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CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL

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GŴYS A RHAGLEN

ar gyfer

CYFARFOD O GYNGOR SIR YNYS MÔN

a gynhelir yn

SIAMBR Y CYNGOR SWYDDFA'R SIR LLANGEFNI

DYDD IAU 27 CHWEFROR 2014

am 2.00 o'r gloch

SUMMONS AND AGENDA

for a

MEETING OF THE ISLE OF ANGLESEY COUNTY COUNCIL

to be held at the

COUNCIL CHAMBER COUNCIL OFFICES LLANGEFNI

THURSDAY 27 FEBRUARY 2014

at 2.00 pm

A G E N D A

Presentation: Mr Stephen Roe, Secretary of the Anglesey Fair Trade Partnership will address the Council regarding the successful application to renew Anglesey's Fair Trade status for two years until 2015 and to celebrate the fact that Wales is celebrating five years as the world's first Fair Trade Nation this year.

Mr Daniel Hurford, Head of Policy (Improvement and Governance) of the WLGA will present this Council with 'The Wales Charter for Member Support and Development'.

1. MINUTES

To submit for confirmation and signature, the minutes of the meetings of the County Council held on the following dates:-

- 5th December, 2013
- 27th January, 2014 (Extraordinary)

2. DECLARATION OF INTEREST

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

3. TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL, EXECUTIVE OR THE CHIEF EXECUTIVE

4. MINUTES FOR INFORMATION - IMPROVEMENT AND SUSTAINABILITY BOARD

To submit for information, the minutes of the meeting of the Anglesey Improvement and Sustainability Board held on 26th November, 2013.

5. PRESENTATION OF PETITIONS

To receive any petition in accordance with Paragraph 4.1.11 of the Constitution.

6.1 MEDIUM TERM BUDGET STRATEGY, BUDGET, COUNCIL TAX, TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2014-15 (Pages 19 - 26)

To submit the Executive's Proposals for a medium term revenue budget strategy, interim capital plan and revenue and capital budgets for 2014-15.

6.2 MEDIUM TERM BUDGET STRATEGY, BUDGET, COUNCIL TAX, TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2014-15 - STATUTORY MATTERS (Pages 27 - 70)

To submit the report of the Head of Function (Resources) dealing with statutory matters relating to the budget.

6.3 **MEDIUM TERM BUDGET STRATEGY, BUDGET, COUNCIL TAX, TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2014-15 - FORMAL RESOLUTION** (Pages 71 - 78)

To consider the formal resolution as enclosed in the report of the Head of Function (Resources).

6.4 **MEDIUM TERM BUDGET STRATEGY, BUDGET, COUNCIL TAX, TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2014-15 - AMENDMENTS TO THE BUDGET**

To submit any amendments to the Budget of which notice has been received under Paragraph 4.3.2.2.11of the Constitution.

(Note: All of the above papers need to be considered as a single package).

7.1 **CHANGES TO THE COUNCIL'S CONSTITUTION - WHISTLEBLOWING POLICY** (Pages 79 - 90)

To report that the Executive upon consideration of the above at their meeting on 17th February, 2014 had resolved as follows:-

"To recommend to the County Council that it amends the Whistleblowing Policy contained in the Constitution in the manner indicated in the appendix to the report and to authorise the Monitoring Officer to make any consequential amendments to the Constitution."

To submit the report of the Head of Function (Council Business).

7.2 **CHANGES TO THE COUNCIL'S CONSTITUTION - PRESIDING MEMBER** (Pages 91 - 96)

To report that the Executive upon consideration of the above at their meeting on 17th February, 2014 had resolved to recommend to the County Council that it does not proceed in this respect.

To submit the report of the Head of Function (Council Business).

8. **ABERFFRAW CONSERVATION AREA CHARACTER APPRAISAL**

To report that the Executive upon consideration of the above at their meeting on 13th January, 2014 had resolved:-

"to recommend to the County Council that it approves the Aberffraw Conservation Area Character Appraisal for adoption as Supplementary Planning Guidance (SPG)".

To submit the report of the Head of Service (Planning and Public Protection).

9. **TIMING OF MEETINGS**

To submit the report of the Interim Head of Democratic Services.

10. OUTCOME AGREEMENT

To submit the report of the Chief Executive.

11. MOTIONS RECEIVED PURSUANT TO RULE 4.1.2.2.12 OF THE CONSTITUTION

(1)To submit the following Notice of Motion by Councillor A.Morris Jones, countersigned by Councillors Bob Parry,OBE, Jeff Evans, K.P.Hughes and Nicola Roberts:-

"As a response to the Williams Review, we the undersigned call on the County Council to use every avenue possible to promote why a local government decision making body should be retained on Ynys Mon."

To give consideration to the above.

(2)To submit the following Notice of Motion by Councillors Dylan.W.Rees, Bob Parry,OBE and Nicola Roberts:-

"We, the undersigned, call upon the Isle of Anglesey County Council, to consider inviting senior representatives of the Post Office to appear before a meeting of the full Council to explain their plans for franchising the Crown Post Offices at Holyhead and Llangefni.

As part of their Transformational Plans, the Post Office are seeking to franchise 73 Crown Post Offices across the country including Holyhead and Llangefni. Local inhabitants are very unhappy with these plans and large petitions have been signed in both areas opposing the proposals. We believe that because of the importance of this issue, all Councillors should be given the opportunity to scrutinise the Post Office's plans."

To give consideration to the above.

12. DELEGATIONS

The Chief Executive will present for information, a report setting out any changes to the scheme of delegation relating to the Executive functions made by the Executive or the Leader since the last Ordinary meeting (Rule 4.4.1.1.2 of the Executive Procedure Rules of the Constitution refers).

13. EXCLUSION OF THE PRESS AND PUBLIC

To consider adoption of the following:-

"Under Section 100(A)(4) of the Local Government Act 1972, to exclude the press and public from meeting during discussion on the following item on the grounds that it may involve the disclosure of exempt information as defined in Schedule 12A of the said Act and in the attached Public Interest Test".

14. PAY POLICY STATEMENT 2014-15

To submit the report of the Head of Profession (Human Resources).

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ISLE OF ANGLESEY COUNTY COUNCIL

Minutes of the meeting held on 5 December 2013

PRESENT: Councillor Gwilym O Jones (Chair) (Items 4, 6, 7, 9, 10 and 12 from 3:10 pm onwards)
Councillor Raymond Jones (Vice-Chair) (In the Chair from 2:00 pm until 3:10 pm)

Councillors R Dew, Jeffrey M.Evans, Ann Griffith, John Griffith, D R Hughes, K P Hughes, T Ll Hughes, Vaughan Hughes, Victor Hughes, W T Hughes, A M Jones, Carwyn Jones, H E Jones, R Ll Jones, R.Meirion Jones, Richard Owain Jones, Alun W Mummery, R G Parry OBE (from 3:10 pm onwards), Dylan Rees, J A Roberts, Nicola Roberts, P S Rogers, Alwyn Rowlands, Dafydd Rhys Thomas and Ieuan Williams

IN ATTENDANCE: Chief Executive
Deputy Chief Executive
Director of Sustainable Development
Director of Community
Director of Lifelong Learning
Head of Function (Legal and Administration)
Principal Tourism Development Officer
Committee Services Manager

APOLOGIES: Councillors Lewis Davies, Jim Evans and Llinos Medi Huws

PRESENTATION - TOUR DE MÔN

The Principal Tourism Development Officer and the Portfolio Holder for Economic Development, Tourism and Leisure presented a short video of the Tour de Môn Cycling Race held on 1st September, 2013, together with a review of 2013 events held on the Island.

The Vice-Chair mentioned that the Chair, Councillor G O Jones and Councillor Bob Parry, OBE, would both be delayed in view of the fact that they were attending the funeral of Mr Dennis Burns, husband of former Councillor Mrs Bessie Burns.

1 MINUTES

Submitted and confirmed as a true record, the minutes of the meetings of the County Council held on the following dates:-

- 10th October, 2013 (11:30am) (Extraordinary)
- 10th October, 2013 (2:00pm)

RESOLVED to confirm the minutes of the meetings of the County Council held on the above dates, subject to noting that Councillor Dylan Rees had been present for the morning meeting but had apologised for the afternoon meeting.

2 DECLARATION OF INTEREST

None received.

3 TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL, EXECUTIVE OR THE CHIEF EXECUTIVE

The Chief Executive extended his congratulations to the Social Services Department in respect of the following:-

Adults' Services hosted 2 prestigious national networks at the end of last month. The first was the All Wales Strategy for Older People's Co-ordinators network which met on the Island on 18th November. The network includes senior officers from the Health and Social Services Directorate of Welsh Government, Welsh Local Government Association Equalities Department, Ageing Well in Wales lead from the Commissioner for Older People's office. Discussions are focused around Local Authorities signing up to the Dublin Declaration [which we signed in September, 2013] and the programme of work around the Ageing Well in Wales network.

Secondly, on 19 November, the Age Friendly Communities steering group meeting was hosted by Anglesey. AFC is an Ireland-Wales INTERREG funded project which brings together five partners in Ireland and Wales to develop intergenerational strategies (local and transnational) and to pilot activities to encourage community cohesion and social inclusion.

Both national networks came together at the end of the second day for a networking high tea led by the Council's Leader, Chairman of the Council and the Champions for Older People and Carers. This was attended by both national interests and representatives of our local services for older people (Age Well, Older People's Forum) as well as recipients of our local Age Friendly projects – for example Parc Mwd, Valley and the Allotments at Benllech.

On Thursday 28 November 2012, Carl Sargeant AM (Welsh Government Minister for Housing and Regeneration) visited one of the Supported Housing projects for people with substance and alcohol misuse needs in Llangefni. The Eilianfa Scheme is funded by the Supporting People Programme and is based in the centre of the community. The visit had been arranged following a request made by the Welsh Government to visit two supported housing schemes in North Wales for substance and alcohol misusers. The other project visited was in Flintshire. £18,194.16 is invested for the provision of housing related support services for two people in Eilianfa which is owned by Tai Eryri. The support service is provided by CAIS as an organisation which has expertise in dealing with people with alcohol and substance misuse needs.

The Minister spent some time on his own with the two service users discussing their personal experiences and their experience of living in the supported housing scheme. It was evident that he was very favourably impressed by the two individuals, the scheme and the support. He was very complimentary about the scheme and the Supporting People Programme generally across Wales which is responsible for 70% of the budget annual budget that he is responsible for.

Congratulations were also extended to the Housing Department with regard to the following:-

An extremely successful annual meeting was held by Anglesey Communities First. The Director of the Anti-Poverty Department of the Welsh Government remarked that this scheme is a flagship for Wales and that additional funding had been provided for a pilot scheme to get workless households back into employment.

The Housing Services were placed in the top three housing organisations throughout Wales in the category of Housing Regenerating Communities, and have been recognised as an example of good practice in the Chartered Institute of Housing Wales new publication for the second year in succession for their initiative that provides financial assistance for first time buyers purchasing a property that has been vacant for at least 6 months.

Councillor K P Hughes, Portfolio Holder wished to minute his appreciation to the staff of the Housing and Social Services Department for their work in this respect.

The Chief Executive mentioned that the Welsh Young Farmers Eisteddfod was held at Mona on Saturday, 16th November, 2013. It was a pleasure to welcome them here to Anglesey and the Chair of the Council and other Members were in attendance on the day to view the competitions.

The Chief Executive also mentioned that an invitation was extended to Members to attend the Anglesey Staff Awards Ceremony for 2013 at 2:30 pm this Friday.

Congratulations were extended to Sam, the son of Councillor R Dew who had won the World Powerlifting Championship at Glasgow on 2nd November, 2013.

Congratulations were extended to Gwenno Pugh originally from Penmynydd upon winning the Fferm Factor competition on S4C last night.

On a sadder note, the Chief Executive extended the Council's sympathy to the family of Mr John Rowlands, former Headteacher of Ysgol Uwchradd Caergybi and Deputy Director of Education for Gwynedd Council.

Sympathy was also extended to Lord Stanley of Alderley, who died recently aged 86. His family played a prominent part in the history of Holyhead town. Lord Stanley was a Member of the House of Lords until 1999. He spent more than 40 years as President of the Holyhead lifeboat and was Patron of Holyhead's Ucheldre Centre and Maritime Museum as well as a member of the Friends of St Cybi and the Anglesey Antiquarian Society.

The Vice-Chair also extended his deepest sympathy to Mrs Bessie Burns, former Councillor and Chair of this County Council upon the recent loss of her husband Dennis.

Condolences were also extended to any Member of the Council or staff who had suffered bereavement. Members and Officers stood in silent tribute as a mark of respect.

4 QUESTIONS RECEIVED PURSUANT TO RULE 4.1.12.2 OF THE CONSTITUTION

• Submitted - The following question on notice by Councillor Bob Parry, OBE, to the Leader of the Council:-

"Is the Council willing to establish a cross party panel to be ready to respond to the Williams report on reducing the number of Councils in Wales?"

The Leader of the Council in reply stated:-

"I think it is very sensible to establish a cross party Panel. I think it is a little premature. What it is, is a review of the public sector and not cutting down on the number of Councils."

The following supplementary question was asked by Councillor Bob Parry, OBE:-

"I still stick to the same question because I think it is important that we are ready, because there are certain things in the report which equate to ideas regarding a reduction in the number of Councils. I do think when the time is right, we need to establish a Panel."

The Leader in response stated:-

"Yes, I think you have misunderstood me. I think it is sensible that we do, and I agree, and we will do that. Thank you."

• Submitted - The following question on notice by Councillor Bob Parry, OBE, to the Portfolio Holder for Social Services and Housing:-

"How many Council house tenants have been evicted from their homes because they have been unable to pay the bedroom tax?"

Councillor K P Hughes, Portfolio Holder for Social Services and Housing in reply stated:

"In response to your question, we have not so far evicted any tenants from Council houses due to inability to pay bedroom tax. Eviction is always a last resort and everything possible will have been done by the Authority and partner agencies to enable tenants to keep their tenancies. Before we go down this road, the Housing Department will present a report to the Executive."

The following supplementary question was asked by Councillor Bob Parry, OBE:-

"Thank you. I am pleased that a report will come to the Executive because I think some Councils have already taken steps to try and overcome this problem. But the question I was going to ask was when the Housing Department lets houses are they more careful that they don't let 3 bedroomed houses to one person?"

Councillor K P Hughes in responses stated:-

"Yes, I think they have to be more careful for obvious reasons because we don't want the problem to come about."

• Submitted - The following question on notice by Councillor Trevor Lloyd Hughes, to the Portfolio Holders for Social Services and Housing:-

"I would like to know in detail, the latest position regarding the closure of the County Council's homes for the elderly on Anglesey, with particular reference to Garreglwyd residential home, Holyhead, with details regarding meetings with staff at the home to explain the situation to them."

Councillor K P Hughes, Portfolio Holder for Social Services and Housing in reply stated:-

"The Council resolved during July 2013 to accept the messages received during the consultation between October-December 2012.

It was resolved to maintain the current status of the Residential Homes and to establish a project in order to ensure that plans would be developed regarding the future intentions of the Council with regard to suitable accommodation and the community provision available.

All residents in our residential homes were consulted during May confirming the officers' intention to submit recommendations to Council and that there would be no change in relation to their care. It was confirmed that we would contact them further as the programme develops.

The Project Board was established as part of the Council's transformation Programme which prioritises the development of adults services.

Within this programme priority was given to:

- *Development of Extra Care Housing – Amlwch area*
- *Strengthening Enabling services which empower individuals to live at home.*

Within the programme the detailed plans regarding the above will be presented to the Programme Board at the end of January so that they can be considered by the Council between February and March. Together with capacity considerations, priority was given to the above programmes but it is also intended to consider the Extra Care Housing needs of the Llangefni area and then the South of the Island *within the programme as well. It is also intended to consider dementia services with this programme starting in Spring.*

The Council resolved (July 8) to maintain the present access status of Garreglwyd Home, which is not to accept permanent placements, but to urge the use of the home for respite care:

"Confirm the present use of the Authority's 6 residential homes. This has included restricting the use of any empty places at Garreglwyd, Holyhead for respite care only".

This decision was based on avoiding putting vulnerable adults in a situation of being placed while there was any doubt about the future of the home. The intention was to ensure consistency for the present residents whilst the Programme Board could consider the work programme in its entirety and report back based on knowledge. The intention is to present further information regarding the situation as part of the transformation programme within this present financial year.

Regular meetings were held with staff in every residential home over the recent period. Meetings will be held with Unions as well every two weeks.

Despite the challenge posed by this programme we believe that we will be able to keep to the timetable that has been agreed within the Board's arrangements."

The following supplementary question was asked by Councillor T Lloyd Hughes:-

"The staff in these homes don't know what is going on. Senior Officers in the Department have not been visiting the homes. You talk about respite going to Garreglwyd – how many more beds are you moving from Garreglwyd? Just think, if you worked there, how would you feel about what's going on? Nobody knows. Two beds have already gone from there".

Councillor K P Hughes in reply stated:-

"Since I don't have the information to hand, I will come back to you in written format over the next fortnight."

5 MINUTES FOR INFORMATION - IMPROVEMENT AND SUSTAINABILITY BOARD

Submitted for information, the minutes of the meeting of the Anglesey Improvement and Sustainability Board on 23rd October, 2013.

RESOLVED to note the contents of the minutes.

6 CORPORATE PLAN 2013-17

Submitted – The report of the Deputy Chief Executive on the Draft Corporate Plan for 2013-17 which contained the Council's aim, focus areas and outcomes which this Authority would be working towards in order to make a difference to the lives of Anglesey citizens over the next four years.

It was reported verbally by the Portfolio Holder for Corporate Governance that the Executive on 2nd December, 2013, upon consideration of the Plan had resolved to recommend to the County Council :-

"To accept that the draft Corporate Plan sets out the Council's agenda for the remainder of the term up to 2017 and to authorise officers in collaboration with the Portfolio Holder for Corporate Governance to make minor changes prior to publication on the Council's website".

RESOLVED to endorse the above recommendation of the Executive.

7 TIMING OF MEETINGS

Reported by the Interim Head of Democratic Services – That in accordance with statutory guidance, the Council was required to survey Members in respect of the times at which meetings of a local authority are held, preferably shortly after a new Council was elected. The views of Members and Co-opted Members had been sought requesting them to rank in order of preference meeting times of 10:00am, 2:00pm, 4:00pm and 6:00pm. From the feedback received there was a clear preference for meetings to continue at either 10:00am or 2:00pm. Details of arrangements in the other North Wales Authorities were also listed in the report.

The Leader of the Plaid Cymru Group stated that some of his Members were finding it difficult because of work commitments to attend meetings of the Council during the day. If the Council wanted these new Councillors to stand again at the next election, then the Council had to be more accommodating in their requirements. He considered that Group Leaders and the SLT should discuss the matter further and report back to the County Council as soon as possible.

RESOLVED to defer consideration and that the matter be considered further by Group Leaders and the SLT (including an Equality Impact Assessment) to ascertain the feasibility of convening some meetings at either 4:00 pm or 4:30 pm. The outcome of such deliberations to be reported back to the County Council at the earliest opportunity.

8 POLITICAL BALANCE

Reported by the Interim Head of Democratic Services – That the Council needed to review the political balance arrangements on its Committees following notice that one Member had ceased to be a Member of the Labour Group. The proposed changes were highlighted on the matrix attached to the report. In accordance with political management protocols the revised political management arrangements had been discussed with Group Leaders.

Councillor Dylan Rees enquired as to whether or not it was good practice to have both Labour Councillors on the Executive, bearing in mind that the Labour Group only had two Members on the Council out of a complement of thirty? Did this need to be considered by the Executive if political balance applied?

The Leader in response stated that he would discuss the matter with the Deputy Leader and forward a written response thereon to Councillor Dylan Rees.

RESOLVED

- **To confirm the political balance arrangements and the number of seats allocated to each of the Groups under the Local Government and Housing Act 1989, and the number of seats given by custom and practice to the Members not subject to political balance as set out in the matrix;**

- **In accordance with recommendation (i) above, the Council delegates to the Chief Executive in consultation with Group Leaders to determine the allocation of seats to Unaffiliated Members arising from these changes and advise the Committee Services Manager accordingly;**

- **That the Labour Group Leader be requested to provide details of committee membership to the Committee Services Manager as soon as possible in accordance with the changes highlighted in this report."**

9 CHANGES TO THE CONSTITUTION (PARA 3.5.3.15.5) AND TO THE PLANNING PROCEDURE RULES (SECTION 4.6 OF THE CONSTITUTION)

a) Submitted - A joint report by the Head of Regulation and the Legal Services Manager as submitted to the Executive on 21st October, 2013.

b) Reported - That the Executive at its meeting on 21st October, 2013, had resolved to recommend to the County Council *"that the changes to the Rules in the Council's Constitution as detailed in the Appendices to this report are made and that authority be given to Officers to make the relevant changes to the Constitution".*

RESOLVED to endorse the above recommendation of the Executive.

10 TO MAKE CHANGES TO THE PLANNING PROCEDURE RULES (SECTION 4.6 OF THE CONSTITUTION) PERMANENT

Submitted -The report of the Legal Services Manager as submitted to the Executive on 4th November, 2013.

