

Contents

Contents	
Agenda	2
4 - Minutes of the previous meeting	6
5 - External Audit Reports	12
6 - Revenue Budget 2013-14 - Second Quarter Review (September 2013)	14
6 - Report to the Cabinet	15
6 - Appendix 1	17
6 - Appendix 2	18
7 - Capital Programme 2013-14 - End of Second Quarter Review (September 2013)	55
7 - Report to the Cabinet	56
2. CHANGES TO THE SOURCES OF FINANCE	59
2.1 There is an increase of £12.732m in the budget for the three year programme since the first quarter position. The proposed sources of financing for this are noted below:	59
2.9 Recommendation	61
SUMMARY	62
8 - Treasury Management 2013-14 – Mid Year Review	64
9 - Self Assessment of Governance Arrangements	79
10 - Report of the Control Improvement Working Group	87
11 - Output of the Internal Audit Section	95
12 - Internal Audit Plan 2013-14	111



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 MAWRTH, 3 RHAGFYR 2013

10.30am TUESDAY, 3 DECEMBER 2013

Lleoliad / Location

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

Pwynt Cyswllt / Contact Point

BETHAN ADAMS

01286 679020

bethanadams@gwynedd.gov.uk

Dosbarthwyd/Distributed: 25-11-13

**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 (3)

Y Cynghorwyr/Councillors

Anwen Davies

Aeron M. Jones

R.J. Wright

Llafur/Labour (1)

Y Cynghorydd/Councillor

Sion W. Jones

Aelod Unigol/Individual Member (1)

Y Cynghorydd/Councillor

John Brynmor Hughes

Aelod Lleyg/Lay Member

Mr John Pollard

Aelod Ex-officio/Ex-officio Member

Is-Gadeirydd y Cyngor /Vice-Chairman of the Council

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. MINUTES

The Chairman shall propose that the minutes of the last meeting of this committee, held on 26 September 2013, be signed as a true record.

(copy herewith - **yellow** paper)

5. EXTERNAL AUDIT REPORTS

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

6. REVENUE BUDGET 2013/14 – SECOND QUARTER REVIEW (SEPTEMBER 2013)

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

7. CAPITAL PROGRAMME 2013/14 – END OF SECOND QUARTER REVIEW (SEPTEMBER 2013)

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

8. TREASURY MANAGEMENT 2013/14 – MID-YEAR REVIEW

To submit, for information, the report of the Head of Finance on the Council's actual borrowing and investment during the current financial year (copy herewith – **pink** paper)

9. SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS

To submit the report of the Senior Audit and Risk Manager on the work of the Governance Arrangements Assessment Group and the role of the Audit Committee (copy herewith – **grey** paper)

10. REPORT FROM THE CONTROL IMPROVEMENT WORKING GROUP

To submit the report of the Chair of the Committee outlining the feedback from the meeting of the Panel on 11 November 2013
(copy herewith – **blue** paper)

11. OUTPUT OF THE INTERNAL AUDIT SECTION

To submit the report of the Senior Audit and Risk Manager outlining the work of the Internal Audit Section for the period between 1 September and 31 October 2013. (copy herewith – **lilac** paper)

12. INTERNAL AUDIT PLAN 2013/14

To submit the report of the Senior Audit and Risk Manager on the progress of the Internal Audit Plan 2013/14
(copy herewith – **green** paper)

AUDIT COMMITTEE 26/09/13

Present: Councillor John Pughe Roberts (Vice-chairman)

Councillors: Anwen Davies, Eddie Dogan, Charles W. Jones, Dafydd Meurig, Dilwyn Morgan, Angela Russell, Gethin G. Williams, R. J. Wright and Peredur Jenkins (Cabinet Member – Resources).

Lay Member: Mr John Pollard

Also Present: Dafydd Edwards (Head of Finance Department), Dewi Morgan (Senior Audit and Risk Manager), William E. Jones (Senior Finance Manager), Ffion M. Evans (Finance Manager – Resources and Corporate), Caroline Roberts (Investment Manager), Helen L. Williams (Chief Accountant, Capital and Management), Amanda Hughes (Local Manager, Wales Audit Office), Derwyn Owen (Engagement Leader, Wales Audit Office), Dilys Phillips (Head of Democracy and Legal Department – for item 5) and Bethan Adams (Member Support and Scrutiny Officer).

