



Gwasanaeth Democraidd
Democratic Service
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Cyfarfod / Meeting

PWYLLGOR ARCHWILIO
AUDIT COMMITTEE

Dyddiad ac Amser / Date and Time

10.30am DYDD IAU, 14 CHWEFROR 2013

10.30am THURSDAY, 14 FEBRUARY 2013

Lleoliad / Location

SIAMBR ARFON/CHAMBER,
SWYDDFEYDD Y CYNGOR/COUNCIL OFFICES,
PENRALLT,
CAERNARFON

Pwynt Cyswllt / Contact Point

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Dosbarthwyd/Distributed: 06-02-13

**PWYLLGOR ARCHWILIO
AUDIT COMMITTEE**

AELODAETH/MEMBERSHIP (19)

Plaid Cymru (9)

Y Cynghorwyr/Councillors

Edward Dogan
Chris Hughes
Dilwyn Morgan

Huw Edwards
Charles W Jones
Michael Sol Owen

Aled Ll. Evans
Dafydd Meurig
Gethin G. Williams

Annibynnol/Independent (4)

Y Cynghorwyr/Councillors

Trevor Edwards

Tom Ellis

John Pughe Roberts

Angela Russell

Llais Gwynedd (4)

Y Cynghorwyr/Councillors

Anwen Davies

John Brynmor Hughes Aeron M. Jones

R.J. Wright

Llafur/Labour (1)

Y Cynghorydd/Councillor

Sion W. Jones

Aelod Lleyg/Lay Member

Mr John Pollard

Aelod Ex-officio/Ex-officio Member

Cadeirydd y Cyngor /Council Chairman

AGENDA

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT BUSINESS

To note any items that are a matter of urgency in the view of the Chairman for consideration.

4. 2013/14 BUDGET AND THE FINANCIAL STRATEGY FOR 2013/14 – 2016/17

To submit the report of the Cabinet Member - Resources (copy herewith – **gold** paper)

5. REVENUE AND CAPITAL BIDS

To submit the report of the Head of Strategic and Improvement (copy herewith – **pink** paper)

6. TREASURY MANAGEMENT – TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION STRATEGY AND ANNUAL INVESTMENT STRATEGY FOR 2013/14

To submit the report of the Head of Finance (copy herewith – **white** paper)

7. INTERNAL AUDIT PLAN 2012/13

To submit the report of the Senior Audit and Risk Manager on the progress of the Internal Audit Plan 2012/13 (copy herewith – **yellow** paper)

8. DRAFT INTERNAL AUDIT PLAN 2013/14

To submit the draft Internal Audit Plan for the year 1 April 2013 – 31 March 2014 (copy herewith – **green** paper)

9. REGISTER OF EXTERNAL AUDIT REPORTS

To submit the report of the Head of Strategic and Improvement (copy herewith – **lilac** paper)

MEETING: **AUDIT COMMITTEE**

DATE: **14 FEBRUARY 2013**

TITLE: **2013/14 BUDGET AND THE FINANCIAL STRATEGY FOR 2013/14 - 2016/17**

PURPOSE: **TO SUBMIT THE BUDGET AND STRATEGY FOR SCRUTINY BY THE AUDIT COMMITTEE IN RELATION TO THE STRATEGY'S FINANCIAL PROPRIETY**

ACTION REQUIRED: **TO SCRUTINISE THE INFORMATION BEFORE THE CABINET COMES TO A FINAL CONCLUSION ON THE RECOMMENDATION TO BE MADE TO THE COUNCIL.**

CONTACT OFFICER: **DILWYN WILLIAMS, CORPORATE DIRECTOR.**

CABINET MEMBER: **COUCILLOR PEREDUR JENKINS**

At its meeting on the 19 February, the cabinet will be expected to propose a budget for the Council which will include a recommendation on the proposed Council Tax increase for 2013/14.

Bearing in mind that it is best practice to set the budget in the context of the longer term position it is also proposed that a medium term financial plan will be proposed for the lifetime of this Council (2013/14 - 2016/17).

This continues the practice we have now been following for some years - a practice which is praised by the external auditors and which has paid dividends in terms of the circumstances we face compared to some other councils.

The cabinet has already given consideration to that which it intends to recommend and this initial consideration is outlined in the attached report.

Before it comes to a final decision, the Audit Committee is given the opportunity to consider the strategy's financial propriety so that the cabinet may consider its views before formulating its final recommendations.

CABINET REPORT
22 January 2013

Cabinet Member : Councillor Peredur Jenkins

Subject : 2013/14 Budget and 2013/14 – 2016/17 Financial Strategy

Contact Officer: Dilwyn Williams, Corporate Director

Required Decisions

That the Cabinet should recommend to the Council -

- 1 That it approve a revenue budget of £233.913m in 2013/14 to be distributed amongst the services as noted in Appendix 1 which will also mean depending upon savings of £1.891m in 2013/14.
- 2 That this budget should be financed by Welsh Government Grant of £181.633m and £52.28m from Council Tax which would entail a Council Tax increase of 3.5%.
- 3 That one-off bids of £394,250 should also be financed from the £268,050 performance improvement grant which is retained each year for one-off issues adding a further £126,200 from the Council Tax resource set aside for 2015/16.
- 4 In relation to the position for the next 4 years, that we should plan to find the projected financial deficit of over £32m for the next 4 years by planning to increase Council Tax by an average of 3.5% a year which will produce nearly £8m on top of the £8.7m savings for which we have already been planning.
- 5 That we should then aim to find the residue by establishing a further efficiency target of £6.4m and trying to manage demand for council services by being proactive to avoid creating demand with a view to finding a further £5m. Any residual sum would then have to be found from service cuts.
- 6 To approve a capital programme of £20.839m for 2013/14; £15.748m for 2014/15 and £20.346m for 2015/16 on the schemes noted in Appendix 3.

- 7 Agree to delete the “Support for Members” savings scheme (£54,000) from the savings programme in accordance with the Democratic Services Committee’s recommendation.

Local member’s view

Not a local member issue.

Introduction

1. The Council has to set a budget for the year to come (2013/14) by considering its spending needs. This must then be set against the available income and consideration given as to how any difference is to be found by weighing up the arguments for increasing the Council Tax or reducing spending.
2. Historically, and in accordance with best practice, the Council has established its annual budget in the context of a medium term financial plan in order to ensure that the budget prepares the Council for the period to come rather than merely trying to balance issues one year at a time.
3. This has proven to be very successful over the years as we have been able to plan any savings which we require in a rational way without having to take rushed decisions which tend to lead to incorrect decisions as far as the interests of our people are concerned.
4. It is a matter for the Cabinet to consider all of these issues and make appropriate recommendations to the Council. There is also a role for the Audit Committee to consider the proposals in order to assess the financial propriety of those recommendations.
5. The attached paper details the relevant factors which need to be considered in producing the medium term financial strategy and in setting the 2013/14 budget (including any increase in Council Tax).
6. In 2013/14, the grant which we receive from Welsh Government will increase by 1.1% to £181.63m but our assessment of the need to spend suggests that we need to increase spending by 2.1% to £235.81m.
7. Without any increase in Council Tax, it is anticipated that we will be able to collect £50.51m next year (which is £784,000 less than this year due to the

- anticipated effect of the new council tax support scheme). This means that we will have a funding gap of £3.67m to be found in 2013/14.
8. The strategy suggests that we should bridge this gap by increasing Council tax by 3.5% in order to generate £1.77m leaving £1.9m to be found from savings.
 9. This would reduce our spending to £233.91m.
 10. This will also include ensuring that schools receive a cash increase of 2.08% which will mean that, contrary to the position of every other council service, for the second consecutive year, they will not be facing the need to find savings (apart from meeting the effect of pupil numbers which can have a positive or negative effect depending upon the individual school's circumstances).
 11. In 2013/14 primary schools will also benefit from the re-distribution of £200,000 released from the schools reorganization process.
 12. Within the budget there are a number of significant risks (including any pay increase; the cost of the Council Tax Support scheme and any effect of the auto enrollment pension process) and these risks are covered by retaining the £1.6m contingency budget.
 13. For the 4 year period 2013/14 – 2016/17 our analysis of the possible position shows that we could be faced with a financial deficit of over £32m for the period.
 14. If the Council agrees to raise Council Tax by an average of 3.5% a year for the next 4 years, this would provide £7.8m towards the deficit and we also have a savings programme already in place which will generate £8.7m over the next two years (after taking into account two schemes which will not produce savings of the magnitude originally envisaged).
 15. This means that we will need to find further savings of nearly £16m in the last two years.
 16. The strategy suggests that we should meet this remaining deficit by finding more efficiency savings (giving ourselves a target of £6.4m for this aspect) and undertaking proactive efforts to avoid creating demand for services (targeting a further £5m from this area). Any remaining sum would have to come from service cuts.

17. The whole position is summarised in the following table -

£M	2013/14	2014/15	2015/16	2016/17	Total
Additional spending needs	17.2	7.0	9.4	9.0	42.6
Grant loss (increase)	(13.6)	(0.5)	2.7	1.4	(10.00)
Council tax	(1.7)	(1.8)	(2.3)	(2.0)	(7.8)
Planned deficit	1.9	4.7	9.8	8.4	24.8
£16m schemes	(0.9)	(0.8)	(0.3)		(2.0)
Income	(0.1)				(0.1)
1% Efficiency	(1.3)	(1.8)	(0.1)		(3.2)
Corporate efficiency	(1.4)	(2.0)			(3.4)
To be found by -	(1.8)	0.1	9.4	8.4	16.1
Further efficiencies			(6.4)		(6.4)
Demand management			(5.0)		(5.0)
Cuts (balancing figure)			(4.7)		(4.7)

18. The strategy also recommends a capital programme as noted in Appendix 3 amounting to an investment of £20.839m in 2013/14; £15.748m in 2014/15 and £20.346m in 2015/16 which is much greater than the financial support provided by the Welsh Government to support our capital programme.

Reasons for the recommendation

19. The whole strategy tries to protect services which the Council provides to the people of Gwynedd whilst trying to keep council tax increases to the minimum consistent with that aim.
20. It also tries to spread the varying annual effect of the financial squeeze consistently over the years so that we do not see the Council Tax increase falling in one year only to have to increase it wildly in the following year.
21. However, taking the 4 year projections into account, it can be seen that even given an average council tax increase of 3.5% a year, we project that we could be faced with a deficit of nearly £25m over the 4 year period.
22. There is a strategy for finding this deficit but it appears that even then we could be faced with having to cut some services to the public.

23. However, with the proposed strategy of finding a substantial portion from further efficiency savings and taking proactive steps to try and avoid creating demand for services and managing expectations, there is a possibility that we can keep any service cuts to a minimum and protect as far as possible Gwynedd's citizens.
24. There will certainly be councils in Wales who will increase Council tax by less than 3.5% but equally there have been articles in the press recently which indicate proposals by some authorities for more significant increases, and the Council could also do one or the other if that was its wish. However it must be aware that the effect of reducing the proposed increase over the next 4 years would be to increase the service cuts which would be needed.

Relevant Considerations

25. As can be seen above, it is possible to have a greater or lesser Council Tax increase but it will affect the level of service cuts which we will need to find over the period.
26. We cannot change the level of grant which we receive from the Welsh Government (although officers and members are continually undertaking work to try and ensure that the distribution formula is fair) but in relation to the remaining equation, it is possible to change some of the spending figures, but there would be consequences to such actions of course.
27. We could take a less prudent approach to some elements of the budget but we should bear in mind that doing so would only increase the risk of having to find savings urgently and in doing so, taking rushed decisions.
28. It is a matter for the Council to consider all of the factors noted in the attached report and to consider whether they wish to change any of the elements but for my part as Cabinet Member for Finance, I consider that this is the most appropriate balance which can be reached.

Next steps and timetable

29. The Cabinet needs to come to a preliminary decision. The Audit Committee will then consider the position and there will be an opportunity for all members to give their observations in a series of seminars which are to be held in order to explain the situation in detail.

30. I shall report on the views expressed at all of these to the cabinet at its meeting on 19 February in order for it to come to a final conclusion on what it intends to recommend to the Council at its meeting on 28 February.

Views of the Statutory Officers

Chief Executive:

The fact that we are facing a significant financial challenge is not news to the Council. However, the fact that we have together been preparing for this for some years is of significant benefit to us when facing up to the challenge. The success of that work means that if we can maintain our discipline in meeting the efficiency savings and maintain the level of council tax increase recommended in the report, it will be possible for us to get to 2015/16 or later before we have to look for service cuts.

Monitoring Officer:

Nothing to add in terms of propriety.

Head of Finance :

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

I have been involved in relevant discussions as the Cabinet Member for Resources and the Corporate Director devised this financial strategy, and I can confirm the reasonableness of the forecasts contained in this report regarding the Council's spending needs for 2013/14 and beyond. Inevitably, there is some uncertainty regarding factors such as probable inflation, some unstable income budgets, and delivery of planned savings, but I believe that the assumptions in the Corporate Director's report are fair and that those assumptions produce financial figures with a measured and acceptable level of risk.

In order to mitigate the risk associated with the financial strategy in 2012/13, Cabinet Members, Heads of Department, service managers and accountants responsible for the Council's budgets have generally acted with discipline and

diligence to manage expenditure and secure income. Such conscientious financial management will be required again in 2013/14.

Gwynedd Council's adherence to the medium term financial plan to achieve savings has put Gwynedd in a robust position to plan ahead, but there is danger that further rises in spending needs and real terms grant cuts must be dealt with in 2014/15, 2015/16 and 2016/17. Hence, we must be careful to safeguard the Council's general balances in 2013/14. I am convinced that what is recommended here, i.e. to uphold the current £8m level of balances (alongside adequate specific reserves), is prudent if the Council is planning ahead appropriately for the continuing national period of austerity.

Appendices

Paper entitled 2013/14 -2016/17 Financial Strategy and the 2013/14 Budget.

**2013/14 BUDGET
and
2013/14 – 2016/17 FINANCIAL STRATEGY**

1 Background

- 1.1 This report notes the factors that influence the revenue budget required for 2013/14.
- 1.2 In the light of these factors, the report also recommends a medium term financial strategy for the period to the end of the term of the present Council (namely 2016/17) and it notes the factors that influence the capital programme for the three years 2013/14 – 2015/16.

A) 2013/14 Budget

2 Welsh Government Grant

- 2.1 The Welsh Government has published the final settlement for 2013/14 together with indicative figures for the following year. The details are noted below in Table 1.

**Table 1
2013/14 – 2014/15 Increase in Revenue Support Grant**

£m	2013/14		2014/15
	Wales	Gwynedd	Gwynedd
2012/13	4,326,633	179,704(*)	183,503
2013/14	4,373,034	181,633	
Increase	1.1%	1.1%	1.0%

* £168.067m was the true grant figure for 2012/13 but this figure was adjusted to take into account the transfers into the settlement in order to compare like with like.

- 2.2 It is apparent from the above table that Gwynedd Council's grant increase is similar to the average increase for Wales, but this hides the fact that an element of the increase for Gwynedd Council results from the fact that the Gwynedd Council tax base has risen less than the average for Wales.
- 2.3 Due to how the grant process works, if a council is able to raise less in council tax than other councils due to a lower increase in its council tax base than other authorities, there is a comparable increase in government grant to offset the loss.
- 2.4 If this had not happened we would probably have seen a lower than average increase due to factors that influence the allocation formula continuing to go against us.

- 2.5 For example the following was apparent for Gwynedd's formula for 2013/14
- Third lowest population increase across Wales;
 - Number of primary aged children, seventh lowest increase across Wales;
 - Number of income support/jobseekers allowance claimants aged under 65 in Gwynedd; second lowest increase across Wales;
 - Number receiving disability or severe disability living allowance has the lowest increase across Wales.
- 2.6 There is a need to be careful not to read too much into the indicative figures for 2014/15 since all that has been done here is moving the figures for 2013/14 forward a year, changing a limited range of figures which impact upon the formula.
- 2.7 Some changes are inevitable by then as the Westminster Government change the sums available to the Welsh Government who will as a result also have to amend their own plans. We could also see further changes in the grant formula by then.
- 2.8 One feature of the grant figure in the settlement for next year is the substantial difference between the actual grant figure this year [£168.067m for Gwynedd] and the figure used for comparison [£179.704m].
- 2.9 The difference of £11.637m comes about due to the Government placing the finance for providing Council Tax Support in the settlement [£8.104m for Gwynedd]. A number of grants [to the value of £3.2m] have also been transferred into the settlement and we have received the second part of the resource provided by the Welsh Government for borrowing to spend on roads. More details are given in part 3.10 of the report.

3 Council Revenue Expenditure - 2013/14

- 3.1 Table 2 below shows the increase in the expenditure required for 2013/14.

Table 2
2013/14 Budget (£'000)

	2013/14
Base Budget	219,362
Salary Inflation	1,369
Other Inflation	1,521
Precepts	(20)
Increments	156
Pensions	336
Interest on Balances	173
Borrowing Costs	(449)
Demography	190
Various	(1,186)
Less income budgets	602
Transfers into settlement	11,723
Pressures on services	2,028
Total requirement	<u>235,805</u>

- 3.2 **Salary Inflation** – This is the main assumption where the figure required for 2013/14 is unknown at present. Obviously there will be pressure from the unions to increase salaries in 2013/14 considering the salary freeze that has been seen over the last three years. However the Chancellor has noted that he wants to see public sector salary settlements restricted to 1% in the years ahead.

There is a provision for an increase of 1% therefore in the base budget. Should this not be required, then it will reduce our need to find savings in 2015/16.

To protect against the risk that it could be higher, the contingency budget has been set at a level which will protect against this risk. [See para 3.12 below]. This provision was also borne in mind when considering the salary increase assumption for the following years. [That is, as we have the contingency budget we can provide for a lower increase in the projections for future years which reduces the projected savings required].

- 3.3 **Other Inflation** – This figure represents a provision for general inflation of 1.75% but making specific provision for items where the inflation rate is projected to be higher. Some obvious headings that fall into this category are energy and fuel where historically these increases have been quite different to the general inflation rates.

As the Welsh Government provides us with finance to borrow to invest in the highways and bridges infrastructure inflation has not been added to the highways and bridges structural maintenance heading at present in order to have time to consider whether or not we could use this to assist us to find savings within the financial strategy.

- 3.4 **Increments and Pensions** - This is the increase that results from giving staff salary increments, and the pension figure represents the increase required as a result of the last Pension Fund valuation (which increases our employer's contribution by 0.5% per year up to 1 April 2014).
- 3.5 **Interest on Balances** - by now, we had expected interest rates to have risen but they continue to be at a historical low. This means that the interest we receive on balances now is small and the level must be reviewed downwards in the light of current experience. There is no sign that this is going to improve over the remaining term of the present strategy and the projections for the medium term reflect this.
- 3.6 **Borrowing Costs** - in the projections made, we benefit from lower borrowing costs next year after repaying loans.
- 3.7 **Demography** - Usually, we take account of the higher number of elderly we would expect due to the ageing population, but since the anticipated increase we have been providing for in previous years has not yet materialised, and as the service has not yet had to use all of the provision made in 2010/11, there is no intention of making additional provision in 2013/14, in the expectation that it will be added in 2014/15 if required. [Provision for this has been made in the medium term strategy].

However we have provided for demography with regards to learning disabilities (£171,000) and in the number of school pupils (£19,000).

- 3.8 **Various** - The figure noted here derives from a budget adjustment as a result of the overprovision made in this year's budget for the increase in fuel costs. The increase was less than in previous years and therefore it is possible to remove the sum provided (£1.18m) from the budget.

This represents the direct cost to us together with the indirect cost paid to external service providers.