Reported -That the Executive at its meeting on 4th November, 2013 had resolved to recommend to the County Council:-

• *"That it makes permanent the changes to the Council Constitution clarifying which planning applications by officers, and by the relatives of members and officers, should be reserved for decision by the Planning Committee;*

• *Not to make permanent changes to restrict members at the Planning Committee to only participating if they had attended all previous meetings on that item (to include any official site visit);*

• *Not make permanent changes to prevent a local member on the Committee from voting, proposing or seconding on an application in their ward."*

RESOLVED to endorse the above recommendations of the Executive.

11 MOTION RECEIVED PURSUANT TO RULE 4.1.2.2.12 OF THE CONSTITUTION

Submitted –The following Notice of Motion by Councillor Aled Morris Jones, and countersigned by Councillors Bob Parry, OBE, Kenneth P Hughes, Dylan Rees, and Jim Evans.

"We, the undersigned, request that the Isle of Anglesey County Council grant the Freedom of the County to the Royal Navy and the Merchant Navy Association.

This is in recognition of keeping sea lanes safe the trade that exists between the United Kingdom and the rest of the World. This granting of the Freedom should be seen as an event to commemorate The Great War of 1914-1918 and the 70th Anniversary of the Battle of the Atlantic."

Councillor A Morris Jones spoke in support of the Motion.

It was unanimously RESOLVED to agree to the request, and that officers be requested to make the necessary arrangements.

12 DELEGATIONS

The Chief Executive will present for information, a report seeking out any changes to the scheme of delegation relating to the Executive functions made by the Executive, or the Leader since the last Ordinary meeting (Rule 4.4.1.1.2 of the Executive Procedure Rules of the Constitution refers).

RESOLVED to note the contents of the report.

The meeting concluded at 3.35 pm

COUNCILLOR G O JONES
CHAIR

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EXTRAORDINARY MEETING OF THE ISLE OF ANGLESEY COUNTY COUNCIL

Minutes of the meeting held on 27 January 2014

PRESENT:	Councillor Gwilym O Jones (Chair) Councillor Raymond Jones (Vice-Chair) Councillors R Dew, Jim Evans, Ann Griffith, John Griffith, D R Hughes, K P Hughes, Vaughan Hughes, Victor Hughes, W T Hughes, Llinos Medi Huws, A M Jones, H E Jones, R Ll Jones, Richard Owain Jones, Jeffrey M.Evans, Alun W Mummery, R G Parry OBE, Dylan Rees, J A Roberts, Nicola Roberts, P S Rogers and Ieuan Williams
IN ATTENDANCE:	Chief Executive Director of Lifelong Learning Head of Function (Council Business) Head of Function (Resources) and Section 151 Officer Interim Head of Democratic Services Revenue and Benefits Manager (GJ) Committee Services Manager
APOLOGIES:	Councillors Carwyn Jones, R.Meirion Jones, Alwyn Rowlands and Dafydd Rhys Thomas Deputy Chief Executive

1 DECLARATION OF INTEREST

None to declare.

2 TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRPERSON, LEADER OF THE COUNCIL, THE EXECUTIVE OR THE CHIEF EXECUTIVE

The Chair on behalf of Members and Officers extended his wishes to Councillors R Meirion Jones and Dafydd Rhys Thomas for a full recovery following ill health.

3 LOCAL COUNCIL TAX REDUCTION SCHEME 2014-15

Reported by the Head of Function (Resources) - That on 27th November, 2013, the Welsh Assembly approved two new sets of regulations: The Council Tax Reduction Schemes (Default Schemes) (Wales) Regulations 2013 and the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013. These 2013 Regulations prescribe the main features of the Scheme to be adopted by all Councils in Wales for 2014-2015 onwards.

The Council for 2014/2015 was obliged to make a scheme under the requirements of the Regulations notwithstanding the fact that a default scheme would come into effect even if the Council failed to make a scheme. The obligation was a statutory duty and applied even if the Council chose not to apply any of the discretions available to it.

As for 2013/2014, there was no additional money available from the Welsh Government to fund the discretionary elements.

The 2013 Regulations required the Authority for each financial year to consider whether to revise its scheme or to replace it with another scheme. The Authority must make any revision or replacement no later than 31st January in the financial year preceding the year they come into effect.

The financial implications had been outlined in the budget reports to the Executive. The projected cost of the proposed scheme in 2014/15 was between £5.51m and £5.61m, which was £350k to £460k more than the grant of £5.15m.

A budget provision of £400k was proposed to meet this shortfall which would be monitored in budget monitoring reports to the Executive. He did not consider the shortfall acceptable or sustainable and hoped that this message would be relayed to the Assembly.

RESOLVED

- **To note the making of The Council Tax Reduction Scheme and Prescribed Requirements (Wales) Regulations ("the Prescribed Requirements Regulations") by the Welsh Assembly on 27th November, 2013 and the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2014 ("the Amending Regulation") by the Welsh Assembly on 14th January, 2014).**

- **To note the outcome of the consultation exercise undertaken by the Council on the introduction of the Council Tax Reduction Scheme outlined in Appendix B.**

- **To adopt the Scheme as set out in Appendix A.**

- **That delegated authority is given to the Head of Function (Resources) to amend the Local Council Tax Support Scheme 2014/2015 should this be required to take account of any amending regulations subsequently passed by the Welsh Assembly.**

4 **TIMING OF MEETINGS**

Reported by the Interim Head of Democratic Services – That a report on the timing of Council meetings was submitted to the Council on 5th December, 2013.

The feasibility of convening some meetings at either 4:00pm or 4:30pm had been considered by Group Leaders and SLT and was supported. Group Leaders were recommending that arrangements be piloted in respect of the Planning and Licensing Committee and the two Scrutiny Committees.

An initial Equality Impact Assessment had also been undertaken on the likely impact of starting meetings at 4:00pm and 4:30pm, details of which were referred to at Para3.1 of the report.

RESOLVED

- **To support the convening of some meetings at 4:00pm and 4:30pm and that arrangements be discussed with the Chairs and Members of the relevant Committees and that an update report be presented to the next scheduled meeting of the Council on 27th February, 2014.**

- **To note the findings of the initial equality impact assessment;**

- **That arrangements be piloted for a period of 12 months commencing in April, 2014.**

The meeting concluded at 2.20 pm

COUNCILLOR G O JONES
CHAIR

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IMPROVEMENT AND SUSTAINABILITY BOARD

Minutes of the meeting held on 26th November, 2013

PRESENT:	Councillor Ieuan Williams (Chair) Chief Executive Executive: Councillors R Dew, K P Hughes, Aled M Jones, J A Roberts, Alwyn Rowlands. Director of Sustainable Development Director of Lifelong Learning Director of Community Service Improvement Manager, Childrens' Services (JD)
ALSO PRESENT:	Mr.Andy Bruce (Wales Audit Office)
IN ATTENDANCE:	Committee Services Manager (JG)
APOLOGIES:	Councillors H E Jones and R.Meirion Jones; Mr.Marc Roberts (Local Authority Inspector, CSSIW).

1. DECLARATION OF INTEREST

None to declare

2. APOLOGIES

As noted above.

3. MINUTES

Submitted and confirmed as a true record, the minutes of the meeting of the Improvement and Sustainability Board held on 23rd October, 2013.

4. UPDATE ON THE DEVELOPMENT OF THE ANGLESEY EDUCATION RECOVERY BOARD

Submitted - A report by the Director of Lifelong Learning updating Members on progress against the post-inspection action plan. It was reported that a computer based system (Sycle) had been developed in conjunction with officers from the Performance Unit to performance manage progress. The report from the Sycle system detailed the actions taken and their effect was a substantial document. A summary of that report, matched to the priorities noted in the Action Plan and to the priorities scrutinised by Estyn during their November visit on 7/8th November, 2013 was detailed at Appendix 1 of this report.

During that visit, Estyn concentrated on recommendations 1,2 and 5. The Director believed that pleasing progress had been made in that respect but acknowledged that there was further work to be done. It was expected that the conclusions of Estyn's visit would be reported back to the Authority within the next 3 weeks.

The first two recommendations noted by Estyn referred to revising standards in all key stages, improving functional literacy by the end of Key Stage 2 and improving school attendance rates. Appendix 2 of the report was additional supportive information outlining the Authority's current performance in these key areas.

Members thanked the Director for his report and it could be seen from the evidence provided that matters were progressing in a positive manner.

Councillor K.P.Hughes enquired as to whether Estyn had cast its net further to ascertain what other countries were doing in raising educational standards?

The Director in response stated that in the next few weeks a report would be published showing where Wales stood in comparison to other countries in terms of education. One of the things the Welsh Government had done was to look at the research in other countries and what had succeeded in those countries. What was important was that we adopted what could be seen as good practice, in other authorities and countries, and apply them and adjust them to meet the requirements locally in Anglesey and across North Wales. Welsh Government had carried out a lot of research in this respect and had been looking specifically at what had been achieved in Canada.

The Improvement and Sustainability Board noted that pleasing progress was continuing to be made in relation to all Estyn recommendations.

5. UPDATE ON PROGRESS IN CHILDREN'S SERVICES

Submitted - a progress report by the Service Improvement Manager against the Service Delivery Plan.

Reported - That the Service continued to focus on maintaining the improvements in service delivery in the face of a return of pressures on the workforce due to staff turnover (including a senior practitioner and Team Manager). As indicated in the last report to the Board, this third quarter was likely to be critical in establishing the extent to which improvements in the last year had become embedded.

Details of notable progress made were referred to at Para 2 of the report and remaining areas of concern and challenges were referred to at Para 3 of the report.

The evidence, confirmed in the recent Annual Letter from CSSIW indicated that the service had achieved and was sustaining change. The basic framework of the management team was largely in place, along with improved processes and procedures and on the whole an enthusiastic workforce. However, risks to service performance remained with problems of turnover within the workforce, including the managers.

The general confidence, reported on at the last meeting, remained that problems could be identified and managed, and that any dips in performance were dips and were not indicators of longer term decline. The management team were able to anticipate many of the issues and, even with limited resources or capacity, plan actions to address problems in a way that not only maintained the cohesiveness of the Service but also ensured that managing and meeting performance requirements continued effectively. The Head of Service continued, with senior managers, to monitor the position closely and would keep the Director of Community up-to date with developments.

Councillor K.P.Hughes, Portfolio Holder for the Department thanked the team for the progress being made and was appreciative of their efforts and contribution to that progress. He again stressed the importance of continued improvement and it was his aim to become the best service in Wales.

The Leader mentioned that he had visited the Unit last week in the company of the Portfolio Holder and that he had been pleased to hear that staff morale was good.

The Improvement and Sustainability Board noted the contents of the report and the progress being made.

As an aside, Councillor K.P.Hughes enquired as to whether there was still a requirement to convene these Board meetings on a monthly basis as opposed to bi-monthly?

The Chief Executive in response stated that it was by now obvious that the Board had surpassed the urgency to meet every month since there was not that much to report upon. Once the Authority had reached a certain level of progress, then further progress was a more gradual matter over a longer period of time.

This Board was established originally by the Commissioners because of concerns in three areas, namely Corporate Governance, Education and Social Services. Commissioners felt at the time that they needed to keep an eye on performance on a monthly basis. But since then, a new system had been established for the Programme Boards and there was a specific Programme Board in place for Service Excellence, where more or less duplication now existed with the workings of this Board.

The intention when Commissioners left was to keep this Board for a certain period and review in 6 months as to whether the work should be subsumed within the work of the Programme Boards. However, the Authority had been forewarned yesterday by WAO that Anglesey had been selected as one of 6 Authorities in Wales to receive a corporate governance assessment by WAO in the new financial year.

Since there would not be a lot to report upon to the next scheduled meeting on 19th December, the Chief Executive considered that the meeting should be postponed until January and by then the Authority would have received confirmation by WAO as regards the assessment. The meeting in January could then consider how the Authority was going to deal with that assessment and it could also give consideration as to whether or not the education and social services' aspects be transferred to the Programme Boards. He would wish to discuss that scenario with the SLT next week. As a result of a corporate governance report, this Authority went into special measures. This Authority did not want to find itself in that kind of predicament again and priority must therefore be given to meeting the requirements of that assessment from early in the new year.

The Chief Executive stated that it was his intention to discuss at the next SLT meeting the propriety of convening monthly meetings of the Improvement Board. He was of the opinion that sufficient progress had been made since the establishment of the Board by Commissioners and that the significant improvements in the Education recovery plan and in children's services were now being reported on a regular basis to the Programme Boards. He considered that it might therefore be more advantageous to hold these Board meetings on a bi-monthly basis in future.

Mr.Andy Bruce, WAO stated that both he and Huw Lloyd Jones had asked for Anglesey to be placed into the latter part of the next financial year and the assessment could be as late as February 2015. The assessment would be thorough and robust and there would be some 6 key areas to evaluate. He would prefer a late assessment so as to allow progress to continue on Anglesey in the meantime. He had found the meetings of this Improvement Board to have been very helpful and agreed that there had to be a review of the usefulness and frequency of the meeting. He felt that the Council had certainly improved over the course of the last 12 months.

The Improvement Board noted the intention to review the frequency of meetings and that the next scheduled meeting on 19th December, 2013 be postponed until January 2014.That meeting would give consideration to the WAO corporate assessment.

The meeting concluded at 11:40 am

COUNCILLOR IEUAN WILLIAMS
CHAIR

THE EXECUTIVE'S FINAL BUDGET PROPOSALS 2014/15

The Executive's final budget proposals are contained in:

Table A - Medium Term Revenue Budget Strategy;
Table B - Revenue Budget 2014/15;
Table C - Capital Budget 2014/15;
Table Ch - Prudential and Treasury Indicators.

The following details follow the requirements of the Budget Procedure Rules:-

(i) If the Council has adopted a budget strategy, whether the proposed annual budget conforms to that strategy, and details of any departures

The proposed budget has been developed within the Executive's Budget Statement and Strategy presented at Executive meeting 16 December 2013. This is now updated for the Medium Term Revenue Budget Strategy at Table A.

(ii) The proposed Council Tax for the year

The proposed Council Tax is a figure of £981.41 at Band D, an increase of 4.5% on 2013/14. The Police and Crime Commissioner North Wales has agreed an increase of 2.0% in its precept. The precept of the Town or Community Council brings the total increase to taxpayers to 4.8%.

(iii) Any proposed transfers to or from financial reserves

There are no proposals to make contributions to, or use, Council fund balances in 2014/15.

(iv) A summary of proposed expenditure by service

This is given in Table B for the revenue budget and Table C for the capital budget.

(v) Details of significant changes to service delivery implied by the budget

The budget includes service savings of £6.263m. Given the scale of savings required in 2014/15 and beyond, there will be an expectation across a number of services that the way they are delivered will change.

Resources for schools have been protected in line with Welsh Government expectations.

During 2014/15, to deliver efficiency savings for years 2015/16, 2016/17 and 2017/18, all services will undergo a service redesign and reconfiguration, to a greater or lesser extent, which will result in a change to the way services are delivered. This will potentially have an impact on both current and new service users.

The Council has introduced three Programme Boards and an Efficiency Strategy that will contribute to the delivery of corporate efficiency targets once plans to meet the forecast budget gap have been agreed with the Executive. The introduction of new systems and the use of better technology and assets, should also assist in this process during 2014/15.

(vi) The extent to which the proposals take account of reports of Committees

The final proposals were drawn up after consultation with Scrutiny Committees and take account of their response.

(vii) The extent to which the proposals take account of any consultation that has been undertaken

The proposals follow consultation on the budget proposals as follows:-

- The Executive throughout the budget process;
- The Executive meeting in September 2013;
- Elected Members, through workshop sessions in November 2013;
- Scrutiny Committees at their January 2014 meetings;
- Schools Forum on 27 January 2014;
- Town and Community Councils - 23 January 2014.

(viii) Details of any other significant differences between the initial and final proposals

The main differences between initial and final proposals are:-

1	A reduction in the amount provided to protect School budgets to £172,000
2	Deletion of the proposed severance contingency of £1m from the 2014/15 budget
3	A reduction of £250,000 in the contingency for demographic change
4	An increase of £181,000 in funding received from the Welsh Government through the Outcome Agreement Grant
5	An increase in the budget of £567,000 to fund welfare reform, including increases to the cost of the Council Tax Reduction Scheme to the Council
6	Council tax to increase by 4.5%, down from 5%

(ix) Proposals for borrowing

The proposals for borrowing and investment are contained in the separate report by the Head of Function (Resources) and Prudential Indicators as in Table Ch.

(x) Any other statutory matters to be decided by the full Council

See the report of the Head of Function (Resources).

TABLE A

MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2017/18

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Previous Year Budget	129,253	126,670	126,280	126,221
Schools Inflation and Protection	172	172	172	172
Cost Increases	2,866	2,432	2,380	2,325
Demographic Changes	250	500	500	500
Capital financing and Interest	598	171	171	171
Job Evaluation	1,300	700	700	700
Severance Contingency	(1,000)	1,000	0	0
Budget Re-alignment	(975)	0	0	0
Identified Pressures	567	700	700	700
General Contingency	(57)	0	0	0
Other growth	459	500	500	500
Savings	(6,263)	0	0	0
Contribution to Reserves	(500)	0	0	0
Funding Gap	0	(6,565)	(5,182)	(5,036)
	126,670	**126,280**	**126,221**	**126,253**
Funded by				
Welsh Government	97,158	94,714	93,267	91,849
Council Tax	29,512	30.840	32,228	33,678
	126,670	**126,280**	**126,221**	**126,253**

TABLE B

ISLE OF ANGLESEY COUNTY COUNCIL
REVENUE BUDGET 2014/15
EXECUTIVE'S FINAL PROPOSALS

-	Proposed Budget 2014/15
	£'000
Directorate	
Lifelong Learning (including schools)	47,814
Community Services	27,508
Sustainable Development	19,883
Deputy Chief Executive	12,998
Corporate & Democratic Core	1,579
Total	**109,782**
Corporate Finance	
Discretionary Rate Relief	50
Levies	3,219
Capital Financing & Interest	7,783
	11,052
Contingencies b/f from 2013/14	
Improvement Contingency	190
Cost of Change Contingency	41
Salary & Grading Contingency	450
	681
Sub Total Standstill Budget	**121,515**
Pressures:	
- Demographic Change	250
- Council Tax Reduction Scheme	490
- Welfare Reform	77
- Schools Protection	172
Job Evaluation Contingency	1.300
Corporate Contingency for Inflation	2,866
	5,155
Total Budget	**126,670**
Funded by:	
Aggregate External Funding from the Welsh Government	96,432
Council Tax	29,512
Outcome Agreement Grant	726
Total Funding	**126,670**

TABL C/TABLE C
Cyllideb Cyfalaf 2014-15 / Capital Budget 2014/15
Cynigion Drafft y Pwyllgor Gwaith / Executive's Draft Proposals

Dyraniadau dangosol yw'r eitemau mewn italeg	Llithro Slippage 2013/14 £'000	Cyllideb Budget 2014/15 £'000	Ymrwymiadau Commitments 2015/16 £'000	Ymrwymiadau Commitments 2016/17 £'000	*Items in italics are indicative allocations*
GWASANAETH					**SERVICE**
Addysg					**Education**
Ysgolion – Adnewyddu		**1,000**			Schools - Refurbishment
Arian wrth gefn Ysgolion 21ain Ganrif	850				21st Century Schools Contingency
Dechrau'n Deg Ehangu Rhaglen Gyfalaf		**720**			Flying Start Capital Expansion Programme
Is-gyfanswm		**1,720**	**0**	**0**	**Sub-Total**
Cynllunio a Gwarchod y Cyhoedd					**Planning& Public Protection**
Adfywio Ffisegol (3 Tref)	1,500				Physical Regeneration (3 Towns)
Is-gyfanswm		**0**	**0**	**0**	**Sub-Total**
Rheoli Gwastraff					**Waste Management**
Compownd Storio Cynhwyswyr Gwastraff – Penhesgyn*		**125**			Waste Containers Storage Compound - Penhesgyn*
Is-gyfanswm		**125**	**0**	**0**	**Sub-Total**
Datblygu Economaidd					**Economic Development**
Cyllid Cyfatebol Cynllun Cyfenter	300				Matchfunding Cyfenter Scheme
Grantiau Cronfa Buddsoddi Lleol		**130**			Local Investment Fund Grants
Cynlluniau Estyniad Canolfan Fusnes Môn*		**25**			Anglesey Business Centre Extension Plans*
Isadeiledd Strategol ar Ynys Môn - Safleoedd ac Adeiladau	150	**1,666**			Strategic Infrastructure on Anglesey - Sites and Premises
Is-gyfanswm		**1,821**	**0**	**0**	**Sub-Total**
Priffyrdd a Thrafnidiaeth					**Highways and Transportation**
Ffyrdd		**200**			Carriageways
Meysydd Parcio		**50**			Car Parks
Strwythurau		**180**			Structures
Goleuadau Stryd		**20**			Street Lighting
Lonydd Ystadau a Troedffyrdd		**50**			Estate Roads and Footways
Menter Benthyca Llywodraeth Leol		**1,800**			Local Government Borrowing Initiative
Cerbydau	100	**150**			Vehicles
Is-gyfanswm		**2,450**	**0**	**0**	**Sub-Total**
Eiddo					**Property**
Mynediad i'r Anabl i Adeiladau Cyhoeddus		**200**			Disabled Access to Public Buildings
Rheoli Risg Adeiladau a Chynnal Strwythurol		**450**			Buildings Risk Management & Structural Maintenance
Estyniad i Fynwent Llanddona		**120**			Extension to Llanddona Cemetery
Prosiect Amgylchedd Arfordirol Ynys Môn* Morwrol – Economaidd		**495**	100		Anglesey Coastal Environment Project * Maritime - Economic
Estyniad i Fynwent Llanbedrgoch	110				Llanbedrgoch Cemetery Extension
Mân-ddaliadau (rhaglen wedi ei hamgau)		***250***			*Smallholdings (Ringfenced programme)*
Is-gyfanswm		**1,515**	**100**	**0**	**Sub-Total**
TGCh					**ICT**
Strategaeth TGCh**	480	**150**			ICT Strategy**
Is-gyfanswm		**150**	**0**	**0**	**Sub-Total**
I'w Ddyrannu ***					**To be allocated *****
Cyllid Cyfatebol/Adfywio	470				Match Funding / Regeneration
Cronfa wrth gefn – Gwelliannau Hamdden	196				Leisure Improvements Reserve
Astudiaethau Dichonolrwydd – Cyffredinol	460				Feasibility Studies - General
Rhaglen Rhesymoli Asedau	2,100				Asset Rationalisation Programme
Arian wrth gefn – Gwario i Arbed		**850**			Spend to Save Contingency
Heb ei ddyrannu	340				Unallocated
Is-gyfanswm		**850**	**0**	**0**	**Sub-Total**
Cyfanswm – Cyffredinol		**8,631**	**100**	**0**	**Total - General**

