive Committee
Date:	14/12/2020
Subject:	Sport North Wales Business Case
Portfolio Holder(s):	Cllr Carwyn Jones
Head of Service / Director:	Christian Branch (Interim)
Report Author: Tel: E-mail:	Gerallt Roberts 01248 751 964 geralltroberts@ynysmon.gov.uk
Local Members:	Relevant to all members

A –Recommendation/s and reason/s
<p>Recommendation: To support the establishment of Sport North Wales Partnership.</p> <p>Reason for Recommendation: It is envisaged that SNW will be firmly established as an effective and robust regional body. It will be held and recognised as providing clear leadership, insight and overview to effectively encourage and support innovation and challenge to those delivering sport and physical activities across the region. SNW will add value and drive change in community commissioning and delivery by working closer with and within those communities. As a result of SNW’s work there will be evidence of real change and benefits to all communities across North Wales through a common output and outcome measurement system that has language that is useful across all partners and an insight and evidence base that is robust and provides clear evidence of impact, change and value for money. The learning from this will be key in terms of future delivery.</p> <p>Background Information</p> <p>The context behind the formation of SNW is the national Vision for Sport in Wales which seeks to transform Wales into an Active Nation (https://visionforsport.wales/) and also the Sport Wales Strategy which envisages a Wales where everyone is Active (https://www.sport.wales/sport-wales-strategy/). This is the starting point for the Sport Wales Partner Investment Strategy and the rationale for SNW.</p> <p>The Vision for SNW has been developed through our new and exciting collaborative partnership. This is made up of a number of well-established organisations who operate across the region – organisations that share a collective ambition to work together and to make a significant change and impact which will benefit the people of North Wales.</p> <p style="text-align: center;">‘To empower our communities in North Wales to be more active, leading healthier and</p>

happier lives'

SNW's collaborative approach reflects the fact that no one organisation can achieve this ambition on its own and it is vital that we work in partnership with communities and other public sector organisations, private sector and third sector to make the improvements happen.

B – What other options did you consider and why did you reject them and/or opt for this option?

Do not join the partnership

IOACC would miss the opportunity to join this new and innovative approach to transform Wales into an Active Nation.

C – Why is this a decision for the Executive?

Due to the change to work as part of a regional partnership

CH – Is this decision consistent with policy approved by the full Council?

Yes as this new approach supports the Council's Strategic Outcomes:

Ensure that the people of Anglesey can thrive and realise their long-term potential.

Support vulnerable adults and families to keep them safe, healthy and as independent as possible.

D – Is this decision within the budget approved by the Council?

Yes.

Currently, Sport Wales provides separate funding directly to the six local authorities as well as other organisations, which are then responsible for spending in their respective areas. However, if SNW is approved, the cumulative funding from Sport Wales (estimated at c. £2.7m million per annum for the region) will be directed through SNW and decisions on priority investment will be undertaken by the Partnership Board with over-sight by the Governance Board.

The indicative total 5 year funding for SNW from 2021/22 to 2025/26 is £13,529,494. This

is for community sport; free swimming; Lottery local grant scheme; an Innovation fund; and strategic operating support. (The Lottery and Innovation Funds will be held and administered by Sport Wales but will be available for SNW to draw against).

There is no financial risk to IOACC – the Leisure Function will still be able to apply for the funding to deliver regionally significant projects.

E – Impact on our Future Generations(if relevant)

1	<p>How does this decision impact on our long term needs as an Island</p>	<ul style="list-style-type: none"> • Following the partner engagement workshops and the creation of the Strategic Outcomes Framework, the first North Wales Regional Plan was developed. This plan was developed and informed by the submission of six individual Local Authority based plans for 2020/21, detailing local commitment and approach to implementing the emerging Sport North Wales Strategic Framework. These LA plans align to the Strategic Outcomes Framework; they highlight the use of insight, data and information that informed the individual LA plans and priorities, in line with Sport North Wales’ Intent, and approaches within the Strategic Framework. • Partners recognise that future decisions will be based on collective insight and learning, building on the successful aspects of the current delivery system across North Wales, as well as meeting their local needs. • IOACC officers are able to influence their work programmes within this
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		new way of working. An example would see officers able to work with younger age groups e.g. pre school to tackle obesity issue's in under 5's.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	There is no financial risk to IOACC – our Lesiure Function will still be able to apply for the funding to deliver regionally significant projects.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	<p>Engagement has taken place with the following partners/stakeholders:</p> <ul style="list-style-type: none"> • Gwynedd Council • Denbighshire County Council • Flintshire County Council • Conwy County Borough Council • Wrexham County Borough Council • Betsi Cadwaladr University Health Board • GwE (Regional Education Consortium) • Disability Sport Wales • Public Health Wales • Bangor University • Wrexham Glyndwr University • Adra • Cartrefi Conwy • Wales and West Housing Clwyd Alun Housing Association • Grwp Cynefin Housing Association • Tai Gogledd Cymru (North Wales Housing) • Cartrefi Cymunedol
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	N/A
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	<ul style="list-style-type: none"> • Appendix 6 of full Buisness Case outlines the SNW Statement of intent – Equality and Diversity. • Welsh Language Policy to be developed.

DD – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Have been supportive throughout the process e.g. Expression of interest and development of Business Case stage.
2	Finance / Section 151 (mandatory)	Has been supportive and no concerns raised.
3	Legal / Monitoring Officer (mandatory)	Has been supportive and provided valuable feedback especially in regards to governance.
4	Human Resources (HR)	N/A
5	Property	N/A
6	Information Communication Technology (ICT)	N/A
7	Procurement	N/A
8	Scrutiny	N/A
9	Local Members	N/A

F - Appendices:
SNW Summary Report

FF - Background papers (please contact the author of the Report for any further information):
Full Business Case available

Sport North Wales

Establishment of Sport North Wales Partnership

Summary Report

October 2020



Sport North Wales

Establishment of Sport North Wales Partnership

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Sport North Wales

Establishment of Sport North Wales Partnership

1. Purpose

- 1.1. To request approval for IOACC to support the establishment of Sport North Wales (SNW) Partnership.
- 1.2. To request approval for IOACC to be a partner in the Sport North Wales(SNW) Partnership and/or represent IOACC on the SNW Governance Board.

2. Background and context

- 2.1. The context behind the formation of SNW is the national Vision for Sport in Wales which seeks to transform Wales into an Active Nation (<https://visionforsport.wales/>) and also the Sport Wales Strategy which envisages a Wales where everyone is Active (<https://www.sport.wales/sport-wales-strategy/>). This is the starting point for the Sport Wales Partner Investment Strategy and the rationale for SNW.
- 2.2. The Vision for SNW has been developed through our new and exciting collaborative partnership. This is made up of a number of well-established organisations who operate across the region – organisations that share a collective ambition to work together and to make a significant change and impact which will benefit the people of North Wales.