The Council faces another cost resulting from a loss of income, not accounted for here but rather under the Council Tax Income heading.

The UK Government have decided to restructure the benefits system and one element of the new system is that there will not now be a Council Tax Benefit scheme governed by UK legislation, but instead a

Council Tax Support Scheme established by councils individually and to be financed from fixed resources provided to them.

In Wales, the Welsh Government has decided that rather than allowing each Council to establish its own scheme (as in England); there should be one national plan and the Welsh Government have decided the nature of that plan.

Unfortunately, at the same time as changing the system, the Westminster Government have reduced the resource available to finance any scheme and the Welsh Government have noted that it will not be possible for them to compensate for the financial gap. They have therefore drawn up a scheme which will in their view correspond to the resource available to pay for it (although there is scepticism from local government whether the cost of the scheme will correspond to the available resource).

The new scheme means that everyone will pay at least 10% of their Council Tax (whereby previously over 8,000 in Gwynedd received full council tax benefit) with everyone else who is presently receiving Council Tax benefit receiving less support in the future.

The impact on Gwynedd's residents will of course be substantial and the Council is working to try to alleviate as much of this impact as possible, but with regard to the Council's budget there is also a substantial risk that we will not be able to collect as much of the council tax as we have done in the past.

We will therefore have to accept that there is a strong possibility that our collection rate figure (set historically at 99%) will have to be adjusted down to 97.5%. This will continue to be one of the best rates in Wales and time will tell whether this is correct or whether it can be restored towards the previous level or if it needs to be adjusted downwards further.

This is equivalent to a reduction of £784,000 in the income produced from Council Tax which is reflected in the figure noted in paragraph 5 below.

- 3.9 **Reduce Income Budgets** - Income accounts are reviewed annually in order to assess trends and an adverse impact has now been observed on a number of income headings as a result of the recession in addition to the impact of bad weather on some of the Council's facilities. Some of the Council's income budgets will therefore need to be reduced in the light of experience. Specifically income budgets in the following areas have had to be reduced -

- Consultancy : £250,000 following a reduction in the fees they are able to produce;
- Car Parks : £170,000 with regards to less income from car parks;
- Hafan Pwllheli : £109,000 following less income now coming in ;
- Other small budgets following a reduction in income from theatres; beaches; other harbours and tourist information centres £82,000.

3.10 Transfers into settlement

- As noted above the Council Tax support scheme now has to be kept within the available resource and the Welsh Government include this in the settlement (this equates to £8.104m for Gwynedd). We do not know if this figure will be sufficient to meet the cost of the scheme but if it is not, the Council will have to absorb the impact.
- £1.362m of this sum relates to the Welsh Government having decided to transfer into the settlement the grant paid at present to fund community placements for individuals with learning disabilities who were previously in hospitals. A distributive impact results from this decision and the Council loses a small sum as a result.
- £874,000 comes into the settlement as the Welsh Government wants to include the cost of special education to those over age 16 in the settlement (we believe this is mainly due to the budget required in this area having risen substantially over the years and they see this as a way of stopping that increase). In due course there will be a review of the distribution formula but at present we have received a sum equivalent to the 2012/13 expenditure.
- The remainder of the amount noted here is the result of transferring a number of grants into the settlement namely resources for the Highways Borrowing Scheme (£530,000); Free Breakfast Provision grants (£555,000); 10-19 year-old Children Counselling Grant (£176,000); Appetite for Life Grant which helps to provide nutritious school meals (£106,260); and Blue Badge grant (£16,000) to recompense the Council for the fact that we can no longer charge for these.

3.11 Pressures on services - There are 3 main elements to this heading namely -

a) **Requests received from services for additional resources to meet the pressures on their services (£1.266m).**

Each service has the ability to note if there is any expenditure that the Council has to provide in order to ensure continuation of service. This heading is not for new developments but to ensure continuation of the basic current services.

An element of this has of course become evident as we review this year's spending patterns. Others are a result of matters arising where expenditure is needed to protect outcomes for the public or to meet statutory requirements. There is also a substantial element of the Central Government creating pressures and expectations leaving us to cope with the knock-on effects (over and above the fact that our grant increase is not sufficient to meet inflation).

The details of these items are presented separately in another report.

This figure is significantly lower than what has been seen historically.

That report also refers to the need to approve £394,250 of one-off bids to ensure continuation of services. This can be funded from the £268,050 performance incentive grant funding kept annually for one-off purposes adding a further £126,200 from the Council Tax resource kept aside for 2015/16.

We must also recognise the fact that the temporary budget allocated to employ the team responsible for leading the work on the 21st Century Programme will expire this year and we will have to ensure that we have the budget to continue to employ the team if we are to pursue this work to its conclusion. A permanent budget of £276,730 will be required for this purpose.

b) Schools Requirements (£456,000)

The Head of Education has indicated several requirements within the budget devolved to schools and especially requirements within the inclusion agenda; special education and ensuring appropriate criminal records bureau checks for teachers.

These requirements can be met which will also address the need to ensure a financial increase for schools (see part 4 below).

c) Three Year Plan

This is the expenditure heading for any increase in expenditure for developments.

The Council will have several issues it wishes to prioritise, which will be noted in the Strategic Plan and where there will be a need for investment for the benefit of Gwynedd residents and we need to ensure that it has the resources to do this.

If we are also to be able to ensure the transformation of the way the Council provides services, in line with the presentation given by the Chief Executive to the Council at its 6 December meeting, we need to ensure that there is a budget available for promoting that change. Ultimately of course this could lead to a reduction in costs for the Council which underlines the importance of this area.

However, over the previous years the Council has ensured that it has a budget of £0.9m for this heading and therefore there are no plans to add to it this year.

- 3.12 **Contingency Budget** – a contingency budget of £1.6m already exists since the preparation of the 2012/13 budget, to provide against a pay rise higher than that budgeted for. Bearing in mind the risk that this could occur in the next two years and the substantial risk arising from a number of headings such as Council Tax support; transport (where the Government is reducing support); and a number of other areas where concern was raised during the budget preparation process about the sufficiency of the current provision, it is considered that it would be prudent to leave this budget as it is in order to meet any issues which could arise as a result.

One other substantial risk whose impact is unknown at present is the fact that the local government pension scheme is changing to one which registers employees automatically (“auto enrollment”) and this could increase the cost of some services as more employees become members of the Pension Fund and the Council has to pay the employer’s contribution for them.

4 Schools

- 4.1 The Welsh Government note that they have protected the Local Government grant in order to ensure a lower reduction than other services in the budgets for schools and social services. [The presumption is probably that we would have seen an increase of less than 1% if they had not given us this protection].
- 4.2 Up to now, our response to this has been to continue to plan on the basis of what the Council would wish to do for schools and then measuring this against the Welsh Government’s intention and consider whether any adjustments are necessary to conform with the promise.
- 4.3 This year this means we must ensure that schools get a cash increase of +2.08%. This starts to raise fundamental questions about how logical it is for the Council to continue to fulfil the Welsh Government’s wishes whilst having to make savings in other services to pay for it. We do not know of course what the effect of not conforming to the wish would be

in terms of the response of either the Welsh Government or the schools.

- 4.4 However, the most recent figures show that we should be able to meet this requirement this year by ensuring that the resource goes towards addressing some of the problems which we would have had to address in any case (thus reducing the need to call on bids from the Council's corporate funds) (see paragraph 3.11(b) above) and ensuring that we devolve to the schools the contingency budget element for salaries referred to in 3.2 above, emphasising that it is not available for any other purpose permanently.
- 4.5 Therefore, differently from other services schools will not face savings in 2013/14 for the second year running, except the usual adjustments relating to changes in pupil numbers, with some schools benefiting and others losing.
- 4.6 In addition to this, all the primary schools that do not receive a safety net will benefit from the savings that have arisen from the primary education restructuring in 2013/14 as £200,000 is re-allocated to them.
- 4.7 Every year when preparing the budget we undertake work to consider whether our investment in schools is adequate.
- 4.8 In considering what level of investment is adequate, it needs to be borne in mind that population sparsity and deprivation are the two factors which drive the need to spend more per pupil to obtain the same outcome. On the basis that Gwynedd is the 3rd most sparsely populated county, and about 18th (depending on the exact measure) in terms of deprivation, we would expect our comparative expenditure to be somewhere within this range.
- 4.9 Our research for the primary sector shows that Gwynedd is the 3rd highest spender in Wales with the 4th best pupil:teacher ratio, which shows that we are at the top end of the range.
- 4.10 Of course this average situation masks substantial variations between individual schools and our efforts should be concentrated on better use of the funding that is already available.
- 4.11 In the secondary sector, Gwynedd is the 8th highest in Wales based on comparative expenditure. Even so, the pupil:teacher ratio shows it is the 2nd best across Wales.
- 4.12 Even though it appears that secondary sector funding is within the expected range, it seems to be slipping downwards a little and it is considered that there is a need to keep an eye on the situation. Since there are developments in train (e.g. inclusion strategy funding) which

should improve our comparative position there will be a need to revisit the Secondary situation in preparing the 2014/15 budget in the light of the comparative information which will be available next year.

- 4.13 With regard to special schools, the deficiencies in the process of collecting comparable financial information in this area makes any comparison worthless. In view of this, the Council has commissioned a report on the comparable position and that report is almost completed. It will suggest that there is a case for investing a little more in this area. This can be met through the additional resource noted in paragraph 3.11 (b) above.

5 Summary of the position for 2013/14

- 5.1 From the above it is therefore apparent that the Council's expenditure requirements for 2013/14 are £235.53m (increase of 2%) and we will receive a grant of £181.63m from the Welsh Government (increase of 1%).
- 5.2 In addition to this, without any increase in Council Tax it is estimated that £50.51m will be produced from the Council Tax in 2013/14 (a reduction from the £51.3m produced this year – see paragraph 3.8 above) therefore leaving a deficit of £3.39m.
- 5.3 Appendix 1 shows an analysis of the budget per service.

6 FOUR YEAR FINANCIAL STRATEGY 2013/14 - 2016/17

- 6.1 As noted in part 1 above creating a budget on the basis of one year at a time is not a very responsible way of operating and there is always a need to be aware of what is on the horizon when establishing the budget. This has been done within Gwynedd Council for some years now and it has paid dividends since we have coherent plans to deal with the choppy financial waters we are faced with.
- 6.2 In order to stay on this course, in addition to establishing the budget for 2013/14, an effort has also been made to project the financial position for the following three years so that we are able to place the position for 2013/14 in its wider context.
- 6.3 The assumptions used in the strategy for the next four years will be less cautious than those used in the previous strategy and this is in order to ensure that we do not over-react to the situation (and through that implement unnecessary cuts). It also gives a realistic scenario which has a reasonable hope of being achieved. Details of the assumptions used are given in Appendix 2.

- 6.4 The figure which is most uncertain is the grant figure which we will receive from the Welsh Government from 2015/16 onwards. Since this grant represents about 80% of the Council's income, this figure is obviously crucial to the projections. However we know from the Chancellor's statements and statements made by Ministers in the Welsh Government that it will not be good news for local government in Wales.
- 6.5 In addition, as we move further into the future there is more uncertainty surrounding all the figures and therefore, we have divided the 4 year strategy into two parts as noted below, with the first two years more certain and the final two years a target for planning purposes.
- 6.6 The table below shows the results of the projections made, and the savings that have already been planned and realised.

Table 3
Financial planning projections for the 4 years **2013/14 - 2016/17**

£M	2013/14	2014/15	2015/16	2016/17	Total
Additional spending needs	17.2	7.0	9.4	9.0	42.6
Grant loss (increase)	(13.6)	(0.5)	2.7	1.4	(10.00)
Council Tax (*)	(1.7)	(1.8)	(2.3)	(2.0)	(7.8)
Planned Deficit	1.9	4.7	9.8	8.4	24.8
£16m Plans	(0.9)	(0.8)	(0.3)		(2.0)
Income	(0.1)				(0.1)
1% Efficiencies	(1.3)	(1.8)	(0.1)		(3.2)
Corporate Efficiencies	(1.4)	(2.0)			(3.4)
To be discovered through -	(1.8)	0.1	9.4	8.4	16.1
Further Efficiencies			(6.4) (*)		(6.4)
Reducing demand			(5.0)		(5.0)
Cuts (balancing figure)			(4.7)		(4.7)

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

- 6.7 It is seen that we are projecting an assumed financial gap over the 4 years of around £25m and presuming an average Council Tax increase of 3.5% per year. It is a matter for the Council to decide on the Council Tax increase in each year and the increase for 2013/14 will be returned to in part 9 of the report. An increase of 3.5% is assumed in the above projection in order to show the substantial gap which remains even after such an increase. Should the Council wish to see a higher or a lower increase then this will obviously impact upon the cuts figure noted.
- 6.8 The scenario can be split into two parts -namely the first two years and the last two years and there are different features and considerations for both parts.

- 6.9 With regards to the period 2013/14 - 2014/15, even though there is still an element of uncertainty, we have more confidence in the figures on which the scenario is based, since we have already been working on the savings plans for some time. There is reasonable certainty that we should be able to achieve the situation noted in the table, thereby providing £1.7m already towards the gap which we will be faced with in 2015/16 and 2016/17.
- 6.10 The savings noted are continuing to reach the level of savings planned for in the strategy drawn up two years ago with the exception of two schemes noted below. Nonetheless, some schemes have had to be re-profiled to reflect the fact that it will take more time than originally anticipated to achieve them.
- 6.11 The two schemes that will not now realise the sums originally planned are -
- **Scheme to reduce support for members** - in the original proposals the intention was to save £54,000 by reducing support for members. However at its 11 September meeting, in considering the support required for the Council's elected members the Democratic Services Committee decided that this saving could not be achieved if appropriate support is to be provided for members, and asked the Cabinet Member for Resources to adjust the financial strategy to delete this saving.
 - **Redesigning the residential care service** - since the comparative cost of providing the service in the private sector and the public sector has narrowed it will not be possible to achieve as much savings as originally envisaged from this scheme and the saving will reduce from £838,000 to £601,000.
- 6.12 For the following period however, namely 2015/16 - 2016/17, there is much greater uncertainty about the figures underlying the calculation, and to some extent it is impossible to say what is the true amount of the total saving we will eventually need - it could be higher or lower than that noted. What is certain is that it will be a substantial sum.
- 6.13 On the planning assumption that there will be a need to find around £16m in the last two years therefore, it is envisaged that we will find such a financial gap through the following means -
- Find more efficiency savings;
 - Be proactive to reduce the demand for Council services;
(The two above options will continue to achieve outcomes for Gwynedd's citizens)
 - Reduce costs by not providing some services (cuts).

- 6.14 The final answer will be a combination of the above but if we intend to have £16m of savings ready for the final two years we need to sow the seeds now.
- 6.15 What is obvious is that we have to ensure that we have maximised the sums found from efficiency savings and then moving on to demand management : then falling back on service cuts as a last resort. This is the way to act if we are serious about ensuring that we have the least possible effect of Gwynedd's people.
- 6.16 Cuts are therefore the figure we will have to resort to if we are unable to find savings from other sources. We should be proud of the fact that the Council's planning processes mean that we do not yet have to resort to service cuts - a position not all authorities enjoy.
- 6.17 We will need a simple process to manage the work of finding further efficiency savings and demand management and the Cabinet will give this issue further consideration in the near future.
- 6.18 We will also need an inclusive process for delivery where any service cuts should fall if we need them, and the Cabinet will also give consideration to such a process in the near future.

7 Capital

- 7.1 Whilst council's revenue budgets face restrictions, the capital budgets are also under pressure with the support given by the Welsh Government for meeting the costs of borrowing in the settlement continually reducing.
- 7.2 In 2010/11 we received support that allowed us to borrow £9.867m for capital spending every year and the Council's Asset Management Plan was based on this figure.
- 7.3 This figure was reduced to £7.891m for 2011/12, - a loss of £1.976m or a little over 20% and it reduced further in 2012/13 to £7.321m (a further reduction of over 7%).
- 7.4 This figure will reduce again in 2013/14 to £6.709m (a further reduction of over 8%). Therefore since 2010/11 the provision given to us to finance capital investment has been reduced by nearly a third in addition to the revenue restrictions.
- 7.5 Last year the Council prepared a capital programme for the three years 2012/13; 2013/14; a 2014/15, and this programme was based on the contents of the Asset Strategy.

- 7.6 The programme that was recommended by the Council last year is noted in Appendix 3 with the addition of a proposed programme for 2015/16.
- 7.7 Specific attention should be given to the following changes to the profiles agreed last year for 2013/14 and 2014/15 which are highlighted in grey in the Appendix
- 7.8 Even though the planned spending total over the period of the Asset Strategy has not changed it was necessary to vary the expenditure profiles under the following headings in order to conform better with their need to spend and the work priorities within the service.
- Property Maintenance
 - Fire and Asbestos work
 - Safety Fences on Roads
 - Carbon Management Plan
 - EDRMS
- 7.9 The profile for School Restructuring reflects the most recent profile for the spending plans of over £36m that were approved by the Welsh Government. We have also had to include a sum of £1.25m to finance elements of work on the 9 schemes in the programme which will not be eligible for Welsh Government grant as they only fund schemes once they have reached a particular stage of development. Section 7.12 below notes how this can be financed.
- 7.10 With regard to the expenditure on road maintenance the amount was increased from last year's figure of £3.465m to £4.111m as the grant we will receive will allow us to borrow more than was previously forecast.
- 7.11 The Highways and Municipal services have also noted that experience has started to show that the costs of creating cells and capping those cells at Ffridd Rasmus are higher than planned and a request was made to acknowledge this higher cost in the capital programme. This would mean a higher cost of £315,000 over the period of the Asset Strategy. Since we do not really have much choice, it is recommended that we approve this. Work is currently ongoing to ascertain whether or not the business plan for creating more cells rather than transferring waste to other sites has now changed and the recommendations on this issue will be presented to the cabinet in due course.
- 7.12 Against this issue however, a review of the vehicle renewal programme in the light of experience has shown that we can keep vehicles longer than anticipated and this changes the vehicle renewals profile (reducing the cost over the life of the Strategy by £1.2m). This sum should be sufficient to cover the additions in 7.9 and 7.11 above.

7.13 The figure noted under “ To be allocated” for 2013/14 represents the amount required to meet the capital bids received for schemes that were not foreseeable when preparing the Asset Strategy.

7.14 We will fund the programme as follows -

Table 4
Funding capital programme 2013/14 - 2015/16

£'000	2013/14	2014/15	2015/16
Capital Requirements	20,839	15,748	20,346
To be financed through			
Capital provision in the settlement	6,709	6,709	6,709
School grants	5,471	1,775	4,781
Capital receipts	790	2,096	680
Contribution from revenue	3,758	1,057	3,494
Prudential borrowing (*)	4,111	4,111	4,682
Total to be financed	20,839	15,748	20,346

7.15 One aspect of the funding proposals is the level of capital spending which is being undertaken compared to the specific support we receive in the settlement. This shows the benefit of having a long term plan through the Asset Strategy that allows us to prepare a long term programme and to try and maximise the benefit that can be obtained from capital investment that can be made from available resources.

8 BALANCES

8.1 It is forecast that we will have general balances of about £8m at the end of this financial year, representing about 2.2% of the Council's gross revenue expenditure.

8.2 Due to the tempestuous circumstances we are facing over the years ahead, it is appropriate to retain reserves in order to deal with any problems that could arise.

8.3 Nothing has happened in the meantime to change this opinion.

8.4 However we also have a number of specific reserves that were established by the Council and these are also available to support the Council's expenditure requirements. There are of course several of these and the Head of Finance includes a list of them in the accounts every year.