Dyraniadau dangosol yw'r eitemau mewn italeg	Llithro Slippage 2013/14 £'000	Cyllideb Budget 2014/15 £'000	Ymrwymiadau Commitments 2015/16 £'000	Ymrwymiadau Commitments 2016/17 £'000	*Items in italics are indicative allocations*
Cyllid Cyfalaf Cyffredinol		**2,629**			General Capital Funding
Benthyca di-gefnogaeth		**1,000**			Unsupported Borrowing
Menter Benthyca Llywodraeth Leol - Benthyca Pwyllog		**1,800**			Local Government Borrowing Initiative Prudential Borrowing
Grantiau Ewrop		**2,025**	100		European Grants
Grantiau Llywodraeth Cymru		**720**			Welsh Government Grants
Derbyniadau Cyfalaf		**250**			Capital Receipts
Refeniw/Cronfeydd wrth Gefn		**207**			Revenue / Reserves
Cyfanswm Adnoddau Cyffredinol		**8,631**	**100**	**0**	**Total General Resources**
Tai					**Housing**
Tai Sector Gyhoeddus :					Public Sector Housing :
Rhaglen Gyfalaf y Gronfa Refeniw Tai		**5,734**	4,800	4,900	Housing Revenue Account Capital Programme
Cynlluniau Tai Sector Preifat:					Private Sector Housing Schemes :
Grantiau Tai Sector Preifat a Cynlluniau Benthyciadau	600	**900**			Private Sector Housing Grants and Loans Schemes
Cynlluniau Tai Fforddiadwy	450				Affordable Housing Schemes
Cyfanswm Tai		**6,634**	**4,800**	**4,900**	**Total Housing**
Adnoddau Tai					**Housing Resources**
Cyllid Cyfalaf Cyffredinol		**900**			General Capital Funding
Lwfans Trwsio Sylweddol		**2,600**	2,600	2,600	Major Repairs Allowance
Derbyniadau Cyfalaf		**30**	78	80	Capital Receipts
Refeniw/Balansau		**3,104**	2,122	2,220	Revenue / Balances
Cyfanswm Adnoddau Tai		**6,634**	**4,800**	**4,900**	**Total Housing Resources**
CYFANSWM CYLLIDEB		**15,265**	**4,900**	**4,900**	**TOTAL BUDGET**

** Cynllun Gwario i Arbed*
*** Mae'r llithriant o 2012-13 yn cynrychioli'r cyfuno o'r holl gyllidebau TGCh/Offer sydd heb eu defnyddio*
**** Bydd yr arian wrth gefn heb eu dyrannu yn amodol ar adolygiad ynglyn â fforddiadwyaeth parhaus a defnydd posibl i gyllido cynlluniau cyfalaf y dyfodol, yn amodol ar gymeradwyaeth fel yn briodol.*

** Spend to save scheme*
*** The slippage from 2012/13 represents the consolidation of all the unused ICT/equipment budgets*
**** The unallocated contingencies will be subject to review as to ongoing affordability and potential usage to fund future capital plans, subject to approval as appropriate*

PRUDENTIAL & TREASURY INDICATORS						
No.	**Indicator**					
Affordability		**2012/13 out-turn**	**2013/14 estimate**	**2014/15 proposal**	**2015/16 proposal**	**2016/17 proposal**
1,2	Estimates of [or actual] ratio of financing costs to net revenue stream:					
	Council Fund	5.99%	5.45%	5.88%	6.34%	6.25%
	Housing Revenue Account	16.19%	18.55%	17.13%	15.75%	15.06%
	Total	6.96%	6.63%	6.95%	7.29%	7.15%
3	Estimates of incremental impact of capital investment decisions on the			£2.95	£12.99	£18.13
	for the Band D Council Tax					
4	Estimates of incremental impact of capital investment decisions on housing			£15.70	£10.82	£11.30
	on average weekly rents					
Prudence						
5	Gross debt and the Capital Financing Requirement (CFR)	□	□	□	□	□
	Is the gross external debt < the CFR for the preceding year plus the estimates of any additional CFR for the current and the next two financial years?					
Capital Expenditure		**£000**	**£000**	**£000**	**£000**	**£000**
6,7	Estimates of [or actual] capital expenditure					
	Council Fund	16,677	20,548	18,100	3,500	3,500
	Housing Revenue Account	8,751	3,000	5,700	4,800	4,900
	Total	25,428	23,548	23,800	8,300	8,400
8,9	Estimates of [or actual] Capital Financing Requirement					
	Council Fund	81,347	86,299	92,400	90,800	89,300
	Housing Revenue Account	25,061	24,044	23,000	22,000	21,000
	Total	106,408	110,343	115,400	112,800	110,300
External Debt		**£000**	**£000**	**£000**	**£000**	**£000**
10	Authorised Limit : Borrowing	123,000	122,000	125,000	123,000	120,000
	: Other long term liabilities	2,000	2,000	2,000	2,000	2,000
	: Total	125,000	124,000	127,000	125,000	122,000
11	Operational Boundary : Borrowing	118,000	117,000	120,000	117,000	115,000
	: Other long term liabilities	2,000	2,000	2,000	2,000	2,000

PRUDENTIAL & TREASURY INDICATORS						
No.	**Indicator**					
	: Total	120,000	119,000	122,000	119,000	117,000
12	Actual External Debt	96,097				
Treasury Management		**2012/13 out-turn**	**2013/14 estimate**	**2014/15 proposal**	**2015/16 proposal**	**2016/17 proposal**
13	The Local Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services			□	□	□
		£000	**£000**	**£000**	**£000**	**£000**
14	Gross and net debt	100%	100%	100%	100%	100%
	The upper limit on the net debt as a proportion of gross debt					
15	The upper limit on fixed rate exposures:	105,000	105,000	125,000	123,000	120,000
	(net principal outstanding)					
16	The upper limit on variable rate exposures:	20,000	20,000	20,000	20,000	20,000
	(net principal outstanding)					
17	The limit for total principal sums invested for periods longer than 364 days	15,000	15,000	15,000	15,000	15,000
	(any long term investments carried forward from previous years will be included in each year's limit)					
			2014/15 upper limit		**2014/15 lower limit**	
18	The upper and lower limits for the maturity structure of fixed rate borrowing					
	• under 12 months		20%		0%	
	• 12 months and within 24 months		20%		0%	
	• 24 months and within 5 years		50%		0%	
	• 5 years and within 10 years		75%		0%	
	• 10 years and above		100%		0%	
			no change		no change	

ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	**COUNTY COUNCIL**
DATE:	**27 FEBRUARY 2014**
TITLE OF REPORT:	**BUDGET 2014/15**
PURPOSE OF REPORT:	**TO DEAL WITH STATUTORY MATTERS**
REPORT BY:	**HEAD OF FUNCTION (RESOURCES)**
ACTION:	**ADOPT RESOLUTION**

1. INTRODUCTION

The Executive have formulated their proposals to the Council in respect of the 2014/15 budget and the medium term strategy. These are outlined in a separate report in the name of the Executive.

In order to adopt its budget for the year 2014/15 and to determine the level of Council Tax for the year, the County Council is required to adopt a formal resolution which deals in some detail with all connected matters.

This report is my formal advice to the Council as a whole concerning the budget. It deals with statutory matters and other matters required to complete the advice on the budget. The draft budget resolution is intended to give effect to the Executive proposals and take account of this advice.

This report is based on the Executive's final budget proposals on the assumption that these will be carried by the Council. If there is any amendment to these proposals, I may need to reconsider this report. To assist me to do so, the Budget Procedure Rules in the Council Constitution 4.3.2.2.11 provide that three working days' notice of an amendment should be given prior to formal adoption of the budget by Council.

2. ROBUSTNESS OF ESTIMATES

I am required under section 25 (1) (a) of the Local Government Act 2003 to report to the Council on the robustness of estimates made in the course of drawing up the budget. This assessment summarises my report to the Executive, in which I referred to the following risks potentially affecting the robustness of estimates:

Inflation risk;
Interest rate risk;
Grants risk;
Income risk;
Optimism risk;
Over-caution risk;
Salary and grading risk;
Risk of slippage on achievement of savings;
Specific significant risks against identified items of income and expenditure.

I concluded that optimism risk, job evaluation implementation and savings slippage risk were the greatest.

I also drew attention to the risk that, although its job evaluation implementation was nearing completion, this will continue to challenge the robustness of the budget as in previous years. In mitigation, a capitalisation direction has been received from the Welsh Government in 2013/14, the costs of which have been included in the 2014/15 budget. There also remains an annual contingency budget of £450k towards the cost of the new pay structure and a further £1.3m that has been provided as a contingency in 2014/15 to help fund the costs of job evaluation.

I identified that the main risk relates to the savings proposals. The figures that have been presented are mostly based on a full year saving and so assume that the proposals will be fully implemented from 1 April 2014. There is a risk that some of the proposals will not achieve this start date. This is particularly the case for the proposals that involve redundancies, income generation and contractual issues. Any delay from the start date of 1 April will cause pressures in 2014/15.

Looking to the medium term, there is a risk to the Council that the annual grant settlement from the Welsh Government will reduce by an amount that is greater than the assumptions contained in the MTFP a 4.2% reduction in 2014/15, and an ongoing 2% reduction annually thereafter over the period of the Plan. To minimise impact risk in this area, the Council will need to agree how savings will be achieved early on in the financial year to allow for adequate time for consultation and the implementation of change to take place to meet the budget targets that need to be in place by 1 April 2015.

3. ADEQUACY OF RESERVES

Under section 25(1)(b) of the Local Government Act 2003, I am required to report to the Council on the adequacy of financial reserves. Formally this relates to the reserves at the start and at the end of the financial year of the budget.

Service reserves have been established to support service spending. At the end of the 2012/13 financial year the net balance stood at £1.89m. However, this balance included a clawback contingency of £2.47m, effectively meaning that the individual service reserve balances were overstated. This position cannot be corrected by using general balances as this would result in their level falling well below the minimum recommended level of £5m. Therefore, the clawback of £2.47m will be achieved by reducing individual service reserve balances in 2013/14, after allowing for identified commitments.

Earmarked reserves have been established to deal with known commitments, plans or risks. In assessing the level of reserves, I have assumed that commitments will be honoured, that plans, if still planned, will be delivered, and the provision for risk is reasonable given its amount and likelihood. The assessment of general balances considers risks and uncertainty not provided for as earmarked reserves or contingency budget.

The level of reserves is reviewed regularly. This assessment draws on the report to the Executive in December 2013 and updated in the report to the Executive on 10 February, which took account of the third quarter budget monitoring report for 2013/14.

In these reports, we referred to:-

- A projected level of balances of £5m by year end in line with the agreed threshold;
- Earmarked reserves being generally appropriate;
- Schools reserves reducing over time.

The projected financial position for 2013/14 indicates that the general balances will remain at £5m by the end of the financial year, £500k has been set aside in 2014/15 for ‘the cost of change’ which will enable some of the main services to transform the way those services are delivered. Inevitably, with the level of reductions in expenditure deemed necessary, based on the projections in the three year strategy, staffing levels may need to reduce or change. However, balances set aside in 2013/14 should cover expected redundancy and one-off costs anticipated as part of this budget. For 2015/16 a further £1m is proposed to be set aside from reserves to meet severance and other one-off costs arising at that time as the Council continues to reduce costs to balance its budget. The future costs of severance has been built into the Medium-Term Financial Plan.

It is vital that a system is in place to monitor the achievement of this year's savings and bring forward a programme of additional cuts for 2015/16 and future years. Achievement of these savings will be closely monitored by monthly reporting to the Senior Leadership Team and the Executive, Continuing slippage and non- achievement of previous year savings programmes continue to pose a challenge and both addressing these, and ensuring the timely achievement of the latest proposals, is vital to maintaining the robustness of the Council's financial position. Savings for later years will be considered by the Council's three Programme Boards who will bring forward recommendations during the course of 2014/15 that link in to the Council's Efficiency Strategy.

4. ACHIEVING THE BUDGET

Once the 2014/15 budget is agreed there will be a further efficiency programme to develop the service efficiencies for the next three to five years. This will provide an opportunity to review the whole savings programme over the next three years and ensure that robust arrangements are in place to support these so that the budget next year and in future years is both achievable and supports the delivery of the Corporate Plan. Key to achieving delivery of all budgets will be bringing under control those budgets which are in deficit, including schools. As well as focusing on efficiencies, there is clearly a risk relating to funding streams and general income. Work needs to continue into 2014/15 to support funding and income by:-

- Closer monitoring of specific grants and developing grant exit strategies;
- Reviewing Council Tax yields and discount arrangements;
- Closer monitoring of fees and charges;
- Monitoring and improvement of debt recovery processes.

As in 2013/14, the programme of savings and efficiencies continues to increase and brings with it additional risks. It is clear that these savings programmes need to be managed as a fundamental part of the corporate budget monitoring arrangements and risk assessed. The key areas identified as a risk to the Council in terms of delivering both the savings programme and the base budget will need both strong project management and financial support to assist in achieving delivery of the overall budget.

5. THE PRUDENTIAL CODE AND TREASURY MANAGEMENT

The legislative framework introduced by the Local Government Act 2003 requires the Council to have regard to The Prudential Code for Capital Finance in Local Authorities. The Executive has already affirmed this. The primary requirements of the Prudential Code are that authorities should have regard to affordability and prudence.

Affordability
The Executive's budget proposals have regard to affordability. As always, the capital budget is financed by a combination of external grants, capital receipts, revenue funds and borrowing. Anticipated funding from grants is linked to what is approved or realistically achievable; some spending proposals are to be included in the capital budget but subject to confirmation of grants: if the grants are not confirmed, the schemes will fail. Capital receipts are based on sales made or in progress or included in the agreed Outcome Agreements with WG; amounts expected but not yet confirmed as definite have been discounted, with any surplus or shortfall being carried forward to future years' budgets. Revenue funding is in place, consistent with the revenue budget.

Unsupported Borrowing
The Treasury Management report deals with the circumstances in which unsupported borrowing is used. This year, the contingent use of unsupported borrowing by the Council Fund to support spend-to-save schemes continues, but larger projects are deferred.

The Treasury Management Strategy includes the Local Government Borrowing Initiative funding for the three years from 2012/13. Borrowing projections have been increased by the Authority's estimated share of £170m for Wales (up to £5.25m), which now forms part of the Council's Revenue Support Grant.

The Medium-Term Financial Plan has also provided resources to fund £2m p.a. of unsupported borrowing to fund part of its Capital Programme, Going forward, the Capital Programme will be developed to integrate further with corporate and other strategies to deliver efficiency savings and meet service delivery

Treasury Management Strategy
The necessary Treasury Management policies are included this year as an attachment to this report. I recommend that these should be adopted.

6. COUNCIL RESOLUTION

The draft Council resolution covers all matters on which a decision is required arising out of the Executive's proposals and this report.

The Council's draft budget requirement includes formal levies by the following bodies:-

	2014/15 **£**	**2013/14 COMPARISON** **£**
North Wales Fire Authority	3,198,669	3,219,270
Malltraeth Marsh Internal Drainage Board	1,870	1,870
Board of Conservators of Towyn Trewan	1,500	1,500

and the draft resolution includes precepts by the Police and Crime Commissioner, North Wales and the 40 community councils as separate items at 6 dd and 7.

7. OVERALL POSITION

Having regard to the Budget Strategy, to economic projections and to the reported position on robustness of estimates and adequacy of reserves, my recommendation is that the increase in council tax for 2014/15 should be no lower than 4.5% and that the target level of general balances should be no lower than £5m.

CLARE WILLIAMS **19 FEBRUARY 2014**
HEAD OF FUNCTION (RESOURCES)

TREASURY MANAGEMENT STRATEGY STATEMENT

ANNUAL INVESTMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND TREASURY MANAGEMENT POLICY STATEMENT 2014/15

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, meaning that total revenue due during the financial year must be sufficient to meet expenditure, and also that actual cash inflows must be adequate to cover cash outflows. A key part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk approach, ensuring adequate liquidity before considering 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 that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, debt previously drawn may be restructured to meet Council risk or cost objectives.

A particular point is that a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that:-

- increases in revenue costs resulting from increases in interest charges, incurred to finance additional borrowing to finance capital expenditure; and
- any increases in running costs from new capital projects, must be limited to a level which is affordable within the Council's projected income.

The Treasury Management Policy Statement defines the policies and objectives of the treasury management activities. See Appendix 9.

1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit Committee.

Prudential and Treasury Indicators and Treasury Strategy - The first and most important report, covers:-

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators;
- an Investment Strategy (the parameters on how investments are to be managed);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time); and
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function).

Reporting is also required on the capital plans (including the associated prudential and treasury indicators).

A Mid Year Treasury Management Report - This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting its objectives or whether any policies require revision. Rather than this minimum requirement, these reports will be produced quarterly (with quarters one and three being reported only to the Audit Committee).

An Annual Treasury Report - This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2014/15

The suggested strategy for 2014/15 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, Capita Asset Services.

The strategy for 2014/15 covers two main areas:-

Capital Issues

- the capital plans and the prudential indicators; and
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the WG MRP Guidance, the CIPFA Treasury Management Code and the WG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. In order to support the scrutiny role of the members of the Audit Committee, and following on from the elections in May 2013, the committee's members received induction training in treasury management, delivered by the appointed treasury management consultants. Further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Capita Asset Services, Treasury solutions (formerly known as Sector) as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.6 Adoption of the Code

The Council is required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original, 2001 Code, was adopted on 5 March 2002 by the County Council, a revised Code was adopted on 4 March 2010 and the current, 2011, Code now requires adoption for 2014/15.

2. Capital Considerations

The Council's current capital expenditure projection for 2014/15 is set out below. In respect of the years after 2014/15, the amounts shown are limited to existing commitments associated with ongoing schemes, planned HRA expenditure (on the basis of the current 30 year plan), and also account for the assumption that the annual general capital funding allocation will continue at its 2014/15 level and will be utilised in full. Given the ongoing corporate transformation work and development of the capital planning process no estimates of potential additional future expenditure have been included in the forecasts at this time. It is expected that as the capital planning process develops and is linked into the corporate transformation work, during 2014/15, a sufficient level of clarity will develop in relation to future capital expenditure to enable reliable estimates to be produced for expenditure in addition to the current plans. The prudential indicators may require updating as a result of this as the year progresses.

The overall programmes will be limited to what is affordable, both in terms of actual capital spend and in terms of the revenue implications (see 1.1 above). The prudential indicators are contained in Appendix 11.

£m	2012/13 Actual £m	2013/14 Projected £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
TOTAL	25.4	23.5	23.8	8.3	8.4

3. Borrowing

The capital expenditure plans, set out in a separate document to the Executive Committee, provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's treasury portfolio position at 17 January 2014 comprised:-

		Principal (£m)	Average Rate (%)
Fixed Rate Funding	PWLB	89.6	5.72
Variable Rate Funding	n/a	0.0	n/a
Total Debt		**89.6**	**5.72**

PWLB: Public Works Loans Board

A more detailed breakdown of external debt is shown at Appendix 1.