Apologies: Councillors Trefor Edwards, Tom Ellis, Aled Ll. Evans, John B. Hughes and Michael Sol Owen.

Condolences were expressed to the Chairman of the Audit Committee, Councillor Trefor Edwards as his mother-in-law had passed away recently. It was noted that he was absent as he had a hospital appointment and he was wished well.

1. DECLARATION OF PERSONAL INTEREST

No declarations of personal interest were received from any members present.

2. MINUTES

The Chairman signed the minutes of the meeting of this committee held on 18 July 2013, as a true record.

3. REVIEWING THE COUNCIL'S CONSTITUTION

The Head of Democracy and Legal Department was welcomed to the meeting.

The Head of Democracy and Legal Department noted that it was required for the Audit Committee to establish a working group as it was the responsibility of this committee to keep an overview of the Council's governance arrangements, including the constitution in its entirety.

It was noted that there was a shift towards creating a standard constitution for all Welsh councils in order to obtain consistency. The purpose of the working group would be to assist with the work of reviewing the constitution and provide guidance on specific questions.

The working group would consult with the other committees such as the Democratic Services Committee, the Standards Committee and the Cabinet, before reporting back to the Annual Meeting of the Full Council in May 2014.

Attention was drawn to the fact that this was a matter for the entire Council and that the Full Council would need to adopt it; therefore, the Council's political balance should possibly be considered when selecting the working group members.

**RESOLVED to establish a Working Group and that the following members serve on the working group -
The Chairman and Vice-chairman of the Committee along with Councillors Gethin Glyn Williams, Dafydd Meurig, Michael Sol Owen, Dilwyn Morgan and Bob Wright.**

4. FINAL ACCOUNTS 2012/13

i) Statement of the Accounts

The Head of Finance Department submitted the revised statutory financial statements for the committee's approval. He noted that the reports of the Wales Audit Office that followed noted the main changes to the accounts.

Details were given of the main post-audit findings. It was noted first of all that the regulations required the annual accounts of joint-committees to be reported upon separately. The Council had now reported appropriately for 2012/13, including the comparative figures for the previous year. To ensure consistent reporting on the accounts of the Councils of North and Mid Wales, it was agreed that the lead authority would reflect the full gross and net position in their accounts, with other contributing authorities reflecting the net position only.

Secondly, reference was made to the concern of the Wales Audit Office regarding the data provided to the actuary in terms of membership data that provided the basis to pension liability figures for the pension fund. It was noted, as a result of the historical restriction within computer systems, that there were some instances of workers with more than one job within the Council where the additional jobs had not been identified separately as part of the process of reporting annually on the pension liability in accordance with accounting standards. It was reported that work continued to solve these inconsistencies so that annual pension contribution reports in future coincided between the payroll and pension systems.

ii) Report of the Appointed Auditor on the Audit of Financial Statements

a) Council Accounts

In accordance with the Annual Audit procedure, namely the Appointed Auditor's report for those charged with governance, the report of the Wales Audit Office (WAO) was submitted. The Engagement Leader – Wales Audit Office was present to submit the information.

It was reported that the Council was responsible for preparing financial statements to present the financial situation as it stood on 31 March 2013 along with the income and expenditure in the year which ended at that time.

The Wales Audit Office was responsible for undertaking an audit and for reporting whether it was of the opinion that the reports presented the financial position of the Council accurately and fairly at the end of every year. He notified the Committee that the Appointed Auditor intended to issue an unqualified audit opinion on the Council's accounts for 2012/13.

The Engagement Leader – Wales Audit Office reiterated the above observations made by the Head of Finance Department and he thanked the Council for its cooperation during the audit.

b) Gwynedd Pension Fund Accounts

As above, the Local Manager – Wales Audit Office reported that the Council was responsible for preparing financial statements to present the financial position of the Gwynedd Pension Fund as at 31 March 2013.

The Wales Audit Office was responsible for undertaking an audit and for reporting whether it was of the opinion that the reports presented accurately and fairly the financial position of the Pension Fund at the end of a year. She notified the Committee that the Appointed Auditor intended to issue an unqualified audit opinion on the Gwynedd Pension Fund for 2012/13.

The Local Manager – Wales Audit Office noted that when the accounts had been audited, the Council's attention had been drawn to the fact that the Council had not accrued for costs of £710,000 for members of the Pension Fund who had retired on 31 March 2013 and that the Council had adjusted the accounts to reflect this.