- 8.5 In order to ensure that all the Council's members are aware of them, copies of the relevant pages of the accounts are attached as Appendix 4.
- 8.6 Of course it is important to continually review the level of these reserves and the Head of Finance does this, but he is presently conducting a specific investigation into these reserves to assess whether the level of some of them can be reduced so that any released resource can be used for the financial strategy.
- 8.7 The plan would be to use any released amounts in order to avoid implementing cuts at the appropriate time within the finance cycle. The timing of such use is key and it is currently anticipated that this will not arise until 2015/16 at the earliest. We will need to re-visit this issue when reviewing the Strategy in future.

9 COUNCIL TAX

- 9.1 The key decision that needs to be made in the light of the above considerations is to establish the exact level of Council Tax increase for 2013/14 in order to recommend it to the Council.
- 9.2 In the above assumptions, a figure of 3.5% was used in order to show the effect on the strategy but it is a matter for the Council to decide what the actual increase should be.
- 9.3 Of course the key to all of this is to get a balance between the need to spend on services for the most vulnerable in our society and the proposed increase in Council Tax for the residents of Gwynedd. Of course the position will be complicated in 2013/14 because for the first time, over 8,000 families are going to be paying an element of Council Tax.
- 9.4 3.5% would produce an income of £1.768m and this would be equivalent to a Council Tax increase of £36.16 or a little under 70p per week for a property in Band D. [The tax charged by the community councils and the Police Authority would of course be in addition to this]. A little over 19% of houses in Gwynedd receive some element of benefit towards their Council Tax, and 60% of properties in Gwynedd are in Bands lower than D.
- 9.5 Every 0.1% lower than the 3.5% would increase the financial gap which we would need to fill by £50,510 (and therefore 0.5% less would mean increasing the financial gap £252,560 and reducing it by 1% would increase the financial gap by £505,120). The figures would be exactly the same for any increase.
- 9.6 We should also bear in mind that any increase lower than 3.5% over the next 4 years will increase the service cuts we will have to implement.

- 9.7 The increase seen in Gwynedd's Council Tax and the average increase seen across Wales since 2008/9 is given below.

Year	Gwynedd	Wales
Total 08-13	20.5%	17.4%
2012/13	3.5%	1.9%
2011/12	3.9%	3.1%
2010/11	3.9%	3.7%
2009/10	3.9%	3.9%
2008/9	3.8%	3.7%

- 9.8 We do not yet know what the actual average increase will be across Wales in 2013/14 but the latest information I have is that most of the increases will be around 3% with one or two indicating that they intend going much lower and one or two indicating an intention to go much higher.
- 9.9 Of course the choice between maintaining services and taxation is a difficult one and it is a matter for the members to consider the appropriate balance and arrive at a decision that they feel is appropriate.

10 **EQUALITY IMPACT ASSESSMENT**

- 10.1 The budget outlined above endeavours to continue to achieve appropriate outcomes for all our citizens, but as the increase in our income is insufficient to meet inflation costs even, we must find savings.
- 10.2 The greatest risk in terms of having a disproportionate effect upon those with protected characteristics is in the area of savings. The Equality and Human Rights Commission have already identified this risk and have reminded local authorities of their duty to assess the effect of their financial decisions.
- 10.3 We will continue to develop our arrangements for assessing the equality impact of our financial decisions in conjunction with the Equality and Human Rights Commission and other local authorities, by sharing good practice and identifying effective steps which can be taken in future.
- 10.4 We have clear processes for finding any savings we may need which includes making a full assessment of savings which could have a detrimental impact in equality terms. These arrangements are reported when we report on the savings packages.

- 10.5 However the budget does not just try and meet inflation costs, it also tries to ensure that unavoidable financial pressures being placed on services due for example to greater demands being placed upon them due to increasing numbers of clients and so on.
- 10.6 Each service has the right to submit a request for additional funding if it considers that it is required to ensure that the service continues and these sums can be seen under the "Service Pressures" heading. The sums seen there are also a recognition that we must ensure sufficient funding to ensure that our financial arrangements do not have a detrimental impact on the level of service provided.
- 10.7 Full details are available in the Head of Strategy and Improvement's report and of the £1.2m provided under this heading, £800,000 of this amount is allocated to the area of social care in addition to the £171,000 demography funding provided in order to recognise the increasing number of those with learning disabilities requiring care.

11 CONCLUSIONS

- 11.1 This report sets out the factors that should be considered when establishing the budget for 2013/14 and a proposed strategy to cope with the financial position facing the Council over the next 4 years.
- 11.2 It is proposed that we need to find a revenue need to spend of £235.81m in 2013/14 and after receiving Welsh Government Grant of £181.63m and taking into account that our Council Tax income will reduce by £51.3m to £50.51m, this will leave a gap of £3.67m to be found in the year.
- 11.3 Bearing in mind the difficult circumstances we will be facing over the next 4 years it is therefore recommended that we should increase Council Tax by 3.5% in order to protect services with the remaining £1.9m coming from the savings programme.
- 11.4 This will mean setting a net budget of £233,912,560.
- 11.5 An analysis of the budget by service is given in Appendix 1.
- 11.6 The budget noted results in schools getting a budget increase of 2.08% (resulting in Education spending overall increasing by 1.75%) and a 0.4% increase in Social Services spending. Similarly, other Council services receive an increase of 0.4% (but this is before allocating £1.7m of corporate efficiency savings which will also fall on services other than schools).

- 11.7 In relation to the position for the next 4 years, that we should plan to meet the projected £32m gap by planning to increase Council Tax by an average 3.5% a year which will generate £8m on top of the £8.7m of savings which have already been planned.
- 11.8 It is the intention for the remainder to be found by setting a further target for efficiency savings of £6.4m and reducing demand for council services by being proactive to cut off demand for those services with a view to finding a further £5m. Any sum remaining to be found would then have to come from service cuts.
- 11.9 With regards to the savings programme that we have already, it is noted that the savings on reducing support to councillors will not be achievable and the plan for redesigning residential care will not generate as much as originally expected.
- 11.10 Recommend a capital budget of £20,839m for 2013/14; £15,748m for 2014/15 and £20,346m for 2015/16.

Appendix 1

Budgets by service 2013/14

	Base Budget 2012/13	Transfers into the settlement	Inflation	Salary increments & pensions	Precepts Interest on balances borrowing costs and demography	Adjustment: to income budgets	Various	Other adjustments	Bids	Savings	2013/14 Budget
Services											
Leadership Group	774	0	8	2	0	0	(12)	0	0	(4)	768
Strategy and Improvement	2,619	0	28	18	0	0	(34)	0	0	(40)	2,591
Finance	3,944	0	66	28	0	0	(93)	(52)	40	(86)	3,847
Democracy and Legal	3,348	0	32	11	0	0	(22)	46	34	(3)	3,446
Customer Care	6,721	16	109	34	0	0	(141)	146	176	(71)	6,990
Human Resources	3,001	0	31	27	0	0	(45)	0	15	(48)	2,981
Highways and Municipal	22,130	0	484	69	0	0	(367)	(3)	258	(566)	22,005
Regulatory (Planning, Transport and PP)	6,866	0	130	22	0	120	(131)	(23)	196	(287)	6,893
Gwynedd Consultancy	398	0	4	25	0	250	(6)	(69)	0	0	602
Central education	13,090	1,711	134	19	0	0	97	(160)	277	(433)	14,735
Schools budget	67,967	0	710	85	19	0	40	146	486	0	69,453
Economy and Community	3,560	0	28	11	0	144	(83)	(100)	0	(31)	3,529
Social Services	53,905	1,362	433	59	171	0	(704)	(49)	887	(601)	55,463
Housing	1,552	0	21	0	0	0	(23)	(18)	23	0	1,555
Leisure and Provider	1,715	0	429	81	0	0	(553)	(102)	73	0	1,643
Service Totals	191,590	3,089	2,647	491	190	514	(2,077)	(238)	2,465	(2,170)	196,501
Capital and corporate items	27,817	8,634	243	0	(296)	88	727	238	(394)	278	37,335
GROSS TOTAL =	219,407	11,723	2,890	491	(106)	602	(1,350)	0	2,071	(1,892)	233,836
	0	0	0	0	0	0	0	0	0	0	0
Balances and Earmarked reserves	(45)	0	0	0	0	0	164	0	(43)	0	76
NET TOTAL	219,362	11,723	2,890	491	(106)	602	(1,186)	0	2,028	(1,892)	233,912

APPENDIX 2

4 Year Projections 2013/14 - 2016/17

£m	2013/14	2014/15	2015/16	2016/17	Total
Additions to the Budget					
Salaries Inflation	1.3	1.6	3.3	3.3	
Other Inflation	1.5	1.6	1.5	1.5	
Employment Costs	0.5	0.7	0.7	0.7	
Precepts	-	0.2	0.2	0.2	
Borrowing Costs	(0.4)	(0.3)	0.5	(0.2)	
Interest	0.2	-	-	-	
Demography	0.2	1.0	0.4	0.3	
Pressure on Services	1.7	2.2	3.0	3.2	
Various	11.9	-	-	-	
Total additions	16.9	7.0	9.4	9.0	42.3
Less increase in Government Grant	13.6	0.5	(2.7)	(1.4)	(10.0)
Total gap after Grant	3.3	6.5	12.1	10.4	32.3

Basis of Projections 2013/14 - 2016/17

	2013/14	2014/15	2015/16	2016/17
Additions to the Budget				
Salary Inflation (%)	1.0	1.0	2.0	2.0
Other Inflation (%)	1.75	2.3	2.0	2.0
Pensions Costs (%)	0.5	0.5	0.5	0.5
Precepts	Past experience			
Borrowing Costs	True projections			
Interest	Projections based on no change in interest rates			
Demography	True projections			
Pressure on services	Projections based on past experience and information on specific matters			
Government Grant increase (%)	1.0	0.3	(1.5)	(0.75)

CAPITAL PROGRAMME FOR 2013/14 - 2015/16

£'000	2013/14	2014/15	2015/16
Building Maintenance (dealing with the backlog and avoiding further deterioration)	5,216	4,501	2,096
Fire and Asbestos Work	743	626	
Schools Organisation	5,996	2,379	12,389
Replace classes that have come to the end of their life			1,338
Remove 6 temporary classes Brynrefail	550		
Road Maintenance(Borrowing Plan)	4,111	4,111	
Street Lights	50	50	50
Safety Fences on roads		14	134
Dealing with water on roads	100	100	100
Playing Fields	35	35	35
Council's Waste Strategy	635	430	550
Renewing Vehicles	0	186	407
Transportation feasibility schemes	100	100	100
Cycle routes	20	20	20
Installation of medic baths and sluices	100		
Renew Information Technology	348	592	501
Electronic system for keeping documents and records	-	328	244
Housing Grants	2,000	2,000	2000
Carbon Management	400	-	-
To be allocated	435	276	382
Total	20,839	15,748	20,346

Extract from Final Accounts – specific reserves

The note below reveals the amounts from the General Fund in earmarked reserves in order to provide finance for future spending plans, and the amounts that were transferred back from the earmarked reserves to meet the expenditure of the General Fund in 2011/12.

Earmarked Reserves

2011-12	Balance 31 March 2012 £'000
Renewals Reserves	1,564
Capital Reserves	15,148
Insurance Reserves	3,497
Services Fund	6,627
Objective 1 Fund	273
Convergence Programme Fund	1,515
Development Reserves	312
Redundancy Costs to Realise Savings Reserve	2,107
Improving the Council Fund	0
Central Training	493
Communication Centre Reserve	524
Schools Service Reserves	944
Economy and Community Reserves	285
Highways and Municipal Reserves	2,239
Waste Development Reserve	566
Gwynedd Consultancy Reserve	185
Regulatory Reserves	804
Major Maintenance Work on County Roads Fund	261
Care - Other Reserves	103
Business Process Transformation Fund	244
Invest to Save	1,485
Invest to Save - Carbon Reduction Plan	2,098
Transforming Fund	4,992
Committed Revenue Grants Fund	214
Capital Reserve to Realise Savings	209
Contracts Tendering Fund	295
Housing Water and Sewerage Services Fund	1,458
Housing Environmental Warranty	480
Savings Programme Reserve	918
Information Technology Reserves	374
Various Other Reserves	839
Total	51,053

Details are given below of the Council's main specific reserves.

- (i) The Renewals Reserve is used by the Provider and Leisure Services, Highways and Municipal, Economy and Community and the Print Room to replace vehicles and equipment as required.
- (ii) The Capital Reserve represents resources already committed to finance part of the Council's Capital Programme.
- (iii) Gwynedd Council does not insure all risks with external insurers but instead it has established an internal reserve to meet those uninsured risks. The balance on the Insurance Reserve also includes an element relating to the relevant insurance requirements of the former Gwynedd County Council (pre 1996).
- (iv) The Services Fund represents the element of slippages and underspend that service departments have the right to carry forward for use in the subsequent financial year, other relevant specific budgets and one-off budgets that extend over more than one year.
- (v) Objective 1 - Fund was created for additional capital or revenue costs which arise from the requirements to develop plans for Objective 1.
- (vi) Convergence Programme Fund – amounts reserved for the Councils' proportional contribution in relation to capital and revenue plans under the Convergence Programme.
- (vii) The Development Reserve relates to specific projects already determined by the Council such as Affordable Housing and E-Government.
- (viii) Redundancy Costs to Realise Savings Reserve – provision for financing redundancy costs to realise budgetary savings.
- (ix) Improving the Council Fund – a sum set aside to support schemes that could achieve efficiency improvements, improve service performance, and to strengthen corporate capacity to support change management and improvement – subsequently transferred to and part of the Invest to Save Fund.
- (x) Central Training – relates to the management training development programme.
- (xi) Communication Centre Reserve – sums set-aside towards developing the Communication Centre.
- (xii) Schools Service Reserves – includes sums set aside to respond to related financial problems with 'Integration' requirements, changeable demands in 'Out of County – Special Educational Needs', 'Supporting Schools' and the 'Schools Loans Scheme'.
- (xiii) The Economy and Community Reserves include a number of balances relating to schemes operating on a partnership basis mainly, where the scheme balances must be accounted for separately.
- (xiv) The Highways and Municipal Reserves include mostly sums set aside to protect situations of uneven expenditure – 'equalisation accounts' – and likely requirements from contracts.

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

(xxxi) Various Other Reserves – includes amounts set aside to meet a variety of other contingent liabilities.

DRAFT

MEETING: AUDIT COMMITTEE

DATE: 14 February 2013

TITLE: Revenue and Capital Bids

PURPOSE: To submit recommendations in relation to the financing of the bids

ACTION: To scrutinise the recommendations in relation to the financing of the bids

CONTACT OFFICERS: Geraint W George, Head of Strategic and Improvement

CABINET MEMBERS: Leader of the Council

1. Background

- 1.1 As part of the key process of recognising and agreeing the Council's priorities and budget for 2013/14, the Council invites revenue and capital bids. The purpose of this paper is to report on the work of prioritising those bids. In accordance with the business planning framework, the bids have been prioritised by the departments whilst considering their priorities and annual service plans.
- 1.2 Again this year, in view of the extremely challenging financial situation, **essential** bids only were invited, i.e. *“essential expenditure to maintain the service at its present level or to respond to substantial new legislative requirements that cannot be met by the Department.”* The recommendations contain bids for two new posts.
- 1.3 This report considers only the bids which accorded with the above definition of **essential**.
- 1.4 Some bids were received that did not accord with the definition, since they were of a developmental nature. One example was a bid by the Education Department for a Language Charter Co-ordinator. The relevant developmental bids will be considered later within the arrangements for developing the Council's new Strategic Plan and the

recommendations for financing those recommendations will be submitted to the full Council in May.

1. The Prioritisation Process

Following the original invitation, revenue bids amounting to £ 2,410,373 (permanent), and £714,200 (one-off), were received, together with capital bids of £1,003,600.

The attached spreadsheet shows the sum recommended for funding the bids, as follows:

Permanent Revenue Bids – £1,265,980

One-off Revenue Bids - £394,250

Capital Bids - £435,000

The following is an outline of the principal steps in prioritising the bids :-

- An initial assessment by the Corporate Management Team of all the bids received, in order to ensure that only essential bids were considered.
- The Strategic and Improvement Department, based on the details submitted and further consultation with the service prepares recommendations and a draft report prioritising the funding of the bids.
- The Management Team considers the paper by the Strategic and Improvement Department and agrees recommendations.
- The Financial Strategy Panel considers the recommendations.
- Consultation with the Business Group on the recommendations
- The Audit Committee, the Council's Cabinet and the full Council considers and adopts the Financial Strategy, the priorities and the funding streams at their meetings in February and March 2013.

3. Recommendations.

The members of the Business Group are asked to consider the attached spreadsheet, which contains:

- (i) the recommendations in relation to funding the revenue bids which are considered essential, and those bids which are not recommended to be funded within the bidding procedure for the reasons noted - **Appendix A**
- (ii) The list of capital bids received, and the recommendations in relation to the funding of those bids - **Appendix B.**

Atodiad A - Bidiau Refeniw 2013-14

No.	Reason for bid	Person Responsible	Topic Outline	Details of bid received		Recommendation	Sums Recommended	
				Ongoing (£)	One-off (£)		Ongoing (£)	One-off (£)
Education Department								
ADD1	Data Officer	Dewi R Jones Owen Owens	A bid to appoint an officer to undertake the role of gathering and processing Gwynedd data and to draw up an approach within the standard regional arrangements of gathering, processing and analysing school data. Historically, the arrangements have meant that we have hitherto been able to fund this area of work through the Cynnal contract, but due to changes in the school support arrangements, this resource will not be available for this work. In terms of expenditure per pupil on central functions in relation to schools (except Transport) - Gwynedd is the 5th highest of the "family" of 9 authorities i.e. on the median (£322.52 per pupil)	59,814		To fund from the Department's resources but this work will not be part of the Consortium agreement.	0	0
ADD2	ONE - Regional Information Management Programme Manager	Dewi Jones Owen Owens, Senior Resource Service Manager	Gwynedd's contribution to the appointment of a Programme Manager will be to harmonize the way that councils use the ONE programme, and implement new modules that have been bought. Councils in North Wales are working together to establish a Regional Schools Improvement and Efficiency Service (GEGYR) to improve the performance of regional schools.		13,000	To be set against the project set up costs.	0	0
ADD5	ONE – Data Reconciliation Officer	Dewi Jones, Education Owen Owens, Senior Resource Service Manager	To appoint a temporary Data Reconciliation Officer to undertake a substantial piece of work on the historical data stored on ONE. In addition, the data between ONE and SIMS (the schools system) needs to be reconciled. In terms of expenditure per pupil on central functions in schools (except Transport) - Gwynedd is the 5th highest of the "family" of 9 authorities.		17,354	To be set against the project set up costs.	0	0
ADD6	CRBs Supply Teachers	Dewi R Jones Owen Owens	Internal Auditors report has identified the requirement to renew CRB checks for supply teachers periodically (every 3 years).	7,817	23,452	To fund from the growth in school budgets.	0	0
ADD8	CRBs School staff - periodic	Dewi R Jones Owen Owens	The review of Child Safeguarding requirements has identified the need to carry out CRB checks on every member of school staff periodically (every 3 years).	44,616		To fund from the growth in school budgets.	0	0
ADD9	CRBs School staff appointed before 2002	Dewi R Jones Owen Owens	The requirement to carry out CRB checks for school staff came into force after 1/9/2002. The review of Child Safeguarding requirements has identified the need to carry out CRB checks on every member of school staff (whenever they were appointed)		7,128	To fund from the growth in school budgets.	0	0
Total Education Department				112,247	60,934		0	0
Human Resources Department								
AD2	Check Criminal Records of Staff In Regulated Posts (CRB)	Geraint Owen	The aim is to ensure that CRB checks are carried out and repeated every 3 years for every individual carrying out 'regulated' functions e.g. Youth Service, Libraries, Museums, School Children Road Crossers etc. The current policy requires checks when appointing staff, but doesn't always ensure that they are repeated every 3 years.	15,000		To fund the bid to ensure the implementation of the policy of renewing CRB checks every 3 years, in accordance with best practice.	15,000	
Total Human Resources Department				15,000	0		15,000	
Finance Department								
CYLL1	Cost of funding the local Council Tax Assistance Scheme to replace the national Council Tax Benefit Scheme	Dafydd L Edwards, Head of Finance Anthony V Jones, Senior Revenue Manager	In 2013 the Council Tax Benefit will be replaced by the local Council Tax Assistance Scheme. In order to operate the new system, we will need to develop our existing core software. The cost of £59,000 is to develop our current core systems in order to operate the new scheme. In addition to developing software, we will need to run a communications initiative to provide publicity and information to the public and to those who will be specifically affected, and we anticipate that we will have to write directly to over 11,000 existing claimants, make amendments to the Council's website and make presentations to the Council's partners such as the Jobcentre, the Pensions Service, CAB, Housing Associations and a number of other fora. In terms of the local taxation function as a whole (collection of council tax, business rates and council tax benefits) Gwynedd's expenditure is the 3rd highest of the "family" of 9 authorities (£17.85 per dwelling against a median of £15.24).		59,000	The department to prioritise the funding of buying the software. The communications campaign will begin this year.	0	0
CYLL2	Ensure due consideration of taxpayers affected by the introduction of the Council Tax Reduction Scheme (which will replace the Council Tax Benefit) on 1 April 2013.	Dafydd L Edwards, Head of Finance Anthony V Jones, Senior Revenue Manager	To employ two officers to provide advice and guidance to taxpayers having to pay council tax for the first time, in order to reduce the need to prosecute for very small sums, whilst providing support to the most vulnerable. The Council will at the least be expected to collect and recover £2m in additional council tax which will have an impact on all current council tax benefit cases (11,000 cases) since the new system does not protect the same kind of claimant. It is anticipated that 75% of the collections will be comparatively small balances. The aim is to provide early advice and guidance to those taxpayers paying council tax for the first time, in order to reduce the need to prosecute for very small sums, whilst providing support to the most vulnerable. In terms of the local taxation function as a whole (collection of council tax, business rates and council tax benefits) Gwynedd's expenditure is the 3rd highest of the "family" of 9 authorities (£17.85 per dwelling against a median of £15.24).	40,440		To fund the bid to ensure an advice service provided to vulnerable residents. The finance to be released in 2014/15, dependent upon the funding provided by the Welsh Government.	40,440	