3.2 Current and Projected Borrowing Requirement and Actual Borrowing

The forecast movements in the Council's capital financing requirement (CFR) are:-

ESTIMATED MOVEMENTS IN THE CAPITAL FINANCING REQUIREMENT AND REPLACEMENT BORROWING 2013/14 TO 2016/17				
	2013/14 Projected £'000	**2014/15 Estimate £'000**	**2015/16 Estimate £'000**	**2016/17 Estimate £'000**
Movement in the CFR				
New borrowing to support capital expenditure				
Supported Borrowing	*1,344*	*5,890*	*2,194*	*2,194*
Unsupported Borrowing	*7,010*	*4,368*	*-*	*-*
Total	**8,354**	**10,258**	**2,194**	**2,194**
Reduce by: Minimum Revenue Provision and set aside capital receipts	(4,419)	(5,192)	(4,771)	(4,730)
Net movement in the CFR	**3,935**	**5,066**	**(2,577)**	**(2,536)**
Potential movements in actual borrowing				
Movement in the CFR (above)	3,935	5,066	(2,577)	(2,536)
Externalisation of pre 2013/14 internal borrowing	10,308	-	**-**	**-**
Replacement Borrowing	6,507	7	8	9
Total potential new borrowing	**20,750**	**5,073**	**(2,569)**	**(2,527)**

The table above incorporates the full impact of the draft Capital Programme for 2014/15 and capital programme for 2013/14. For the following financial years the estimated amounts of new borrowing are limited to supported borrowing allocations which are assumed to continue at the 2014/15 level and to be fully utilised in the year of allocation. The development of the capital plan (as referred to in section 2) will enable more robust forecasts to be performed for expenditure in addition to that forecast at this time and this will enable more comprehensive estimates of future capital expenditure and resulting borrowing requirements.

The likelihood is that not all of this requirement will be met by external borrowing (see 3.4.1 below).

There are a number of treasury indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The treasury indicators can be found in Appendix 11.

The S151 Officer reports that the Council complied with this prudential and treasury indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.3 Prospects for Interest Rates

The Council's appointed treasury advisor is Capita Asset Services and part of their service is to assist the Council to formulate a view on interest rates. Appendix 3 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita central view.

Annual Average (%)	Bank Rate (%)	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2014	0.50	2.50	4.40	4.40
June 2014	0.50	2.60	4.50	4.50
September 2014	0.50	2.70	4.50	4.50
December 2014	0.50	2.70	4.60	4.60
March 2015	0.50	2.80	4.60	4.70
June 2015	0.50	2.80	4.70	4.80
September 2015	0.50	2.90	4.80	4.90
December 2015	0.50	3.00	4.90	5.00
March 2016	0.50	3.10	5.00	5.10
June 2016	0.75	3.20	5.10	5.20
September 2016	1.00	3.30	5.10	5.20
December 2016	1.00	3.40	5.10	5.20
March 2017	1.25	3.40	5.10	5.20

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Investment returns are likely to remain relatively low during 2014/15 and beyond;

- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This approach is prudent as investment returns are low and counterparty risk is high, and will continue to be followed where appropriate (see 3.4.1 below for a more detailed consideration of internal and external borrowing).

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:-

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

In view of the above, the Council's borrowing strategy will be based upon the following sources providing value:-

- Temporary borrowing from the money markets or other local authorities;
- PWLB variable rate loans for up to 10 years;
- Short dated borrowing from non PWLB sources;
- There will be a flexible approach to the mix of internal and external borrowing (see 3.4.1 below);
- Long term fixed rate market loans, where rates are significantly below PWLB rates for the equivalent maturity period, and to maintain an appropriate balance between PWLB and market debt in the debt portfolio;
- PWLB borrowing for periods under ten years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt.

3.4.1 External v. internal borrowing

The comparison of gross and net debt positions as at year end is as follows (this is on the basis of being fully funded):-

NET BORROWING 2012/13 TO 2016/17					
	2012/13 Actual £'000	**2013/14 Projected £'000**	**2014/15 Estimate £'000**	**2015/16 Estimate £'000**	**2016/17 Estimate £'000**
Total Borrowing	96,097	110,343	115,410	112,833	110,297
Total Investments	13,468	20,000	20,000	20,000	20,000
Net Borrowing	**82,629**	**90,343**	**95,410**	**92,833**	**90,297**

Current conditions indicate a need for a flexible approach to the choice between internal and external borrowing. Many of the factors which lay behind the previous policy to externalise all borrowing remain valid, e.g.:-

- To protect the council tax payer from losses caused by the method of calculation of Housing Revenue Account Subsidy in the current system;
- To mitigate any liquidity issues caused by the implementation in the future of the long stop provisions to limit unsupported borrowing;
- With a continuing historically abnormally low Bank Rate, there remains a unique opportunity for local authorities to actively manage their strategy of undertaking new external borrowing.

However, it remains the case that there are certain limitations to this approach, as previously noted, e.g.:-

- The policy can cause exposure to credit risk (e.g. risk of the bank defaulting on the debt), so this aspect must be very carefully managed;
- Careful on going consideration needs to be given to the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

In favour of internalisation, over the next three years investment rates are expected to be below long term borrowing rates. This means that value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

However, short term savings by avoiding new long term external borrowing in 2014/15 must also be weighed against the potential for incurring additional long term extra costs, by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher.

Potential changes to Housing Subsidy will have a bearing on the balance of the internalisation/externalisation, but further information on this is awaited from WG.

The Council has examined the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt positions. However, the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007, compounded by a considerable further widening of the difference between new borrowing and repayment rates in October 2010, has potentially meant that large premiums would be incurred by such action (i.e. that the cost of early exit is higher than the savings achieved); such levels of premiums are unlikely to be justifiable on value for money grounds. This situation will be monitored in case these differentials are narrowed by the PWLB at some future date.

Against this background, caution will be adopted with the 2013/14 treasury operations. The S151 Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs, solely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:-

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets, have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the advantages and disadvantages of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt Rescheduling

The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which was compounded on 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before these events. In particular, consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. However, some interest savings might still be achievable through using market loans and in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing.

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (i.e. premiums incurred).

The reasons for any rescheduling to take place will include:-

- the generation of cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Audit Committee, at the earliest practicable meeting following its action.

4. Annual Investment Strategy

4.1 Current Portfolio Position

The Council's treasury portfolio position at 17 January 2014 comprised:-

	Principal (£m)	Average Rate (%)
Deposits – Call to 30 days	18.0	0.45
Deposits – Fixed Term < 1 year	5.0	0.60
Deposits – Fixed Term 1 year +	-	-
Total Deposits	**23.0**	**0.48**

4.2 Investment Policy

The Council's investment policy has regard to the WG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice for Local Authorities and Cross-Sectorial Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

In accordance with the above, and in order to minimise the risk to investments, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list (see Appendix 6). The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita Asset Services ratings service banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end, the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the Capita Asset Services, in producing its colour codings which show the varying degrees of creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in Appendix 5 under the 'Specified' and 'Non-Specified' Investments categories.

The Council will also from time to time, make loans, deposits and investments 'for the purpose of delivery of its Service'. These transactions will require the authority of the County Council for amounts over £100k. All transactions will be subject to adequate credit quality and the approval of the Section 151 Officer in consultation with the Portfolio Holder for Finance.

4.3 Creditworthiness policy

The S151 Officer will maintain a counterparty list in compliance with the criteria set out in Appendix 6 and will revise the criteria and submit them to Council for approval as necessary.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution (using the Fitch, Moody's and Standard & Poor's credit rating agencies). For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution, on the basis of credit rating, will fall outside the lending list criteria. Credit rating information is supplied by Capita Assets Services on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria could be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

As an additional layer to the minimum credit rating criteria described above, this Council also employs the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to assist in determining the duration for investments. The Council will, therefore, normally use counterparties within the following durational bands:-

- Yellow 5 years *
- Dark pink 5 years
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum credit rating criteria, its further use for new investment will cease immediately, unless otherwise authorised; and
- in addition to the use of credit ratings, the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Reference will also be made to market data and market information, information on government support for banks and the credit ratings of that supporting government.

4.4 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 7. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

4.5 Investment Strategy

In-house funds*:* Based on cash flow forecasts, the S151 Officer anticipates that the available cash balances in 2014/15 will be up to £30m on average and will range between £15m and £35m. It is expected that core cash balances of up to £15m will available for investments over the medium to long term. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

As at the date of this report the Council holds no investments with a maturity of more than one year.

Investment returns expectations: Bank Rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast to commence rising in quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are: -

- **2013/2014** 0.50%
- **2014/2015** 0.50%
- **2015/2016** 0.50%
- **2016/2017** 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to one hundred days during each financial year for the next four years are as follows:-

2014/15	0.50%
2015/16	0.50%
2016/17	1.00%
2017/18	2.00%

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and reserve accounts, and short-dated deposits (overnight to one hundred days) in order to benefit from the compounding of interest.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 External fund managers

The Council has not appointed external fund managers. The need for this will be kept under review and a report will be made to the Executive before such an appointment is made.

4.8 Policy on the use of external service providers

In order to acquire access to specialist skills and resources, the Council uses Capita Assets Services as its external treasury management advisors. The terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Final responsibility for treasury management decisions remains with the Council.

4.9 Delegation

The Treasury Management scheme of delegation and the role of the Section 151 Officer are outlined in Appendix 8.

APPENDICES

1. Loan maturity profile
2. MRP Policy Statement
3. Interest rate forecasts
4. Economic background
5. Specified and non-specified investments
6. Counterparty criteria
7. Approved countries for investments
8. Treasury management scheme of delegation and the role of the section 151 officer.
9. Treasury Management Key Principles
10. Treasury Management Policy Statement
11. Prudential and Treasury Indicators

ATODIAD 1/APPENDIX 1

DADANSODDIAD BENTHYCIADAU YN AEDDFEDU 2013/14 YMLAEN/ LOANS MATURITY ANALYSIS 2013/14 ONWARDS						
	PWLB Aeddefedu/ PWLB Maturity £'000	PWLB EIP/ Annuity/ PWLB EIP/ Annuity £'000	Benthyciadau Marchnad/ Market Loans £'000	PWLB Amrywiol/ PWLB Variable £'000	Cyfanswm yn Aeddfedu/ Total Maturing £'000	%YN Aeddfedu o'r Cyfran yn sefyll/ Maturing of Total Outstanding %
2013/14	0	1	0	0	1	0.0
2014/15	0	7	0	0	7	0.0
2015/16	0	8	0	0	8	0.0
2016/17	0	9	0	0	9	0.0
2017/18	5,500	9	0	0	5,509	6.1
2018/19	5,000	10	0	0	5,010	5.6
2019/20	5,000	11	0	0	5,011	5.6
2020/21	4,500	12	0	0	4,512	5.0
2021/22	0	14	0	0	14	0.0
2022/23	2,285	15	0	0	2,300	2.6
2023/24	1,854	16	0	0	1,870	2.1
2024/25	0	18	0	0	18	0.0
2025/26	0	20	0	0	20	0.0
2026/27	854	22	0	0	876	1.0
2027/28	1,674	24	0	0	1,698	1.9
2028/29	0	26	0	0	26	0.0
2029/30	854	21	0	0	875	1.0
2030/31	0	15	0	0	15	0.0
2031/32	1,281	9	0	0	1,290	1.4
2032/33	0	8	0	0	8	0.0
2033/34	0	0	0	0	0	0.0
2034/35	0	0	0	0	0	0.0
2035/36	0	0	0	0	0	0.0
2037/38	0	0	0	0	0	0.0
2039/40	5,000	0	0	0	5,000	5.6
2040/41	3,500	0	0	0	3,500	3.9
2045/46	0	0	0	0	0	0.0
2047/48	0	0	0	0	0	0.0
2050/51	2,000	0	0	0	2,000	2.2
2052/53	28,238	0	0	0	28,238	31.6
2054/55	3,000	0	0	0	3,000	3.3
2055/56	3,500	0	0	0	3,500	3.9
2056/57	5,000	0	0	0	5,000	5.6
2057/58	8,513	0	0	0	8,513	9.6
2059/60	1,763	0	0	0	1,763	2.0
	89,316	**275**	**0**	**0**	**89,591**	**100.0**
Cyfartaledd bywyd (blynyddoedd)/ Average life(years)	26.33	11.04	0.00	0.00	26.28	
Cyfartaledd graddfa (%)/ Average rate (%)	5.70	9.41	0.00	0.00	5.72	

Minimum Revenue Provision Policy Statement 2014/15

The Council implemented the Minimum Revenue Provision (MRP) guidance in 2008/09, and will assess the MRP for 2014/15 having regard to the main recommendations contained within the guidance issued by Welsh Ministers under section 21(1A) of the Local Government Act 2003. This relates to Council Fund only, not to HRA.

The major proportion of the MRP for 2014/15 will relate to the more historic debt liability that will continue to be charged at the rate of 4% of Capital Financing Requirement (in accordance with *option 2* of the guidance). Certain expenditure, generally that funded from unsupported borrowing, reflected within the debt liability at 31st March 2007 will be subject to MRP (under *option 3),* in accordance with the asset life method as below.

Although the regulations give discretion to charge MRP on new expenditure either at 4% as previously, or according to estimated asset life, MRP will normally be charged at 4%. However, expenditure financed by unsupported borrowing will be charged in accordance with the asset life method. This distinction will be kept under review.

Under the Asset Life method, MRP is charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be set by the S151 Officer based upon advice received from the Property service. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

The S151 Officer will determine the appropriate and prudent use of the paragraph 13 exception to defer charging MRP until the year following the one in which the asset became operational.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Housing Revenue Account share of the Capital Financing Requirement is generally subject to a 2% MRP charge; however, unsupported borrowing will be charged to HRA revenue over a shorter period according to the approved 30 year business plan.

Rhagolygon Graddfeydd Llog 2014/2017/
Interest Rate Forecasts 2014/2017

Bank Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	2.63%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.63%	2.60%	2.60%	2.60%	2.60%	2.70%	2.80%	3.00%	3.20%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	3.72%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.72%	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.72%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.05%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.35%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.35%	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.31%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.31%	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.31%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.60%	-	-	-	-	-

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

APPENDIX 4

Economic Background

THE UK ECONOMY

Economic growth, Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

"In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth".

Forward surveys are currently very positive in indicating that growth prospects are also strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates.

Forward guidance, The Bank of England issued forward guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate has already fallen to 7.4% on the three month rate to October 2013 (although the rate in October alone was actually 7.0%). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that there is potential for a significant amount of GDP growth to be accommodated without a major reduction in unemployment. However, it has been particularly encouraging that the strong economic growth in 2013 has also been accompanied by a rapid increase in employment and forward hiring indicators are also currently very positive. It is therefore increasingly likely that early in 2014, the MPC will need to amend its forward guidance by reducing its 7.0% threshold rate and/or by adding further wording similar to the Fed's move in December (see below).

Credit conditions, While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy aimed at supporting the purchase of second hand properties, will also start in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, house price increases outside of London and the south-east have been much weaker. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation, Inflation has fallen from a peak of 3.1% in June 2013 to 2.1% in November. It is expected to remain near to the 2% target level over the MPC's two year time horizon.

AAA rating, The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

THE GLOBAL ECONOMY

The Eurozone (EZ) The sovereign debt crisis has eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year EZ bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt, reduce internal price and wage levels and promote economic growth. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Whilst a Greek exit from the Euro is now improbable in the short term, as Greece has made considerable progress in reducing its annual government deficit and a return towards some economic growth, some commentators still view an eventual exit as being likely. There are also concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.
Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness,

USA, The economy has managed to return to robust growth in Q2 2013 of 2.5% y/y and 4.1% y/y in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve therefore decided in December to reduce its $85bn per month asset purchases programme of quantitative easing by $10bn. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have all improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China, There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan, The initial euphoria generated by "Abenomics", the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and, on current trends, will fall from 128m to 100m by 2050.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

There could well be volatility in gilt yields over the next year as financial markets anticipate further tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, while the political deadlock and infighting between Democrats and Republicans over the budget has almost been resolved the raising of the debt limit, has only been kicked down the road. A final resolution of these issues could have a significant effect on gilt yields during 2014.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the raising of the US debt ceiling.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
- A lack of political will in France, (the second largest economy in the EZ), to dynamically address fundamental issues of low growth, poor international uncompetitiveness and the need for overdue reforms of the economy.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

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

Specified and Non-Specified Investments

The Welsh Government ‘Guidance on Local Government Investments’ (Effective from 1 April 2010) provides the definition of specified and non-specified investments.

Paragraph 5.1 of the ‘Guidance’ states that an investment is specified if all of the following apply:

(a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling; and

(b) the investment is not a long-term investment (*); and

(c) the making of the investment is not defined as capital expenditure by virtue of regulation 20(1)(d) of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [SI 3239 as amended]; and

(d) the investment is made with a body or in an investment scheme of high credit quality (**); or with one of the following public-sector bodies:

- **(i)** the United Kingdom Government
- **(ii)** a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland
- **(iii)** a parish or community council.

The ‘Guidance’ also states that any investment not meeting the definition of paragraph 5.1 is classified as a non-specified investment.

During 2014/15 the Council does not intend to make any investments in foreign currencies, nor any with low credit quality bodies, nor any that are defined as capital expenditure by legislation (such as company shares). Non-specified investments will therefore be limited to (i) long-term investments; and (ii) deposits with the Council’s own banker for transactional purposes if it fails to meet the basic credit criteria; in this instance balances will be minimised as far as is possible

The table in Appendix 6 set out the investment criteria and limits for the categories of investments intended for use during 2014/15 and therefore form the basis for the approved lending list.

Any proposed revisions or amendments during the year to the categories of specified and non-specified investments to be used and / or to the associated credit rating criteria / investment limits will be subject to prior approval by the County Council.

***** *Section 2.4 of the ‘Guidance’ defines a long term investment as ‘’any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period.’’*

****** *For the purposes of high credit quality the ‘Guidance’ states that ‘’for the purposes of paragraph 5.1(d), Welsh ministers recommend that the Strategy should define high credit quality (and where this definition refers to credit ratings, paragraph 6.1 (***) is relevant).’*

*** *Paragraph 6.1 of the ‘Guidance’ recommends that ‘’the Strategy should set out the authority’s approach to assessing the risk of loss of investments, making clear in particular:*

- ***(a)*** *to what extent, if any, risk assessment is based upon credit ratings issued by one or more credit rating agencies;*
- ***(b)*** *where credit ratings are used, how frequently credit ratings are monitored and what action is to be taken when ratings change; and*
- ***(c)*** *what other sources of information on credit risk are used, additional to or instead of credit ratings.’’*

The table in Appendix 6 of this strategy sets out what this Council defines as high credit quality and the associated investment criteria and limits and section 4.3 of this strategy sets out the Council’s creditworthiness approach.

APPENDIX 6

Counterparty Criteria

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Banks and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
UK Central Government (irrespective of credit rating)	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities**	n/a	n/a	n/a	n/a	n/a	n/a	£5m	364 days

* *as defined in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003*

** *as defined in the Local Government Act 2003*

Notes and Clarifications

(1) Cash Limit

(i) The cash limits apply both to the individual counterparty and to the overall group to which it belongs (e.g. for the banks within the Lloyds Banking Group plc (being Bank of Scotland plc and Lloyds Bank plc), the investment limit applies to those banks individually and the banking group as a whole);

(ii) The overall cash limit for deposits over 364 days is £15m.

(2) Time Limit

(i) This up to and including the period indicated.

(3) Foreign Countries

(i) Investments in foreign countries will be limited to those that hold a (Fitch) AA- or equivalent (from the agencies referred to in section 4.3 of this strategy) sovereign credit rating (based upon the lowest common denominator), and to a maximum of £10 million per foreign country.

(ii) Investments in countries whose lowest sovereign rating is not AA- or above will not be permitted. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

(iii) Subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. However, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidiary relationships.

(iv) Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

(4) Credit Rating Downgrade

Should a credit rating downgrade place a counterparty below the minimum credit rating criteria for investment, the counterparty will cease to be used as soon as practicable.

If the S151 Officer wishes to continue investing with that counterparty approval will be sought from the Chair of the Audit Committee plus one other member of the Chair's choosing, who both must approve the action. This will then be reported as appropriate at the next available opportunity.

APPENDIX 7

Approved countries for investments [correct as at 29 January 2014]

Based upon lowest available rating

AAA
- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA
- Abu Dhabi (UAE)
- France
- Qatar

AA-
- Belgium
- Saudi Arabia

Treasury management scheme of delegation

(i) County Council

- budget approval;
- approval of the annual Treasury Management Strategy Statement, Annual Investment Strategy and MRP Policy, annual Treasury Management Policy Statement and amendments thereto;
- approval of amendments to the Council's adopted clauses;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities; and
- acting on recommendations received from the Audit Committee and/or Executive Committee.

(ii) Executive Committee

- budget consideration;
- approval of the annual Treasury Management Practices and amendments thereto;
- approval of the division of responsibilities;
- approval of the selection of external service providers and agreeing terms of appointment;
- receiving and reviewing monitoring reports on treasury management policies, practices and activities and making recommendations to the County Council as appropriate;
- acting on recommendations received from the Audit Committee.

(iii) Audit Committee

- Scrutiny of Treasury Management matters as required by CIPFA's Cod of Practice on Treasury Management and the Council's Treasury Management Policy. This includes:-
  - scrutinising the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and making recommendations to the Executive Committee and County Council as appropriate;
  - scrutinising proposals for amendments to the annual Treasury Management Strategy Statement, Annual Investment Strategy, Annual MRP Policy, Annual Treasury Management Policy and Treasury Management Practices and to the adopted clauses and making recommendations to the Executive and County Council as appropriate;
  - receiving and scrutinising any other proposals relating to the treasury management which require a decision by the Executive or County Council; and
  - receiving and scrutinising monitoring reports on treasury management policies, practices and activities and make recommendations to the Executive and County Council as appropriate.