‘To empower our communities in North Wales to be more active, leading healthier and happier lives’

- 2.3. SNW’s collaborative approach reflects the fact that no one organisation can achieve this ambition on its own and it is vital that we work in partnership with communities and other public sector organisations, private sector and third sector to make the improvements happen.

3. The progress of SNW to date

- 3.1. In responding to the new vision for regional working, SNW has been through a number of important developmental stages since the summer of 2018. In summary it has:
 - i) Obtained formal Local Authority permission to proceed with an Expression of Interest and subsequent Business Case.
 - ii) Undertaken an Options Appraisal of the best governance models
 - iii) Developed consensus of the governance framework i.e. a host authority for an initial term of 5 years

Sport North Wales

Establishment of Sport North Wales Partnership

- iv) Developed insight piece to identify key regional issues aligned to the outcomes and identify the delivery partners / projects who are able to provide the solutions and innovation.

3.2. After 5 years it is envisaged that SNW will be firmly established as an effective and robust regional body. It will be seen and recognised as providing clear leadership, insight and overview to effectively encourage and support innovation and challenge to those delivering physical activity across the region. SNW will add value and drive change in community commissioning and delivery by working more closely with, and within, those communities. As a result of SNW's collaborative approach, there will be evidence of real change and benefits to all communities across North Wales through a common output and outcome measurement system. This Performance Management Framework will be developed to support and benefit SNW's cross sector collaboration and will be based on learning and evidence and impact. Learning will be key in terms of future delivery.

4. The Transition from existing delivery arrangements to the SNW Partnership

4.1. The SNW Strategic Outcomes Framework contributes to the Sport North Wales Year 1 Business Case 2020/21 Transition Phase.

4.2. Following the partner engagement workshops and the creation of the Strategic Outcomes Framework, the first North Wales Regional Plan was developed. This plan was developed and informed by the submission of six individual Local Authority based plans for 2020/21, detailing local commitment and approach to implementing the emerging Sport North Wales Strategic Framework. These LA plans align to the Strategic Outcomes Framework; they highlight the use of insight, data and information that informed the individual LA plans and priorities, in line with Sport North Wales' Intent, and approaches within the Strategic Framework.

4.3. The following key principles underpin the Strategic Outcomes Framework, the Regional Plan and LA plans:

- **Partners will commit to working with Sport North Wales (SNW) on the ongoing development of a shared understanding of what collaborative regional leadership, planning and delivery will look like going forward; in considering regional collaboration it will be fundamental to ensure that this happens at all levels and in all possible directions so that priorities, the thinking about how best to address these and the sharing of learning is embedded in and around the SNW Partnership**
- **Partners recognise that future decisions will be based on collective insight and learning, building on the successful aspects of the current delivery system across North Wales, as well as meeting their local needs;**
- **2021-22 will be a transition year where all partners will need to be proactively and collectively contributing during this period, to ensure we have truly collaborative and coordinated approach to North Wales; and**

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- **Partners to continue to consider their Free Swim Plans, within the context of Sport North Wales, and will continue to commit to working with the Sport North Wales and Project Team, Sport Wales and Swim Wales.**

4.4. The Key Principles for funding North Wales LA's 2021/2022 as part of the transition phase will be:

- **LA Partners will commit to working with Sport North Wales (SNW) on the ongoing development of a shared understanding of what collaborative regional leadership, planning and delivery will look like going forward;**
- **LA Partners recognise that future decisions will be based on collective insight and learning, building on the successful aspects of the current delivery system across North Wales, as well as meeting their local needs; and**
- **2021-22 will be a transition into a new way of working. All LA partners will need to be proactively and collectively contributing during this period, to ensure we have truly collaborative and coordinated approach to North Wales.**

4.5. As SNW gathers momentum future editions of the Regional Plan will be informed by the wider collaborative and commissioned partners who collectively will support the implementation of the regional vision.

4.6. In future regional planning exercises the process of developing the Regional Plan will be wider than just local authorities.

5. Host authority – Conwy CBC

5.1. It was recognised early on that the transition phase and the early years of SNW will require support from a hosting organisation. This is for three main reasons:

- **It will enable SNW, through the SNW Regional Director to focus on establishing the partnership and the outcomes to be delivered, as opposed to recruiting staff to deliver back office support**
- **It will enable SNW as a partnership to develop internal learning about the nature and extent of resources it needs internally, and which it can source externally**
- **It will enable understanding from the outset about the budget for organisational operation as distinct from that which will be focussed on the collaborative working to deliver identified outcomes**

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- 5.2. The initial hosting of SNW will be the responsibility of Conwy County Borough Council (CCBC); this was agreed through a competitive process whereby interested parties were invited to bid to be the host organisation.
- 5.3. The SNW Members agreed that CCBC will be the lead authority for the initial 5 years of the Partnership. The specific role of CCBC is to:
- **Be the lead and host authority and accountable body for the Sport North Wales Collaboration;**
 - **Be responsible for the appointment and employment of the Regional Director;**
 - **As lead and host authority, be allocated an agreed proportion of the Sport Wales Funding to contribute towards the Regional Director role and CCBC's role as the lead and host authority;**
 - **As the host authority of the Collaboration, be the principal contact for engagement with Sport Wales in relation to the Sport Wales Funding and adherence to the Sport Wales governance requirements on behalf of the Collaboration;**
 - **Manage the SNW Account and be responsible for the allocation of funding from the SNW Account as determined by the Governance Board;**
 - **Engage employees to roles related to the management and operation of the Collaboration;**
 - **Ensure that Partnership Board and Governance Board meetings are undertaken in accordance with the provisions for the board set out in [Appendix 1](#).**
- 5.4. In addition to the above, CCBC will provide organisational and administrative support to SNW.

6. Governance and Legal Framework

- 6.1. The draft Heads of Terms (HOT) for the SNW Partnership is set out in full in [Appendix 1](#).
- 6.2. Pursuant to section 2 Local Government Act 2000 and section 111 Local Government Act 1972 the SNW Members will enter into the Inter-Authority Governing Agreement to set out clearly their roles and responsibilities in relation to the governance and structure of SNW.
- 6.3. SNW Partners will sign up to the Partnership and the Head of Terms for an initial term of five years from the date on which the Agreement is validly executed by the SNW Members.