Atodiad A - Bidiau Refeniw 2013-14

No.	Reason for bid	Person Responsible	Topic Outline	Details of bid received		Recommendation	Sums Recommended	
				Ongoing (£)	One-off (£)		Ongoing (£)	One-off (£)
CYLL3	Ensure resources to deal appropriately with amendments to the business rates relief policy in light of Professor Morgan's review, together with ensuring due regard is given to the proposal to charge a Council Tax premium on long term vacant properties, date both aspects will come into force 1 April 2013.	Dafydd L Edwards, Head of Finance Anthony V Jones, Senior Revenue Manager	Resources to deal with the amendments to the business rates relief policy in light of the Welsh Government's review in relation to charging a premium on long-term vacant properties. Regulations will be in place soon, most likely in force from 1st April 2013. In terms of the local taxation function as a whole (collection of council tax, business rates and council tax benefits) Gwynedd's expenditure is the 3rd highest of the "family" of 9 authorities (£17.85 per dwelling against a median of £15.24).	20,220		Fund from within the Department's existing resources.	0	0
CYLL4	Additional funding and accounting requirements for the joint working arrangements.	Dafydd L Edwards, Head of Finance William E Jones, Senior Revenue Manager	Temporary staffing resource on an annual basis in response to the requirement to maintain separate accounts, final accounts and a full and separate statement of accounts for some joint-working circumstances, and specifically an entity such as a joint-committee. The timetable for the production and completion of annual accounts is a very challenging one in any case, and it is anticipated that it will not be possible to include all this additional work together with relevant additional financial implications within existing departmental resources.	20,000		Fund as part of the business cases for the relevant joint working schemes.	0	0
Total Finance Department				80,660	59,000		40,440	0
Democracy and Legal Department								
DC1	Introduction of Individual Electoral Registration	Dilys Phillips Iolo P Roberts	Temporary staffing resources and additional associated costs in response to the statutory requirement for a system whereby each individual must be registered individually on the register of electors rather than the current system of registering individuals based on property, to come into force by 2016. There is likely to be an additional bid in 2014/15. In terms of the Elections heading (including registering electors in addition to the cost of the elections themselves) - Gwynedd's expenditure is the 6th highest of the "family" of 9 authorities (£2.45 per elector against a median of £3.20).		18,995	Department to fund since there is underspend on the current budget.	0	0
DC2	Disability Equality Officer	Dilys Phillips Siôn Huws	A Disabilities Equality Officer was appointed to work with services in order to ensure that the Council carries out its duties under the Disability Legislation. The funding in place was short term, and after the contract came to an end in May 2011 the post was funded with contingency funding from the Strategic & Improvement Department. The post was transferred to the Democracy and Legal Department during 2012-13, together with a sum to fund the post until the end of that year only. One of the Act's statutory requirements is engagement and the officer is responsible for the Disability Core Group, which represents the views of users on the Council's work. It is also a contact point with Access Groups, which represent the specialist views of disabled people on the accessibility of the local environment. These elements go beyond statutory compliance by establishing an independent link between disabled people and the Council, whilst in turn establishing a stable and positive relationship and providing a robust structure for sharing information.	34,371		To fund the post on a permanent basis.	34,370	0
DC3	The Council's complaints procedure	Dilys Phillips a Gwenan Parry Sion Huws ac Idris Jones	Additional resources in response to the Welsh Government requirement announcing the Public Service Complaints Policy aimed at introducing a more constant and recognised complaint procedure for all public bodies, rather than the existing arrangements that vary between Departments.	27,753		Services to redesign arrangements from within the existing resources.	0	0
Total Democracy and Legal Department				62,124	18,995		34,370	0
Customer Care Department								
GC1	Upgrade desktop software	Gwenan Parry Huw Ynyr	Upgrade the Council's software, through the Microsoft software leasing scheme. Unless it can be upgraded, substantial problems could arise with information exchange agreements with other agencies, and since the provider would not be happy to maintain the software.	175,838		To fund the bid in order to ensure the continuation of the software licensing and information exchange arrangements.	175,840	0
GC2	To meet increase in IT provision needs	Gwenan Parry Huw Ynyr	Two additional posts in response to the substantial increase in IT provision, and to extend the hours of the Help Desk by another hour. The number of calls received by the helpdesk has trebled over the past six years, and there has also been an increase in the number of devices and in the complexity of the new provision. The Unit now supports PDA's, mobile phones and computer tablets, in addition to providing working from home support. There is insufficient capacity within the Team to carry out the necessary innovative and development work to gain the most benefit from the technological developments.	74,086		Prioritise resources within the Department.	0	0
GC3	Update Asbestos Assessments	Dafydd Gibbard / Catrin Love	This bid is for new work, to improve and update information on the location of asbestos within Council buildings. The original work of identifying its location was completed between 2004-2008. This record is therefore almost 10 years old in some cases, and since 2010 there have been new requirements in relation to what needs to be inspected.		300,000	To fund from the Asset Management Scheme whilst reducing the Maintenance provision.	0	0

Atodiad A - Bidiau Refeniw 2013-14

No.	Reason for bid	Person Responsible	Topic Outline	Details of bid received		Recommendation	Sums Recommended	
				Ongoing (£)	One-off (£)		Ongoing (£)	One-off (£)
Total Customer Care Department				249,924	300,000		175,840	0
Highways and Municipal Department								
PB1	Caernarfon Tunnel	Gwyn Morris Jones Colin Worth	The responsibility for lighting in the Tunnel has transferred to the Department responsible for maintaining the lights / electrical equipment, TCC etc. There has been a substantial increase in the cost of electricity and this bid is to meet this cost. Street Lighting Heading: Gwynedd's expenditure is the 3rd highest of the "family" of 9 authorities (£101.63 on each street light against a median of £89.82)	25,000		Comparatively small impact in the context of the overall financial position and size of the budget for this area of work.	0	0
PB2	Increase in the Road Network	Gwyn Morris Jones Steffan Jones	Road lengths over the past 3 years has increased as a result of changes to the County's road network e.g. by-passes, unclassified roads, estate road adoptions etc. Gwynedd's expenditure is the 6th highest within the "family" of 9 authorities (£1,145 for every kilometre of road against a median of £1,226).	33,037		Comparatively small impact in the context of the overall financial position and size of the budget for this area of work.	0	0
PB4	Control the Risk of Falling Trees (Municipal Work)	Gwyn Morris Jones Alun Wyn Jones	To carry out tree inspections, tree handling and safeguarding work on open Municipal land throughout the County in accordance with the Corporate Health and Safety Policy on the Risk Management of Falling Trees.	8,000		Comparatively small impact in the context of the overall financial position and size of the budget for this area of work.	0	0
PB5	Barmouth Bridge - Network Rail lease	Gwyn Morris Jones Amanda Murray	This is not a self-sufficient service any more since there have been staffing problems recently necessitating changes to the provision by not charging tolls and, therefore, we will need the right to lease the bridge from Network Rail. It is part of the Wales Coastal Path.	30,000		Comparatively small impact in the context of the overall financial position and size of the budget for this area of work.	0	0
PB8	Waste Strategy	Gwyn Morris Jones Steffan Jones	To continue the agreed waste strategy, and for additional elements to deal with mattresses, carpets and rubble. The bid is for less than anticipated in the original Strategy for this year, being £563,000.	176,050	82,370	To fund to reflect the revised requirements of the agreed Waste Strategy.	176,050	82,370
Total Highways and Municipal Department				272,087	82,370		176,050	82,370
Regulatory Department								
RH1	Gwynedd & Anglesey Local Joint Development Plan	Aled Davies Nia Haf Davies (Policy Planning Manager - Joint Policy Planning Unit)	Gwynedd & Anglesey are working formally together on adopting the Local Development Plan and are sharing costs based on 50/50. This is a bid to secure Gwynedd's contribution to continue with and complete the joint process of drawing up the LDP.		119,901	To fund in order to ensure that this key strategic plan is in place by 2016.	0	119,900
RH2	Coastal Path	Aled Davies Wyn Williams	The Welsh Government has stated that they intend to support local authorities to fund staffing, maintenance and further development costs when the current programme comes to an end on 31 March 2013. However, the local authorities will be expected to contribute 25% of the costs. It is estimated that the cost to Gwynedd Council will be £62,500 but the existing budget already has £15,000 available.	47,500		Financial regulations state that services are responsible for meeting the revenue implications of any growth schemes adopted.	0	0
RH5	Gwynedd & Anglesey Local Joint Development Plan	Aled Davies Dafydd W. Williams	A substantial risk has manifested itself arising from a cut to the LTSG grant and in relation to the system used by the Government to allocate subsidy to transport services. Although we do not currently know what the LTSG cut will be, the cut is certain to happen. It is also intended to cut grants to bus companies in relation to their fuel allowance, with a high potential to affect the subsidy prices of some services. We cannot anticipate the financial effect on services yet and this could lead to further bids in future, perhaps within one financial year. Public Transport Heading: Gwynedd's expenditure is the 3rd highest of the "family" of 9 local authorities (£18.42 per capita against a median of £13.39)	182,350		Need to look very closely at this area of work in light of all the proposed changes in relation to grants.	0	0
RH8	Gwynedd & Anglesey Local Development Plan - LDP Team Capacity	Nia Haf Davies (Policy) Planning Manager Gwynedd & Anglesey Joint Policy Planning Unit	Historically, one of the LDP posts has been funded by grant funding. There is no certainty that this funding will be available for 2013/14. Planning Policy Heading. Gwynedd's expenditure is the 5th highest of the "family" of 9 local authorities (i.e. on the median of £4.61 per capita).	75,660		To fund for 2 years - an element of the grant will be available and could be allocated for this purpose, therefore the Department will fund one year's employment for the post.	0	75,660
Total Regulatory Department				305,510	119,901		0	195,560
Housing, Social Services and Leisure Department								
GCT2	Impact of temporary closure of Dysynni Leisure Centre, Tywyn, due to maintenance works.	Morwena Edwards Gwenno Williams	A bid to compensate the Service for loss of income while the Dysynni Leisure Centre is closed for 4-5 months in order to carry out essential maintenance works. This sum is based on income for the corresponding period last year, net any reduction in costs during the closure period. "Leisure and Sports" Heading. Gwynedd's expenditure is the 2nd highest of the "family" of 9 local authorities. - £31.97 against the median of £24.73.		73,000	To fund to ensure income from the service while the work is carried out.	0	73,000

Atodiad A - Bidiau Refeniw 2013-14

No.	Reason for bid	Person Responsible	Topic Outline	Details of bid received		Recommendation	Sums Recommended	
				Ongoing (£)	One-off (£)		Ongoing (£)	One-off (£)
GCT3	Residential and Nursing Fees	Morwena Edwards John Trefor Williams	Residential and Nursing fees were reviewed in October 2011 and it was decided that they should be increased in three installments. This is the bid for the third installment. Gwynedd's expenditure is the 2nd highest of the "family" of 9 local authorities (£882.98 per head of population over 65, against a median of £796.83). Due to the size of this service, this difference is substantial in financial terms, equivalent to around £2.2m above the median.	250,200		To fund to recognise the commitment made.	250,200	0
GCT4	18+ Transitional Period Bids	Morwena Edwards Ann Lloyd Jones – Senior Adult Services Manager Ceryl Teleri Davies – Adult Services Manager (Mental Health & Learning Disabilities)	A bid for funding to fund very intensive care packages in the area of learning disabilities as a result of transferring the individuals concerned from Children's Services upon reaching 18 years. This sum is derived from the very very intensive needs of the clients concerned. Learning Disabilities Social Services Heading (Adults aged 18-64). Gwynedd's expenditure is the 4th highest of the "family" of 9 local authorities (£164.93 per head of population aged 18-64 against a median of £164.22).	695,000		To fund to reflect the additional very intensive needs in relation to Adults Services. A provision of £171,000 has already been made for demographic purposes, and it is anticipated that there will be an underspend of at least £50,000 on learning disabilities.	474,000	0
GCT7	Duty and Customer Care Officer (County)	Awen Morwena Edwards Iona Griffith	As part of developing Derwen, the Gwynedd Integrated Disabled Children Team, a county wide Customer Care and Duty Officer post was secured with Families First transitional year funding. The officer works very closely with families following their referral, and organises an initial assessment and the first multi-agency planning meeting, maintains contact thereafter and collaborates with other relevant staff. This post will not qualify for Families First funding under the new system. In the "Commissioning and social work" category within Children's Social Services, Gwynedd's expenditure is the 2nd highest of the "family" of 9 local authorities (£192.09 per head of population under 18, against a median of £148.80). Children's Social Services' expenditure is high in general in comparison with that of the "family", equivalent to approximately £3.5m above the median	40,510		Grant coming to an end - in accordance with the usual arrangements, the Department to make provision.	0	0
GCT8	Support Services Officer	Awen Morwena Edwards Iona Griffith	A bid for funding to fund an additional Support Services Officer to reduce the pressure on existing staff and to reduce the risk of deregistration by CSSIW. One other officer would ensure that every support officer was regularly supervised; that a current risk assessment was carried out for every child and activity; that the Support Service Officers could introduce workers to the child and monitor the provision adequately. In the "Commissioning and social work" category within Children's Social Services, Gwynedd's expenditure is the 2nd highest of the "family" of 9 local authorities (£192.09 per head of population under 18, against a median of £148.80). Children's Social Services' expenditure is high in general in comparison with that of the "family", equivalent to approximately £3.5m above the median.	34,371		To fund to reflect a growth in demand, and the increase in the number of support staff and additional supervisory requirements as a result. Part of the start to finish review.	34,370	0
GCT9	Number of Children in Need and Children in Care clients	Awen Morwena Edwards Sharron Williams Carter/Aled Gibbard Ext 2714/2713	Over recent years, there has been an increase in demand for the service, an increase in the number of children on the child protection register and also an increase in the number of children in need cases. As a result, there has also been a substantial increase in the number of complex court cases, statutory visits and the need to carry out core assessments and statutory reviews. This is a bid for one additional social worker post to meet this increase in need and a bid for case support funding and to fund the statutory requirement that the service provides support to families e.g. to promote contact with children in need. Cost of worker - £43,010 and other case support costs - £43,320, a total of £86,330. Children in Need: Gwynedd's expenditure is the highest of the "family" of 9 (£357.52 per head of population under 18, against a median of £197.11). This is equivalent to approximately £3.7m in all, i.e. it is this category that more or less explains the high spending on Children's Social Services in general.	86,330		To fund the additional worker to reflect the growth in demand, and other costs; one-off until the outcome of the start to finish review is available.	43,010	43,320
GCT10	Transitional Age Key Worker	Awen Morwena Edwards Iona Griffith 01286 674686	A bid to retain the key worker scheme for young people transferring to adult services since the original grant has come to an end and the additional ERF funding will also terminate in March 2013. This scheme provides support for young people transferring to adult services.	45,380		Grant coming to an end - in accordance with the usual arrangements, the Department to consider making provision.	0	0
GCT12	LASPO Act 2012	Morwena Edwards Aled Gibbard	A bid for funding in response to new legislative requirements. From April 2013 the financial responsibility for secure remand will be devolved. The Youth Justice Board will continue to commission prison places, and decide where to place young people remanded to secure custody, but will be invoicing local authorities for the cost. This figure is based on the average number of relevant cases over the past three years.	53,990		Waiting for clarity on devolving funding and grant availability.	0	0
GCT13	Review / Chairing Officer	Awen Morwena Edwards Eleri Ellis Evans Ext 2507	A bid for funding to create an independent chair post for children in need statutory case reviews and case conferences in response to the increase in reviews. The number of reviews has increased from 354 to 459 in the past 3 years, and this post is necessary to ensure an improvement in performance, and also to undertake the role of quality assurance.	48,970		The Department to prioritise resources already available.	0	0

Atodiad A - Bidiau Refeniw 2013-14

No.	Reason for bid	Person Responsible	Topic Outline	Details of bid received		Recommendation	Sums Recommended	
				Ongoing (£)	One-off (£)		Ongoing (£)	One-off (£)
GCT14	Private Sector Lease Scheme Assistant	Morwena Edwards Susan Griffith	A bid to continue to employ a Leasing Scheme Assistant when the current contract terminates at the end of December 2012, on a full-time and permanent basis. A Leasing Scheme Assistant was appointed in October 2010, funded with temporary funding on a part-time 18.5 hours a week basis for two years. The Department succeeded in extending the contract until December 2012 and in making the post full-time since March 2012. The Leasing Scheme has contributed to substantial savings on bed and breakfast expenditure since 2006.	22,700		To fund the post on a permanent basis.	22,700	
GCT16	Bid for new post - Supporting People	Awen Morwena Edwards Arwel W Owen Sheila Phillips	A bid for funding to fund a post within the People Support Unit following the transfer of responsibility for the administration of the £2.6m People Support Revenue Grant to local authorities.	35,370		Comparatively small impact in the context of the overall financial position and size of the budget for this area of work.	0	0
Total Housing, Social Services and Leisure Department				1,312,821	73,000		824,280	116,320
TOTAL				2,410,373	714,200		1,265,980	394,250