The treasury management role of the section 151 officer

The S151 (responsible) officer's role includes:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.
- Responsibility for the execution and administration of its Treasury decisions, including decision on borrowing, investment and financing, have been delegated to the Section 151 Officer, who will act in accordance with the Council's policy statements and TMP's.

The CIPFA Treasury Management in the Public Services: Code of Practice

The key principles of CIPFA's ***Treasury Management in the Public Services: Code of Practice (2011 Edition)***, as described in Section 4 of that Code are as follows:-

Key Principle 1:
Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2:
Their policies and practices should make clear that the effective management and control of risks are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.

Key Principle 3:
They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that, within the context of effective risk management, their treasury management policies and practices should reflect this.

The Code then goes on to say that:

"In framing these recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money. This code does not seek to be prescriptive about how this issue should be handled, particularly since it covers such a wide variety of organisations. However, where appropriate, the sector specific guidance notes give suitable advice. CIPFA recognises that no two organisations in the public services are likely to tackle this issue in precisely the same manner but success in this area of treasury management is likely to be viewed, especially in value for money terms, as an indicator of a strongly performing treasury management function."

"Even though it dates back to 1991, CIPFA considers that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure is still pertinent, wherein it was stated that:"

"In balancing risk against return, local authorities should be more concerned to avoid risks than to maximise returns."

"Indeed this view was supported by the Communities and Local Government Select Committee report into local authority investments in 2009."

"It is CIPFA's view that throughout the public services the priority is to protect capital rather than to maximise return. The avoidance of all risk is neither appropriate nor possible. However, a balance must be struck with a keen responsibility for public money."

Accordingly the Authority will adopt, as part of the standing orders, the following four clauses;

1. The Authority will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and

- suitable treasury management practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Authority. Such amendments will not result in the Authority materially deviating from the Code's key principles.

2. The County Council, Executive Committee and the Audit Committee will receive reports on the Authority's treasury management policies, practices and activities, including; an annual strategy and plan in advance of the year, quarterly reports (including a mid-year review report) and an annual report after its close, in the form prescribed in the TMPs. .

3. The County Council/Executive Committee are responsible for the implementation of the Authority's treasury management policies and practices in accordance with the Treasury Management Scheme of Delegation. The S151 Officer is responsible for the execution and administration of treasury management decisions, who will act in accordance with the Authority's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. The Authority nominates Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies.

Treasury Management Policy Statement

1. The Authority defines its treasury management activities as: “The management of the authority’s 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. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	**COUNTY COUNCIL**
DATE:	**27 FEBRUARY 2014**
SUBJECT:	**TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY: MID-YEAR REVIEW REPORT 2013/14**
LEAD OFFICER:	**CLARE J WILLIAMS**
CONTACT OFFICER:	**CLARE J WILLIAMS (TEL: 2601)**

Nature and reason for reporting

To comply with the recommendations of the CIPFA Code of Practice on Treasury Management.

The Council has resolved to receive a number of treasury management reports for consideration, with this mid-year review report being one of them. The Council has also resolved that the Audit Committee be responsible for scrutiny of treasury management matters and that committee considered the content of the report at its meeting on 11 December 2013 and resolved to accept the report and note its content.

1. Background

1.1 Two of the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) are the receipt by the full council of a mid-year review report on treasury management activity and the delegation of the role of scrutiny of treasury management strategy and policies. This report will fulfill those requirements and covers the following:

- An economic update for the first six months, and looking forward to the second half, of 2013/14;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2013/14;
- A review of the Council's borrowing strategy for 2013/14;
- A review of any debt rescheduling undertaken during 2013/14;
- A summary of activity since quarter 2;
- A look ahead to next year; and
- A review of compliance with Treasury and Prudential Limits for 2013/14

2. Economic Update

2.1 The Council's treasury advisers (Capita Asset Services (formerly called Sector)) provided a summary of the economic background and the economic outlook shortly after the end of the first quarter (Appendices 1 & 2) and have also recently provided the following forecast.

	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Jun 2015
Bank Rate (%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50
5yr PWLB rate (%)	2.50	2.50	2.60	2.70	2.70	2.80	2.80
10yr PWLB rate (%)	3.60	3.60	3.70	3.80	3.80	3.90	3.90
25yr PWLB rate (%)	4.40	4.40	4.50	4.50	4.60	4.60	4.70
50yr PWLB rate (%)	4.40	4.40	4.50	4.50	4.60	4.70	4.80

2.2 Capita recently provided a commentary alongside the interest rate forecast above which links back to August and the Bank of England Inflation Report that was issued at that time, which was referred to in the previous report. This commentary can be found in Appendix 3.

2.3 Last year HM Treasury launched a discounted borrowing rate to provide cheaper PWLB borrowing to local authorities, effective from 1 November 2012 on a 12 month rolling basis. In order to be eligible for this 'certainty rate', which is 0.2% below the current standard rate, local authorities are required to submit specified information by a deadline of mid September. This Authority again complied with the requirements and, therefore, continues to be eligible for this discounted rate. The above forecasts for PWLB rates incorporate this discount.

3. Treasury Management Strategy Statement and Annual Investment Strategy Update

3.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by this Council on 5 March 2013. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position.

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

4.1 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.

4.2 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure	2013/14 Original Estimate £m	Position as at 30 September 2013 £m	2013/14 Current Estimate £m
Council Fund	19,000	6,394	23,600
HRA	4,900	1,031	4,100
Total	23,900	7,425	27,700

4.2.1 The current estimate for capital expenditure is ahead of the original estimates mainly due to there being grant funded schemes (100% grant funded) awarded subsequent to the original estimates and due to the inclusion of an estimate for the anticipated equal pay capitalisation direction. Due to movements on the programme and individual budgets the increased expenditure is considered affordable within the revenue budget for 2013/14.

4.3 Changes to the Financing of the Capital Programme

4.3.1 There are no significant changes to the financing of the capital programme to report at this stage other than the potential for unsupported borrowing relating to the capitalisation of equal pay claims. This position will become clearer as the year end approaches.

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

4.4.1 The table 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.

4.4.2 Prudential Indicator – Capital Financing Requirement

4.4.2.1 We are projected to be marginally ahead of the original forecast capital financing requirement. This is on the basis of being awarded the capitalisation direction for equal pay.

4.4.3 Prudential Indicator – External Debt/the Operational Boundary

	2013/14 Original Estimate £m	2013/14 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement		
CFR – Council Fund	88,500	90,252
CFR – HRA	23,700	24,044
Total CFR	112,200	114,296
Net movement in CFR	6,436	7,881
Prudential Indicator – External Debt/the Operational Boundary		
Borrowing	117,000	89,590
Other long term liabilities	2,000	Nil
Total debt 31 March	119,000	89,590

4.5 Limits to Borrowing Activity

4.5.1 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 2013/14 and 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.

	2013/14 Original Estimate £m	Position as at 30 September 2013 £m
Gross borrowing	112,300	96,100
Plus other long term liabilities	Nil	Nil
Gross borrowing	112,300	96,100
CFR (year end position)	112,300	n/a

4.5.2 By the end of the year the CFR is projected to be £114m, and there is a borrowing requirement of £25m as a result. The treasury management strategy statement (Section 3.5.1) states that a flexible approach will been adopted with regards to the choice between internal and external borrowing. This has been, and will continue to be, the case, with consideration to all the factors listed in that section. The decision to continue to internalise has been driven mainly due to 2 factors: (1) To limit the Authority's exposure to credit risk (2) to limit the cost of carry. These are set against the backdrop of PWLB and investment rates continuing to remain at historically low levels with only a steady increase forecast into the medium term. This current stance is in line with many other local authorities that have been asked in seminars and workshops attended by officers within the finance service. The appointed treasury advisors (Capita Asset Services) have also supported the decision to continue to internalise borrowing at this time. External borrowing at year end is therefore, expected to be £90m. Any changes to the current approach will be reported as appropriate.

4.5.3 It is not envisaged that there will be any difficulties for the current or future years in complying with this prudential indicator.

4.5.4 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. 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	2013/14 Original Indicator (£m)	Position as at 30 September 2013 (£m)
Borrowing	122,000	96,100
Other long term liabilities	2,000	Nil
Total	124,000	96,100

5. Investment Portfolio 2013/14

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. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. Indeed, the introduction of the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.

5.2 The Council held £25m of investments as at 30 September 2013 (£14m at 31 March 2013) and the investment portfolio yield for the first six months of the year was 0.90%. A full list of investments as at 30th September 2013 can be found in Appendix 5. A summary of the investments and rates can be found in Appendix 4.

5.3 The approved limits within the Annual Investment Strategy were not breached during the first six months of 2013/14.

5.4 The Council's budgeted investment return for 2013/14 is £0.3m. As indicated in the strategy, some borrowing has been internalised and so, during the year, the projected investment returns are below those budgeted for. However, there have been corresponding savings on loan interest and the forecast net outturn is within budget.

5.5 Investment Counterparty criteria

5.5.1 The current investment counterparty criteria selection approved in the TMSS is meeting the requirements of the treasury management function, although it is continuing to be challenging to place funds as the credit quality of counterparties continues at a reduced level.

5.5.2 In terms of continuing investments, it has previously been reported that there have been credit rating issues with Santander UK plc. During the quarter the decision was made to continue investing with the bank. The basis for this decision is in line with the basis reported in quarter 1:

- The approved 2013/14 Annual Investment Strategy, section 4.3, details the creditworthiness policy. In summary, the process is to apply minimum credit ratings for investments. Layered on top of this is Sector's creditworthiness service, which results in suggested investment durations. In addition to this, reference is made to market data and information;
- Santander's credit rating remained unchanged during the quarter, with all the long term ratings being 2 levels below the approved lending list criteria, and 2 of the short term ratings being 1 level below the criteria;
- The advice from the Authority's appointed treasury management advisers (Capital Asset Services) was that it was appropriate to continue investing (with the suggested duration being to up to 100 days);
- Independent analysis and monitoring of the markets backed up the conclusions reached by Capital Asset Services;
- Given all the considerations stated above, the decision was made to continue to invest with Santander, on a call basis only.

6. Borrowing

6.1 The projected capital financing requirement (CFR) for 2013/14 is £7.9m. 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 £90m and will have used £25m 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 A summary of investments held can be found in Appendix 4.

7. Debt Rescheduling

7.1 No debt rescheduling was undertaken during the first six months of 2013/14.

8. Activity Since Quarter Two

8.1 Since the end of the quarter two fixed term deposits matured: one was a 6 month, £5m deposit with the Royal Bank of Scotland (RBS) at a rate of 0.95% and the other was a 364 Day, £5m deposit with RBS at a rate of 1.58%. The first maturity was reinvested in full with RBS for 3 months at a rate of 0.8%. The second maturity was reinvested with RBS on a call basis only at a rate originally at 0.6%. The decision to reinvest with RBS was mainly due to the fact that its part nationalised status makes it one of the most creditworthy counterparties; however, it was also offering very competitive interest rates. The second maturity was reinvested on call basis only in order to maintain flexibility. The rate currently received on the call account has recently risen from the original rate by 20 basis points to 0.8. This decision to invest with RBS was supported by Capita Asset Services.

8.2 Additionally, investments have continued with Santander on a call basis only.

8.3 No other fixed term investments have been made since the end of the quarter and no new borrowing or debt rescheduling has taken place.

9. Plans for next year

9.1 At its next meeting in February, this Committee will consider the plans for borrowing and investment for the next financial year. The initial plans, according to the current strategy are:

- to use the available general supported borrowing allocation of £2.193m (£2.140m in 2013/14) plus any unused allocation brought forward from this year;
- to use the Highways Local Government Borrowing Initiative borrowing availability in full; and
- to borrow, on an unsupported basis, to fund capital investment priorities, linking in to the transformation objectives.

10. Recommendation

To consider the content of the report.

CLARE J WILLIAMS
HEAD OF FUNCTION (RESOURCES) **12 FEBRUARY 2014**

Cefndir Economaidd / Economic background

During 2013/14 economic indicators suggested that the economy is recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion the economy grew 0.7% in Q2. There have been signs of renewed vigour in household spending in the summer, with a further pick-up in retail sales, mortgages, house prices and new car registrations.

The strengthening in economic growth appears to have supported the labour market, with employment rising at a modest pace and strong enough to reduce the level of unemployment further. Pay growth also rebounded strongly in April, though this was mostly driven by high earners delaying bonuses until after April's cut in the top rate of income tax. Excluding bonuses, earnings rose by just 1.0% y/y, well below the rate of inflation at 2.7% in August, causing continuing pressure on household's disposable income.

The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Together with the Government's Help to Buy scheme, which provides equity loans to credit-constrained borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre 2008.

Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2 started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remained at 0.5% and quantitative easing also stayed at £375bn. In August, the MPC provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not expected until mid 2016. However, 7% is only a point at which the MPC will review Bank Rate, not necessarily take action to change it. The three month to July average rate was 7.7%.

CPI inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

Financial markets sold off sharply following comments from Ben Bernanke (the Fed chairman) in June that suggested the Fed. may 'taper' its asset purchases earlier than anticipated. The resulting rise in US Treasury yields was replicated in the UK. Equity prices fell initially too, as Fed. purchasing of bonds has served to underpin investor moves into equities out of low yielding bonds. However, as the market moves to realign its expectations, bond yields and equities are likely to rise further in expectation of a continuing economic recovery. Increases in payroll figures have shown further improvement, helping to pull the unemployment rate down from a high of 8.1% to 7.3%, and continuing house price rises have helped more households to escape from negative equity. In September, the Fed. surprised financial markets by not starting tapering as it felt the run of economic data in recent months had been too weak to warrant taking early action. Bond yields fell sharply as a result, though it still only remains a matter of time until tapering does start.

Tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a renewed flare-up. Economic survey data improved consistently over the first half of the year, pointing to a return to growth in Q2, so ending six quarters of Eurozone recession.

Allan gan / From: CAPITA ASSET SERVICES – TREASURY SOLUTIONS

Rhagolygon Economaidd am ail hanner 2013/14 / Economic outlook for the second half of 2013/14

Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds. Downside risks to UK gilt yields and PWLB rates include:

- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable: the coalition government fell on 29 September.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- Increased investor confidence that sustainable robust world economic growth is firmly expected, together with a reduction or end of QE operations in the US, causing a further flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- In the longer term - a reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing the ratio of total Government debt to GDP to rise to levels that provoke major concern.

The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Near-term, there is some residual risk of further QE if there is a dip in strong growth or if the MPC were to decide to take action to combat the market's expectations of an early first increase in Bank Rate. If the MPC does takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years, such action could cause gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in the table below. The tension in the US over passing a Federal budget for the new financial year starting on 1 October and raising the debt ceiling in mid October could also see bond yields temporarily dip until agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed. will cause bond yields to rise.

Allan gan / From: CAPITA ASSET SERVICES – TREASURY SOLUTIONS

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

Since the August Bank of England Inflation Report we have had a continuing run of strong economic news which has consolidated confidence in a UK economic recovery. Such a run of resoundingly good economic news is not something that the UK is accustomed to and so it has taken some time for markets (and forecasters!) to shed some continuing caution that this is all too good to be true and could just be a statistical aberration. What we have seen since August is an initial robust rise in gilt yields, especially in shorter / medium term yields e.g. 5 and 10 years, followed by a partial backtracking. This overall rise in yields reflects the market view that the Bank of England's target level for unemployment of 7%, before it will review changing Bank Rate, will be reached much sooner than the Bank's view back in August of towards the end of 2016. In its latest quarterly Inflation Report this month, the Bank has shortened this period to possibly as early as the end of 2014. Financial markets have also moved their expectations back from their over optimism, which reached fever pitch in September, and are now expecting a first increase in Bank Rate in Q2 2015. This is not our house view however, and the Bank has been at pains to emphasise that reaching a 7% unemployment rate is NOT a trigger for the first increase in Bank Rate but this target is only an assurance that they will NOT increase Bank Rate before that rate is reached. 7% is, therefore, merely a point at which the MPC would start to ask the question whether Bank Rate warrants being increased. This question will then be dependent on MPC forecasts for inflation and growth. The MPC does have a twin mandate of controlling inflation AND supporting the Government's policy for growth and employment. Provided inflation looks likely to stay near to the target rate of 2% (Bank forecast is now 1.9% Q4 2015), the MPC are likely to give priority to supporting growth and employment. This could mean a continuation of loose monetary policy and consequently an extended period of historically low Bank Rate compared to what we have viewed as being 'normal' rates.

This latest house view is very different from market expectations of a first increase in Bank Rate of Q2 2015. It should be noted that in this latest forecast, although we have moved the first increase in Bank Rate forward to Q2 2016, we are only forecasting Bank Rate to reach 1.25% in Q1 2017. This is a slow rate of increase because we have major reservations that the current bout of strong economic growth (the Bank has now upped its forecasts for 2014 to 2.8% and for 2015 to 2.5%), will wilt as the major stimulus has come from consumer spending and an uplift in borrowing to buy property. Whilst the release of this burst of pent up demand to buy property is having a very welcome effect on the economy, this surge is very likely to fade in time and will then leave a major question mark over where growth is going to come from. Basically, there are four main areas of demand in the UK economy: -

1. Consumers – but most consumers are maxed out on borrowing and trying to pay down debt. In addition, most consumers are experiencing declining disposable income as wage increases are less than inflation. This will not reverse until productivity and business investment improve so as to warrant paying higher wages. It is mainly higher wages that could provide a solid stimulus to an increase in consumer expenditure which would then underpin strong growth.

2. Government – again, maxed out on borrowing and committed to austerity programmes to reduce its expenditure.

3. Foreigners buying our exports – but the EU, our major export market, is likely to experience tepid growth, at best, for the next few years.

4. Business investment in fixed capital formation; but this has fallen from 13.5% to 10.4% of GDP over the last six years. Why should companies increase this level of investment when labour productivity has fallen significantly over the last six years, and so there should be potential to improve productivity in order to facilitate increased levels of production? Export markets also look relatively weak, so again, there is little need to invest in order to expand production for that reason. Finally, the Bank keeps on commenting on the level of surplus capacity in the economy so there is an issue as to how long it will take for that capacity to absorb increases in levels of production before new investment appears on the agenda of companies.

Turning to the US, in terms of the start of Fed tapering of asset purchases, we are still of the view that tapering will start soon, but not now till Q1 2013 at the earliest; so there is no material change in our US outlook. However, UK gilt yields are still closely tracking movements in US treasury yields and these could, therefore, be volatile as the political deadlock and infighting between Democrats and Republicans over the budget, and the raising of the debt limit, has only been kicked down the road, rather than resolved. The Fed. is likely to want to prefer to delay tapering until it knows what sort of agreement eventually emerges so that it can ascertain what impact it is likely to have on the US economy and consumers.

Short term turbulence in financial markets

We can only repeat our previous warnings that we are in times when events can precipitate major volatility in markets. While Ireland has made very good progress towards probably being able to exit from its bail out soon, it looks increasingly likely that Greece is now going to need a third bailout package, though not one on the same scale as the first two. Concerns are also rising over Portugal requiring another bailout. Slovenia looks increasingly like it is heading towards a bailout. A growing lack of confidence in the Eurozone austerity programmes could cause bond yields to rise for Eurozone countries. This could help maintain UK gilts as a safe haven and so depress gilt yields close to current levels for an extended period.

This latest forecast is based on an initial assumption that we will not be heading into a major resurgence of the Eurozone debt crisis, or a break-up of the Eurozone, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where Eurozone institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the Eurozone will be tepid for the next couple of years and is, therefore, likely to dampen UK growth, as the EU is our biggest export market. We are also concerned that some Eurozone countries experiencing low growth, will, over the next few years, see a significant increase in total government debt to GDP ratios. There is a potential danger for these ratios to rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the Eurozone debt crisis. While the ECB has adequate resources to manage a debt crisis in a small Eurozone country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the European Central Bank and to Eurozone politicians. Our PWLB forecasts are based around a balance of risks. However, we would flag up the potential for upside risks, especially for longer term PWLB rates, as follows: -

- A further increase in investor confidence that robust world economic growth is firmly expected, causing a flow of funds out of bonds and into equities;
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields;
- A reversal of Sterling’s safe-haven status on an improvement in financial stresses in the Eurozone;
- A reversal of QE; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

It should be highlighted how unpredictable PWLB rates and bond yields continue to be as we are experiencing exceptional levels of volatility which are highly correlated to political developments, (or lack of them), in the sovereign debt crisis.

Allan gan / From: CAPITA ASSET SERVICES – TREASURY SOLUTIONS

Crynodeb Benthyca a Buddsoddi – Chwarter 1 a 2 2013/14
Borrowing and Investment Summary – Quarters 1 and 2 2013/14

	30 Medi / Sept 2013		30 Mehefin / June 2013	
	£m	%	£m	%
Benthyca – graddfa sefydlog Borrowing – fixed rate	96.1	5.53	96.1	5.53
Benthyca – 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	14.7	0.67	13.7	0.67
Adneuon – Tymor sefydlog < 1 bl. Deposits – Fixed Term < 1 year	10.0	1.27	10.0	1.27
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	24.7	0.90	23.7	0.92
Cyfartaledd Adneuon yn y Chwarter Average Deposits in the Quarter	25.7	0.88	28.0	0.92

Ni torwyd unrhyw un o'r dangosyddion trysorlys yn ystod hanner cyntaf y flwyddyn.
None of the treasury indicators were breached during the first half of the year.