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7. Financial

- 7.1. Currently, Sport Wales provides separate funding directly to the six local authorities, which are then responsible for spending in their respective regions. However, if SNW is approved, it will receive cumulative funding from Sport Wales (estimated at c. £2.7m million per annum for the region) and will decide on how this money is spent across the North Wales region.
- 7.2. SNW is clear that the indicative total 5 year funding for Sport North Wales from 2021-22 to 2025-26 is as follows:

Table 7.1: Indicative total 5 year funding for Sport North Wales from 2021-22 to 2025-26

	Sport North Wales	Description
WG Exchequer	£4,540,307	A resource to give every young person a great start through providing person centred activities. (This currently funds community sport and is used to employ staff – Active Young People budget).
Free Swim Investment	£1,617,750	Hypothecated funding to deliver the requirements of the Free Swimming Initiative
Lottery – local grant scheme *	£4,608,937	Lottery budget: A commissioning budget to support local development opportunities with delivery aligned to the Vision for Sport in Wales. (This includes current Community Chest and an allocation of Development Grant budgets)
Innovation Fund *	£2,187,500	Lottery Budget: A commissioning budget to develop new collaborative & innovative opportunities aligned to the Vision for Sport whilst delivering local / regional priorities. This resource is to be used as a tool to leverage match funding.
Strategic Operating Support	£575,000	To support the strategic function of the partnership through leadership, developing insight and support to operational running.
Total over 5 years	£13,529,494	

* The Lottery and Innovation Funds will be held and administered by Sport Wales but will be available for SNW to draw against.

- 7.3. A draft budget for the initial 5 years of SNW is summarised in [Appendix 2](#). This sets out the known income for SNW and additional funding through commercial or other sources which SNW has the ambition of raising together with the Project Costs and defined Hosting Costs apportioned to Conwy.

8. Time-line and Approval Process

- 8.1. SNW is submitting this business case to Sport Wales in October 2020 for assessment, in preparation for their Sport Wales Board on the 26th November 2020.
- 8.2. Partners are requested to confirm their support for the establishment of Sport North Wales (SNW) Partnership as near to the above date as possible.

Appendix 1: Heads of Terms for Inter-Authority Governing Agreement for Sport North Wales Collaboration

Number	Provision	Material Obligations
1.	Parties	<p>Conwy County Borough Council of Bodlondeb, Conwy North Wales, LL32 8DU ("CCBC");</p> <p>Denbighshire County Council of Wynnstay Road, Ruthin, LL15 1YN;</p> <p>Flintshire County Council of County Hall, Mold, Flintshire CH7 6NB;</p> <p>Gwynedd Council of Council Headquarters, Castle Street, Caernarfon, Gwynedd, LL55 1SE;</p> <p>Isle of Anglesey County Council of Council Offices Llangefni, Anglesey LL77 7TW;</p> <p>Wrexham County Borough Council of 16 Lord Street, Wrexham LL11 1LG;</p> <p>Betsi Cadwaladr University Health Board of Wrexham Maelor Hospital, Croesnewydd Road, Wrexham, LL13 7TD;</p> <p>Bangor University of College Road, Bangor, LL57 2DG</p> <p>Wrexham Glyndwr University of Mold Road, Wrexham, LL11 2AH</p> <p>Disability Sport Wales of Sport Wales National Centre, Cardiff, CF11 9SW</p> <p>GwE of Bryn Eirias, Ffordd Abergele, Bae Colwyn, LL29 8BY</p> <p>Public Health Wales of 2 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ</p> <p>Adra of Tŷ Coch, Llys y Dderwen, Parc Menai, Bangor, LL57 4BL</p> <p>North Wales Housing of Plas Blodwel, Broad Street, Llandudno Junction, Conwy, LL31 9HL.</p> <p>Wales & West Housing of Tŷ Draig, St. David's Park, Ewloe, Deeside. CH5 3DT</p> <p>Grwp Cynefin of Ty Silyn, Penygroes, Gwynedd.</p> <p>Cartrefi Conwy of Morfa Gele, North Wales Business Park, Cae Eithin, Abergele, LL22 8LJ</p> <p>ClwydAlyn of 72 Ffordd William Morgan, St Asaph Business Park, St Asaph, Denbighshire. LL17 0JD</p> <p>each an "SNW Member" and together the "SNW Members" (except where individually defined).</p>
2.	Background and Recitals	<p>Under the brand/banner of "Sport North Wales", the SNW Members are in the process of preparing a business case, for submission to Sport Wales and Welsh Government, in relation to the creation of a collaboration which will, via CCBC as the host authority of the collaboration, receive funding directly from Sport Wales for expenditure on sport and leisure activities and projects across North Wales ("Sport North Wales" or the "Collaboration").</p> <p>The SNW Members understand that good governance is a key foundation for the success of Sport North Wales and is not only the management of day-to-day operations but rather the framework of strategy, risk management controls and processes and an organisational approach to ensure the culture, values and integrity are observed by all.</p> <p>Currently, Sport Wales provides separate funding directly to the six local authorities detailed in paragraph 1 (Parties), which are then responsible for spending in their respective regions. However, if Sport North Wales is approved, the Collaboration will receive funding</p>

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		<p>from Sport Wales (estimated at c. £13.14 million over the five year term) ("Sport Wales Award") and will decide on how this money is spent across the North Wales region.</p> <p>It is envisaged that the creation of the Collaboration will facilitate spending across a wider platform and support Sport North Wales' vision "to empower our communities in North Wales to be more active, leading healthier, happier lives" (the "Vision") which in turn aligns with the Sport Wales strategy and ultimately contributes to the sector-wide vision of "an active nation where everyone can have a lifelong enjoyment of sport".</p> <p>While parties to the Collaboration are set out in paragraph 1 of these Heads of Terms, the Collaboration Agreement ("Agreement") entered into by the SNW Members contains a Project Approvals Process (see paragraph 10) through which SNW Members and other delivery organisations, such as sports clubs in North Wales ("Delivery Organisations") are able to apply for funding from Sport North Wales to support local and regional sports projects across North Wales.</p> <p>In order to support its business case for the creation of Sport North Wales, the SNW Members need to present a legal and governance framework with their business case, to demonstrate that a strong structure is in place which will ensure that the SNW Members have representation and a decision-making process which is effective and will support achievement of the:</p> <ol style="list-style-type: none">1) Objectives;2) the Vision; and3) the Sport Wales Governance and Leadership Framework; and4) the Sport Wales Capability Framework. <p>Pursuant to section 2 Local Government Act 2000 and section 111 Local Government Act 1972, if the business case for Sport North Wales is approved by Sport Wales, the SNW Members will enter into the Agreement which sets out clearly their roles and responsibilities in relation to the governance and structure of the Sport North Wales collaboration, as set out in these Heads of Terms.</p> <p>The parties agree that the provisions contained in these Heads of Terms would govern the relationship between the parties in the Sport North Wales collaboration, if approved by Sport Wales.</p> <p>Sport North Wales will comprise two boards:</p> <ol style="list-style-type: none">1) a Governance Board which has members from the six local authorities in North Wales; and2) a Partnership Board which has wider representation from the public sector in North Wales (local authorities, health, education, housing and equalities) in addition to independent members appointed on the basis of their skills. <p>The Partnership Board sits under the Governance Board and has a more operational focus, (see section 8 below) with responsibility for implementing the strategic vision of Sport North Wales and ensuring Sport North Wales' Objectives are progressed successfully across</p>