Atodiad B - Bidiau Cyfalaf 2013-14

No.	Reason for Bid	Person Responsible	Topic Outline	Bid Amount (£)	Recommendation	Sum Recommended
Education Department						
ADD10	ONE – implement additional modules	Dewi Jones, Addysg Owen Owens, Senior Resource Service Manager, ext 2169	Councils in North Wales are working together to establish a Regional Schools Improvement and Efficiency Service (GEGYR) to improve the performance of regional schools. (Gwynedd Council is the Host Authority for the new service). One core aspect of the initiative is using the Capita ONE system to provide the range of data needed to support those leading the new GEGYR system. A substantial amount of work needs to be done in Gwynedd to implement new ONE modules. The main cost will be incurred by training and report production.	41,100	Developing service issue to be considered by the Department.	0
Total Education Department				41,100		0
Human Resources Department						
AD1	Rolling Programme of Safety Improvements Within School Sites	Alwyn Evans Jones, Head of Human Resources as Chair of the Risk Assessment Group Dafydd W. Williams Ext. 2422	This rolling programme was established to meet the general notice requirements by AGID in 2004 to improve the traffic situation in the County's schools. This bid is for the 4 highest risk schemes in the work programme.	70,000	Fund to secure the safety of the highest risk sites.	70,000
Total Human Resources Department				70,000		70,000
Regulatory Department						
RH3	Coastal path and links capital programme	Aled Davies Wyn Williams 2363	The current programme for this Scheme is ending in March 2013. A 3 year work programme has been identified to complete the path in Gwynedd. The purpose of this bid is to secure the Council's contribution towards a capital works programme. The Welsh Government have stated their commitment to funding this work from 2013 and it is anticipated that the Government will contribute 75% of the costs with the authority having to find the remainder.	137,500	Part fund in order to maximise the economic gain and attract grants, on condition that the Assembly contributes 75% of the cost.	100,000
RH6	Accident Reduction Rolling Programme	Aled Davies Dafydd W. Williams Ext. 2422	Implement a rolling programme of safety schemes on the County's highway network. Raise standards in relation to the County's highway network by investing wisely in improvements at locations that experience a cluster of accidents / incidents.	200,000	Asset Management scheme has been prioritised and allocate expenditure for this area of work for a period of 10 years	0
RH7	Rolling Programme of Minor Highway Improvements	Aled Davies Dafydd W. Williams Ext. 2422	Implement a rolling programme of minor highway improvements within three operational areas in order to ensure a safe network for users and a better place to live for residents. Improve accesses / junctions on corners etc.	150,000	Asset Management scheme has been prioritised and allocate expenditure for this area of work for a period of 10 years	0
Total Regulatory Department				487,500		100,000
Housing and Social Services Department						
GCT18	Extend the Flexible Hours Scheme	Morwenna Edwards Glenda Lloyd-Evans	The Adults Service in Meirionnydd has been part of a Flexible Working pilot scheme. The pilot was established with a one-off cost of £24,000 including all the IT equipment and training costs. The bid is for one-off funding to buy laptops to extend the scheme to Arfon and Dwyfor.	20,000	This is subject to an County wide expansion business case by Human Resources - any additional requirement within that business case or within the resources for the service would need to be met.	0
Total Housing and Social Services Department				20,000		0

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No.	Reason for Bid	Person Responsible	Topic Outline	Bid Amount (£)	Recommendation	Sum Recommended
Economy and Community Department						
EC2	Voluntary Development Fund - Support for the Third Sector.	Sioned E Williams Amanda Davies (01248 605276)	Gwynedd Council has been supporting the voluntary sector using this fund since 1996. The original source of funding was the Welsh Office CDS, but since 2001/02 the funding has come as part of the settlement. The annual budget is a total of £250,000, split between £110,000 for revenue and £140,000 for capital. The budget is managed under the successful Cist Gwynedd brand. Cist Gwynedd includes a package of grants to support community and voluntary activities.	140,000	£70k of this sum is committed for the Cyfenter Fund, and grants of around £1.4m are derived from it. The bids for the other half of the fund are already more than £70k, and it is estimated that grants of around £22k are derived from that.	140,000
EC5	Aberdyfi Quay Scheme (Preparatory)	Sioned E Williams – Head of Economy & Community Llyr B. Jones – Senior Manager Economy & Community (ext. 2219)	The risk of closing the Quay is anticipated by around 2016 unless this work is carried out, with serious implications for residents and users. This funding bid is to commission detailed design (and engineering) work, together with preparing bids and associated details in order to secure statutory rights. Over the years, the condition of the iron sheet piling has been deteriorating, and the situation is being constantly monitored by the Council's Coastal Protection Unit. It is hoped, by drawing up plans, that grants can be attracted in order to carry out the work.	125,000	Fund to commission the work.	125,000
EC6	Gwynedd Digital Arts Centres	Sioned E Williams – Head of Economy & Community Roland Evans – Senior Economy & Community Manager (ext. 2450) Nest Thomas – Senior Museums and Arts Officer (ext.2098)	The cinema and film industry is undergoing a revolution at the moment with old 35mm celluloid equipment being replaced by digital technology. Neuadd Dwyfor and Neuadd Buddug are now encountering difficulties in their efforts to programme using traditional 35mm film and without responding to this soon, their income will reduce substantially. Already there has been a reduction in advertising revenue using 35mm and it is likely that there will be an additional cost in relation to 35mm films on the date of their release. The expenditure on these could be as high as £1,000. If they do not show new films they cannot hope to reach their current income targets, and the viability of both places would be endangered.	120,000	Business cases to reach a conclusion next year - these issues to be considered as part of that exercise.	0
Total Economy and Community Department				385,000		265,000
TOTAL				1,003,600		435,000

MEETING	AUDIT COMMITTEE
DATE	14 FEBRUARY 2013
TITLE	TREASURY MANAGEMENT TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION STRATEGY AND ANNUAL INVESTMENT STRATEGY FOR 2013/14
AUTHOR	DAFYDD L EDWARDS – HEAD OF FINANCE
CABINET MEMBER	COUNCILLOR PEREDUR JENKINS

Introduction and Background

1. The Code of Practice for managing Treasury Management in Public Services published by CIPFA, requires the Council to prepare a Policy Statement and practice papers together with detailed schedules setting out the Council's approach to all treasury operations. The primary requirement of the Code is the approval by the Full Council of the Policy Statement, the practice papers and the schedules. These were approved by the Council (in respect of 2012/13) at its meeting of 1st March 2012.
2. The Welsh Assembly Government's Statutory Guidance on Local Government Investments ("The Guidance"), requires the Council, as part of its treasury management function to prepare an Annual Investment Strategy. The Guidance states that authorities can combine the Treasury Management Strategy Statement and the Annual Investment Strategy into one report. Gwynedd Council has adopted that suggestion, therefore the Annual Investment Strategy is included as section 7 of **Appendix A**.
3. The Council is required by the Code and the Guidance to approve an annual Treasury Management Strategy Statement, Minimum Revenue Provision Strategy and an Annual Investment Strategy prior to the commencement of each financial year. The proposed strategy for 2013/14 is detailed herewith as **Appendix A**.
4. In addition, the Local Government Act 2003 introduced a new prudential framework for local authority's capital investment. The new arrangements, which were applicable from 1st April 2004 introduced a new system of governance for local authority capital expenditure, based largely on self regulation. The Prudential Code for Capital Finance in Local Authorities has been developed by CIPFA as a professional code of practice, with statutory backing, to support local authorities in taking decisions to spend capital. Key objectives are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. Local authorities, before the beginning of each financial year, are required to set certain prudential indicators for the forthcoming and following years. Following the recent review, CIPFA has now introduced a new prudential indicator, "Upper limits on the proportion of net debt to gross debt" to highlight where an authority may be borrowing in advance of its cash requirement. The indicators, which are based on the capital and revenue budget proposals contained elsewhere on the agenda, are shown here in **Appendix B**.

5. The counterparties currently meeting investment criteria (**Appendix C**) have been updated to reflect the latest recommendations. The maximum length of loans to all institutions has been increased from 1 year to 2 years to reflect these recommendations. The maximum limit and length of investments are listed, although they are currently restricted to 1 year or less, depending on the status of each institution.
6. With effect from 31st March 2008, the Welsh Assembly Government introduced the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 [the “Amendment Regulations”]. These Regulations introduce certain amendments to those introduced in 2003 [the “Original Regulations”] as part of the implementation of the Prudential Borrowing regime. Amongst the changes introduced is the requirement for an Annual Minimum Revenue Provision (MRP) Policy Statement.
7. The Original Regulations set out a statutory basis and a complex formula for the calculation of MRP. The Amendment Regulations only require a charge that is ‘prudent’, and authorities are permitted more discretion in terms of the charge levied, albeit within certain parameters. The attached strategy in Section 10 of **Appendix A** herefore also incorporates the Annual MRP Statement for 2013/14.
8. Members of the Audit Committee and the Cabinet Member for Resources were invited to a briefing meeting on 29 January 2013 with Arlingclose, the Council’s Treasury Advisors, to discuss Treasury Management. Members were reminded of CIPFA’s Code of Practice for Treasury Management as well as their roles and responsibilities as members for the Treasury Management function. The advisors highlighted the various current treasury risks, and spoke in detail about the credit and counterparty risks, interest rate risks and inflation risk. They also discussed the Council’s debt portfolio, net borrowing position, and the prudential indicators.

Recommendation

9. **The Audit Committee is asked to recommend that the Full Council on 28 February should adopt the Treasury Management Strategy Statement, MRP Strategy and the Annual Investment Strategy for 2013/14 (Appendix A), the Prudential Indicators (Appendix B) and the Treasury Management Schedules (Appendix C).**

TREASURY MANAGEMENT STRATEGY STATEMENT
AND INVESTMENT STRATEGY 2013/14 TO 2015/16

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Welsh Government's Investment Guidance.
- 1.2 As per the requirements of the Prudential Code, the Council has adopted the CIPFA Treasury Management Code at a meeting of its Full Council on 3rd March 2011.
- 1.3 The purpose of this Treasury Management Strategy Statement is, therefore, to approve:
- Treasury Management Strategy for 2013/14;
 - Annual Investment Strategy for 2013/14;
 - Prudential Indicators for 2013/14, 2014/15 and 2015/16;
 - Minimum Revenue Provision (MRP) Statement;
 - Revisions to Treasury Management Strategy and Prudential Indicators for 2012/13.
- 1.4 The Council has borrowed and/or invested substantial sums of money and therefore has potentially large exposures to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Council's treasury management strategy.

2. Capital Financing Requirement

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Council's Treasury Management activities.
- 2.2 The Council's current level of debt and investments is shown below:

	31 December 2012
	£m
External Borrowing:	
Fixed Rate – PWLB	96.6
Fixed Rate – Market	16.2
Other Long term Liabilities	
Finance Leases	0.0
Total External Debt	112.8
Total Investments	(63.2)
Net Borrowing Position	49.6

- 2.3 **Money Borrowed in Advance of Spending Need:** The Council is able to borrow funds in excess of the current level of its CFR up to the projected level in 2015/16. The Council is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Council's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Financing Requirement (CFR)	156.06	160.31	165.38	167.66
Less: Existing Profile of Borrowing	(113.09)	(111.97)	(115.98)	(120.98)
Less: Other Long Term Liabilities	0	0	0	0
Cumulative Maximum External Borrowing Requirement	42.97	48.34	49.40	46.68
Usable Reserves	(63.45)	(57.02)	(55.37)	(56.25)
Cumulative Net Borrowing Requirement / (Investments)	(20.48)	(8.68)	(5.97)	(9.57)

1. Interest Rate Forecast

- 3.1 The Arlingclose interest rate forecast continues its theme of the last few years, that is, that interest rates will remain low for even longer. Indeed, the forecast is for official UK interest rates to remain at 0.5% until 2016 given the moribund outlook for economic growth and the extension of austerity measures announced in the Chancellor's Autumn Statement. Until there is a credible resolution of the problems that stalk the Eurozone – and that resolution requires full-scale fiscal union which faces many significant political hurdles – then the UK's safe haven status and minimal prospect of increases in official interest rates will continue to combine and support the theme within the forecast.
- 3.2 The economic and interest rate forecast shown below is provided by the Council's treasury management advisor, Arlingclose Ltd. The Council will reappraise its strategies from time to time in response to evolving economic, political and financial events.

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Official Bank Rate													
Upside risk			0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month LIBID													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
Central case	0.85	0.90	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	0.95	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.20	1.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
Central case	2.00	2.00	2.05	2.05	2.05	2.05	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central case	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.10	3.10	3.10	3.10	3.10
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
Central case	3.35	3.35	3.35	3.40	3.40	3.40	3.50	3.50	3.50	3.50	3.60	3.60	3.60
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

Underlying Assumptions:

- UK growth is unlikely to return to above trend for the foreseeable future. Q3 GDP was strong at 0.9% but this momentum is unlikely to be sustained in Q4 or in 2013. The rebalancing from public-sector driven consumption to private sector demand and investment is yet to manifest, and there is little sign of productivity growth. Further contraction in the Eurozone, including Germany's powerful economy, and slower forecast growth in the emerging economies (Brazil/Mexico/India) are exacerbating the weakness.
- Consumer Price Inflation has fallen to 2.7 % from a peak of 5.2%. Near term CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated. Real wage growth (i.e. after inflation) is forecast to remain weak.
- The fiscal outlook for bringing down the structural deficit and stabilising debt levels remains very challenging. Weakened credibility of the UK reining in its levels of debt poses a risk to the AAA status, but recent history (US, France) suggests this may not automatically result in a sell-off in gilts.
- In the absence of large, unexpected decline in growth, QE is likely to remain on hold at £375bn for now. The availability of cheaper bank borrowing and subsequently for corporates through the Funding for Lending Scheme (FLS) is a supporting factor.
- The US Federal Reserve's shift in its rate guidance from a date-based indication to economic thresholds (6.5% unemployment, inflation 1 – 2 years out projected to remain below 2.5%, longer term inflation expectations remain well anchored) is likely to increase market uncertainty around the highly volatile US employment data releases.
- The Eurozone is making slow headway which has curtailed some of the immediate risks, although peripheral countries continue to struggle. Fully-fledged banking and fiscal union is still some years away.

- In the US, the issues of spending cuts, reducing the budget deficit and raising the country's debt ceiling remain unresolved. A failure to address these by March 2013 could lead to another showdown and risks a downgrade to the US sovereign credit rating by one or more agencies.
- A reversal in market risk sentiment from current "risk on" to "risk off" could be triggered by economic and/or political events – impending Italian and German elections, US debt ceiling impasse, difficulty surrounding Cyprus' bailout, and contagion returning the haunt the European peripheral nations – and could inject renewed volatility into gilts and sovereign bonds.

4. Borrowing Strategy

- 4.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. The cost of carry is likely to be an issue until 2016 or beyond. As borrowing is often for longer dated periods (anything up to 50 years) the cost of carry needs to be considered against a backdrop of uncertainty and affordability constraints in the Council's wider financial position.
- 4.2 As indicated in Table 1, the Council has a gross borrowing requirement of £48.34m in 2013/14 but has sufficient balances and reserves to avoid the need for external borrowing. By essentially lending its own surplus funds to itself the Council is able to minimise borrowing costs and reduce overall treasury risk by reducing the level of its external investment balances.

5. Sources of Borrowing and Portfolio Implications

- 5.1 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing sources:
- Internal
 - PWLB
 - Local authorities
 - European Investment Bank Leasing
 - Structured finance
 - Capital markets (stock issues, commercial paper and bills)
 - Commercial banks
- 5.2 The cost of carry has resulted in an increased reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Council's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the difference or spread between variable rate and longer term borrowing costs. A significant narrowing in the spread (e.g. by 0.50%) will result in an immediate and formal review of the borrowing strategy to determine whether the exposure to shorter dated and variable rates is maintained or altered.

- 5.3 The Council has £16.2m exposure to LOBO loans (Lender's Option Borrower's Option) of which £16.2m of these can be "called" within 2013/14. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the lender's discretion.

Any LOBOs called will be discussed with the treasury advisers prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted. Based on the Balance Sheet summary at Table 1, new external borrowing would ultimately be required to fund any potential repayment.

6. Debt Rescheduling

- 6.1 The Council's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 6.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking any debt rescheduling or repayment would be one or more of the following:
- Reduce investment balances and credit exposure via debt repayment
 - Align long-term cash flow projections and debt levels
 - Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 6.3 Borrowing and rescheduling activity will be reported to the Audit Committee in the Annual Treasury Management Report and the mid-year treasury management report presented to the Audit Committee.

7. Annual Investment Strategy

- 7.1 In accordance with Investment Guidance issued by the Welsh Government and best practice this Council's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Council's investments is secondary, followed by the yield earned on investments which is a tertiary consideration.
- 7.2 The Council and its advisors remain on a heightened state of alert for signs of credit or market distress that might adversely affect the Council.
- 7.3 Investments are categorised as "Specified" or "Non-Specified" within the investment guidance issued by the Welsh Government.

Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the "high credit quality" as determined by the Council and are not deemed capital expenditure investments under statute. Non specified investments are, effectively, everything else.

- 7.4 The types of investments that will be used by the Council and whether they are specified or non-specified are as follows:

Table 2: Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Debt Management Account Deposit Facility	✓	✗
AAA-Rated Money Market Funds	✗	✓
Treasury Bills (T-Bills)	✓	✗
Local Authority Bills	✓	✗
Term deposits with other UK local authorities	✓	✓
Term deposits with banks and building societies	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Bonds issued by Multilateral Development Banks	✓	✓
Corporate Bonds	✓	✓
Other Money Market and Collective Investment Schemes	✓	✓
Commercial Paper	✓	✗
Investments with Registered Providers	✓	✓
Investments with other organisations criteria (subject to an external credit assessment)	✗	✓
Business Loans to Local Companies (as agreed by the Local Loans Fund scheme)*	✗	✓

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

- 7.5 Registered Providers have been included within specified and non-specified investments for 2013/14. Investments with Registered Providers will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 7.6 Investments with other organisations have been included as a non-specified investment category for 2013/14. This would include investment opportunities with small and medium sized enterprises (SMEs) and other businesses across the UK. Because of the higher perceived credit risk of SMEs, such investments may provide considerably higher rates of return. An external credit assessment will be undertaken and advice from the Council's TM adviser will be sought (where available) before any investment decision is made.
- 7.7 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). As detailed in non-specified investments in Appendix C, the Head of Finance will have discretion to make investments with counterparties that do not meet the specified criteria on advice from Arlingclose.

The other credit characteristics, in addition to credit ratings, that the Council monitors are listed in the Prudential Indicator on Credit Risk (PI 11, page 16).

Any institution will be suspended or removed should any of the factors identified above give rise to concern. Specifically credit ratings are monitored by the Council at least monthly, although any rating changes to institutions on the Council's counterparty list are communicated by its Treasury Advisors as they occur. When Arlingclose advises the Council on ratings changes and appropriate action to be taken this is implemented. The counterparties currently meeting the criteria are shown in **Appendix C**.

For specified investments it remains the Council's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.

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

- 7.8 **Council's Banker** – The Council banks with Barclays Bank plc. At the current time, it does meet the Council's minimum credit criteria. Even if the credit rating falls below the Council's minimum criteria it will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

8. Investment Strategy

- 8.1 With short term interest rates low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.
- 8.2 In order to diversify a portfolio largely invested in cash, investments will be placed with approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.
- 8.3 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Council will also seek to mitigate operational risk by utilising at least two MMFs. The Council will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government MMFs, the Council will ensure exposure to each Fund does not exceed 2% of the net asset value of the Fund.