ATODIAD / APPENDIX 5

Graddfeydd Credyd Gwrthbartion buddsoddi a'r adneuon a ddelir gyda phob un ar Mehefin 2013 *
Credit ratings of investment counterparties and deposits held with each as at 30 September 2013*

Grŵp Bancio/ Banking Group	Sefydliad/ Institution	Adneuon / 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 (S&P) Long Term Rating	Graddfa Tymor Byr Standard & Poor's (S&P) Short Term Rating	Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration
Lloyds Banking Group plc	Bank of Scotland plc	**10,000**	**Galw/ Call**	**n/a**	**0.40**	**A**	**F1**	**A2**	**P-1**	**A**	**A-1**	**Glas - 12 mis/ Blue - 12 months**
HSBC Holdings plc	HSBC Bank plc	**489**	**Galw/ Call**	**n/a**	**0.25**	**AA-**	**F1+**	**Aa3**	**P-1**	**AA-**	**A-1+**	**Oren – 12 mis / Orange – 1 2months**
Santander Group plc	Santander UK plc	**4,169**	**Galw/ Call**	**n/a**	**0.80**	**A**	**F1**	**A2**	**P-1**	**A**	**A-1**	**Gwyrdd – 3 mis/ Green - 100 days**
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc	**5,000**	**Tymor Sefydlog/ Fixed Term (364 diwrnod/days)**	**Tachwedd/ November 2012 Tachwedd/ November 2013**	**1.58**	**A**	**F1**	**A3**	**P-2**	**A**	**A-1**	**Glas - 12 mis / Blue - 12 months**
The Royal Bank of Scotland Group plc	The Royal Bank of Scotland plc	**5,000**	**Tymor Sefydlog/ Fixed Term (6 mis/months)**	**Mai /May 2013 / Tachwedd/ November 2013**	**0.95**	**A**	**F1**	**A3**	**P-2**	**A**	**A-1**	**Glas – 12 mis / Blue - 12 months**

* Ceir y Rhestr Benthyca Cymeradwyedig yn Atodiad 5 o'r Datganiad Strategaeth Rheoli Trysorlys 2013/14/Strategaeth Buddsoddi Blynyddol/ The Approved Lending List can be found at Appendix 5 of the 2013/14 Treasury Management Strategy Statement / Annual Investment Strategy

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

- Santander oedd yr unig sefydliad i beidio â chwrdd â meini prawf y Rhestr Benthyca Cymeradwyedig. Fe parhawyd i fuddsoddi yn Santander. Trafodir hyn yn Rhan 5.5.2./The only institution not to meet the Approved Lending List credit criteria was Santander. Investment in Santander did continue though. This is discussed in Section 5.5.2.
  Yn Atodiad 6 ceir y graddfeydd credyd cyfatebol ar gyfer y 3 asiantaeth graddio y cyfeirir atynt uchod./The equivalent credit ratings for the 3 rating agencies referred to above can be found at Appendix 6.

**Graddfeydd Credyd Cyfatebol/
Equivalent Credit Ratings (Fitch, Moodys, S&P)**

Tymor Hir Fitch Long Term	Tymor Hir Moodys Long Term	Tymor Hir S&P Long Term
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
Tymor Byr Fitch Short Term	**Tymor Byr Moodys Short Term**	**Tymor Byr S&P Short Term**
F1+	d/b / n/a	A-1+
F1	P-1	A-1
F2	P-2	A-2
F3	P-3	A-3

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL

PENDERFYNIAD DRAFFT AR OSOD Y DRETH GYNGOR 2014/15

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DRAFT RESOLUTION ON SETTING THE COUNCIL TAX 2014/15

DRAFT COUNCIL TAX RESOLUTION

1. RESOLVED

(a) Pursuant to the recommendations of the Executive, to adopt the Medium Term Financial Plan at Table A, as a Budget Strategy within the meaning given by the Constitution, and to affirm that it becomes part of the budget framework with the exception of figures described as current.

(b) Pursuant to the recommendations of the Executive to adopt a revenue budget for 2014/15 as shown at Table B.

(c) Pursuant to the recommendations of the Executive to adopt a capital budget as shown at Table C.

(ch) To delegate to the Head of Function (Resources) the power to make adjustments between headings in Table B in order to give effect to the Council's decisions.

(d) To delegate to the Executive Committee for the financial year 2014/15 the powers to transfer budgets between headings as follows:

(i) unlimited powers to spend each budget heading in Table B against the name of each service, on the service to which it relates;

(ii) powers to approve the use of service and earmarked reserves to fund one- off spending proposals that contribute to the delivery of the Council's objectives and improve services;

(iii) powers to vire from new or increased sources of income.

(dd) To delegate to the Executive Committee in respect of the financial year 2014/15 and on the advice of the Head of Function (Resources), the power to release up to £500k from general balances to deal with priorities arising during the year.

(e) To delegate to the Executive Committee in respect of the period to 31 March 2017, the following powers:

(i) powers to make new commitments from future years' revenue budgets up to amount identified under New Priorities in the Medium Term Financial Plan;

(ii) the power and the duty to make plans for achievement of revenue budget savings implied by the Medium Term Financial Plan;

(iii) powers to transfer budgets between capital projects in Table C and to commit resources in following years and consistent with the budget framework.

(f) To set the prudential indicators which are estimates for 2014/15 and onwards as shown at Table Ch and to confirm the limits on borrowing and investments identified as items 10,11 and 14 to 17.

(ff) To approve the Treasury Management Strategy for the year.

(g) To adopt the revised CIPFA Treasury Management Code of Practice 2011.

(ng) To confirm that items 1(b) to (g) become part of the budget framework.

2. RESOLVED to adopt and affirm for the purposes of the financial year 2014/15 the decision of the County Council on 10 March 1998 to set the discount level applicable to the prescribed Class A and prescribed Class B of dwellings under Section 12 of the Local Government Finance Act 1992 (as amended), as described by the Council Tax (Prescribed Classes of Dwellings) (Wales) Regulations 1998, as follows:

Prescribed Class A	Nil Discount
Prescribed Class B	Nil Discount

3. RESOLVED to adopt and affirm for the purposes of the financial year 2014/15 the decision of the County Council on 6 March 2007 to set the discount level applicable to the prescribed Class C of dwellings under Section 12 of the Local Government Finance Act 1992 (as aended), as described by the Local Authorities (Calculation of Tax Base) and Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004 as follows:-

Prescribed Class C Nil Discount

4. That it be noted that at its meeting on 28 February 1996 the Council resolved not to treat any expenses incurred by the Council in part of its area or in meeting any levy or special levy as special expenses and that the resolutions remain in force until expressly rescinded.

5. That it be noted that at its meeting on 2 December 2013, the Executive calculated the following amounts for the year 2014/15 – in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:

a) 30,070.64 being the amount calculated by The Executive, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995, as its council tax base for the year.

b) **Part of the Council's area**

Amlwch	1,460.08
Beaumaris	1,048.24
Holyhead	3,762.56
Llangefni	1,898.57
Menai Bridge	1,398.36
Llanddaniel-fab	363.25
Llanddona	361.20
Cwm Cadnant	1,124.69
Llanfair Pwllgwyngyll	1,284.66
Llanfihangel Esceifiog	660.48
Bodorgan	432.28
Llangoed	617.47
Llangristiolus & Cerrigceinwen	596.62
Llanidan	411.33
Rhosyr	959.24
Penmynydd	231.78
Pentraeth	543.73
Moelfre	604.42
Llanbadrig	646.16
Llanddyfnan	486.26
Llaneilian	542.85
Llannerch-y-medd	498.04
Llaneugrad	176.50
Llanfair Mathafarn Eithaf	1,759.28
Cylch y Garn	398.93
Mechell	527.92
Rhos-y-bol	458.98
Aberffraw	282.97
Bodedern	406.47
Bodffordd	411.53
Trearddur	1,210.53
Tref Alaw	249.63
Llanfachraeth	222.83
Llanfaelog	1,204.40
Llanfaethlu	270.30
Llanfair-yn-neubwll	553.62
Valley	966.04
Bryngwran	346.72
Rhoscolyn	337.94
Trewalchmai	353.78

being the amounts calculated by The Executive, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

6. That the following amounts be now calculated by the Council for the year 2014/15 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

a) £184,546,900 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) of the Act.

b) £ 56,877,142 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) and (c) of the Act.

c) £127,669,758 being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.

ch) £ 97,158,202 being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non-domestic rates, revenue support grant and specific grant, reduced by any amount calculated in accordance with Section 33(3) of the Act.

d) £ 1,014.66 being the amount at 6(c) above less the amount at 6(ch) above, all divided by the amount at 5(a) above, calculated by The Executive, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year.

dd) £ 999,930 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

e) £ 981.41 being the amount at 6(d) above less the result given by dividing the amount at 6(dd) above by the amount at 5(a) above, calculated by the Executive, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

f) **Part of the Council's area**

Part of the Council's area		D
Amlwch	£	1,037.94
Beaumaris	£	1,006.95
Holyhead	£	1,060.58
Llangefni	£	1,039.91
Menai Bridge	£	1,031.11
Llanddaniel-fab	£	1,000.68
Llanddona	£	995.67
Cwm Cadnant	£	1,006.75
Llanfair Pwllgwyngyll	£	1,008.65
Llanfihangel Esceifiog	£	1,004.57
Bodorgan	£	998.99
Llangoed	£	996.68
Llangristiolus & Cerrigceinwen	£	988.65
Llanidan	£	1,000.86
Rhosyr	£	1,001.74
Penmynydd	£	995.65
Pentraeth	£	1,011.76
Moelfre	£	1,000.41
Llanbadrig	£	1,006.95
Llanddyfnan	£	995.56
Llaneilian	£	997.99
Llannerch-y-medd	£	999.41
Llaneugrad	£	1,001.24
Llanfair Mathafarn Eithaf	£	1,007.13
Cylch y Garn	£	994.95
Mechell	£	996.03
Rhos-y-bol	£	994.48
Aberffraw	£	1,006.15
Bodedern	£	996.17
Bodffordd	£	995.99
Trearddur	£	1,003.81
Tref Alaw	£	996.23
Llanfachraeth	£	999.69
Llanfaelog	£	999.18
Llanfaethlu	£	1,002.68
Llanfair-yn-neubwll	£	998.21
Valley	£	1,004.55
Bryngwran	£	1,006.50
Rhoscolyn	£	993.25
Trewalchmai	£	999.78

being the amount given by adding to the amount at 6(e) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 5(b) above, calculated by the Executive in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one of more special items relate.

ff) **Part of the Council's Area** :

		Valuation Bands								
		A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Amlwch	£	691.96	807.29	922.61	1,037.94	1,268.59	1,499.24	1,729.90	2,075.88	2,421.86
Beaumaris	£	671.30	783.18	895.06	1,006.95	1,230.72	1,454.48	1,678.25	2,013.90	2,349.55
Holyhead	£	707.05	824.90	942.73	1,060.58	1,296.26	1,531.95	1,767.63	2,121.16	2,474.69
Llangefni	£	693.27	808.82	924.36	1,039.91	1,271.00	1,502.09	1,733.18	2,079.82	2,426.46
Menai Bridge	£	687.40	801.98	916.54	1,031.11	1,260.24	1,489.38	1,718.51	2,062.22	2,405.93
Llanddaniel-fab	£	667.12	778.31	889.49	1,000.68	1,223.05	1,445.42	1,667.80	2,001.36	2,334.92
Llanddona	£	663.78	774.41	885.04	995.67	1,216.93	1,438.19	1,659.45	1,991.34	2,323.23
Cwm Cadnant	£	671.16	783.03	894.88	1,006.75	1,230.47	1,454.19	1,677.91	2,013.50	2,349.09
Llanfair Pwllgwyngyll	£	672.43	784.51	896.57	1,008.65	1,232.79	1,456.94	1,681.08	2,017.30	2,353.52
Llanfihangel Esceifiog	£	669.71	781.33	892.95	1,004.57	1,227.81	1,451.04	1,674.28	2,009.14	2,344.00
Bodorgan	£	665.99	776.99	887.99	998.99	1,220.99	1,442.98	1,664.98	1,997.98	2,330.98
Llangoed	£	664.45	775.20	885.93	996.68	1,218.16	1,439.65	1,661.13	1,993.36	2,325.59
Llangristiolus & Cerrigceinwen	£	659.10	768.95	878.80	988.65	1,208.35	1,428.05	1,647.75	1,977.30	2,306.85
Llanidan	£	667.24	778.45	889.65	1,000.86	1,223.27	1,445.68	1,668.10	2,001.72	2,335.34
Rhosyr	£	667.82	779.13	890.43	1,001.74	1,224.35	1,446.96	1,669.56	2,003.48	2,337.40
Penmynydd	£	663.76	774.40	885.02	995.65	1,216.90	1,438.16	1,659.41	1,991.30	2,323.19
Pentraeth	£	674.50	786.93	899.34	1,011.76	1,236.59	1,461.43	1,686.26	2,023.52	2,360.78
Moelfre	£	666.94	778.10	889.25	1,000.41	1,222.72	1,445.03	1,667.35	2,000.82	2,334.29
Llanbadrig	£	671.30	783.18	895.06	1,006.95	1,230.72	1,454.48	1,678.25	2,013.90	2,349.55
Llanddyfnan	£	663.70	774.33	884.94	995.56	1,216.79	1,438.03	1,659.26	1,991.12	2,322.98
Llaneilian	£	665.32	776.22	887.10	997.99	1,219.76	1,441.54	1,663.31	1,995.98	2,328.65
Llannerch-y-medd	£	666.27	777.32	888.36	999.41	1,221.50	1,443.59	1,665.68	1,998.82	2,331.96
Llaneugrad	£	667.49	778.74	889.99	1,001.24	1,223.74	1,446.23	1,668.73	2,002.48	2,336.23
Llanfair Mathafarn Eithaf	£	671.42	783.32	895.22	1,007.13	1,230.94	1,454.74	1,678.55	2,014.26	2,349.97
Cylch y Garn	£	663.30	773.85	884.40	994.95	1,216.05	1,437.15	1,658.25	1,989.90	2,321.55
Mechell	£	664.02	774.69	885.36	996.03	1,217.37	1,438.71	1,660.05	1,992.06	2,324.07
Rhos-y-bol	£	662.98	773.49	883.98	994.48	1,215.47	1,436.47	1,657.46	1,988.96	2,320.46
Aberffraw	£	670.76	782.56	894.35	1,006.15	1,229.74	1,453.33	1,676.91	2,012.30	2,347.69
Bodedern	£	664.11	774.80	885.48	996.17	1,217.54	1,438.91	1,660.28	1,992.34	2,324.40
Bodffordd	£	663.99	774.66	885.32	995.99	1,217.32	1,438.65	1,659.98	1,991.98	2,323.98
Trearddur	£	669.20	780.74	892.27	1,003.81	1,226.88	1,449.95	1,673.01	2,007.62	2,342.23
Tref Alaw	£	664.15	774.85	885.53	996.23	1,217.61	1,439.00	1,660.38	1,992.46	2,324.54
Llanfachraeth	£	666.46	777.54	888.61	999.69	1,221.84	1,443.99	1,666.15	1,999.38	2,332.61
Llanfaelog	£	666.12	777.14	888.16	999.18	1,221.22	1,443.26	1,665.30	1,998.36	2,331.42
Llanfaethlu	£	668.45	779.86	891.27	1,002.68	1,225.50	1,448.31	1,671.13	2,005.36	2,339.59
Llanfair-yn-neubwll	£	665.47	776.39	887.29	998.21	1,220.03	1,441.86	1,663.68	1,996.42	2,329.16
Valley	£	669.70	781.32	892.93	1,004.55	1,227.78	1,451.01	1,674.25	2,009.10	2,343.95
Bryngwran	£	671.00	782.83	894.66	1,006.50	1,230.17	1,453.83	1,677.50	2,013.00	2,348.50
Rhoscolyn	£	662.16	772.53	882.88	993.25	1,213.97	1,434.69	1,655.41	1,986.50	2,317.59
Trewalchmai	£	666.52	777.61	888.69	999.78	1,221.95	1,444.12	1,666.30	1,999.56	2,332.82

being the amounts given by multiplying the amounts at 6(e) and 6(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Executive, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

7. That it be noted that for the year 2014/15 the Police and Crime Commissioner North Wales has stated the following amounts in a precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Precepting Authority		Valuation Bands								
		A	B	C	D	E	F	G	H	I
Police and Crime Commissioner North Wales	£	151.74	177.03	202.32	227.61	278.19	328.77	379.35	455.22	531.09

8. That, having calculated the aggregate in each case of the amounts at 6(ff) and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2014/15 for each of the categories of dwellings shown below:

		Valuation Bands								
Part of the Council's Area:		A	B	C	D	E	F	G	H	I
Amlwch	£	843.70	984.32	1,124.93	1,265.55	1,546.78	1,828.01	2,109.25	2,531.10	2,952.95
Beaumaris	£	823.04	960.21	1,097.38	1,234.56	1,508.91	1,783.25	2,057.60	2,469.12	2,880.64
Holyhead	£	858.79	1,001.93	1,145.05	1,288.19	1,574.45	1,860.72	2,146.98	2,576.38	3,005.78
Llangefni	£	845.01	985.85	1,126.68	1,267.52	1,549.19	1,830.86	2,112.53	2,535.04	2,957.55
Menai Bridge	£	839.14	979.01	1,118.86	1,258.72	1,538.43	1,818.15	2,097.86	2,517.44	2,937.02
Llanddaniel-fab	£	818.86	955.34	1,091.81	1,228.29	1,501.24	1,774.19	2,047.15	2,456.58	2,866.01
Llanddona	£	815.52	951.44	1,087.36	1,223.28	1,495.12	1,766.96	2,038.80	2,446.56	2,854.32
Cwm Cadnant	£	822.90	960.06	1,097.20	1,234.36	1,508.66	1,782.96	2,057.26	2,468.72	2,880.18
Llanfair Pwllgwyngyll	£	824.17	961.54	1,098.89	1,236.26	1,510.98	1,785.71	2,060.43	2,472.52	2,884.61
Llanfihangel Esceifiog	£	821.45	958.36	1,095.27	1,232.18	1,506.00	1,779.81	2,053.63	2,464.36	2,875.09
Bodorgan	£	817.73	954.02	1,090.31	1,226.60	1,499.18	1,771.75	2,044.33	2,453.20	2,862.07
Llangoed	£	816.19	952.23	1,088.25	1,224.29	1,496.35	1,768.42	2,040.48	2,448.58	2,856.68
Llangristiolus & Cerrigceinwen	£	810.84	945.98	1,081.12	1,216.26	1,486.54	1,756.82	2,027.10	2,432.52	2,837.94
Llanidan	£	818.98	955.48	1,091.97	1,228.47	1,501.46	1,774.45	2,047.45	2,456.94	2,866.43
Rhosyr	£	819.56	956.16	1,092.75	1,229.35	1,502.54	1,775.73	2,048.91	2,458.70	2,868.49
Penmynydd	£	815.50	951.43	1,087.34	1,223.26	1,495.09	1,766.93	2,038.76	2,446.52	2,854.28
Pentraeth	£	826.24	963.96	1,101.66	1,239.37	1,514.78	1,790.20	2,065.61	2,478.74	2,891.87
Moelfre	£	818.68	955.13	1,091.57	1,228.02	1,500.91	1,773.80	2,046.70	2,456.04	2,865.38
Llanbadrig	£	823.04	960.21	1,097.38	1,234.56	1,508.91	1,783.25	2,057.60	2,469.12	2,880.64
Llanddyfnan	£	815.44	951.36	1,087.26	1,223.17	1,494.98	1,766.80	2,038.61	2,446.34	2,854.07
Llaneilian	£	817.06	953.25	1,089.42	1,225.60	1,497.95	1,770.31	2,042.66	2,451.20	2,859.74
Llannerch-y-medd	£	818.01	954.35	1,090.68	1,227.02	1,499.69	1,772.36	2,045.03	2,454.04	2,863.05
Llaneugrad	£	819.23	955.77	1,092.31	1,228.85	1,501.93	1,775.00	2,048.08	2,457.70	2,867.32
Llanfair Mathafarn Eithaf	£	823.16	960.35	1,097.54	1,234.74	1,509.13	1,783.51	2,057.90	2,469.48	2,881.06
Cylch y Garn	£	815.04	950.88	1,086.72	1,222.56	1,494.24	1,765.92	2,037.60	2,445.12	2,852.64
Mechell	£	815.76	951.72	1,087.68	1,223.64	1,495.56	1,767.48	2,039.40	2,447.28	2,855.16
Rhos-y-bol	£	814.72	950.52	1,086.30	1,222.09	1,493.66	1,765.24	2,036.81	2,444.18	2,851.55
Aberffraw	£	822.50	959.59	1,096.67	1,233.76	1,507.93	1,782.10	2,056.26	2,467.52	2,878.78
Bodedern	£	815.85	951.83	1,087.80	1,223.78	1,495.73	1,767.68	2,039.63	2,447.56	2,855.49
Bodffordd	£	815.73	951.69	1,087.64	1,223.60	1,495.51	1,767.42	2,039.33	2,447.20	2,855.07
Trearddur	£	820.94	957.77	1,094.59	1,231.42	1,505.07	1,778.72	2,052.36	2,462.84	2,873.32
Tref Alaw	£	815.89	951.88	1,087.85	1,223.84	1,495.80	1,767.77	2,039.73	2,447.68	2,855.63
Llanfachraeth	£	818.20	954.57	1,090.93	1,227.30	1,500.03	1,772.76	2,045.50	2,454.60	2,863.70
Llanfaelog	£	817.86	954.17	1,090.48	1,226.79	1,499.41	1,772.03	2,044.65	2,453.58	2,862.51
Llanfaethlu	£	820.19	956.89	1,093.59	1,230.29	1,503.69	1,777.08	2,050.48	2,460.58	2,870.68
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Rhoscolyn	£	813.90	949.56	1,085.20	1,220.86	1,492.16	1,763.46	2,034.76	2,441.72	2,848.68
Trewalchmai	£	818.26	954.64	1,091.01	1,227.39	1,500.14	1,772.89	2,045.65	2,454.78	2,863.91

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AGENDA ITEM NO.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	**The Executive & Full Council**
Date	**Executive 17 February 2014** **Full Council 27 February 2014**
Subject	**Whistleblowing Policy**
Portfolio Holder(s)	**Councillor Alwyn Rowlands**
Lead Officer(s)	**Head of Function (Council Business)/Monitoring Officer Lynn Ball**
Contact Officer	**Awena Parry (x2563)**

Nature and reason for reporting

1.1 To seek approval to update the Whistleblowing Policy in accordance with the Enterprise and Regulatory Reform Act 2013 ("legislation").