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		<p>the region, though with a local impact, whereas the Governance Board will oversee the governance of Sport North Wales and the activities of the Partnership Board (see section 7 below).</p> <p>The reason for having two boards is that SNW have agreed to adopt a local authority 'hosted model' approach pursuant to section 2 Local Government Act 2000 and section 111 Local Government Act 1972. This requires the SNW Local Authority Members to enter into this Inter-Authority Governing Agreement, which sets out clearly their roles and responsibilities in relation to the governance and structure of SNW. Rather than having one board with decision-making powers held centrally by the six Local Authorities it was agreed to introduce a second board (the Partnership Board) which would have authority to implement the vision for SNW and could engage wider representation of the regional partnership as well as independent skills based board members. The dual boards approach ensures sufficient scrutiny and accountability for both strategic and operational activities, with a clear delineation between the two.</p> <p>A Regional Director, employed by CCBC, will have responsibility for the performance and success of Sport North Wales and will act as a liaison between the Partnership and Governance Board (see section 9 below).</p>
3.	Term	<p>An initial term of five years from the date on which the Agreement is validly executed by the SNW Members.</p> <p>Capable of extension by agreement of the SNW Members and Sport Wales with the length of the extension also to be agreed by the SNW Members.</p>
4.	Sports North Wales' Objectives and Values	<p>Sport North Wales' Objectives, aligned with the Sport Wales Governance and Leadership and Capability Frameworks, are:</p> <ol style="list-style-type: none"> 1. To modernise, improve and develop a sustainable sport sector in North Wales ensuring a balance between leadership and governance to realise the Vision and set the strategic direction for North Wales through skills-based diverse Governance and Partnership Boards; 2. Creating the conditions necessary for the sector to respond proactively and dynamically to the challenges placed on public bodies by the Future Generations (Wales) Act 2015 to consider the long-term impact of their decision-making and prioritise working with people and communities; 3. Increase participation in sport through: <ul style="list-style-type: none"> ➤ acting with integrity, accountability and transparency; ➤ prioritising workloads and areas that can make the biggest difference; ➤ focusing on behaviour and culture; ➤ putting participants' interests at the heart of decision-making and ensuring a participant-focused approach; ➤ establishing a basis for conversations about how the SNW Members can improve as organisations; and ➤ a focused outcomes framework which targets children, young adults, adults and over-60s. 4. Tackling the socio-economic challenges confronting those involved with community sport; 5. Tackle inequality in sport and cater for the diverse nature of the sector to ensure the safety, wellbeing and welfare of all participants in sport;

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Number	Provision	Material Obligations
		<ol style="list-style-type: none"> 6. Ensuring a strong approach to health and safety compliance pervades all activities of the Collaboration; 7. Ensuring that safeguarding standards are met in all areas of Sport North Wales; 8. Attracting investment from other sources of funding; and 9. Promote equality, diversity, sustainability and inclusivity in all actions.
5.	CCBC's Obligations	<p>The SNW Members agree that CCBC shall be the lead authority for the duration of the Term. CCBC shall, as the host authority:</p> <ol style="list-style-type: none"> 1) Be the lead and accountable body for the Sport North Wales Collaboration; 2) Shall be responsible for the appointment and employment of the regional director ("Regional Director" see paragraph 9 below) and additional support staff dedicated to the Collaboration; 3) be allocated an agreed proportion of the Sport Wales Award to contribute towards the Regional Director role and additional support staff pursuant to CCBC's role as the lead and host authority; 4) be the principal contact for engagement with Sport Wales in relation to the Sport Wales Award and adherence to the Sport Wales governance requirements on behalf of the Collaboration; 5) be the contractual party to an agreement with Sport Wales in respect of the Sport Wales Award on behalf of Sport North Wales ("Sport Wales Award Agreement"); 6) be the contractual party to any funding agreements with SNW Members or Delivery Organisations which are to receive funding in respect of Projects approved by either the Regional Director, Partnership Board or Governance Board; 7) Manage the SNW Account (see paragraph 11 below) and be responsible for the allocation of funding from the SNW Account as determined by the Governance Board; 8) Engage employees to roles related to the management and operation of the Collaboration; 9) Ensure that Partnership Board and Governance Board meetings are undertaken in accordance with the provisions for the boards set out in paragraphs 7 and 8.
6.	SNW Members' Obligations	<p>The SNW Members shall:</p> <ol style="list-style-type: none"> 1) contribute towards the strength, success and sustainability of Sport North Wales by allocating sufficient resource to the Partnership and Governance Boards and work collaboratively, in good faith and with integrity, accountability and transparency, for the benefit of North Wales; 2) adhere to the Objectives which set out the principles, values, ethics and morals which apply to all aspects of the Sport North Wales Collaboration; 3) develop a comprehensive customer service charter which ensures that customers are dealt with promptly, effectively and courteously at all times; 4) ensure that fully-functioning and efficient IT systems are maintained during the term of the Agreement;

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Number	Provision	Material Obligations
		<ol style="list-style-type: none"> 5) ensure that the Collaboration performs in a way which promotes and enhances the reputation of both Sport North Wales and Sport Wales through a clear marketing plan which promotes usage of and access to sport; 6) support CCBC with any requests for information which are required to support the Collaboration in relation to dealings with Sport Wales, Welsh Government and any other funders of Sport North Wales; 7) agree that CCBC, as the host authority for Sport North Wales, has authority to accept payment of the Sport Wales Award on behalf of Sport North Wales (which reflects what was previously a separate award by Sport Wales to each of the six local authority SNW Members); 8) ensure that Applications proposed by other SNW Members or Delivering Organisations, pursuant to the Project Approvals Process, are given an equal and proportionate consideration; 9) ensure that priority is given to contents of the Application, and the merit of the Application and its alignment with the Vision and Objectives, rather than the particular SNW Member or Delivering Organisation that has submitted the Application; 10) ensure that the number and scale of Applications they submit to the Partnership and Governance Boards are reasonable and proportionate; 11) direct all press and publicity queries related to Sport North Wales to CCBC or a nominated press officer appointed by the Governance Board of Sport North Wales; 12) be responsible for the delivery of Projects, once approved by the Governance Board, in accordance with Project Delivery Plans, accepting that Sport North Wales' role is limited to the consideration and approval of Applications/Projects and the provision of funding rather than the actual delivery of the Projects; 13) provide any information required by the Governance Board and CCBC to: <ul style="list-style-type: none"> ➤ evidence that funding allocated to it for a Project has been spent on that Project; ➤ evidence the progress of a Project which has been approved by the Governance Board; ➤ report to Sport Wales in relation to the progress of Sport North Wales and the Projects approved by the Governance Board; ➤ assist CCBC comply with, and demonstrate its compliance with, the Sport Wales Award Agreement; ➤ enable CCBC to carry out its obligations under the Agreement. 14) support CCBC's compliance with the terms of the Sport Wales Award Agreement; 15) Reimburse CCBC for any funding which is not spent in relation to the Project for which the funding was approved; 16) Reimburse CCBC for any costs or expenses CCBC incurs as a result of a breach of the Sport Wales Award Agreement caused by the SNW Member; 17) Enter into any agreements, as required, in relation to the delivery of a Project using funding distributed pursuant to the Collaboration; 18) Permit representatives of the Governance Board to carry out any inspections or audits to support evidence that: <ol style="list-style-type: none"> 19) funding allocated is being spent in accordance with the Project Delivery Programme; and 20) a Project is progressing in accordance with the Project Delivery Plan approved by the Governance Board; 21) acknowledge Sport North Wales in any promotion of a Project which uses Sport North Wales funding and, as applicable, use any Sport North Wales branding;