9. Policy on Use of Financial Derivatives

- 9.1 The Localism Act 2011 includes a general power competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). Although this change does not apply to Wales, the latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 9.2 In the absence of any legislative power, the Council's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures and options. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall risk management strategy.

10. 2013/14 MRP Statement

- 10.1 The Local Authorities (Capital Finance and Accounting)(Wales)(Amendment) Regulations 2008 (SI 2008/588 (W.59)) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Welsh Ministers and local authorities are required to "have regard" to such Guidance under section 21(1B) of the Local Government Act 2003.
- 10.2 The four MRP options available are:
- Option 1: Regulatory Method
 - Option 2: CFR Method
 - Option 3: Asset Life Method
 - Option 4: Depreciation Method
- NB This does not preclude other prudent methods.*
- 10.3 MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Council chooses).
- 10.4 The MRP Statement will be submitted to Council before the start of the 2013/14 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council will apply Option 1 in respect of supported capital expenditure funded from borrowing, and Option 3 in respect of unsupported capital expenditure funded from borrowing.

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

11. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

- 11.1 The Head of Finance will report to the Audit Committee on treasury management activity/performance and Performance Indicators every six months against the strategy approved for the year. The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.

The Audit Committee will be responsible for the scrutiny of treasury management activity and practices.

12. Other Items

12.1 Training

In accordance with CIPFA's Code of Practice, the Head of Finance shall ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs, and that they understand their roles and responsibilities.

12.2 Treasury Management Advisors

The Council uses Arlingclose as Treasury Management Advisors and receives the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events

The Council maintains the quality of the service with its advisors by holding quarterly meetings and tendering periodically.

Prudential Indicators 2013/14 – 2015/16**1. Background:**

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.

The Head of Finance reports that the Council had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Where **the gross debt is greater than the capital financing requirement the reasons** for this should be clearly stated in the annual treasury management strategy.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Non-HRA	61.44	40.88	50.70	31.27	20.35
HRA	0	0.06	0	0	0
Total	61.44	40.94	50.70	31.27	20.35

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	1.89	2.28	1.07	2.10	0.68
Government Grants	31.13	19.58	25.68	16.42	7.32
Revenue contributions	13.92	8.98	13.46	1.28	3.49
Total Financing	46.94	30.84	40.21	19.80	11.49
Supported borrowing	4.89	4.86	4.17	4.17	4.17
Unsupported borrowing	9.61	5.24	6.33	7.30	4.68
Total Funding	14.50	10.10	10.49	11.47	8.85
Total Financing and Funding	61.44	40.94	50.70	31.27	20.34

Table 1 shows that the capital expenditure plans of the Council cannot be funded entirely from sources other than external borrowing.

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Total	5.65	5.54	5.24	5.24	5.37

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Total CFR	162.03	156.14	160.39	165.46	167.74

6. Incremental Impact of Capital Investment Decisions:

6.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	0.0	0.0	0.0	0.0

6.2 The Council's capital plans, as estimated in forthcoming financial years, have a neutral impact on council tax. This reflects the fact that capital expenditure is predominantly financed from internal resources (grants, contributions, revenue and capital receipts) and that any increase in the underlying need to borrow is supported through the Revenue Support Grant system.

7. Authorised Limit and Operational Boundary for External Debt:

- 7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 7.2 The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 7.3 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
- 7.4 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 7.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
- 7.6 The Head of Finance has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Authorised Limit for Borrowing	189.75	190.0	190.0	190.0	190.0
Authorised Limit for Other Long-term Liabilities	0.25	0.00	0.00	0.00	0.00
Authorised Limit for External Debt	190.00	190.00	195.00	195.00	195.0
Operational Boundary for Borrowing	169.75	170.00	170.00	170.00	170.00
Operational Boundary for Other Long-term Liabilities	0.25	0.00	0.00	0.00	0.00
Operational Boundary for External Debt	170.00	170.00	175.00	175.00	175.00

8. Adoption of the CIPFA Treasury Management Code:

8.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
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The Council approved the adoption of the CIPFA Treasury Management Code at its full Council meeting on 3 rd March 2011.
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The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / fixed rate borrowing).

9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Existing level at 31/03/12 %	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure	69.3	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	0	50	50	50	50	50

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

10. Maturity Structure of Fixed Rate borrowing:

- 10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
- 10.3 LOBOs are classified as maturing on the next call date, i.e. the earliest date that the lender can require repayment.

Maturity structure of fixed rate borrowing	Existing proportions at 31/03/12 %	Lower Limit for 2013/14 %	Upper Limit for 2013/14 %
under 12 months	1.10	0	25
12 months and within 24 months	15.21	0	25
24 months and within 5 years	2.42	0	50
5 years and within 10 years	6.08	0	75
10 years and within 20 years	20.78	0	100
20 years and within 30 years	30.38	0	100
30 years and within 40 years	0	0	100
40 years and within 50 years	24.03	0	100
50 years and above	0	0	100

11. Credit Risk:

- 11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 11.2 Credit ratings (as supplied by credit rating agencies) remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.
- 11.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);
 - Economic fundamentals, such as a country's net debt as a percentage of its GDP);
 - Corporate developments, news, articles, markets sentiment and momentum;
 - Subjective overlay.

11.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

12. Upper Limit for total principal sums invested over 364 days:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Upper Limit for total principal sums invested over 364 days	40.0	35.0	35.0	35.0	35.0

COUNTERPARTIES CURRENTLY MEETING INVESTMENT CRITERIA

Country	Counterparty	Maximum Limit of Investments £m	Maximum Length of Loans
UK	DMADF, DMO	No Limit	No Limit
UK	UK Local Authorities	£30m (£30m)	2 years
UK	Santander UK Plc (Banco Santander Group)	£12m (£18m)	2 years
UK	Bank of Scotland (Lloyds Banking Group)	£12m (£18m)	2 years
UK	Lloyds TSB (Lloyds Banking Group)	£12m (£18m)	2 years
UK	Barclays Bank Plc	£12m (£18m)	2 years
UK	Clydesdale Bank (National Australia Bank Group)	£12m (£18m)	2 years
UK	HSBC Bank Plc	£12m (£18m)	2 years
UK	Nationwide Building Society	£12m (£18m)	2 years
UK	NatWest (RBS Group)	£12m (£18m)	2 years
UK	Royal Bank of Scotland (RBS Group)	£12m (£18m)	2 years
UK	Standard Chartered Bank	£12m (£18m)	2 years
Australia	Australia and NZ Banking Group	£12m (£18m)	2 years
Australia	Commonwealth Bank of Australia	£12m (£18m)	2 years
Australia	National Australia Bank Ltd (National Australia Bank Group)	£12m (£18m)	2 years
Australia	Westpac Banking Corp	£12m (£18m)	2 years
Canada	Bank of Montreal	£12m (£18m)	2 years
Canada	Bank of Nova Scotia	£12m (£18m)	2 years
Canada	Canadian Imperial Bank of Commerce	£12m (£18m)	2 years
Canada	Royal Bank of Canada	£12m (£18m)	2 years
Canada	Toronto-Dominion Bank	£12m (£18m)	2 years
Finland	Nordea Bank Finland	£12m (£18m)	2 years
Finland	Pohjola	£12m (£18m)	2 years
France	BNP Paribas	£12m (£18m)	2 years
France	Credit Agricole CIB (Credit Agricole Group)	£12m (£18m)	2 years
France	Credit Agricole SA (Credit Agricole Group)	£12m (£18m)	2 years
France	Société Générale	£12m (£18m)	2 years
Germany	Deutsche Bank AG	£12m (£18m)	2 years
Netherlands	ING Bank NV	£12m (£18m)	2 years
Netherlands	Rabobank	£12m (£18m)	2 years
Netherlands	Bank Nederlandse Gemeenten	£12m (£18m)	2 years
Singapore	DBS Bank Ltd	£12m (£18m)	2 years
Singapore	Oversea-Chinese Banking Corporation (OCBC)	£12m (£18m)	2 years
Singapore	United Overseas Bank (UOB)	£12m (£18m)	2 years
Sweden	Svenska Handelsbanken	£12m (£18m)	2 years
Switzerland	Credit Suisse	£12m (£18m)	2 years
US	JP Morgan	£12m (£18m)	2 years

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

Non-Specified Investments

Instrument	Maximum maturity	Max £m of portfolio	Capital expenditure?	Examples
Term deposits with banks and building societies which meet the specified investment criteria	2 years	£12m per counterparty	No	
Term deposits with local authorities	2 years	£12m per counterparty	No	
CD's and negotiable instruments with banks and building societies which meet the specified investment criteria*	5 years	£12m per counterparty	No	
Investments with banks, building societies and other organisations which do not meet the specified investment criteria* (subject to and external credit assessment) (with authority of s151 officer)	3 months	£5m per counterparty	No	<i>Bank falling below criteria specified e.g. Co-op</i>
	1 year	£1m per counterparty	No	
	5 years	£100k per counterparty	Yes / No	<i>Small and medium enterprises (SME's)</i>
		Subject to a maximum of £20m overall		
Deposits with registered providers	5 years	£5m	No	<i>Housing Associations, Registered Social Landlords</i>
Gilts	6 years	No limit	No	<i>DMO</i>
Bonds issued by multilateral development banks	6 years	£12m	No	<i>EIB Bonds, Council of Europe Bonds etc.</i>
Sterling denominated bonds by non-UK sovereign governments	6 years	£12m	No	
Money Market Funds and Collective Investment Schemes	Daily liquidity	£8m per name £37.5m in total.	Yes	<i>Ignis Sterling Liquidity Fund, Federated Prime Rate Sterling Liquidity Fund, RBS Global Treasury Funds etc.</i> <i>Investec Target Return Fund; Elite Charteris Premium Income Fund; LAMIT; M&G Global Dividend Fund</i>
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	2 years	£5m	No	
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in WSI 2004 No 1010 (W.107) or WSI 2007 No 1051 (W.108)	These funds do not have a defined maturity date	£5m	Yes / No	<i>Way Charteris Gold Portfolio Fund; Lime Fund</i>
Deposits with other organisations in relation to mortgage deposit schemes (with authority of s151 officer in consultation with the Council's treasury advisor).	7 years	£1m	No	<i>LAMS</i>
Business loans to local companies **	10 years	£3m	Yes / No	

* Investment in these instruments will be on advice from the Council's treasury advisor.

** Advancement of these loans will be approved by the procedure detailed in the final paragraph of part 7.7 of Appendix A. Evaluation of the Business Loans is not part of the advice or services from the Council's treasury advisor.

The Council will have a maximum of 75% of its investment portfolio in non-specified investments.

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	14 FEBRUARY 2013
TITLE	INTERNAL AUDIT PLAN 2012/13
PURPOSE	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2012/13 INTERNAL AUDIT PLAN
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT & RISK
ACTION	FOR INFORMATION

1. INTRODUCTION

1.1 This report is a progress report on completion of the 2012/13 internal audit plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2012/13 internal audit plan is included in the appendix with the status of the work as at 1 February 2013 noted, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	9
Working Papers Created	3
Field Work Started	18
Field Work Ended	1
Manager Review	2
Draft Report Issued	2
Final Report Issued	63
Closed	1
Total	<u>99</u>
Cancelled	11

2.2 The performance target for 2012/13 is to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2013. This remains a challenging target, but it can be seen that **88%** of the audits (**87** out of **99**) have either been completed, or work has started on the field work.

3. AMENDMENTS TO THE PLAN

3.1 There are no further amendments in addition to those already reported to the Committee in previous meetings.

4. RECOMMENDATION

4.1 The Committee is asked to note the contents of this report as an update on progress against the 2012/13 audit plan, offer comments thereon and accept the report.



Internal Audit Plan 2012/13

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CORPORATE						
1-CORFF-03/2013	Arrangements for Dealing with Correspondence	30.00	0.00	30.00	32.89	Final Report Issued
1-CORFF-03/2013ans	Quality of Correspondence	0.00	5.00	5.00	4.35	Final Report Issued
1-CORFF-08/2013ynni	Energy Use	20.00	0.00	20.00	14.75	Field Work Started
1-CORFF-09/2013gw	Workforce Planning	20.00	0.00	20.00	18.88	Field Work Started
1-CORFF-11/2013CRB	Staff CRB Checks	0.00	25.00	25.00	24.54	Manager Review
1-CORFF-14/2013	Site Manager Functions	20.00	0.00	20.00	28.67	Final Report Issued
1-CPGV-01/2013	Contribution to preparation of the Annual Governance Statement	10.00	0.00	10.00	5.62	Final Report Issued
1-CTRT-02/2013	Undertaking Company Financial Assessment - NMWTRA Framework PQQ2	5.00	0.00	5.00	4.70	Final Report Issued
1-CTRT-03/2013tai	Former Housing Stock - Retention Monies	5.00	0.00	5.00	2.51	Planning
1-CTRT-06/2013	Contract Terms - CRB Checks	0.00	25.00	25.00	2.09	Field Work Started
1-GRANT-AMG/2013cmac	Grant - Wales Coastal Monitoring Centre	10.00	0.00	10.00	7.97	Final Report Issued
1-GRANT-AMG/2013fial	Grant - National Framework for Animal Health and Welfare	10.00	0.00	10.00	9.77	Final Report Issued
2ADN-ADY-GWY/2013	Recording and Managing Leave	25.00	0.00	25.00	28.00	Final Report Issued
AE-TAL-04/2013tr	Administration of Invoices before passing to the Payments Unit	10.00	0.00	10.00	14.78	Final Report Issued
AN-ACY-03/2013II	Local Budgets	10.00	-10.00	0.00		Cancelled
AO-ARL-01/2013	Barclaycard Credit Cards	14.00	0.00	14.00	16.66	Final Report Issued
AO-ARL-05/2013	NFI (National Fraud Initiative)	25.00	0.00	25.00	29.19	Field Work Started
BC-PER-07/2013	Recruitment - Identity Checks	15.00	0.00	15.00	14.20	Final Report Issued
BE-POL-07/2013	Outcome Agreement	20.00	0.00	20.00	20.84	Final Report Issued
EDUCATION						
Resources						
4-DAT-X-ADD/2013ases	Welsh Government Development Programme Extension for Thinking and Assessment for Learning Grant	6.00	0.00	6.00	6.09	Final Report Issued
4-DAT-X-ADD/2013bao	Appetite for Life Grant	10.00	0.00	10.00	17.97	Final Report Issued
4-DAT-X-ADD/2013brec	Primary Schools Free Breakfast Initiative Grant	8.00	0.00	8.00	8.99	Final Report Issued
4-DAT-X-ADD/2013ffg	Community Focused Schools Childcare Allocation	10.00	0.00	10.00	13.09	Final Report Issued

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
4-DAT-X-ADD/2013ks23	Foundation Stage 2011-12 Revenue Grant	5.00	0.00	5.00	6.45	Final Report Issued
4-DAT-X-ELWa/2013	Post-16 Education Grant	1.00	0.00	1.00	0.95	Final Report Issued
EADDA23/2013	School Milk Service	10.00	0.00	10.00	9.40	Final Report Issued
EADDA26/2013	Management of secondary school building maintenance - VFM	10.00	0.00	10.00	5.32	Field Work Started
EADDU01/2013	Wales Government - Arrangements for Processing Student Finance	0.00	10.00	10.00	2.84	Final Report Issued
Across the department						
EADDA33/2013	Appointment of Management Consultants, Education Department	10.00	0.00	10.00	11.21	Final Report Issued
Schools						
EADDA16/2013	Supply Appointments	15.00	0.00	15.00	23.75	Final Report Issued
EADDAYC/2013a	Primary Schools - Dismissals due to redundancy	22.00	0.00	22.00	4.64	Field Work Started
EADDAYC/2013b	Primary Schools - Information Security	22.00	0.00	22.00	24.25	Final Report Issued
EADDAYC/2013c	Primary Schools - Teacher Allowances and Conditions of Service for Heads	20.00	0.00	20.00		Planning
HUMAN RESOURCES						
Support Unit						
BC-PER-05/2013	Administration of Car Loans	10.00	0.00	10.00	16.38	Final Report Issued
NORTH AND MID WALES TRUNK ROAD AGENCY						
3-AMG-ACGC/2013	Trunk Road Agency - invoices between councils	15.00	0.00	15.00	18.42	Final Report Issued
FINANCE						
Across the department						
AO-ARL-09/2013	Consultancy Work - Finance Department Intranet Site	0.00	10.00	10.00	2.50	Field Work Started
Audit and Risk						
AM-YS-03/2013	Corporate Risk Management	10.00	-2.00	8.00	5.76	Field Work Started
Financial						
AD-DY-01/2013br	Income System Bank Reconciliation	0.00	10.00	10.00	1.92	WP Created
AD-DY-01/2013kc	Debtors System - Review of Key Controls	10.00	0.00	10.00	14.38	Final Report Issued
AE-TAL-01/2013e	eProcurement System	20.00	-20.00	0.00		Cancelled
AE-TAL-01/2013kc	Payments System - Review of Key Controls	10.00	0.00	10.00	1.28	Planning
Accountancy						

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
AN-ACY-02/2013kc	Main Accounting System - Review of Key Controls	10.00	0.00	10.00	10.19	Final Report Issued
AN-ACY-02/2013pr	Main Accounting System - Upgrade Project	15.00	0.00	15.00	10.74	Final Report Issued
Pensions and Payroll						
AL-CYF-01/2013bacs	Payroll - BACS runs	5.00	0.00	5.00	5.57	Final Report Issued
AL-CYF-01/2013er	Payroll System Exception Reports	5.00	0.00	5.00	5.43	Final Report Issued
AL-CYF-01/2013hon	Use of Honoraria	0.00	10.00	10.00	11.50	Manager Review
AL-CYF-01/2013kc	Payroll System - Review of Key Controls	10.00	0.00	10.00	3.77	WP Created
AL-CYF-01/2013par	Payroll System - Parameters and Algorithms	15.00	0.00	15.00	11.77	Final Report Issued
AL-CYF-07/2013	Payroll System - Deductions of Tax and National Insurance	15.00	0.00	15.00	10.73	Final Report Issued
AL-CYF-14/2013caci	Home Carer Wages - Cyborg - CACI Interface	10.00	-10.00	0.00		Cancelled
Revenue						
AA-AR-01/2013paye	Paye.net System	10.00	0.00	10.00	9.28	Field Work Started
AA-AR-03/2013	Income collection at offices	10.00	0.00	10.00	16.20	Final Report Issued
AB-BD-01/2013dis	Discretionary Benefits	15.00	0.00	15.00	6.46	Field Work Started
AB-BD-01/2013kc	Benefits System - Review of Key Controls	10.00	0.00	10.00	7.70	Field Work Started
AC-TR-01/2013kc	Council Tax System - Review of Key Controls	10.00	0.00	10.00	0.36	Planning
AC-TR-01/2013sac	General IT Controls: Council Tax, Benefits and NNDR (Follow-up to WAO audit)	10.00	0.00	10.00	4.43	Final Report Issued
AC-TR-11/2013kc	NNDR System - Review of Key Controls	5.00	0.00	5.00	8.42	Final Report Issued
PROVIDER AND LEISURE						
Business and Administration Support						
M-GMG-GW01/2013	Data and Information Quality Assurance	20.00	-20.00	0.00	2.87	Cancelled
Cleaning and Caretaking						
M-GMG-J02/2013	Supervision of Duty Managers	15.00	0.00	15.00	17.00	Final Report Issued
Residential and Day						
GDARP-D07/2013	Supported Housing - Imprest Accounts and Income	20.00	0.00	20.00	21.79	Final Report Issued
GDARP-D08/2013	Learning Disabilities Rationalisation of Provision Project	10.00	-10.00	0.00	2.97	Cancelled
ECONOMY AND COMMUNITY						
Community Regeneration						
1-CTRT-04/2013c	Contract Management - Blaenau Ffestiniog Regeneration	10.00	0.00	10.00	23.14	Final Report Issued