1.2 The Executive is asked to make a recommendation for the full Council regarding the approval of the changes.

A – Introduction / Background / Issues

The key changes made to whistleblowing as a result of the enactment are as follows:-

2.1 Only qualifying disclosures made "in the public interest" will be protected. Employees will have to show that they "reasonably believe" that the disclosure they are making is in the "public interest". It will be for the courts and tribunals to decide how this is to be interpreted.

2.2 Removal of the requirement for the disclosure to be made "in good faith" in order to be protected.

B – Other General Amendments Made

3.1 Other than the statutory changes to the policy, we also suggest the following amendments:

a) Clarification about what constitutes a "qualifying disclosure" i.e. when a legitimate whistleblower is entitled to the statutory protection.

b) Clarification on when an individual would not be entitled to statutory protection, e.g. when raising a general grievance.

c) Details on when the policy and procedures will be reviewed and by whom. The changes are shown in the tracked version of the Whistleblowing Policy, attached to this Report.

C - Considerations
4.1 The amendments are required to bring the policy in line with updated legislation. 4.2 The other amendments, which clarify the definition of whistleblowing, will assist employees to understand when the policy applies and when it does not. This should help employees (and managers and advisors) in following the appropriate procedure.

C – Implications and Impacts		
1	**Finance / Section 151**	
2	**Legal / Monitoring Officer**	The Monitoring Officer commissioned the Report and is co-author
3	**Human Resources**	
4	**Property Services** (see notes – separate document)	N/A
5	**Information and Communications Technology (ICT)**	N/A
6	**Equality** (see notes – separate document)	These changes will not have a differential impact on any of the groups protected under the Equality Act 2010.
7	**Anti-poverty and Social** (see notes – separate document)	N/A
8	**Communication** (see notes – separate document)	N/A
9	**Consultation** (see notes – separate document)	N/A
10	**Economic**	N/A
11	**Environmental**	N/A

C – Implications and Impacts		
	(see notes – separate document)	
12	**Crime and Disorder** (see notes – separate document)	N/A
13	**Outcome Agreements**	N/A

CH – Summary
To make the changes to the whistleblowing policy as shown on the appendix to this Report.

D - Recommendation
To the Executive:- (i) We recommend that the Executive advise the Council on the proposed amendments to the Constitution. To the full Council:- (i) To make the changes in the policy as detailed in the Appendix to this report; and (ii) To authorise the Monitoring Officer to update the Constitution in accordance with the amendments.

Name of author of report:
Job Title:
Date:

Appendices:
Amended version of Whistleblowing Policy

Background papers
No background papers.

5.5 Whistleblowing Policy

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5.5.1 Introduction

5.5.1.1 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

5.5.1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we encourage employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis. This policy document makes it clear that staff can do so without fear of reprisals.

5.5.1.3 The policy has been discussed with the relevant trade unions and has their support.

5.5.2 Aims and Scope of this Policy

5.5.2.1 This policy aims to:

- provide avenues for you to raise concerns and where appropriate and subject to the advice of the Council's Monitoring Officer receive feedback on any action taken

- allow you to take the matter further if you are dissatisfied with the Council's response; and

- reassure you that you will be protected from reprisals or victimisation for whistleblowing in the public interest.

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5.5.2.2 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures.

5.5.2.3 That concern may be about something that:-

- is unlawful; or
- is against the Council's Constitution or policies; or
- falls below established standards or practice; or
- amounts to improper conduct

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5.5.3 Safeguards

5.5.3.1 Harassment or Victimisation

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in the public interest.

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5.5.3.2 Confidentiality

The Council will do all that it is legally and practically able to do to protect your identity when you raise a concern and do not want your name to be disclosed. If, during the course of the investigation it becomes impossible for any legal or practical reason to continue to maintain your anonymity (for instance, if you are invited to give a statement to be used as evidence in proceedings), you will be informed of this, and the reasons, and you will be able to decide how you wish your complaint and your anonymity to continue to be treated. The Council will not compel you to do anything which would compromise your anonymity unless it has an absolute legal obligation to do so.

5.5.3.3 Anonymous Allegations

So that staff may receive protection from the Public Interest Disclosure Act 1998 employees are encouraged to put their name to allegations. (Further details of the protection that this Act provides to workers [1] making disclosures is set out in the Appendix to this Policy, and you are encouraged to read this document so that you understand the scope of this protection).

Concerns expressed anonymously are much less powerful, but they may be considered at the discretion of the Council's Monitoring Officer.

In exercising the discretion, the factors to be taken into account would include :

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources

5.5.3.4 Untrue Allegations

If you make an allegation in the public interest, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make malicious or vexatious allegations, disciplinary action will be taken.

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5.5.4 How to raise a concern

[1] mirrors the terminology in the legislation

5.5.4.1 As a first step, you should normally raise concerns with your immediate manager or a more senior officer. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the alleged malpractice.

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5.5.4.2 In line with the recommendation of the Nolan Committee on Standards of Conduct in Local Government the Council has accepted that an officer should be entrusted with the duty of investigating staff concerns about propriety raised confidentially. If you feel that you do not wish to raise your concerns with your line manager, then you are encouraged to contact the Council's Monitoring Officer.

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5.5.4.3 Alternatively, you may wish to raise your concerns with the Chief Executive, or, in the case of financial impropriety, the Head of Function (Resources) or the Internal Audit Manager.

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5.5.4.4 Concerns are better raised in writing. You are invited to set out the background and history of the concern, giving names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing, you can telephone or meet the appropriate officer.

5.5.4.5 The earlier you express the concern, the easier it is to take action.

5.5.4.6 Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for your concern.

5.5.4.7 Advice and guidance on how matters of concern may be pursued can be obtained from :

The Monitoring Officer, Isle of Anglesey County Council, Council Offices, Llangefni, Ynys Môn LL77 7TW tel. 01248 752586; e.mail:lbxcs@anglesey.gov.uk

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5.5.4.8 You may invite your trade union or professional association to raise a matter on your behalf.

5.5.5 How the Council will Respond

5.5.5.1 The action taken by the Council will depend on the nature of the concern. The matters raised may :

- be investigated internally
- be referred to the Police
- be referred to the external Auditor / Regulator
- form the subject of an independent inquiry

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5.5.5.2 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

5.5.5.3 Some concerns may be resolved by agreed action without the need for investigation.

5.5.5.4.1 Where you provide your name and address the Council will write to you as soon as possible and in any event within **3 working days**, to acknowledge that your concern has been received.

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5.5.5.4.2 Within **ten working days** of a concern being received, the Council will write to you:

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- indicating how it proposes to deal with the matter
- giving an estimate of how long it will take to provide a final response

5.5.5.5 Should you wish to raise concerns outside the Council, these are possible contact points –

- the Audit Commission Whistleblowing Hotline 020 7630 1019
- Unison Whistleblowing Hotline 0800 597 9750
- the Police, tel 01492 517171
- the independent charity "Public Concern at Work", tel 020 7404 6609
- T&G Union, 01248 672031
- T&G and GMB Unions, 01248 421762 Ext 22

5.5.5.6 If you are not satisfied with the Council's response and wish to take the matter further, you are advised to contact the Auditor General, PIPA Officer, The Auditor General for Wales, 24 Cathedral Road, Cardiff CF11 9LJ, whistleblowing@wao.gov.uk, or The Local Government Ombudsman for Wales, 1 Ffordd yr Hen Gae, Pencoed CF35 5LJ. You may also wish to seek independent legal advice on whether it is possible to seek judicial review.

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5.5.5.7 Review and Monitoring

The policy and procedures will be reviewed jointly by the unions and management on an annual basis. Appropriate information about each investigated complaint will be forwarded to the relevant Service(s) immediately so that any remedial action can be undertaken.

Appendix to the Whistleblowing Policy

The Public Interest Disclosure Act 1998

When a worker discloses information relating to malpractice in their workplace, this is known as "whistleblowing".

The Public Interest Disclosure Act 1998 gives protection to whistleblowers and aims to encourage workers to disclose the information through appropriate internal channels first, rather than going directly to an outside person, such as a member of the media. The Act makes it relatively easy for a worker to disclose information to his or her employer and gain protection against dismissal or detriment and more difficult for a worker to disclose information externally, for example, to the media and gain the same protection.

The complex legal framework is based on six categories of malpractice, known as "qualifying disclosures" which must be disclosed in one of six specified ways in order to attract the protection of the Act. The definition of "worker" is unique to the Act and includes employees, certain independent contractors, agency workers, home workers, trainees and NHS workers but excludes non-executive directors, volunteers, police and the armed services.

Qualifying disclosures

A "qualifying disclosure" is the disclosure of any information which, in the reasonable belief of the worker, tends to show that one or more of the following "relevant failures" has occurred, is occurring, or is likely to occur:

- a criminal offence
- failure of a person's legal obligations
- miscarriage of justice
- danger to a person's health and safety
- damage to the environment
- concealment of any of the above

It is the reasonable belief of a worker that is important, rather than whether or not, for example, a criminal offence has actually occurred. The disclosure will only be a qualifying disclosure if the worker reasonably believed that the disclosure is "in the public interest".

What is a whistleblower?

A whistleblower is a person who raises a genuine concern relating to any of the above. If you have any genuine concerns related to suspected wrongdoing or danger affecting any of our activities (a whistleblowing concern) you should report it under this policy.

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The policy does not apply in the following circumstances

This policy should not be used for complaints relating to your own personal circumstances, such as the way you have been treated at work. In those cases you should use the grievance procedure or the anti-bullying and harassment policy, as appropriate. Concerns relating to the conduct of elected Members should be raised is accordance with the members' code of conduct. Further, this policy does not replace the Council's complaints procedure which is concerned with addressing complaints about council services.

If you are uncertain whether something is within the scope of this policy you should seek advice from the Monitoring Officer whose contact details are at the end of this policy.

If you have any concerns about a service provided by another organisation on behalf of the Council you should contact the service provider in the first instance.

Method of disclosure

A qualifying disclosure will only be protected by the Act if it is made in one of six ways. The first four are often termed "first level disclosures" as they give a whistleblower the highest level of protection under the Act:

- disclosures to the employer or other responsible person
- disclosures to a legal adviser
- disclosures to a Minister of the Crown
- disclosures to a person prescribed by the Secretary of State

The final two categories of disclosure set out the circumstances in which other disclosures, including those made to the media, may be protected:

- other disclosures which satisfy specific conditions listed in the Act
- disclosures of an exceptionally serious breach

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First level disclosures

Disclosure to employer or other responsible person

The only requirement is for the qualifying disclosure to be made to the employer in the public interest. "Employer" is given a wide scope and is likely to be any person having management responsibility over the worker.

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Disclosures to "other responsible persons" include those situations when a worker makes a disclosure which relates to a person other than the employer or to matters over which that other person has legal responsibility. For example, when a worker of an auditing firm raises a concern with the client in relation to a matter for which the client would be legally responsible.

Disclosure to a legal advisor

When a qualifying disclosure is made by a worker in the course of obtaining legal advice, it is covered by the Act.

Disclosure to a Minister of the Crown

Where a worker's employer is an individual or body appointed under any enactment by a Minister of the Crown, (e.g. NHS Trusts) then a disclosure will receive protection where it is made in good faith to a Minister of the Crown.

Disclosures to a person prescribed by the Secretary of State

The Act lists persons prescribed by the Secretary of State, and the purposes for which they are prescribed (e.g. the Information Commissioner or the Health and Safety Executive).

These persons will often be regulators of a particular industry.

Where a worker makes a qualifying disclosure in good faith to a prescribed person, in respect of a matter with which that person deals, and the worker reasonably believes that the information disclosed is substantially true, the worker will receive protection under the Act.

The test of whether or not a disclosure is "substantially true" remains one of a subjective nature. If the worker is mistaken, he or she will not lose this protection, provided it was a reasonable belief to hold.

This category of disclosure clearly forces a worker to meet a higher evidential burden than required for internal whistleblowing in the previous categories. However, this category still provides less restrictions than to other persons outside of the employing organisation, which are treated as second level disclosures.
The Act therefore encourages a worker who intends to make an external disclosure, to make it to a prescribed regulator rather than to an alternative external source such as the media. This is on the basis that the regulator has a statutory duty to investigate matters within its remit, confidentiality can be maintained and the regulator will not pay money for disclosures.

Second level external disclosures

Disclosures in other cases

This is a "catch all" category to cover other disclosures, including those to the media. These disclosures are protected if :

- the disclosure is made in the public interest; and

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- the worker reasonably believes that the disclosure is substantially true; and
- the disclosure is not made for personal gain; and
- it is a reasonable disclosure to make; and
- one of the following preconditions is met.

the worker reasonably believes that she or he will be victimised if the concern were raised internally or to a prescribed regulator; or

where there is no suitable prescribed person, the worker reasonably believes that there will be a "cover up" if the concern is raised internally; or

the worker has previously raised the concern to his or her employer or to a prescribed person.

In summary, a disclosure must be made in the public interest and with a reasonable belief that the disclosure is one that falls within the public interest. Even then, one of the three preconditions must be met and the worker must have acted reasonably in making the disclosure.

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What is reasonable?

The test of reasonableness will only be satisfied if the worker has met one of the three preconditions. In deciding whether the worker has acted reasonably a Tribunal will have regard to the identity of the recipient, the seriousness of the concern, whether it is likely to continue or recur, confidentiality and the nature of the previous disclosure made. For example, if a serious concern had been raised internally beforehand and was met with an unsatisfactory response, a Tribunal is more likely to consider it reasonable that the worker took the further step of making a wider disclosure.

Disclosure of "exceptionally serious breaches"

The final type of protected disclosure covers situations where the subject matter is serious enough to merit bypassing one of the other procedures in the Act. In order to gain protection, the worker must show:

- that the disclosure is made in the public interest; and
- a reasonable belief that the information disclosed is substantially true; and
- the disclosure is not made for personal gain; and
- the matter disclosed is exceptionally serious in nature; and
- in all the circumstances, it is reasonable for him or her to make the disclosure

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The essential difference between this type of disclosure and the previous one is the absence of the 3 preconditions. It is sufficient for the worker to establish that the relevant failure is exceptionally serious in nature. "Reasonableness" in this category will depend on the identity of the person to whom the disclosure is made. The other factors listed for the previous type of disclosure may still be taken into account, but there is no expressed statutory requirement to do so.

Public Interest

A disclosure will not be a qualifying disclosure unless the worker reasonably believed that the disclosure was made in the public interest.

Complaints to Employment Tribunals

Complaints can be made to an Employment Tribunal for compensation for unfair dismissal or unlawful detriment based on a "protected disclosure" within three months of the dismissal or detriment, regardless of the age or length of service of the complainant.

A dismissal of a worker who has made a protected disclosure will be automatically unfair if the reason for the dismissal was that the worker made the protected disclosure. Examples of unlawful detriment might include refusing to promote the whistleblower or subjecting the whistleblower to disciplinary action. Threats of detrimental treatment are also unlawful.

There is no limit to the compensation that can be awarded for whistleblowing related to unfair dismissal or unlawful detriment. Compensation will be assessed on what is just and equitable in the circumstances having regard to the loss suffered by the worker. In addition, in the appropriate circumstances the Tribunal may provide interim relief such as reinstatement pending the hearing of the claim.

Deleted: Good faith ¶
¶
A disclosure will be made in good faith if it is made honestly, even though it might be without due care. This requirement prevents disclosures which are made for an ulterior motive, such as blackmail, receiving protection under the Act.

AGENDA ITEM NO.
[Not for publication by virtue of Paragraph(s) …… of Schedule 12A to the Local Government Act 1972]

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	**Executive and Council**
Date	**17th February 2014 and 27th February 2014**
Subject	**Presiding Member**
Portfolio Holder(s)	**Alwyn Rowlands**
Lead Officer(s)	**Lynn Ball – Head of Function (Council Business)/Monitoring officer**
Contact Officer	**Lynn Ball, Head of Function (Council Business) / Monitoring Officer**

Nature and reason for reporting

1.1 To seek a view on suggested amendments to the Constitution to reflect the Local Government Democracy (Wales) Act 2013.

1.2 The Executive is asked to make a recommendation to the full Council regarding the appointment of a presiding member.

A – Introduction / Background / Issues

Effect of new legislation

2.1 The new legislation allows (but does not compel) the Council to separate the functions traditionally undertaken by the chairperson of the Council, to create a structure by which:-

a. The governance and administrative functions of the position would be taken over by the presiding member; and
b. The ceremonial and civic functions would become a stand alone role to be undertaken by the civic chairperson.

2.2 The Council may determine the term of office of the presiding member; which may be for the full term of the Council.

2.3 Functions of the presiding member may include any function of the current chairperson in relation to its meetings and proceedings but his/her main role would be to chair meetings of the Council.

2.4 A member of the Executive may not be elected as presiding member.

2.5 A presiding member will continue in office until the presiding member's resignation/disqualification; a successor becoming entitled to act as a presiding member; the Council deciding to abolish the office of presiding member or an ordinary Council election taking place.

2.6 A deputy presiding member will also need to be appointed; as will a deputy civic chair.

Effect on Senior Salaries

2.7 Currently the Council pays senior salaries to 14 of its members. The current cap set by the Independent Remunerations Panel for Wales (IRP) on senior salaries which the Council is allowed to pay is 15.

2.8 The presiding member's salary would fall within the cap, according to the IRP's Report of 2014/2015 dated February 2014, would have a salary of £22,000 (which includes the basic allowance).

2.9 The salary bracket payable to the council chairperson according to the Annual Report of 2014/2015, shall be £19,000 - £24,000. If the role is split, it is suggested that a salary of £19,000 be payable to the civic chairperson given that the presiding member role associated with his/her post would be undertaken separately.

2.10 Should the Council choose to appoint a presiding member and a civic chair, with the senior salary of the civic chair pitched at the bottom of the salary bracket, then the additional cost to the Council of splitting the current chairman's role, would be £8,700 per annum,

2.11 The role of the deputy presiding member will be unpaid and will not fall within the cap. Similarly the role of deputy civic chairperson.

2.12 With the agreement of the group leaders the author of this report has submitted a formal request for the cap of 15 senior salaries to be increased to 16 to account for the potential appointment of a presiding member. The IRP has refused this request, although the Council, should it choose to do so, would nevertheless be able to pay one additional senior salary, without the need to increase the cap in any event.

B - Considerations
1. In the event of a presiding member being appointed a deputy presiding member must also be appointed to do anything authorised/required to be done by the presiding member and in their absence. 2. The presiding member should be provided with the casting vote at Council meetings. The civic chairperson would lose the casting vote.

C – Implications and Impacts		
1	**Finance / Section 151**	
2	**Legal / Monitoring Officer**	Author of this Report.
3	**Human Resources**	Not applicable
4	**Property Services** (see notes – separate document)	Not applicable
5	**Information and Communications Technology (ICT)**	Not applicable
6	Not applicable	Not applicable
7	**Anti-poverty and Social** (see notes – separate document)	Not applicable
8	**Communication** (see notes – separate document)	Not applicable
9	**Consultation** (see notes – separate document)	Chief Executive and Group Leaders
10	**Economic**	Not applicable

C – Implications and Impacts		
11	**Environmental** (see notes – separate document)	Not applicable
12	**Crime and Disorder** (see notes – separate document)	Not applicable
13	**Outcome Agreements**	Not applicable

CH - Summary
The new statutory framework allows for the election by Council of a "presiding member" in addition to a civic chairperson of the Council. If Council choose to appoint a presiding member, the legislation provides for Council to grant the presiding member any of the functions of the current chairperson of Council. It is recommended that any presiding member's role should be to chair Council meetings, together with all administrative powers and duties linked thereto eg prohibition on call in; dealing with requests for extraordinary meetings.

D - Recommendation

That the Executive make a recommendation to the Council.