She reiterated the observations made in relation to pension liabilities data in the accounts and the need to work with employers who were members of the Pension Fund to ensure that their records were up-to-date, was emphasised.

It was noted that a matter raised in the past in relation to calculating the change in market value had been resolved and that appropriate arrangements were in place to verify this record in the financial statements.

In response to the above, the Head of Finance Department informed the committee that he welcomed the content of the Wales Audit Office's report and he thanked them for their cooperation.

iii) Letters of Representation

Following the discussions on the 2012/13 final accounts, the Head of Finance Department submitted letters addressed to the Appointed Auditor from the Audit Committee. The "letters of representation" included statements regarding the Council's financial statements and the Pension Fund's financial statements for 2012/13. He explained that he had drafted the comments on behalf of "those charged with governance" in Gwynedd Council, namely the Audit Committee.

All relevant officers were thanked for their work on the accounts.

RESOLVED that the Audit Committee, with the power delegated by the Council to be "those charged with governance" in relation to approving the statutory financial statements and the relevant audit, approves the amended statutory financial statements, accepts the related reports by the Wales Audit Office, and authorises the Head of Finance Department and the Chairman of this meeting of the Committee to sign the "letters of representation" and to submit them to the Appointed Auditor of the Wales Audit Office.

5. TREASURY MANAGEMENT 2012/13

Submitted - the report of the Head of Finance Department on the Council's actual treasury management activity during 2012/13, compared with the strategy that had been established for that financial year in February 2012. The report provided details of the economic background, the borrowing requirements and debt management, investment activity and compliance with prudential indicators.

Attention was drawn to the fact that there had been a presumption when the accounts had been closed for the 2012/13 financial year that the Council would reclaim 88p/£ of the investments made in Heritable Bank. It was noted that the Council had now received a pre-final payment of 94p/£ and it was expected to receive a further payment from the amount that the administrator had kept in reserve.

In response to an enquiry, the Head of Finance Department noted that the total interest received was less than what had been noted in the budget because the interest projections at the beginning of the year had been better than the actual interest received and that the negative trend continued. He added that the Council had a prudential investment strategy that sought to minimise risk by investing in a range of various banks, rather than investing a more substantial amount in a single bank.

RESOLVED to accept the report for information.

6. REPORT OF THE CONTROLS IMPROVEMENT WORKING GROUP

Submitted – the report of the Chairman of the Audit Committee regarding a meeting of the abovementioned working group held on 3 September 2013 to consider two audits that had received a category C opinion during the period between 1 April and 30 June 2013, namely -

- a) Siopau Gwynedd
- b) Banking Arrangements in the Leisure Centres

Senior Managers had been invited to attend the meeting to discuss the matters arising from the audits and the work completed since the audit reports had been published in order to strengthen the internal controls in question.

The Senior Audit and Risk Manager acknowledged that the meeting had been very beneficial and was a means of providing an opportunity to discuss the audits and discuss the steps put in place to strengthen the controls. This was reiterated by the working group members present.

RESOLVED to accept the report.

7. OUTPUT OF THE INTERNAL AUDIT SECTION

The work of the Internal Audit Section for the period up to 31 August 2013

Submitted – the report of the Senior Audit and Risk Manager outlining the Internal Audit Section's work in the period between 1 July and 31 August 2013. In submitting the information on the work completed during the period, the officer referred to -

- 10 reports on audits of the operational plan with the relevant opinion category shown
- one other report (memoranda etc.)
- two grant reviews

Consideration was given to each report and during the discussion reference was made to the following matters -

Health and Safety Risk Assessments (Corporate)

A member expressed concern in relation to health and safety risk assessments in schools when pupils were at school at 8am for a breakfast club before the school day began and at break and lunch times where there was no supervision.

In response, the Senior Audit and Risk Manager noted that the duty of reviewing arrangements to assess health and safety risks had been divided into two audits, namely the Council's corporate arrangements and Schools' arrangements. The audit of arrangements in schools would be undertaken over the coming months; the matter could be discussed at the Controls Improvement Working Group and school accident figures would be addressed at that time.

Officers' Interests Policy

The Senior Audit and Risk Manager noted that the main reason why the audit had received opinion category 'C' was because there was a need to update the policy to reflect legislative changes that had come into force over 3 years ago and that the audit could be discussed at the working group.