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
BE-POL-10/2013gen	Genesis Scheme	15.00	0.00	15.00	22.41	Field Work Ended
BE-POL-10/2013pre	Young Apprentices Employment Route Project	15.00	0.00	15.00	7.46	Field Work Started
BE-POL-10/2013tiw	New Work Connections Scheme	10.00	0.00	10.00	12.85	Final Report Issued
T-TAI-C04/2013	Communities First	20.00	0.00	20.00	2.25	Planning
Youth						
EADDI01/2013clwb	Youth Clubs	20.00	0.00	20.00	32.46	Final Report Issued
Major Projects						
1-CTRT-04/2013a	Contract Management - Sailing Academy	10.00	0.00	10.00	3.89	Field Work Started
Skills and enterprise						
DDAT-AD06/2013	"Llwyddo'n Lleol"	20.00	0.00	20.00	6.98	Planning
DDAT-AD06/2013pot	"Potential" Project	10.00	0.00	10.00	9.55	Final Report Issued
Strategy and development Programmes						
4-DAT-X-GRANT/2013r	Youth Club Grants - Revenue Grant	5.00	0.00	5.00	5.82	Final Report Issued
CUSTOMER CARE						
Emergency Planning						
BC-PER-01/2013tyw	Inclement Weather Policy	0.00	2.00	2.00	1.77	Final Report Issued
Information Technology						
AW-TG-01/2013	Evaluation of the Social Media Pilot	0.00	15.00	15.00	14.45	Draft Report Issued
AW-TG-04/2013	Change Control	15.00	0.00	15.00	3.19	Planning
AW-TG-06/2013a	Thin Client	10.00	0.00	10.00	1.18	Planning
AW-TG-08/2013	Backups and Service Continuity	10.00	0.00	10.00	5.76	Final Report Issued
AW-TG-09/2013	Network Convergence	20.00	-20.00	0.00		Cancelled
Council Land and Property						
1-CTRT-04/2013b	Contract Management - Bro Dysynni Area School	10.00	0.00	10.00	8.48	Final Report Issued
BA-EID-02/2013	Asset Management Plan	20.00	-20.00	0.00		Cancelled
BA-EID-02/2013leg	Protection from Legionella	20.00	0.00	20.00	22.53	Final Report Issued
SOCIAL SERVICES						
Across the department						
5-GOF-GCY-PART/2013a	Occupational Therapy Service Partnership	10.00	-10.00	0.00		Cancelled

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
5-GOF-GCY-PART/2013c	Extra Care Housing	20.00	0.00	20.00	9.73	Final Report Issued
5-GOF-PaPh-1/2013	Social Services Performance Measures - Accuracy of Core Data	25.00	15.00	40.00	46.86	Final Report Issued
5-GOF-X-CYLL/2013	Social Services - Implementing Savings	20.00	0.00	20.00	25.66	Final Report Issued
5-GOF-X-CYMD/2013	First Steps Improvement Package Grant	5.00	0.00	5.00	3.89	Final Report Issued
GCC-01/2013	Commissioning Framework Standard 7	0.00	5.00	5.00	6.37	Closed
GCC-05/2013	Joint Commissioning with BCULHB	25.00	-25.00	0.00		Cancelled
GRH-GW01/2013ff	Social Services - Security of Files and Data	20.00	-20.00	0.00		Cancelled
GRH-GW02/2013br	Client Assets Management Unit - Internet Banking	10.00	0.00	10.00	6.28	Final Report Issued
GRH-GW02/2013cc	Client Finance	0.00	15.00	15.00	10.06	Field Work Started
GTG-SYS01/2013	Care Systems Support Unit	10.00	-10.00	0.00	1.86	Cancelled
Business						
5-GOF-BUS/2013all	Social Services Contracting Arrangements	40.00	0.00	40.00	43.89	Final Report Issued
GGWAS-D02/2013	Brokerage Service	15.00	0.00	15.00	17.93	Final Report Issued
Children and Families						
GGWAS-P05/2013lley	Accommodation for Young Persons leaving care	15.00	0.00	15.00	8.78	Field Work Started
HIGHWAYS AND MUNICIPAL						
Fleet						
PGW-TR-02/2013	Workshops - Health and Safety Supervision	10.00	0.00	10.00	14.64	Final Report Issued
Municipal Works						
PBW-07/2013	Street Cleaning	15.00	0.00	15.00	17.02	Final Report Issued
Highways Works						
PPR-A55-01/2013	Works - A55 Contract	25.00	0.00	25.00	26.84	Final Report Issued
Waste Management and Streetscene						
PBW-03/2013	GwyriAD Scheme	20.00	0.00	20.00	17.03	Final Report Issued
REGULATORY						
Public Protection						
BB-YSG-11/2013	Licencing Unit	12.00	0.00	12.00	20.61	Final Report Issued
Transportation and Street Care						
1-GRANT-AMG/2013gtc	Grant - Local Transport Service	10.00	0.00	10.00	7.97	Final Report Issued

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
3-PROJ-TRAF/2013briw	Pont Briwet Project	10.00	0.00	10.00	9.42	Field Work Started
3-PROJ-TRAF/2013trac	TraCC Partnership	15.00	0.00	15.00	15.27	Field Work Started
DDAT-CC-01/2013cy	Community Transport	20.00	0.00	20.00	3.20	Planning

STRATEGIC AND IMPROVEMENT

Democracy

BB-YSG-18/2013ex	Equipment with Former Members	15.00	0.00	15.00	8.53	Draft Report Issued
BB-YSG-18/2013tg	Members' IT arrangements	15.00	0.00	15.00	6.62	Final Report Issued
BE-POL-14/2013	Members' Salaries and Expenses	0.00	20.00	20.00	8.01	Field Work Started

Performance and Scrutiny

1-CORFF-05/2013a	Achievement of Savings Projects	15.00	10.00	25.00	4.03	WP Created
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GWYNEDD CONSULTANCY

Engineering and Building Control

3-YMG-CTRRT/2013fa	Comparison of Final Accounts with Original Tender	10.00	0.00	10.00	9.59	Final Report Issued
3-YMG-CTRRT/2013pen	Appointment of Engineering Contractors	20.00	0.00	20.00	21.32	Final Report Issued
3-YMG-CTRRT/2013pont	Bridges	10.00	0.00	10.00	12.65	Final Report Issued

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	14 FEBRUARY 2013
TITLE	DRAFT INTERNAL AUDIT PLAN 2013/14
PURPOSE OF REPORT	TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2013 - 31 MARCH 2014
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO APPROVE THE PLAN CONTAINED IN THE APPENDIX

1. INTRODUCTION

- 1.1 The draft work plan for Internal Audit for the financial year 2013/14 (in the Appendix) is presented to the Audit Committee for comment and approval.
- 1.2 This report explains the factors that were considered and the technical process used to produce the plan that is presented to the Committee.

2. INTERNAL AUDIT STRATEGY

- 2.1 The 2012-2015 Internal Audit Strategy was adopted by the Audit Committee in February 2012. This strategy forms the basis of Internal Audit work for the period in question, and it explains how Internal Audit work will offer assurance on the internal controls that are in place at Gwynedd Council.
- 2.2 Internal Audit work programme has been planned and prepared in accordance with the steps outlined in the Strategy; the Strategy also explains how it will assist the Council to improve, for the benefit of the citizen. In addition, it outlines the resources that are expected to be available for it, and states the predictions in terms of working with others.

3. RESOURCES AVAILABLE

- 3.1 On the basis of analysis of the staffing resources available, including reasonable allowances for “unproductive” work such as holidays, illness, management and meetings, it is forecast that a resource requirement of approximately 1,680 audit days will be available to complete the audit plan. This is after considering the following provisions:

- Provision for advising on controls and propriety 55 days
- Provision for responsive work 120 days
- Provision for follow-up 65 days

- 3.2 The days shown are a reflection of that which has proven necessary in practice in recent years.

4. OPERATIONAL AUDIT PLAN

4.1 The Strategy gives a detailed description of the steps that are to be followed in creating an annual operational audit plan.

4.1.1 As a first step, consideration was given to matters that must be included in the plan each year:

- A review of the key controls of the Council's major financial systems (in accordance with an agreement with Wales Audit Office)
- Corporate Governance issues for the Annual Governance Statement, based on the contents of the Local Code of Governance
- Audits that are required due to funding conditions
- Areas of constant Control Weaknesses that have been identified
- Theme-based reviews at Council establishments.

4.1.2 Consideration is then given to other audits for which planning is required. A systematic method is used to undertake an audit needs assessment and to identify areas to audit:

- 1 Assess further work (in addition to the tests of key controls) on financial systems
- 2 Consider contents of the Strategic Plan, and the risks to the projects therein
- 3 Analyse departmental and cross-council risk registers
- 4 Awareness of risk matters that have been identified by, or referred to, Internal Audit
- 5 Identify grants to be reviewed
- 6 Analyse budgets and accounts for further areas
- 7 Consider further new developments (e.g. joint working plans) and partnerships

4.2 The draft audit plan for 2013/14 that is the result of this work is included in the Appendix.

4.3 Discussions with the heads of department and relevant managers are envisaged before this work commences. Where appropriate, their suggestions will be incorporated into the final plan.

4. RECOMMENDATION

4.1 The committee is requested to approve the draft audit plan for the period 1 April 2013 to 31 March 2014, subject to minor amendments following further consultation with officers.



Draft Internal Audit Plan 2013/14

Audit Name	Days
CORPORATE	
Exemptions from the corporate training arrangements	15.00
Support for "Systems Thinking" Reviews	15.00
Health and Safety Risk Assessments	25.00
Health Improvement Strategic Project	20.00
Corporate Complaints Procedure	15.00
Local Code of Governance	10.00
Corporate Governance - Delegation Arrangements	20.00
Officers' Interests Policy	10.00
Proactive Anti-Fraud and Anti-Corruption Work	30.00
Budgetary Control	25.00
Verification of Performance Indicators	25.00
EDUCATION	
Resources	
Primary Schools Free Breakfast Initiative Grant	7.00
Schools Effectiveness Framework Grant	7.00
Community Focused Schools Childcare Allocation	10.00
Child Deprivation Grant	10.00
Post-16 Education Grant	1.00
Health and Safety Assessments in Schools	15.00
Administration of Student Grants and Loans	20.00
Pupils and Inclusion	
Regional School Effectiveness and Improvement Service	25.00
Schools	
School Statistics and Censuses	10.00
Leasing Arrangements in Schools	10.00
Secondary Schools - Budgetary Control	20.00
Secondary Schools - Information Security	20.00
HUMAN RESOURCES	
Training	
Use of Cetus - CALMS	10.00
FINANCE	
Financial	
Debtors System - Review of Key Controls	10.00
eProcurement System	20.00
Payments System - Review of Key Controls	10.00
Accountancy	
Banking Arrangements	20.00
Main Accounting System - Review of Key Controls	10.00

Audit Name	Days
Bank Reconciliation - Review of Key Controls	10.00
Pensions and Payroll	
Payroll System - Review of Key Controls	10.00
Payroll - Maternity Pay	10.00
Payroll - Overtime	10.00
Payroll - Advances	6.00
Gwynedd Pension Fund	40.00
Revenue	
Risk-Based Benefit Verification	20.00
Benefits System - Review of Key Controls	10.00
School Uniform Grant	10.00
Council Tax - Discounts and Exemptions	20.00
Council Tax System - Review of Key Controls	10.00
NNDR Refunds	10.00
NNDR System - Review of Key Controls	10.00
DEMOCRACY AND LEGAL	
Registration	
Payments to canvassers	15.00
Arrangements for Registering Births, Deaths and Marriages	20.00
Monitoring Officer	
Members' Gifts and Hospitality	20.00
ECONOMY AND COMMUNITY	
Community Regeneration	
Local Regeneration Officers	10.00
Communities First - The New Scheme	20.00
Record offices, museums and the arts	
Neuadd Buddug, Y Bala	4.00
Maritime and country parks	
Yr Hafan, Pwllheli	10.00
Ports	15.00
Victoria Dock, Caernarfon	5.00
Country Parks	15.00
Strategy and development Programmes	
Wales Rural Development Plan Projects	12.00
Tourism, marketing and customer care	
"Our Heritage" Project	10.00
Tourist Information Centres	15.00
Eryri Brochure - Contract, Costs and Income	15.00
CUSTOMER CARE	
Emergency Planning	
Emergency Planning and Business Continuity	25.00
Customer Contact	
One-Stop Shops	10.00
Libraries	

Audit Name	Days
"Gwynedd NI"	10.00
Information Technology	
IT Security	30.00
Logging and Monitoring	8.00
Network Convergence	20.00
Laptop Security	10.00
Council Land and Property	
Asset Management Plan	30.00
Council Properties - Firefighting Equipment	10.00
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SOCIAL SERVICES, HOUSING AND LEISURE	
Across the department	
Third Sector - Grants, Commissioning and Contracts	25.00
Support Workers Travel Costs	15.00
Social Services - Security of Files and Data	20.00
Results-Based Accountability	7.00
Business	
Regional Collaboration Project – Care Commissioning Hub	20.00
Supporting People	
Supporting People	20.00
Homelessness and Supported Housing	
Public Sector Housing Leasing Scheme	15.00
Leisure	
Banking Arrangements in the Leisure Centres	20.00
Sport Council Grants	15.00
Adults	
Direct Payments	15.00
Enablement Project Implementation	15.00
Telecare	20.00
Enablement Schemes	20.00
Children and Families	
Youth Justice Service	10.00
Children - Post-care Allowances	15.00
Private Sector Housing	
Older - Disabled Persons - Adaptations to Homes	20.00
Empty Houses back into use Project	12.00
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HIGHWAYS AND MUNICIPAL	
Highways Maintenance and Municipal	
Barmouth Bridge	3.00
Fleet	
Fleet Management - NWPP Parts Contract	10.00
Municipal Works	
CCTV Control	5.00
Highways Works	
Rechargeable Works	20.00
Waste Management and Streetscene	

Audit Name	Days
Community Gangs	10.00
Trade Refuse	30.00
REGULATORY	
Environment	
Environmental Service - joint provision	20.00
Planning	
The Planning Service	25.00
Development Control - Enforcement	15.00
Public Protection	
Trading Standards	20.00
Transportation and Street Care	
Flood Risk Management Project	15.00
Enforcement and Transport	10.00
Subsidised Travel Tickets - Payments to bus companies	25.00
STRATEGIC AND IMPROVEMENT	
Procurement and Efficiency	
Procurement Strategy	25.00
North Wales Procurement Partnership	15.00
Strategic Direction	
SMAP Fund	15.00
Community Safety	15.00
Children and Young People Strategic Partnership	15.00
Health, Social Care and Welfare Partnership	20.00
Democracy	
Member Training	20.00
The Gwynedd Standard - Exempt Papers and Confidentiality	15.00
Performance and Scrutiny	
Project Management Arrangements	20.00
Channel Migration Project	20.00
Risk Management of Projects of the Childrens and Young People Programme	15.00
Total Place Project	15.00
GWYNEDD CONSULTANCY	
Across the department	
Coastal Protection Contracts	20.00
	1,682.00

MEETING: **AUDIT COMMITTEE**

DATE: **14 February 2013**

TITLE: **A Register of External Audit Reports**

PURPOSE/RECOMMENDATION: **To consider the register of reports of external auditors**

AUTHOR: **Geraint George, Head of Strategic and Improvement**

CABINET MEMBER: **Councillor Dyfed Edwards**

1. INTRODUCTION

- 1.1 The current requirements of the Wales Audit Office is that all external auditors' reports are brought to the attention of the Audit Committee with the Committee to approve the benefits of implementing the recommendations noted by the external auditors. This will enable the Audit Committee to ensure an overview of the implementation of the recommendations of the reports and to provide a brief summary for Cabinet.
- 1.2 The following are examples of external audit reports:
- Reports by ESTYN, CyMAL, National Archives
 - Report by Care and Social Services Inspectorate Wales
 - Wales Audit Office Annual Reports
 - Occasional Reports by the Audit Office or by other external auditors
 - National Reports which refer to Gwynedd Council in their reports
- 1.3 Reports can be totally relevant to Gwynedd or be National reports that include a reference to Gwynedd Council.
- 1.4 In addition, the Scrutiny Committee have requested that we maintain a corporate register of external audit reports, and to present it to the Committee on a six monthly basis.
- 1.5 Presented for consideration is the Register of External Audit Reports on the Council's service since 2009 (Appendix 1) - it is a combination of annual reports, occasional reports and national reports where Gwynedd Council is referred to.
- 1.6 There are no additional reports to be considered at present, but I draw to your attention the "live" audits that have been highlighted in yellow, as they are ones to be considered in due course.




2. RECOMMENDATION

- 2.1 The Audit Committee is asked to note the contents of the Register of External Audit Reports, and to also note that, in due course, there will be a need to consider the ones that have been highlighted in yellow.