If the Council decides to effect the legislative change permitted then a decision will be required along the following lines:-

1. To split the current funtions of the chairperson of the Council and to create the new posts of presiding member and civic chairperson.

2. The presiding member to undertake the role of chairing Council meetings and to exercise all administrative functions and powers linked thereto with all civic duties and responsibilities becoming the remit of the civic chairperson.

3. To appoint a deputy presiding member and a deputy civic chairperson; to which no senior salaries attach.

4. Subject to the caveats described in the Report, that the term of office of the presiding member shall be for the duration of the Council; or some other lesser term as Council thinks fit.

5. Subject to the caveats described in the Report, that the term of office of the deputy presiding member shall be for the duration of the Council; or some other lesser term as Council thinks fit.

6. To confirm that the chairperson's casting vote will sit with the presiding member.

7. To decide appropriate salaries for the role of presiding member and civic chairperson in accordance with paragraph 2.7 and 2.8 of this report.

8. To confirm that the role of civic chairperson of the Council and deputy civic chairperson of the Council will continue to be filled on an annual basis.

Appendices:
N/A

Background papers
1. The Local Government Democracy (Wales) Act 2013 - http://www.legislation.gov.uk/anaw/2013/4/pdfs/anaw_20130004_en.pdf   2. IRP Draft Report 2013/2014 - http://wales.gov.uk/irpwsub/home/publication/201415/draft-annual-report-1415/?lang=en

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AGENDA ITEM

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	**EXECUTIVE COMMITTEE**
Date	**13 January, 2014**
Subject	**Aberffraw Conservation Area Character Appraisal Supplementary Planning Guidance (SPG)**
Portfolio Holder(s)	**Councillor John Arwel Roberts**
Lead Officer(s)	**Keith A. Williams, Dave J. Jump and Glyn E. Jones**
Contact Officer	**Keith A. Williams, ext: 2433, kwxpl@anglesey.gov.uk**

1.0 Nature and reason for reporting

1.1 To support the submission of the document to the next Full Council for adoption as Supplementary Planning Guidance (SPG) in order to follow due process for its adoption in order to help safeguard the character of the Aberffraw Conservation Area.

A - Introduction / Background / Issues

2.0 BACKGROUND

2.1 In the Planning (Listed Buildings and Conservation Areas) Act 1990 Local Authorities are required to designate as a Conservation Area "Any area of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance".

2.2 Local authorities are also required to review their conservation areas from time to time and to consider whether further designations are required.

2.3 In order to fulfill the obligations under the act the Built Environment and Landscape Section of the Planning Service have carried out a rolling programme of reviews for each of the 12 Conservation Areas on Anglesey. The Aberffraw review is the last of the twelve.

2.4 To give Supplementary Planning Guidance its proper status, the Monitoring Officer advices that the usual practice should be followed, of it being adopted by a resolution of the Full Council.

3.0 CURRENT PLANNING GUIDANCE

3.1 Current guidance and policy is found in Welsh Office Circular 61/96 Planning and

Historic Environment: Historic Buildings and Conservation Areas and Planning Policy Wales.

3.2 They recommend the preparation of conservation appraisals and adoption as Supplementary Planning Guidance (SPG) which can assist planning authorities in their planning and development control functions.

4.0 THE REVIEW PROCESS

4.1 The character appraisal has looked at the existing boundary and whether any changes were required from the original designation. It also concentrated on special historic interest, character, appearance and preservation as highlighted in the 1990 Act.

4.2 The appraisal recommends minor changes to the boundary (see attached executive summary and plan). The small increase in area will have a negligible demand on the Service's resources.

5.0 PUBLIC CONSULTATION

5.1 Following the preparation of the draft document a public notice was placed in the local press. A four week public and internal consultation period followed between the 21st October 2013 and 15th November 2013.

5.2 Copies were also sent to the public libraries at Rhosneigr and Llangefni, the main reception of the County Council and Planning Service, Corporate Director (Environment and Technical), Head of Economic Development, Portfolio Holder for Planning and Public Protection, the Local Members, Aberffraw Community Council, Gwynedd Archaeological Trust and local historian.

5.3 We received five responses to the public and internal consultation. Four out of the five respondents supported the document whilst one wished to register his objection due to having not been able to view the document at the time of writing (e-mail objection received on 21/11/13). There were no objections to the proposed boundary changes.

5.4 Minor amendments that have been made to the original document include; inclusion of clear links to the adopted Destination Management Plan (DMP).

6.0 REASON FOR RECOMMENDATION

6.1 In the interest of providing guidance for developments in the planning process.

B - Considerations
The main consideration is that: Planning Officers refer to and take into account all SPG's approved by Full Council. Therefore, none adoption of the document would undermine an important material consideration and guidance (for developments) in the planning process.

C - Implications and Impacts		
1	**Finance / Section 151**	
2	**Legal / Monitoring Officer**	
3	**Human Resources**	
4	**Property Services** (see notes – separate document)	
5	**Information and Communications Technology (ICT)**	
6	**Equality** (see notes – separate document)	
7	**Anti-poverty and Social** (see notes – separate document)	
8	**Communication** (see notes – separate document)	
9	**Consultation** (see notes – separate document)	The document was deposited for public and internal consultation between the 21st October 2013 and 15th November 2013.
10	**Economic**	The document, linked to the adopted Destination Management Plan (DMP), can be used to assist the Authority in securing external grant funding.
11	**Environmental** (see notes – separate document)	The Council's duties under the CRoW Act 2000 and NERC Act 2006 have been considered in drawing up the SPG.
12	**Crime and Disorder** (see notes – separate document)	
13	**Outcome Agreements**	

CH - Summary
In summary the Conservation Area Character Appraisal SPG document includes; historical background, setting, local architecture etc. and a Boundary Review. The document received a high level of support following the public and internal consultation. The document, if adopted, will complete the series of similar documents adopted by the Council and will assist the public and the planning authority in their planning and development control functions.

D - Recommendation
To approve the Aberffraw Conservation Area Character Appraisal and support its submission to the next Full Council for adoption as Supplementary Planning Guidance (SPG).

Name of author of report:	**Keith A. Williams**
Job Title:	**Technical Officer,** **Built Environment Section,** **Planning Service**
Date:	**17th December, 2013**

Appendices:
Executive Summary and Boundary Plan

Background papers
Section 21 – Welsh Office Circular 61/96 Planning and Historic Environment: Historic Buildings and Conservation Areas and Planning Policy Wales. Section 71 – The Planning (Listed Buildings and Conservation Areas) Act 1990. Draft document deposited for public and internal consultation.

EXECUTIVE SUMMARY

This Conservation Area Character Statement will become a working Supplementary Planning Guidance (SPG) upon adoption. It supports **Ynys Môn Local Plan 1996 (Policy 40)** and the stopped **Unitary Development Plan (Policy EN13)** which states that the character and appearance of all designated conservation areas will be protected from unsympathetic development. Enhancement of their character will be achieved by carrying out improvements and permitting suitably designed new development.

<u>**This document will be a material consideration in the determination of planning applications.**</u>

Circular 61/96 (para 20) states that the quality of place should be the prime consideration in identifying, protecting and enhancing conservation areas. This depends on more than individual buildings. It is recognised that the special character of a place may derive from many factors, including: the grouping of buildings; their scale and relationship with outdoor spaces;...architectural detailing; and so on.

Planning Policy Wales (Edition 5, November 2012 para 6.5.17) states that if any proposed development would conflict with the objective of preserving or enhancing the character or appearance of a conservation area, or its setting, there will be a strong presumption against the granting of planning permission.

Section 13 of The Isle of Anglesey County Council's **Design Guide for the Urban & Rural Environment SPG (2008)** contains design guidance for developments within the historic environment.

Summarised below are elements that contribute to the character and appearance of the **Aberffraw** conservation area requiring preservation or enhancement.

History

- The area has a prehistoric, Roman, and Medieval history.
- Aberffraw was once the chief seat of the Princes of Aberffraw and Snowdonia.
- C13th manuscripts record earlier oral tales which places one of the most significant events of the Mabinogi tales - the Wedding Feast of Branwen, at Aberffraw.
- From the C16th onwards Aberffraw was dominated by two large estates - the Meyricks of Bodorgan and the Owens of Bodowen (who were descendants of Owain Gwynedd d.1170).

Setting

- Aberffraw is situated on the southwest coast of the Isle of Anglesey at the head of the River Ffraw estuary.

- The compact village, centred on a village square, sits on a gentle rise above the river.

- The eastern edge of the village is dominated by spectacular dunes.

Architecture

- Houses are generally small reflecting the village's working background.

- A mix of materials and finish include: dressed and random rubble stonework, stucco, roughcast and smooth rendered external walls and slate roofs.

- Dwellings are usually either detached cottages or form short terraces and tend to be predominantly single or two storey in height.

Boundary

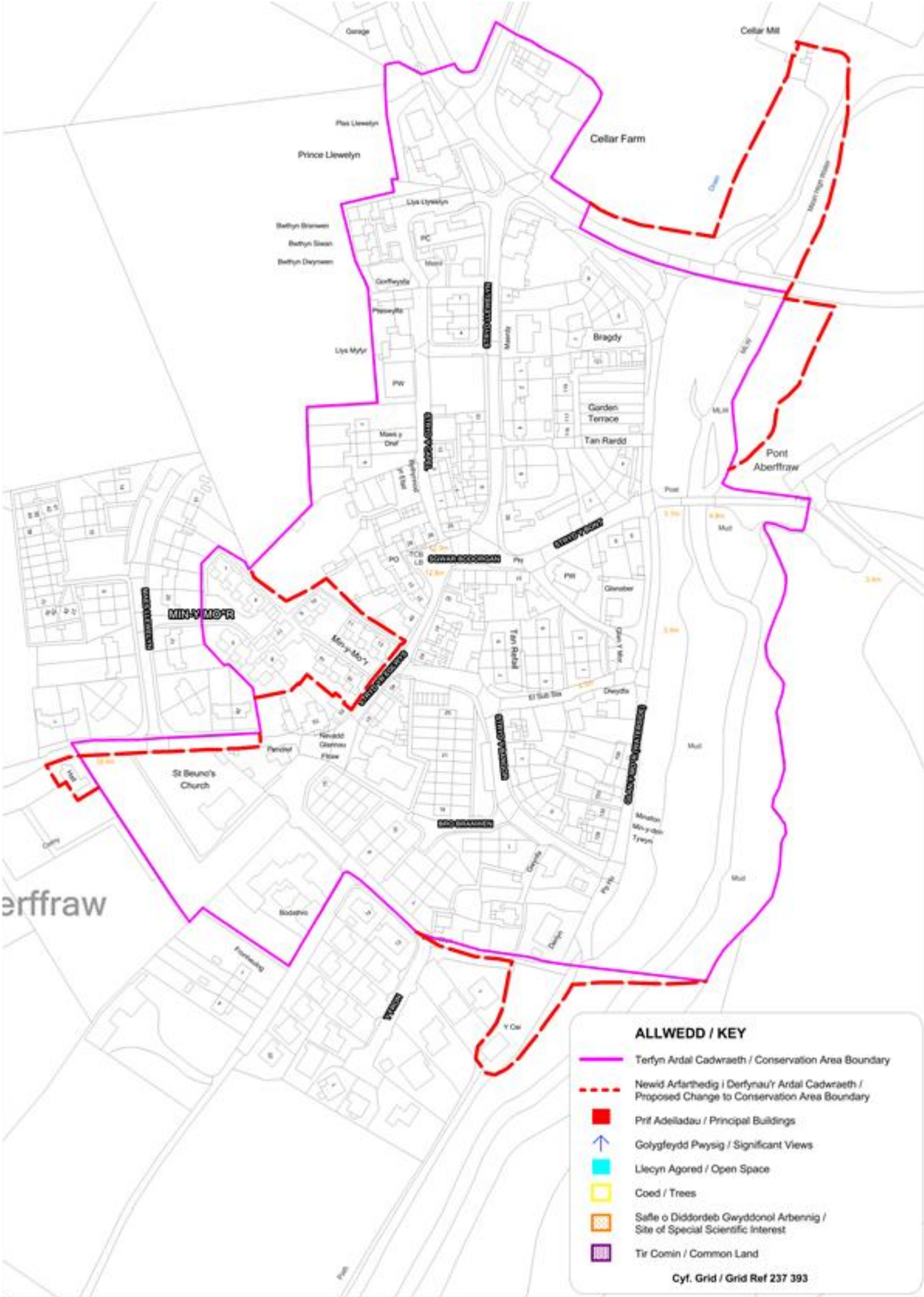
- It is proposed to amend the conservation area boundary.

- The total area covered by the conservation area will increase from 102,700m² to 107,900m².

Additional Elements

- This document will assist in preserving and enhancing a specific area of Anglesey's built environment, in line with the adopted **Destination Management Plan (DMP)**.

Conservation area boundary plan



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ISLE OF ANGLESEY COUNTY COUNCIL	
MEETING:	**COUNTY COUNCIL**
DATE:	**27 FEBRUARY 2014**
TITLE OF REPORT:	**TIMING OF COUNCIL MEETINGS**
REPORT BY:	**INTERIM HEAD OF DEMOCRATIC SERVICES**
PURPOSE OF REPORT:	**TO REPORT BACK TO THE COUNCIL AND AGREE RECOMMENDATION**

1. Background

1.1 The County Council resolved on the 27th January 2013 as follows in relation to the timing of meetings:

- *"To support the convening of some meetings (Planning and Orders Committee and the two Scrutiny Committees) at 4:00 p.m. and 4:30 p.m. and that the arrangements be discussed with the Chairs and Members of the relevant Committees and that an update report be presented to the next scheduled meeting of the Council on 27th February, 2014.*

- *To note the findings of the initial equality impact assessment.*

- *That arrangements be piloted for a period of 12 months commencing in April, 2014."*

1.2 The 3 Committees referred to above have now considered the matter and have resolved to adhere to present arrangements i.e Planning and Orders Committee to commence at 1.00pm and both the Corporate Scrutiny and Partnership Regeneration Committees have resolved to commence meetings at 2.00pm.

2.0 Recommendation

2.1 The County Council is requested to confirm future arrangements having considered the views of Committees noted above on the timing of meetings.

Huw Jones
Interim Head of Democratic Services
17/02/14

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ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	COUNTY COUNCIL
DATE:	27 FEBRUARY 2014
TITLE OF REPORT:	OUTCOME AGREEMENT 2013 - 2016
PORTFOLIO HOLDER:	COUNCILLOR ALWYN ROWLANDS
LEAD OFFICER:	CHIEF EXECUTIVE
NATURE AND REASON FOR REPORTING:	To comply with paragraph 4.5.16.10 of the Council Constitution that decisions taken as a matter of urgency by the Executive be reported back to the next available meeting of the County Council with the reasons for urgency

OUTCOME AGREEMENT 2013 - 2016

Background:

At its meeting on 13th January, 2014, the Executive considered an urgent report by the Business Planning and Programme Manager on new arrangements for the Outcome Agreement for 2013-16 and seeking Executive endorsement of the new agreement for 2013-16 based on final Welsh Government guidance. This matter was dealt with as an urgent matter in view of the need to finalise matters with the Welsh Government as soon as possible and was therefore not subject to call-in.

Outcome agreements were introduced by Welsh Government to identify how we work towards improving outcomes for local people against the Government's national priorities. This current agreement would be a three year agreement with the last payment being made in 2016-17. Full payment of the grant (approx. £730k) is made when a significant proportion of the targets and commitments have been achieved. The arrangements and guidance for the new Outcome Agreement have been finalised by Welsh Government in October 2013.

The Executive resolved *"to endorse the selection of the new strategic themes and outcomes for the new three year Outcome Agreement starting in 2013-14 and to receive a further report on a final agreement following conclusion to negotiations with Welsh Government Officers."*

Paragraph 4.5.16.10 of the Council Constitution requires decisions taken as a matter of urgency to be reported back to the next available meeting of the County Council, together with the reasons for urgency. The Constitution also requires the Chairperson of the Council to agree both that the decision proposed is reasonable in all circumstances and to it being treated as a matter of urgency. Inadvertently, this requirement was not met prior to the Executive meeting and neither was the Chair of the Corporate Scrutiny Committee informed of the proposed decision before it was made. The decision was made at the Executive subject to the proviso that both those requirements be met.

Recommendation:

To note the contents of the report.

Richard Parry Jones **14 February 2014**
Chief Executive

IEUAN WILLIAMS
Cynghorydd - Councillor

Arweinydd y Cyngor Sir
Leader of the County Council

Swyddfa'r Sir - Council Offices
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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Ein Cyf - Our Ref:
Eich Cyf - Your Ref:

21.11.13.

Councillor Hywel Eifion Jones,
Tanpencefn Bach,
BRYNSIENCYN,
Ynys Môn.
LL61 6TJ

Annwyl Gynghorydd Jones,

Cadarnaf fy mod wedi dirprwyo i'r Cyngorydd Hywel Eifion Jones (Deilydd Porffolio Cyllid) i wneud penderfyniad ar rhan yr holl Pwyllgor Gwaithi i fabwysiadu a dod i rym ym Mon o'r 1af Hydref 2013, dau gynllun newydd rhyddhad dewisol Llywodraeth Cymru rhag talu'r Dreth Fusnes - sef y cynlluniau a enwi'r yn "Datblygiadau Newydd" ac "Agored i Fusnes".

Dear Councillor Jones,

"I confirm that I have delegated to Councillor Hywel Eifion Jones (Portfolio Holder Finance) to make a decision on behalf of the whole Executive to adopt and bring into force on Anglesey from 1st October 2013, the Welsh Government's two new discretionary business rates relief schemes – being the schemes known as "New Developments" and "Open for Business."

Yn gywir / Yours sincerely,

Cynghorydd / Councillor Ieuan Williams,
ARWEINYDD Y CYNGOR / COUNCIL LEADER

Copi i/Copy to:- Ms Clare Williams
Mr. Geraint H. Jones
Ms Lynn Ball

Bryn Arfon, Lôn Pant y Cydun, Tynygongl, Benllech, Ynys Môn. LL74 8UF
Ffôn / Tel:- (01248) 851070 Symudol / Mobile:- 07855 898364
Gwefan: www.ynysmon.gov.uk/ieuanwilliams - Website: www.anglesey.gov.uk/ieuanwilliams

ISLE OF ANGLESEY COUNTY COUNCIL

Record of Executive Decision taken by the Portfolio Holder (Finance)

1. MADE BY	Portfolio Holder (Finance)
2. THE DECISION	Adopt the resolution and description of the categories of hereditament that Section 47 (discretionary relief) of the Local Government Finance Act 1988 applies with regard to "New Developments" and "Open for Business" in accordance with the attached prescribed criteria.
3. MADE ON	22 November, 2013
4. REASONS FOR THE DECISION	Bringing into force on 1 October, 2013 the Welsh Government's new business rates discretionary relief policies, being -"New Developments" and "Open for Business".
5. DECLARATION OF INTEREST	Not applicable.
6. DISPENSATION GRANTED?	The Leader delegated the authority to make the decision on behalf of the whole Executive to the Portfolio Holder (Finance) on 23 October, 2013. This approval was confirmed in writing by the Leader on 21 November, 2013.
7. CONSULTATION, IF ANY	Not applicable.
8. SUBJECT TO CALL IN?	Yes.
DATE OF PUBLICATION:	27 November, 2013
DATE OF IMPLEMENTATION	5 December, 2013

PRAWF BUDD Y CYHOEDD
PUBLIC INTEREST TEST

(Teitl yr Adroddiad/Title of Report)* *Datganiad Polisi Tâl/Pay Policy Statement2014

Paragraff(au) Paragraph(s) 13, 14	Atodlen 12A Deddf Llywodraeth Leol 1972 Schedule 12A Local Government Act 1972
Y PRAWF – THE TEST	
Mae yna fudd y cyhoedd wrth ddatgelu oherwydd / There is a public interest in disclosure as:-	Budd y cyhoedd with beidio datgelu yw / The public interest in not disclosing is:-
Mae budd i'r cyhoedd wybod am faterion sy'n ymwneud â sefydliad y Cyngor a gweithwyr y Cyngor gan eu bod yn weithwyr cyhoeddus. Mae diddordeb uniongyrchol gan y cyhoedd yng nghostau gwasanaethau ac arbedion effeithlonrwydd.	Mae yna ddisgwyliad rhesymol fod pob mater sy'n ymwneud â gweithiwr unigol y Cyngor yn cael eu trin yn gyfrinachol. Mae'r adroddiad hwn â goblygiadau cyflogaeth sy'n ymwneud ag uwch dîm arweinyddiaeth y Cyngor a mae'n bosib adnabod unigolion o deitl y swydd.
There is public interest in knowing of matters which relate to the Council's establishment as public sector workers. The public have direct interest in the cost of services and efficiency savings.	There is a reasonable expectation that all matters relating to an individual employee of the Council are treated confidentially. This report has implications in relation to the remuneration of senior leadership team posts and it will be possible to identify individuals from post titles.

Argymhelliad - Mae budd y cyhoedd wrth gadw'r eithriad o bwys mwy na budd y cyhoedd wrth ddatgelu'r wybodaeth. [* - dilëwch y geiriau amherthnasol]
Recommendation - The public interest in maintaining the exemption outweighs the public interest in disclosing the information. [* - delete as appropriate]

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By virtue of paragraph(s) 13, 14 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14.

Document is Restricted

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