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Number	Provision	Material Obligations
7.	Governance Board	<p data-bbox="539 347 2136 405">22) acknowledge Sport Wales and, if applicable, the support of the National Lottery (or any subsequent or other funders) in any promotion of a Project which uses funding from these organisations and, as applicable use their branding.</p> <p data-bbox="539 411 2136 469">The balanced, inclusive, diverse and skilled Governance Board has a strategic and supervisory focus to ensure the continued success of Sport North Wales against the Objectives, overseeing the Partnership Board.</p> <p data-bbox="539 501 2136 558">The Governance Board comprises 1 representative appointed by each of the six local authority SNW Members which are parties to the Collaboration.</p> <p data-bbox="539 590 2136 711">Each of the six local authority SNW Members shall have the authority to appoint their officer representative on the Governance Board ensuring that their representative is appointed on the basis of the range of skills required to ensure a balanced, inclusive and skilled Governance Board. This representative shall be "fixed" to ensure consistency though temporary replacements may be required in certain circumstances.</p> <p data-bbox="539 743 1711 775">A chair shall be appointed by the Governance Board (one of the six local authority representatives).</p> <p data-bbox="539 807 1182 839">The Governance Board shall meet quarterly and shall:</p> <ol data-bbox="539 871 2136 1477" style="list-style-type: none"> 1) Review the progress of Sport North Wales, as a whole, against the Objectives and ensure that the objectives of Sport Wales are aligned with those of Sport North Wales through the Projects approved by Sport North Wales; 2) Review the progress of approved Projects, as a whole (rather than individual Projects), unless the individual Project has a strategic regional impact; 3) Review and approve Applications for funding with a funding value exceeding £50,000; 4) Confirm arrangements for distribution of funding in respect of approved Projects; 5) Provide transparent feedback to the Partnership Board in respect of any Applications which it rejects; 6) Resolve any issues raised by the Partnership Board (both formally and pursuant to the Dispute Resolution Process); 7) Make any decisions in respect of the customer service strategy and marketing plan which are raised by the Partnership Board; 8) Assist with the appointment of the Regional Director, as requested by CCBC, in the event that the Regional Director has not already been appointed by CCBC, or assist with the appointment of a replacement Regional Director (again, as requested by CCBC); 9) Assist CCBC's Director/Head of Service with their line management responsibilities in respect of the Regional Director, as requested by the CCBC Director/Head of Service (e.g. by providing feedback on the Regional Director's performance). 10) Be responsible for monitoring the performance of the Partnership Board against Sport North Wales' Objectives and values; 11) Be responsible for appointing the representatives to the Partnership Board, with the independent chair of the Partnership Board participating in these appointments; 12) Invite the independent chair of the Partnership Board to meetings, as required, to participate and represent the Partnership Board; and 13) Invite representatives from Sport Wales to meetings, as required to observe and support;

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Number	Provision	Material Obligations
		<p>In advance of each meeting of the Governance Board, the Regional Director shall circulate an agenda, together with copies of all supporting documentation related to the agenda items (including Applications to be considered at the forthcoming meeting). Following each meeting, minutes shall be circulated to representatives of each SNW Member.</p> <p>The Governance Board has decision-making power in respect of the Collaboration and, subject to the Dispute Resolution Process, its decisions are binding on the SNW Members in so far as the Sport Wales Award is concerned.</p> <p>The Governance Board shall be appointed for the five year term of the Agreement.</p> <p>Meetings of the Governance Board shall require a quorum of 4 SNW Members and may take place electronically.</p> <p>The Governance Board shall consider and review the governance of the Collaboration at least once per year of the term for the purpose of determining whether any improvements or variations required to the scope and remit of either the Partnership Board, Governance Board or Collaboration itself should be introduced for the benefit of the operation of the Collaboration. Any variations shall be processed through the change control procedure set out in paragraph 13 below.</p>
8.	Partnership Board	<p>The balanced, inclusive, diverse and skilled Partnership Board has a wider participation than the Governance Board and is focused on the operational, day-to-day activities of Sport North Wales.</p> <p>The Partnership Board comprises 6 representatives from the existing SNW Members which are part of Sport North Wales (2 from local authorities, 1 from health, 1 from education, 1 from housing and 1 equalities).</p> <p>The Partnership Board shall also include up to 5 independent board members who are externally recruited by the Governance Board based on their skills and diversity and who represent the region of North Wales and shall work to ensure performance of the Sport North Wales' Objectives.</p> <p>Local authority representatives on the Partnership Board shall be different to those local authority representatives on the Governance Board.</p> <p>An independent chair shall also be appointed to the Partnership Board (i.e. 12 representatives in total when including the 6 SNW Member representatives and 5 independently-recruited representatives).</p> <p>The Partnership Board shall initially meet monthly (and will review the frequency of these meetings following the initial six-month period from the date of the Agreement) and shall:</p> <ol style="list-style-type: none"> 1) Ensure the strategic direction and Objectives of Sport North Wales are progressed successfully;