Members' Gifts and Hospitality

The committee members' attention was drawn to the fact that the audit had identified good practice. However, the Senior Manager warned that the Audit Committee, when undertaking its statutory duties, had to be aware that the auditor could only consider what members had declared and that the steps that could be taken to ensure propriety was to make sure that members were aware of the requirements to present the information and that they were aware of the policy.

Software Licences (Corporate)

It was noted that a specific request had been received to address software licences across the Council because of an incident where one company alleged that the Council had breached the licence condition and additional licence costs had been paid, following negotiations. The purpose of the audit was to attempt to minimise the risk of other companies doing the same.

Software Licences (Schools)

It was noted that this review had been undertaken by corresponding with officers from the Education Department and Cynnal, along with collecting information from the schools in questionnaire format. The number of responses received from schools was disappointing. It was noted that it was important for schools to take software licences into consideration because substantial penalties could be imposed if the schools did not hold suitable business licences.

RESOLVED to accept the reports on the Internal Audit Section's work for the period between 1 July and 31 August 2013 and to support the recommendations already submitted to the managers of the relevant services for implementation.

**RESOLVED that the following members serve on the working group to consider the audits that received opinion category 'C' -
The Chairman and Vice-chairman of the Committee, along with Councillors Angela Russell, Bob Wright and Mr John Pollard.**

8. INTERNAL AUDIT PLAN 2013/14

Submitted – the report of the Senior Audit and Risk Manager providing an update on the current situation in terms of completing the 2013/14 internal audit plan.

He provided details of the situation as at 30 August 2013 along with the time spent on each audit to date. The following table was highlighted, which revealed the current status of the work in the operational plan -

Audit Status	Number
Planned	56
Working Papers Created	4
Field work started	20

Awaiting Review	2
Draft Report	2
Final Report	23
Total	107

It was noted that the actual attainment of Internal Audit up until the end of August was lower than the target and that 15 audits would not have been released, in order to meet the quarterly target of completing 38 out of 107, namely 35%. It was noted that there were many vacant posts in the unit at present and that arrangements were in place to consider the options in terms of filling those posts and that all of the service's staff were committed to complete the target for the year.

RESOLVED to note the contents of the report as an update on progress against the 2013/14 audit plan.

The meeting commenced at 10.30am and concluded at 11.30am.

MEETING: **AUDIT COMMITTEE**

DATE: **3 December 2013**

TITLE: **External Audit Reports**

PURPOSE / RECOMMENDATION: **To submit the reporting arrangements for consideration by the Audit Committee**

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

CABINET MEMBER: **Councillor Dyfed Edwards**

1. INTRODUCTION

1.1 One of the primary duties of the Audit Committee as outlined in the Local Government (Wales) Measure 2011, is to **review and assess the authority's risk management, internal control and corporate governance arrangements**. The Statutory Guidelines published pursuant to the Measure states that the Committee needs to,

- *“report on the adequacy of the authority's risk management and internal control arrangements, and comment on their effectiveness, as well as following up on risks identified by auditors and requiring reports as to action taken in response”*; and
- *“the authority will need to ensure there is no unnecessary duplication between the audit committee and any overview and scrutiny committee in considering such reports”*.

1.2 The following are examples of external audit reports:

- ESTYN, CyMAL, National Archives Reports
- Reports from the Care and Social Services Inspectorate Wales (CSSIW)
- Annual Reports of the Wales Audit Office (WAO)
- Occasional Reports from the Audit Office or from other audit bodies

1.3 In the past, a complete register of external audit reports has been presented to the Audit Committee every six months to facilitate the work of the Committee and to enable it to comply with the requirement to keep an overview on the implementation of recommendations in the reports and to provide the Cabinet with a summary.

1.4 In order to strengthen the Audit Committee's ability to focus on what is important, we propose concentrating on the main reports, namely:

- ESTYN Reports
- CSSIW Reports
- WAO Annual Reports

The complete register will continue to be available to members by contacting me.

- 1.5 It is also suggested that a discussion takes place at the next meeting of the Scrutiny Chairs Forum on scrutiny arrangements and the 'holding to account' of the above reports. There is a need to strengthen governance arrangements and scrutiny of these main reports avoiding any duplication or vagueness in this area. Any recommendations on robust and purposeful arrangements can be reported back to the next Audit Committee.