REGISTER OF EXTERNAL AUDITORS REPORTS (since 2009)

No.	Title of the report	Service Field	Audit Body	Date of the response to draft	Copy of the report	Date of accepting the final report and contact audit individual person	Responsibility for Action/contact person in the Council	Internal steps with raising awareness (management group, Leadership group)	Nature of contact with members (copy only, submit to a scrutiny committee [&date], Board [&date])	Implementing recommendations included in the business plan.	Monitoring progress	Annual (A) National (N) Others (O)
1	Gwynedd Council Annual Improvement Report 2009/10	3 Year Plan / the Council's Self assessment	Wales Audit Office	Meetings and phone discussions, final published on 27/01/2011	http://www.wao.gov.uk/assets/englishdocuments/GwyneddCC_AIR_English.pdf	17/01/2011 Huw Lloyd Jones	Vera Jones	Leadership Group 19/01/2011 Publish on the website - 27/01/2011	A letter inviting all members to a presentation - 08/02/2011 Hard copies for all members - 23/03/11 A Presentation for Board Members, The Audit Committee, Chairs and Vice-chairs of the Scrutiny Committees, Chairman and Vice-chairman of the Council, Heads of	Transformation Programme Board, Strategic and Improvement Business Plan.	Three Year Plan	A
2	Gwynedd Council Annual Improvement Report 2010/11	3 Year Plan / the Council's Self assessment	Wales Audit Office	January 2012 Draft	http://www.wao.gov.uk/assets/englishdocuments/Gwynedd_AIR_English_2012.pdf	February 2012 Huw Lloyd Jones and John Roberts	Vera Jones	15/2/2012 Leadership Group	All Council members - meet at the time of the Board 6/3/12			A
3	Inspection, Evaluation and Review of Local Authorities' Social Services 2009-10.	Social Services	Care and Social Services Inspectorate Wales		http://wales.gov.uk/cssiws/site/newcssi/publications/lareviews/0910/gwynedd/?skip=1&lang=cy	22/12/2010	Gwen Carrington		Care Scrutiny Committee 07/04/11; Children and Young People Scrutiny Committee 12/04/11.	Housing and Social Services Business Plan	Housing and Social Services Business Plan	A
4	Inspection and Evaluation of Annual Performance 2010/2011	Social Services	Care and Social Services InspectorateWales		http://wales.gov.uk/cssiws/site/newcssi/publications/lareviews/2011/5530270?ang=en	Imelda Richardson 31/10/2011	Gwen Carrington	Care Programme Board 8/11/11 Care Working Group 25/11/11	Care Scrutiny Committee 29/11/11		Action Plan. Meeting with the Minister 13/3/12	A
5	Inspection and Evaluation of Annual Performance 2011/2012	Social Services	Care and Social Services InspectorateWales		http://wales.gov.uk/cssiws/site/newcssi/publications/lareviews/20112/gwynedd/?sessionid=EC229EDBD0E1C738EBEAF74E5C03AF2jsessionid=36029154CA0DF52AAEE55A361F7562E27&skip=1&lang=en	Imelda Richardson 31/10/2012	Morwena Edwards				Housing and Social Services Business Plan	A
6	Gwynedd Council Preliminary Corporate Assessment	The Council	Wales Audit Office	13/08/2010	2010-09-30 2010-09-30 Cyngor Gwynedd	02/09/2010 Huw Lloyd Jones and Alan Morris	Geraint George	Leadership Group 24/9/2010	Principal Scrutiny Committee 30/9/2010			A
7	Gwynedd Council Preliminary Corporate Assessment	The Council	Wales Audit Office		Asesiad Corfforaethol Swyddfa Archwilio	06/10/2011 Huw Lloyd Jones	Geraint George	Leadership Group 07/09/2011	Principal Scrutiny Committee 6/10/11			A
8	Welsh Public Libraries Standards Framework	Libraries and Information	CyMAL		http://wales.gov.uk/docs/drahy/publications/110223wpls2101112en.pdf	21/01/2012	Hywel James	Portfolio Leader and Head of Department	Preparatory Meeting for the Scrutiny Committee on 1/9/2011 for performance matters (conditional on the Scrutiny Manager and the Scrutiny Working Group), Council Board for financial matters. The Preparatory Meeting decided that there was no need to submit it to the	Library and Information Service Business Plan	Library and Information Service Business Plan	A
10	An Assessment of Internal Audit 2008/2009	Internal Audit	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwyllgorau/2009/Pwyllgor%20Archwilio/2009-06-29/english/13_01_Wales%20Audit%20Officer%20Review%20of%20Gwynedd%20Council%20Internal%20Audit%20Service.pdf	22/6/2009, Amanda Hughes	Dewi Morgan	Cascade within Internal Audit	Audit Committee 29/6/2009		Annual Report of the Head of Internal Audit 2009/10, Audit Committee 8/7/2010	A
11	An Assessment of Internal Audit 2009/2010	Internal Audit	Wales Audit Office	25/06/2010	http://www.gwynedd.gov.uk/ADNPwyllgorau/2010/Pwyllgor%20Archwilio/2010-07-08/english/11_01_Wales%20Audit%20Officer%20Review%20of%20Gwynedd%20Council%20-%20Internal%20Audit%20Service.pdf	25/6/2010, Amanda Hughes	Dewi Morgan	Cascade within Internal Audit	Audit Committee 8/7/2010		Annual Report of the Head of Internal Audit 2010/11, Audit Committee 12/7/2011	A
12	An Assessment of Internal Audit 2010/2011	Internal Audit	Wales Audit Office	02/06/2011	http://www.gwynedd.gov.uk/ADNPwyllgorau/2011/Pwyllgor%20Archwilio/2011-07-12/english/11_01_Assessment%20of%20Internal%20Audit%202010-11.pdf	6/6/2011, Amanda Hughes	Dewi Morgan	Cascade within Internal Audit	Audit Committee 12/7/2011		Annual Report of the Head of Internal Audit 2011/12, Audit Committee 12/7/2012	A
13	An Assessment of Internal Audit 2011/2012	Internal Audit	Wales Audit Office	12/06/2012	http://www.gwynedd.gov.uk/ADNPwyllgorau/2012-13/Pwyllgor%20Archwilio/2012-07-12/english/15_01_Wales%20Audit%20Officer%20Review%20of%20Gwynedd%20Council%20Internal%20Audit%20Service.pdf	6/6/2012, Amanda Hughes	Dewi Morgan	Cascade within Internal Audit	Audit Committee 12/7/2012		No recommendations	A
14	Audit of Financial Statements Report - Gwynedd Council 2010-11	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwyllgorau/2011/Pwyllgor%20Archwilio/2011-09-29/english/05_04_(b)(i)%20Gwynedd%20Council%20Financial%20Statements.pdf	September 2011, Anthony Barrett	Dafydd L Edwards		Audit Committee 29 September 2011			A
15	Audit of the Financial Statements Report - Gwynedd Pension Fund 2010-11	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwyllgorau/2011/Pwyllgor%20Archwilio/2011-09-29/english/05_05_(c)(i)%20Statement%20of%20Accounts%20for%20the%20Pension%20Fund.pdf	September 2011, Anthony Barrett	Dafydd L Edwards		Audit Committee 29 September 2011			A
16	Financial Audit Outline - Gwynedd Council	Finance	Wales Audit Office			May 2011, Anthony Barrett	Dafydd L Edwards	Officer attention within the Finance Department				A
17	Financial Audit Outline - Gwynedd Pension Fund	Finance	Wales Audit Office			May 2011, Anthony Barrett	Dafydd L Edwards	Officer attention within the Finance Department				A
18	Audit of the Accounting Statements -Gwynedd Council 2009-10	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwyllgorau/2010/Pwyllgor%20Archwilio/2010-09-27/english/07_03_(b)%20Audit%20of%20the%20Accounting%20Statements.pdf	September 2010, Ceri Stradling	Dafydd L Edwards		Audit Committee 27 September 2010			A

19	Audit of Pension Fund Accounts 2009-10	Finance	Wales Audit Office		2010-09-27 2010-09-27 Gwynedd Council	September 2010, Ceri Stradling	Dafydd L Edwards		Audit Committee 27 September 2010				A
20	Annual Letter for 2008-09	Finance	Wales Audit Office		http://www.wao.gov.uk/assets/Local_Reports/Gwynedd_Council_Annual_Letter_for_2008-09.pdf	December 2009, Kevin Thomas & Huw Lloyd Jones	Arwel Ellis Jones						A
21	Annual Audit Letter for members of Gwynedd Pension Fund	Finance	Wales Audit Office			November 2009, Kevin Thomas & Amanda Hughes	Dafydd L Edwards	Officer attention within the Finance Department					A
22	Audit of Accounting Statements - Report to those charged with Governance - Gwynedd Council 2008-09	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2009/Pwylgor%20Archwilio/2009-09-28/english/05_03_(ii)%20Audit%20of%20Accounting%20Statements%20-%20Report%20to%20those%20charged%20with%20governance%20-%20Gwynedd%20Council.pdf	September 2009, Kevin Thomas & Amanda Hughes	Dafydd L Edwards		Audit Committee 28 September 2009				A
23	Audit of Pension Fund accounts - Report to those charged with Governance 2008-09	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2009/Pwylgor%20Archwilio/2009-09-28/english/05_04_(iii)%20Audit%20of%20pension%20fund%20accounts%20-%20report%20to%20those%20charged%20with%20governance%20-%20Gwynedd%20Pension%20Fund.pdf	September 2009, Kevin Thomas & Amanda Hughes	Dafydd L Edwards		Audit Committee 28 September 2009				A
24	Pension Fund Audit Strategy 2008-09	Finance	Wales Audit Office			March 2009, Kevin Thomas & Amanda Hughes	Dafydd L Edwards	Officer attention within the Finance Department					A
27	Improvement Assessment by Wales Audit Office	The Council	Wales Audit Office		First Letter received. To come - 2nd letter and final report. The final report will be presented to the Audit Committee.	September 2012, Huw V thomas, Huw Lloyd Jones & Nigel Griffiths	Harry Thomas	Officer attention within the Performance Improvement Unit on 19/9/12.					A
28	Annual Financial Audit Outline 2011/12 of Gwynedd Council	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2012-13/Pwylgor%20Archwilio/2012-07-12/english/10_01_Annual%20Financial%20Audit%20Outline%202011-12%20of%20Gwynedd%20Council.pdf	01/06/2012, Amanda Hughes, Derwyn Owen and Alan Hughes	Dafydd L Edwards		Audit Committee 12 July 2012				A
29	Annual Financial Audit Outline 2011/12 of the Gwynedd Pension Fund	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2012-13/Pwylgor%20Archwilio/2012-07-12/english/11_01_Annual%20Financial%20Audit%20Outline%202011-12%20of%20the%20Gwynedd%20Pension Fund.pdf	June 2012, Derwyn Owen, Amanda Hughes and Simon Monkhouse	Dafydd L Edwards		Audit Committee 12 July 2012				A
30	An Assessment of Internal Audit 2011/12	Finance	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2012-13/Pwylgor%20Archwilio/2012-07-12/english/15_01_Wales%20Audit%20Office%20Review%20of%20Gwynedd%20Council%20Internal%20Audit%20Service.pdf		Dafydd L Edwards		Audit Committee 12 July 2012				A
31	Audit of Financial Statements Report - Gwynedd Council 2011-12	Finance	Wales Audit Office		2012-09-27 2012-09-27 Gwynedd Council	September 2012, Anthony Barret	Dafydd L Edwards		Audit Committee 27 September 2012				A
33	Quality and standards in education and training in Wales: A report on quality - Gwynedd Local Authority in 2008 and 2009 report including Youth Services	Education	Estyn		http://www.gwynedd.gov.uk/ADNPwylgorau/2010/Pwylgorau%20Craffu/Plant%20%20Phobl%20fanc/2010-05-24/english/08_02_Appendix%201%20-%20Report%20by%20ESTYN.pdf	Nov-09	Dewi R Jones	Portfolio Leader	Children and Young People Scrutiny Committee, 24 May 2010	Action Plan, 24 May 2010	Departmental Business Plan		O
34	Inspection of the Protection of Adults in Gwynedd Council	Social Services	Care and Social Services Inspectorate Wales	Dec-09	http://wales.gov.uk/docs/cssiw/report/100118gwynedden.pdf	Huw Lloyd Jones from the Wales Audit Office	Nerys Evans January 2010		Portfolio Leader. Care Scrutiny Committee 28/6/11: part of the Protection Of Vulnerable Adults Annual Report				O
35	Inspection of the arrangements for assessing and managing the care of children in need in Gwynedd. It was inspected again in March 2011.	Social Services	Care and Social Services Inspectorate Wales	Apr-09	http://wales.gov.uk/docs/cssiw/report/110607gwynedden.pdf	Mark Roberts	Sharron Carter Williams		May-11	Marian Parry Hughes	Gwynedd and Anglesey Safeguarding Children Board 21 October 2011		O
37	Review Gwynedd Council's Safeguarding Children Arrangements	Social Services	Care and Social Services Inspectorate Wales		http://wales.gov.uk/docs/cssiw/publications/gwyneddsr/090925gwyneddsren.pdf	Oct-09	Ian Vaughan Roberts	The report and its contents has been shared with each member of staff within the Children and Families Services through a series of meetings between the teams and the Senior Manager.	2009-2010 Annual Report of the Gwynedd and Anglesey Local Safeguarding Children Board and the members of this Board are also members of the Children and Young People Framework Partnership, Community Safety Partnership and the Health, Care and Welfare Partnership. Gwynedd and Anglesey Local Safeguarding Children Board's Website.	Gwynedd and Anglesey Local Safeguarding Children Board's Business Plans. The Social Service Business Plan.	Gwynedd and Anglesey Local Safeguarding Children Board's Business Plans. The Social Service Business Plan.		O
38	Review Gwynedd Local Safeguarding Children Board	Social Services	Care and Social Services Inspectorate Wales		http://wales.gov.uk/docs/cssiw/publications/gwyneddlscb/091006gwyneddlscben.pdf	Oct-09	Ian Vaughan Roberts	The report and its contents has been shared with each member of staff within the Children and Families Services through a series of meetings between the teams and the Senior Manager.	2009-2010 Annual Report of the Gwynedd and Anglesey Local Safeguarding Children Board and the members of this Board are also members of the Children and Young People Framework Partnership, Community Safety Partnership and the Health, Care and Welfare Partnership. Gwynedd and Anglesey Local Safeguarding Children Board's Website.	Gwynedd and Anglesey Local Safeguarding Children Board's Business Plans. The Social Service Business Plan.	Gwynedd and Anglesey Local Safeguarding Children Board's Business Plans. The Social Service Business Plan.		O
40	Gwynedd Fostering Service	Social Services	Care and Social Services Inspectorate Wales			Shirley Harkins January 2010	Mari Thomas			Social Services Business Plan 2010/11	Children and Young People Scrutiny Committee - progress report against recommendations presented on 30/11/2010.		O
41	Inspection of Gwynedd County Council Adoption Services within the wider framework of planning for permanence	Social Services	Care and Social Services Inspectorate Wales			Denise Stickels, Shirley Harkins, Shirley Cox November 2010	Mari Thomas						O
42	Follow up review of Performance Management Arrangements in Social Services - Gwynedd Council	Social Services	Wales Audit Office			Nigel Griffiths March 2010	Gwen Carrington						O

43	Inspection Report on Gwynedd Specialist Children's Services Domiciliary Care Agency	Social Services	Care and Social Services Inspectorate Wales		Linda Owen, Shirley Harkins February 2010	Iona Griffith															O	
44	Inspection Report on Gwynedd Specialist Children's Services Domiciliary Care Agency	Social Services	Care and Social Services Inspectorate Wales		Linda Owen March 2011	Iona Griffith																O
45	Inspection Report on Elderly Placement Plans - Gwynedd elderly placement plans - Dolgellau	Social Services	Care and Social Services Inspectorate Wales		Linda Owen and Rhiannon Fear March 2010	Ann Lloyd Jones																O
46	Domiciliary Care Agency Gwynedd Specialist Children's Service	Social Services	Care and Social Services Inspectorate Wales		Mar-12	Iona Griffith																O
48	Follow up review of Coastal Protection Gwynedd Council	Consultancy	Wales Audit Office		A copy of the report is available by contacting the contact person	Oct-09	Huw Williams			Environment Scrutiny Committee 2011		Environment Business Plan										O
49	Review of the Civil Emergencies Arrangements	Customer Care	Wales Audit Office		http://www.gwynedd.gov.uk/ADNPwylgorau/2009/Pwylgorau%20Craffu/Adnodday%20a%20Chorfforaethol%20-%20Prif%20Bwylgor%20Craffu/2009-09-10/english/08_02_Appendix%201.pdf	01/08/2009 John Weston	Gwenan Parry															O
50	A Review of the Major Emergency Plan	Customer Care	Wales Audit Officer 2009 Spencer Webster 2010	http://www.gwynedd.gov.uk/ADNPwylgorau/2009/Pwylgorau%20Craffu/Ad	http://www.gwynedd.gov.uk/ADNPwylgorau/2011/Pwylgorau%20Craffu/Prif%20Bwylgor%20Craffu/2011-02-01/05/2010	2009 and 01/05/2010	Gwenan Parry	Management team 19/4/2010 and 29/11/2010 and the North Wales Resilience Forum	Principal Scrutiny Committee 17 February 2011		Business Plan 2009/10	Business Plan 2009/10										O
53	Inspection of School Improvement, Additional Learning Needs and Support Services	Education	Estyn		http://www.estyn.gov.uk/download/publication/169669.5/a-report-on-the-quality-of-initial-teacher-training-in-additional-learning-needs-and-working-with-others	Oct-09	Dewi Jones															O
54	Tackling Child Poverty and disadvantages in Schools	Education	Estyn			Jan-10	Dewi Jones															O
55	Tackling Child Poverty and Disadvantages in Schools: collaborating with the community and other services	Education	Estyn			Jul-11	Dewi Jones															O
56	The Role of Scrutiny in the Work of Performance Monitoring	Strategic and Improvement	Wales Audit Office	15/07/2009	A copy of the report is available by contacting the contact person	Huw Lloyd Jones and Nigel Griffiths July 2009	Geraint George			15/7/2009 Forum of Scrutiny Chairs and Vice Chairs												O
57	Interim Perceptions and Opinions: Objection made by Mr P Rickard (Accounts 2006-07)	Finance	Wales Audit Office			September 2009, Anthony Barrett	Dafydd L Edwards	Officer attention within the Finance Department														O
58	Housing and Council Tax Benefit Service Review	Finance	Wales Audit Office		2012-09-27 2012-09-27 Gwynedd Council	Sept 2012, Lisa Williams	Dafydd L Edwards			Audit Committee 27 September 2012												O
59	Major Travel Projects (The two schemes for which Gwynedd Council received Transport Grant funding were the A497 Abererch – Llanystumdwy and A499 Aberdesach – Llanaelhaearn).	On both schemes Gwynedd Consultancy acted for what was then the Planning and Transportation Service, now Transport and Street Care. Other council departments were obviously involved in land acquisition, legal matters etc, but the department that liaised with Welsh Government regarding funding was Transport and Street Care, while Consultancy carried out design and construction supervision, including administration of the main works contracts.	Wales Audit Office	30/9/2010	http://www.wao.gov.uk/assets/englishdocuments/Transport_English.pdf	20/9/2010 Huw Lloyd Jones	Dave Meller			Head of Consultancy (reported on the same matters to the Environment Scrutiny Committee before the publication of the report)												N
60	Housing Services for adults with mental health needs	Housing and Social Services	Wales Audit Office	Draft 10/08/10	http://www.wao.gov.uk/assets/englishdocuments/Housing_Mental_Health_eng_web.pdf	Nick Selwyn 13/8/2010	Alys Jones & Arwel Owen			Head of Department only		An action plan being prepared at the moment between the 6 Councils and Health Board	Has not been decided.									N
61	National study on arrangements for covering teacher absence in 2012	Education	Estyn and Wales Audit Office			Nigel Griffiths/ Steve Martin, Manager - National Studies	Hefin Owen															N
62	Scrutiny Improvement Study during 2012/13 This work is developmental and will contribute towards developing self-assessment skills as well as scrutiny work.	Strategic and Improvement	Wales Audit Office	A report is expected in March / April 2013		Ena Lloyd, Regional Co-ordinator and Huw Lloyd Jones, Wales Audit Office	Gareth James															N
63	From Vision to Action - Report of the Independent Commission on Social Services in Wales	Social Services	Independent Commission on Social Services in Wales			Nov-10																N
64	Local Authority Reserves and Unsupported Borrowing - Research paper for Welsh Government	Finance	Wales Audit Office		http://www.wao.gov.uk/assets/Wales_Audit_Office_Report_Local_Authority_Reserves_and_Unsupported_Borrowing_July_2012_-_Final.pdf	June 2012, John Hermiman & Anthony Veale.	Dafydd L Edwards	Officer attention within the Department														N
65	Local Authority Accounts 2010-11	Finance	Wales Audit Office		http://www.wao.gov.uk/assets/englishdocuments/Local_Authority_Accounts_2012_-_Final.pdf	Chweffror 2012, Huw Vaughan Thomas	Dafydd L Edwards	Officer attention within the Department														N
66	Consultation on the Wales Audit Office Grants Strategy	Finance	Wales Audit Office		http://www.wao.gov.uk/assets/englishdocuments/Grants_consultation_English.pdf	February 2011, Huw Vaughan Thomas	Dafydd L Edwards	Officer attention within the Department														N
67	Sustained Impact in a Time of Change - WAO Strategy Consultation 2009-2012	Finance	Wales Audit Office		http://www.wao.gov.uk/assets/englishdocuments/WAO_strategy_eng.pdf	March 2009, Jeremy Colman	Vera Jones															N
68	Statement of the responsibilities of the auditors appointed by the Auditor General for Wales and his inspectors, and of the bodies that they audit and inspect (2008)	Finance	Wales Audit Office			February 2009, Kevin Thomas	Harry Thomas															N
69	Procurement and Management of Consultancy Services	Strategic and Improvement	Wales Audit Office	Draft received on 9/11/2012			Jeremy Morgan Geraint George															N