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Number	Provision	Material Obligations
		<ol style="list-style-type: none"> 2) Review and approve Applications: 3) from Delivery Organisations/SNW Members for funding between £10,000 and £50,000; and 4) from Delivery Organisations/SNW Members for funding below £10,000 where support is requested by the Regional Director; 5) Review Applications for submission to the Governance Board where the funding exceeds £50,000; 6) Discuss ideas for forthcoming projects which may be worked into Applications; 7) Provide a forum for the SNW Members' to advise and support each other (and Delivering Organisations) on the completion of Applications ensuring compliance with the Sport North Wales Objectives; 8) Agree approach, action plans and timelines for developing Applications considering any multi-party involvement in an Application; 9) Discuss any issues or challenges in respect of Projects which are being delivered and how the SNW Members may work together to overcome/help the Delivering Organisation/SNW Member which is delivering the Project to overcome these issues or challenges; 10) Lead on stakeholder engagement which seeks the views, experiences, insights and suggestions from sports participants and Delivering Organisations in North Wales; 11) Monitor the progress and adherence of the customer service charter and provide updates to the Governance Board; 12) Monitor the progress of the marketing plan and provide updates to the Governance Board; 13) Discuss feedback from the Governance Board in respect of any rejected Applications; 14) Invite representatives from Sport Wales to meetings, as required to observe and support the Sport North Wales Collaboration; 15) Be responsible for the appointment of an independent chair who: <ul style="list-style-type: none"> ➤ acts as the Partnership Board's lead; ➤ is an unpaid non-executive director who brings experience which will facilitate the Partnership Board's activities; ➤ represents the Partnership Board in any discussions at the Governance Board level; ➤ shall work closely with the Regional Director to contribute towards performance of the Objectives; and ➤ shall participate in the Governance Board's appointment of representatives to the Partnership Board. <p>In advance of each meeting of the Partnership Board, the Regional Director shall circulate an agenda, together with copies of all supporting documentation related to the agenda items (including Applications to be considered at the forthcoming meeting).</p> <p>Following each meeting, minutes shall be circulated to representatives of each SNW Member.</p> <p>The Partnership Board is an operational board which is integral to the success of Sport North Wales and the delivery of Projects which benefit North Wales but it does not have decision-making power in respect of the Collaboration or approval of Applications for delivery as Projects with a funding value above £50,000. It does, however, have the power to approve Applications for delivery as Projects with a funding value below £50,000.</p> <p>The Partnership Board shall be appointed for the five year term of the Agreement.</p> <p>Meetings of the Partnership Board shall require a quorum of 6 and may take place electronically.</p>

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Number	Provision	Material Obligations
9.	Regional Director	<p>The Regional Director, appointed by CCBC shall:</p> <ol style="list-style-type: none"> 1) Be responsible for the operation of Sport North Wales ensuring its activities contribute towards performance of the Objectives in accordance with this Agreement; 2) Be responsible for liaising with the Partnership Board and presenting any issues raised by the Partnership Board to the Governance Board; 3) Be the lead officer responsible for delivering the SNW Objectives and strategic plan; 4) Be responsible for advising the Governance Board on any governance or risk issues of which the Regional Director becomes aware through their role; 5) Review and approve Applications for funding with a funding value up to £10,000, requesting support from the Partnership Board if required; 6) Sit on both the Partnership and Governance Boards in a reporting capacity; 7) Work with, and on behalf of, the Governance Board to lead the strategic direction, development and profile of Sport North Wales regionally in accordance with the Vision and strategic plan to facilitate achievement of Sports North Wales' Objectives and values for the benefit of North Wales; 8) Represent the Governance Board on the Partnership Board; 9) Work closely with the independent chair of the Partnership Board to contribute towards performance of the Objectives; 10) Represent Sport North Wales in discussions with Sport Wales and other stakeholders and partners, providing updates in relation to the activities and progress of Sport North Wales (as requested); 11) Promote the brand of Sport North Wales and create contacts throughout the UK to maximise Sport North Wales' visibility and profile; 12) Be responsible for securing further funding for Sport North Wales in addition to that received from Sport Wales; and 13) Secure sponsorship (both corporate and non-corporate) for Sport North Wales Projects and activities.
10.	Project Approvals Process	<p><u>Value Levels</u></p> <p>If the level of funding requested is £10,000 or under, the Regional Director shall have the power to approve Applications from a Delivery Organisation or SNW Member.</p> <p>If the level of funding requested is £50,000 or under, the Partnership Board shall have the power to approve Applications from a Delivery Organisation or SNW Member.</p> <p>If the level of funding requested is above £50,000, the Partnership Board shall determine whether an Application from a Delivery Organisation or SNW Member is approved for consideration by the Governance Board; and the Governance Board shall have the power to approve the Application.</p>

Number	Provision	Material Obligations
		<p><u>Applications – First Step and Content</u></p> <p>Applications to the Regional Director (if funding requested is below £10,000) or Partnership Board (if funding requested is above £10,000), whether from a Delivery Organisation or SNW Member, shall follow an approved template form and detail:</p> <ul style="list-style-type: none"> a. The name of the Delivery Organisation or SNW Member; b. The nature and scope of the proposed project and financial values attributed to the main elements of the project; c. the level of funding requested from Sport North Wales; d. the level of funding which the Delivery Organisation/SNW Member will contribute to the project from its own (or other) resources; e. A "Project Delivery Plan" which includes: <ul style="list-style-type: none"> f. targets and outputs; g. milestone dates for the key elements of the project; h. deliverables; i. an explanation of how the project aligns with Sport North Wales' Objectives and values; j. an explanation of the benefits to the Delivery Organisation/SNW Member and North Wales as a region if the project is approved, together the "Application". <p><u>Consideration of Applications</u></p> <p>The Regional Director shall consider Applications for funding below £10,000 as and when they are submitted to them. The Regional Director may request support from the Partnership Board when considering Applications for funding below £10,000.</p> <p>The Partnership Board shall consider Applications with a value exceeding £10,000 at the relevant monthly Partnership Board meeting.</p> <p>The Governance Board shall consider Applications approved by the Partnership Board at the next Governance Board quarterly meeting following the Partnership Board meeting in which approval was given to the Application.</p> <p><u>Rejected Applications</u></p> <p>If an Application is not approved by the Regional Director, the Partnership Board or the Governance Board, a summary of the reasons for rejecting the Application shall be provided to the Delivery Organisation/SNW Member that submitted the Application in addition to providing feedback on areas to develop if the Application is to be re-submitted in the future.</p> <p>A re-submitted Application shall be reviewed in the same way as an Application submitted for the first time and re-submission does not guarantee that an Application will be approved by the Regional Director/Partnership Board on its second, or future, submission.</p>