2. RECOMMENDATION

- 2.1 The Audit Committee is asked to
- i) Approve the new reporting procedure and concentrate on the main reports noted above.
 - ii) Approve the proposal to discuss the best way of scrutinising and holding to account of the main reports at the next meeting of the Scrutiny Chairs Forum on 13th December.

MEETING: AUDIT COMMITTEE

DATE: 3 DECEMBER 2013

**TITLE: REVENUE BUDGET 2013/14 –
SECOND QUARTER REVIEW (SEPTEMBER 2013)**

**PURPOSE: MONITORING REPORT ON THE LATEST FINANCIAL
POSITION**

**ACTION: Receive the information, consider the risks arising from the
forecast expenditure and income against the budget, and
scrutinise the Cabinet’s decisions regarding managing the
budgets of the Council and its Departments.**

CONTACT OFFICER: DAFYDD L EDWARDS, HEAD OF FINANCE

CABINET MEMBER: COUNCILLOR PEREDUR JENKINS

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit Committee is expected to scrutinise some financial matters including budget monitoring reports, as appropriate.
2. The first quarter budget review reports were submitted to the Cabinet on 16 July 2013. This report submitted today is much more detailed, being the most thorough budget review during 2013/14.
3. Therefore, the Audit Committee’s Chairman has asked us to present the attached Cabinet report to the Audit Committee, to be scrutinised together with the relevant decisions of the Cabinet meeting of 26 November.
4. By the date of the Audit Committee meeting, the Chairman and Vice-Chairman of the Audit Committee will have attended the Cabinet meeting of 26 November as observers, and it is intended to present the Cabinet’s draft decisions “on the table” to the Audit Committee on 3 December.
5. The Audit Committee is requested to note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the Cabinet’s draft decisions (presented “on the table” on 3 December) and comment as necessary.
6. In the same way as services reviewed where Internal Audit reports identify risks, if the Audit Committee decides that there is a significant risk associated with a specific budget, then the relevant Cabinet Member and Department Head may be invited to a meeting of the Audit Committee’s Working Group.

REPORT TO THE CABINET
26 NOVEMBER 2013

Cabinet Member: COUNCILLOR PEREDUR JENKINS, CABINET MEMBER - RESOURCES

Subject: THE REVENUE BUDGET 2013/14 – 2nd QUARTER REVIEW
(SEPTEMBER 2013)

Contact Officer: DAFYDD L EDWARDS, HEAD OF FINANCE

The decision sought / purpose of the report

The second quarter review (position as at 30 September 2013) of the Revenue Budget is reported here, and the Cabinet is asked to consider the latest financial situation regarding the budgets of each department / service and to consider the recommendations submitted, before resolving on appropriate action to manage and adjust the revenue budgets of the Council and its departments for the current year.

Introduction / Background

It is the Cabinet's responsibility to take action, as necessary, in order to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

The first quarter budget review report was submitted to the Cabinet on 16 July 2013. This report submitted today is much more detailed, being the most thorough review of budgets during 2013/14.

This quarterly report presents the latest review of the Council's revenue budget for 2013/14, and a summary of the position by each Department is outlined in **Appendix 1**.

Appendix 2 shows further details relating to the main issues and the budget headings where significant variances are forecasted, along with specific recommendations where appropriate.

Following overspend / income deficit in 2012/13, the positions of the Consultancy Department and Parking Income have stabilized this year. However, there is concern for some budgets (£ below 2013/14 net overspend):

- **Highways and Municipal – Waste £536k** (and the strain on the 2014/15 budget)
- **Provider and Leisure – Homes' Staff £290k and Leisure Sales £76k**
- **Education – Redundancy and Early Retirement in Schools £259k**

I note that there is also an overspend in Housing (Grants) and Maritime (Hafan), but steps are being taken to deal with those matters.

To counterbalance the above concerns, there is some flexibility on some corporate budgets, namely Council Tax (£520k), and Heritable Bank (£221k).

Note from the summary in Appendix 1 that several Departments are overspending this year. In previous years, the Council has used corporate resources in order to 'bail out' some Departments. By now, as the challenging 2014/15 settlement drives us to use balances to bridge the budget, our corporate flexibility is more restricted than ever. Therefore, it is extremely doubtful that we will fully bail out the overspending of any Departments, and where appropriate, we expect to see evidence of managerial measures to reduce the overspend during the remainder of 2013/14.