Number	Provision	Material Obligations
		<p><u>Application Approval Considerations</u></p> <p>In determining whether an Application is approved by the Regional Director, Partnership Board or Governance Board, the following shall be considered:</p> <ul style="list-style-type: none"> a. the alignment of the Application with the Vision, Objectives and Values; b. the Application's promotion of the principles of the customer service charter; c. the Application's outputs and deliverables in relation to North Wales as a region; d. the deliverability of the proposed project (including the applicant SNW Member's capacity to deliver and the relevant timeframe for delivery); e. the level of funding required and the availability of funding to Sport North Wales. <p><u>Application Approval Requirements</u></p> <p>To be approved by the Regional Director, the Application must satisfy the above considerations.</p> <p>To be approved by the Partnership Board, the Application requires more than 50% approval from the Partnership Board representatives in attendance. If the initial vote is a 50:50 split decision, the Application shall not be approved by the Partnership Board.</p> <p>To be approved by the Governance Board, an Application requires more than 50% approval from the Governance Board representatives. If the initial vote is a split 50:50 decision, the chair shall have the casting vote.</p> <p><u>Approved Applications (Projects)</u></p> <p>If an Application is approved, the Regional Director, Partnership Board or Governance Board shall confirm:</p> <ul style="list-style-type: none"> a. that the Application, once approved, is a "Project"; b. the level of funding awarded for delivery of the Project; c. steps which the Delivery Organisation/SNW Member must confirm before the funding is committed to the Project; d. any agreement that the Delivery Organisation/SNW Member must enter into with CCBC before it receives any funding in respect of the Project; and e. the frequency of payment of instalments of funding (if not provided in full at the outset of a Project being approved). <p>Following approval of the Project, the Delivery Organisation/SNW Member must deliver the Project in accordance with the Project Delivery Plan and any agreement entered into by the Delivery Organisation/SNW Member and CCBC in respect of delivery of the Project.</p>

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Number	Provision	Material Obligations
11.	Separate Account	<p>In order to ensure effective financial management controls and systems are maintained, CCBC shall maintain a separate account into which the Sport Wales Award is paid ("SNW Account"). This account shall transparently show the transactions in relation to the Sport Wales award and shall be subject to open book accounting such that all parties have a clear understanding of:</p> <ol style="list-style-type: none"> 1) The transactions into and out of the account; and 2) The values of these transactions. <p>Any queries in relation to the SNW Account may be discussed by the Partnership Board and Governance Board.</p>
12.	Employees	<p>As a contractual arrangement, employees of each SNW Member shall remain employed by the respective SNW Member and there is no intention that these employees TUPE-transfer to another SNW Member as a result of the Collaboration.</p> <p>If employee posts at a SNW Member, funded from Sport Wales Award, become vacant for employees in a SNW Member, the Collaboration shall:</p> <ol style="list-style-type: none"> 1) Consider the role which has been vacated and whether there is a requirement, for the Collaboration as a whole, to replace the role; and 2) Then consider the best approach to replace this role by consideration of the skills required to contribute towards success of the Collaboration; and 3) Determine which SNW Member is best-placed to employ the replacement employee (which is not necessarily the SNW Member from which the employee departed). <p>The Regional Director, Partnership Board and Regional Director shall advise in relation to replacement of departed employees.</p>
13.	Change Control Procedure	<p>Any of the SNW Members may request an amendment to the scope, nature, structure or operation of the Collaboration and/or any term of the Agreement (a "Change") in accordance with the process outlined below (the "Change Control Procedure"):</p> <p>Where an SNW Member requests a Change:</p> <p>The relevant SNW Member will submit a written request for a change (a "Change Request Notice") to the Governance Board setting out as much information as is necessary to enable the Governance Board to prepare a written record of the Change which may be approved by the parties pursuant to this Change Control Procedure (a "Change Control Form"); and the Governance Board will, unless otherwise agreed, circulate a Change Control Form to all SNW Members after the next Governance Board meeting following dispatch of the Change Request Form by the relevant SNW Member.</p> <p>The Change Control Form shall contain sufficient information to enable the all parties to assess the Change, including as a minimum:</p>

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Number	Provision	Material Obligations
		<ul style="list-style-type: none"> ➤ the title of the Change; ➤ the originator of the Change and date of request; ➤ description of the Change; ➤ details of the effect of the proposed Change on: <ul style="list-style-type: none"> ➤ the Collaboration; ➤ the Vision; ➤ any existing or future Projects; and ➤ any other term of the Agreement; ➤ the date of expiry of validity of the Change Control Form; and ➤ provision for signature by the SNW Members and the chairman of the Partnership Board. <p>If, following the circulation a Change Control Form pursuant to this Change Control Procedure:</p> <ul style="list-style-type: none"> ➤ all of SNW Members and the Governance Board agree to the terms of the relevant Change Control Form, they will each sign it and the signed Change Control Form will amend this Agreement; or ➤ any of the SNW Members or the Governance Board do not agree to any term of the Change Control Form, then the party proposing the Change may refer the disagreement to be dealt with in accordance with the Dispute Resolution Procedure. <p>No Change will come into effect until a Change Control Form has been signed by the authorised representatives of all SNW Members and the chair of the Governance Board.</p> <p>Each party will bear its own costs in relation to compliance with the Change Control Procedure.</p>
14.	Statutory Functions	<p>All parties recognise that they must act in accordance with their statutory functions, constitutions and legal obligations and nothing in these Heads of Terms may fetter, restrict or oblige the SNW Members to do, or omit to do, anything which:</p> <ol style="list-style-type: none"> 1) is incompatible with the lawful exercise of their powers; 2) is incompatible with the lawful discharge of their functions; 3) divests any SNW Members of their statutory powers; or 4) obliges a SNW Member not to exercise any powers.
15.	Dispute Resolution Procedure	The SNW Members agree to resolve any dispute or issue between themselves in accordance with the procedure set out at Schedule 1.
16.	Termination	<p>The Agreement shall terminate on expiry of the initial five-year term unless:</p> <ol style="list-style-type: none"> a. terminated earlier by mutual agreement of SNW Members; or b. extended further by mutual agreement of SNW Members.