Next steps and timetable

Act on the recommendations submitted and present the report to the formal Cabinet on 18 February 2014 on the 3rd quarter review.

Local member's views

Not relevant

Opinion of the Statutory Officers

Chief Executive:

As the belt tightens, firm financial management is getting more difficult but also more important. As the report notes, the nature of the probable settlement for 2014/15 means that we will not have the kind of flexibility that we had in the past to bail out in positions of overspend. It is clear therefore that there is significant pressure on Cabinet Members and Department Heads to balance the expenditure between now and the end of the year.

Monitoring Officer:

Nothing to add regarding propriety.

Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

Appendices

Appendix 1 – Summary of Departments' net budget position.

Appendix 2 – Details of budgets and significant variances.

Revenue Budget 2013/14 Second Quarter Review

Summary of the Position by Department

	Gross Overspend / (Underspend) 2013/14	Transfers to / (from) Reserves or Balances	Net Overspend / (Underspend)
	£ '000	£ '000	£ '000
Social Services, Housing and Leisure	1,018	(568)	450
Education	89	0	89
Economy and Community	74	0	74
Highways and Municipal	447	0	447
Regulatory (Planning, Transportation and Public Protection)	(35)	0	(35)
Gwynedd Consultancy	11	0	11
Human Resources	(7)	0	(7)
Finance	(23)	0	(23)
Democracy and Legal	38	0	38
Customer Care	(26)	0	(26)
Strategic and Improvement	(93)	0	(93)
Corporate Management Team	0	0	0
Corporate Budgets	(1,123)	568	(555)
Totals (net)	370	0	370

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE****Children and Families Service**Area:- **Operational Services**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,710	1,754	1,838	84		84

An overspend position, mainly due to higher one-off staff costs.

Area:- **Children Support Services**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
7,709	7,712	7,519	(193)		(193)

An underspend of (£193k) is now forecasted for this budget, which marks a significant change from the £20k overspend position forecasted in the first quarter. This (£193k) underspend includes a (£146k) underspend on Out of County Placements, a (£25k) underspend on Agency Fostering (resulting from changes in commissioning arrangements), and one-off staff savings of (£31k).

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE****Children and Families Service****Area:- Post-16 Service**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
960	959	1,067	108		108

An overspend position, mainly due to £102k higher expenditure on Support Packages as a result of a number of cases demanding far greater support than usual.

Area:- Other (Children and Families)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
3,675	3,690	3,696	6		6

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE****Adult Services**

Area:-

Older People's Services

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
18,602	18,173	18,897	724	(568)	156

A gross overspend position of £724k is forecasted this year, an increase of £559k from the first quarter. The net overspend comprises a £346k overspend on Residential and Nursing costs (a £552k increase in Nursing, and a (£206k) reduction in Residential), offset by an increase of (£160k) in income contribution. In addition, the net overspend includes a £793k increase in Home Care expenditure reflecting the effect of a demographic increase, and an increase of (£295k) in related income (the receipt of a Government grant of (£277k) and (£18k) of additional contributions), together with an overspend of £40k on Supported Accommodation.

The latest information provided by the department indicates that recent demographic changes has resulted in increased costs for the Older People's Services in Residential and Nursing and Home Care. In setting the budget, the Council makes a specific financial provision for forecasted demographic changes, and under the circumstances (after receiving specific information on the numbers recently) **it is recommended** that (£568k) additional budget be released to the Department from the contingency budget.

Area:-

Physical Disability Services

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,967	1,967	1,854	(113)		(113)

A net underspend is forecasted for this budget, consisting of a number of variances, but primarily a (£103k) underspend on Home Care.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE****Adult Service**Area:- **Learning Disability Services**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
12,822	12,984	13,105	121		121

A (£82k) reduction from the £203k overspend position forecast in the first quarter. The net overspend of £121k reflects a number of variances that include additional demand for certain services, and others where pressure has reduced. Included are a £110k overspend on Residential and Nursing Services, a (£62k) underspend on the Adult Placement Programme, a £59k overspend on Supported Accommodation, a £116k overspend on Day Services, and a (£107k) underspend on Support Packages.

Area:- **Mental Health Services**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
3,309	3,306	3,254	(52)		(52)

A £58k reduction from the (£110k) underspend forecasted in the first quarter. The (£52k) net underspend reflects an £85k overspend on Nursing and Residential, a (£78k) underspend on Support Accommodation, and an underspend of (£41k) on Support and Other Schemes.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE**

Area:-

Other (Adults)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
2,979	3,045	3,046	1		1

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE****Housing Service**

Area:-

**Grants Unit and
Renewal Areas**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
2,641	2,710	2,715	5		5

A net overspend of £5k is forecast, reflecting the effect of a reduction in the related capital programme due to a decrease in the Renewal Areas Grant element from the Welsh Government. The grant, which is partly used to finance jobs, has been decreasing for a number of years, and a further reduction is expected in 2014/15, with no grant being received at all by 2015/16.

This will have a significant impact on the staffing level of the unit, and is likely to lead to redundancies in 2014/15 and 2015/16. The Department is operating and planning appropriately in preparation for this likely outcome.

For the current financial year, it has been possible to minimise the effect of the loss of grant by attracting other temporary work, in conjunction with using other financial resources within the Department.

Area:-

Homelessness

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
729	733	730	(3)		(3)

A neutral position that consists of a number of minor variances, but mainly (£41k) of additional income on the Housing Leasing Scheme, following success in increasing the amount of rent collected, but also a £39k overspend on Hostels due to a reduction in rent collection as they are not fully utilised, together with a reduction of £20k in the related Supporting People programme.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE**

Area:-

Other (Housing)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,149	1,131	1,127	(4)		(4)

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
0	(45)	257	302		302

Area:- **Provider Service (net position)**

An increase of £152k from the £150k overspend position forecasted in the first quarter review. The £302k overspend mainly consists of a £290k overspend on Residential Homes for the Elderly, due to a number of reasons additional staffing costs were incurred, (£29k) underspend on Day Care, £30k overspend on Community Care, and £11k overspend on Supported Accommodation.

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
4,472	4,379	4,471	92		92

Area:- **Leisure Service**

An overspend position of £92k is forecasted, an increase of £47k from the £45k overspend position forecasted in the first quarter review. There is a £117k overspend on Leisure Facilities (an increase of £72k) including an overspend of £45k resulting from a shortfall on one savings scheme, a £45k overspend on various other expenditure headings, (£29k) of underspend on salaries and wages, and a (£24k) underspend on provisions and goods. Additionally, there is a £76k deficit on sales income, but (£36k) of additional income has been received on facilities fees, and a (£24k) underspend on Sports Development.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: SOCIAL SERVICES, HOUSING AND LEISURE**

Area:- Other (Provider and Leisure)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
0	(12)	10	22		22

Area:- Central Services (Social Services, Provider and Leisure)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
4,145	4,311	4,229	(82)		(82)

An underspend position, that reflects a number of minor variances, but primarily one-off staffing costs.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Social Services, Housing and Leisure Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Children and Families Service:-						
Operational Services	1,710	1,754	1,838	84	0	84
Children Support Services	7,709	7,712	7,519	(193)	0	(193)
Post-16 Service	960	959	1,067	108	0	108
Other (Children and Families)	3,675	3,690	3,696	6	0	6
Children and Families Service Total	14,054	14,115	14,120	5	0	5
Adult Service						
Older People's Services	18,602	18,173	18,897	724	(568)	156
Physical Disability Services	1,967	1,967	1,854	(113)	0	(113)
Learning Disability Services	12,822	12,984	13,105	121	0	121
Mental Health Services	3,309	3,306	3,254	(52)	0	(52)
Other (Adults)	2,979	3,045	3,046	1	0	1
Adult Service Total	39,679	39,475	40,156	681	(568)	113

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Social Services, Housing and Leisure Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Housing Service						
Grants Unit and Renewal Areas	2,641	2,710	2,715	5	0	5
Homelessness	729	733	730	(3)	0	(3)
Other (Housing)	1,149	1,131	1,127	(4)	0	(4)
Housing Service Total	4,519	4,574	4,572	(2)	0	(2)
Provider Service						
Provider Service (net position)	0	(45)	257	302	0	302
Leisure Service	4,472	4,379	4,471	92	0	92
Other (Provider and Leisure)	0	(12)	10	22	0	22
Provider Service Total	4,472	4,322	4,738	416	0	416
Central Services (Social Services, Provider and Leisure)	4,145	4,311	4,229	(82)	0	(82)
Social Services, Housing and Leisure Department Total	66,869	66,797	67,815	1,018	(568)	450