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Number	Provision	Material Obligations
		For the avoidance of doubt, any extension or termination of the Agreement shall be agreed by all SNW Members and not simply members present at a particular Governance Board meeting.
17.	Succession	<p>This Agreement shall be binding on and be to the benefit of, the parties to this Agreement and their respective Successors and permitted transferees and/or assignees. References to a party in this Agreement shall therefore include that party's Successors, permitted transferees and/or assignees.</p> <p>"Successor" shall mean "any legal entity, organisation, charity, partnership, company or other legal personality which subsumes, merges with, acquires or otherwise replaces any of the SNW Members following a Change of Control, organisational restructure, act of Parliament, Change in Law, or act of Government.</p>
18.	Exit	<p>Without affecting any other right or remedy available to it, any SNW Member may unilaterally opt to become an "Exited Party" to this Agreement subject to the service of a written notice of not less than six months' (an "Exit Notice") to the other parties.</p> <p>Notwithstanding the provisions of (1) above, the transition of an SNW Member to an Exited Party in accordance with the terms of this agreement, shall not, for the avoidance of doubt, discharge an Exited Party from any obligations or liabilities arising in connection with its obligations under this Agreement prior to the Exit Date.</p> <p>An "Exited Party" shall be "an SNW Member that ceases to be a party to this Agreement after the Exit Date"; and</p> <p>The "Exit Date" shall be "the date stated on a duly served Exit Notice as the date an SNW Member will become an Exited Party. For the avoidance of doubt, the Exit Date shall be a date not less than six months from the date of the Exit Notice.</p>
19.	Freedom of Information	The SNW Members acknowledge that they all have obligations to comply with the Freedom of Information Act 2000 and shall promptly assist each other with compiling information required to respond any request which relates to the Sport North Wales collaboration.
20.	Entire Agreement	<p>The SNW Members agree that this Agreement is the entire agreement and understanding between the parties in relation to the governance of the Sport North Wales collaboration.</p> <p>The parties cannot rely on other documents, oral agreements, representations as to the governance of the Sport North Wales collaboration unless such obligations are covered in the Agreement.</p>
21.	No Partnership	The Agreement is not establishing a formal partnership between the SNW Members and does not authorise any party to make commitments for the other, except to the extent that such commitments are set out in the Agreement.

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Number	Provision	Material Obligations
22.	Governing Law and Jurisdiction	The Agreement is subject to English and Welsh law and the exclusive jurisdiction of the Courts of England and Wales.
23.	Third Party Rights	A person or entity other than the SNW Members does not have any rights under the Contracts (Rights of Third Parties Act) 1999 to enforce any term of the Agreement.
24.	Counterparts	The Agreement may be executed in counterpart and by electronic means.
25.	Additional Provisions	Further provisions are to be confirmed in the Agreement relating to: <ol style="list-style-type: none">1) severability;2) amendments; and3) [ADDITIONAL BOILERPLATE CLAUSES]

SCHEDULE 1

Dispute Resolution Procedure

If any dispute arises out of, or in connection with the Collaboration, the SNW Members shall follow the procedure set out below.

- 1) Through its representative on the Partnership Board, the SNW Member shall give written notice to the Partnership Board of its issue, setting out its nature and full particulars, together with relevant supporting documents in advance of a Partnership Board meeting ("**Issue Notice**").
- 2) At the next Partnership Board meeting following circulation of the Issue Notice, the Partnership Board shall attempt in good faith to resolve the issue, taking a holistic view to resolution of the issue considering the collaborative objectives of Sport North Wales.
- 3) If the Partnership Board is unable to resolve the issue at the Partnership Board meeting, it will escalate the issue for consideration at the next Governance Board meeting. The Governance Board shall attempt in good faith to resolve the issue and make any proposals to the SNW Member which raised the issue initially to resolve the issue.
- 4) If the SNW Member does not accept the resolution or proposals of the Governance Board, the parties shall attempt to settle the dispute by mediation in accordance with the Centre for Effective Dispute Resolution ("**CEDR**") Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator will be nominated by CEDR. To initiate the mediation, a party must give notice in writing ("**ADR Notice**") to the other parties to the dispute requesting a mediation. A copy of the request should be sent to CEDR. The mediation will start no later than 14 days after the date of the ADR Notice.
- 5) If the mediation is not resolved within 28 days after service of the ADR Notice, the dispute shall be finally resolved by the courts of England and Wales.

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Appendix 2: Draft SNW 5 Year Budget

Income	2021-22	2022-23	2023-24	2024-25	2025-26
Sport Wales					
Active Young People	1,003,520	953,344	905,677	860,393	817,373
Free Swimming Initiative	323,550	323,550	323,550	323,550	323,550
Operational	159,119	115,000	115,000	115,000	115,000
	1,486,189	1,391,894	1,344,227	1,298,943	1,255,923
Other Programme Grants (SNW will apply for grants which will support programmes in the region)	0	0	0	0	0
Additional Commercial Income e.g. Events and Corporate Partners	0	50,000	60,000	70,000	100,000
TOTAL INCOME	1,486,189	1,441,894	1,404,227	1,368,943	1,355,923
Operating Expenditure					
Staff costs					
Regional Director - based on £60k salary	82,000	82,984	83,980	84,988	86,007
P/T Administrator	23,089	23,551	24,022	24,502	24,992
	105,089	106,535	108,002	109,490	110,999
Host authority costs	14,300	14,300	14,300	14,300	14,300
Partnership costs					
Office costs - stationery, phones etc	1,250	1,250	1,250	1,250	1,250
Office accommodation	6,000	6,000	6,000	6,000	6,000
Training	1,000	1,000	1,000	0	0
Translation	4,080	4,080	4,080	4,080	4,080
Marketing / publicity	7,200	7,200	7,200	7,200	7,200
Travelling	2,500	2,500	2,500	2,500	2,500
External Audit fee	1,500	1,500	1,500	1,500	1,500
Procurement	2,000	2,000	2,000	2,000	2,000
Monitoring and Evaluation	6,000	6,000	6,000	6,000	6,000
Contingency (10%)	3,200	3,200	3,200	3,000	3,000
	34,730	34,730	34,730	33,530	33,530
Governance & Partnership Boards					
Meeting; travel	5,000	5,000	5,000	5,000	5,000
SNW Ring Fenced Projects					
SW Active Young People	1,003,520	953,344	905,677	860,393	817,373
SW Free Swimming Initiative	323,550	323,550	323,550	323,550	323,550
SNW Projects	0				
	1,327,070	1,276,894	1,229,227	1,183,943	1,140,923
TOTAL EXPENDITURE	1,486,189	1,437,459	1,391,259	1,346,263	1,304,752
Profit + / Loss -	0	4,435	12,968	22,680	51,171
Public Service Contribution in kind					
Line Management by host authority	15,000	1 day per week, line management of Regional Director by Head of Service			
Governance Board	6,912	4 days per year, 6 LAs at Head of Service level			
Partnership Board	17,280	12 meetings per annum for 5 SNW members at Head of Service level			
Total Contribution In Kind	39,192				

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2b: Transition year and set-up costs

	£		
IT costs - purchase of laptops	2,000		
Purchase of Mobile phones	300		
Recruitment Cost	3,000		
Operational costs	1,250		
Legal costs	3,000		
Translation	4,080		
Marketing / publicity	2,000		
Project management	2,813		
Contingency/Flexibility	1,400	10% contingency	
Total	19,843		

2c: Hosting costs

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5		
Central Support Cost (finance support, p	10,000	10,000	10,000	10,000	10,000	Best estimate	
Legal costs (DWF as retainer)	3,000	3,000	3,000	3,000	3,000	£3k pa retainer	
Contingency/Flexibility	1,300	1,300	1,300	1,300	1,300	10% contingency	
Total	14,300	14,300	14,300	14,300	14,300		

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