General - The Department is continuing with a number of measures in an attempt to reduce the level of overspend by the end of the financial year.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: EDUCATION**

Area:- Redundancy and Early Retirement

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
303	303	562	259		259

With the exception of historical commitments, £539k of new commitments are forecasted this year, compared to £113k of expenditure in 2012/13, with only £65k relating to the schools' organisation review this year. This increase has led to an overspend position of £259k, and a specific reserve is intended to be used to offset the position this year.

Under the circumstances, the Head of Education is asked to review the relevant circumstances, and to ensure appropriate budgetary control arrangements. The progress will be reported further in the next quarterly review.

Area:- Integration of ALN Pupils

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
189	188	143	(45)		(45)

A net underspend of (£45k), which is in keeping with the position forecasted in the first quarter, and is following a reduction of (£100k) in the permanent budget for the expected savings from the proposed strategic review.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: EDUCATION**Area:- **Out of County Charges**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,056	1,056	1,056	0		0

A £93k overspend position was forecast in the first quarter, but by reflecting the effect of changes in the new academic year from September 2013, a neutral position is now expected for 2013/14.

Area:- **Early Years Unit**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
773	773	723	(50)		(50)

A position that remains consistent with that forecasted in the first quarter, a (£50k) underspend reflecting a reduction in the expenditure level.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: EDUCATION**

Area:- **Management Arrangements**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
4,003	4,039	3,971	(68)		(68)

An underspend position of (£68k) is forecasted on this heading, mainly due to one-off staff savings together with successfully attracting additional grant income.

Area:- **Other**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
14,326	14,014	14,007	(7)		(7)

Area:- **Delegated Schools**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
68,619	68,619	68,619	0		0

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Education Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Redundancy and Early Retirement	303	303	562	259	0	259
Integration of ALN Pupils	189	188	143	(45)	0	(45)
Out of County Charges	1,056	1,056	1,056	0	0	0
Early Years Unit	773	773	723	(50)	0	(50)
Management Arrangements	4,003	4,039	3,971	(68)	0	(68)
Other	14,326	14,014	14,007	(7)	0	(7)
Delegated Schools	68,619	68,619	68,619	0	0	0
Education Department Total	89,269	88,992	89,081	89	0	89

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: ECONOMY AND COMMUNITY**Area:- **Maritime**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
(51)	(53)	142	195		195

There was an overspend of £155k on this heading last year, but by making use of the Department's existing underspend fund, this was reduced to a net overspend of £44k. In reviewing this year's budget, the related income targets for Hafan Pwllheli and Harbours were reduced by £109k and £45k respectively.

In the first quarter, a £310k overspend position was forecasted, mainly as a result of a reduction in income of £360k and a reduction in expenditure on a number of other headings of (£50k). However, following a fairly successful Summer, the latest estimates show that the loss in income has fallen to £268k (with Hafan Pwllheli moving from a loss of £350k in income in the first quarter to £260k in the second), and the reduction in expenditure has increased to (£74k) to give a net overspend of £195k.

The Head of Economy and Community, and the Cabinet Member responsible for the Economy will report to Cabinet in December on the way forward with regards to Hafan Pwllheli.

Area:- **Supporting Business**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
121	81	24	(57)		(57)

In keeping with the first quarter estimates, a one-off underspend of (£57k) is forecasted for this heading, resulting from realising savings ahead of schedule.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: ECONOMY AND COMMUNITY****Area:- Skills and Enterprise**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
26	35	(5)	(40)		(40)

An underspend position is forecast on this heading, mainly due to one-off staff turnover savings.

Area:- Other

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
6,328	6,517	6,493	(24)		(24)

An underspend position that includes a number of variances, but mainly consists of a (£20k) underspend on the Youth Service, following success in achieving savings ahead of schedule.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Economy and Community Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Maritime	(51)	(53)	142	195	0	195
Supporting Business	121	81	24	(57)	0	(57)
Skills and Enterprise	26	35	(5)	(40)	0	(40)
Other	6,328	6,517	6,493	(24)	0	(24)
Economy Department Total	6,424	6,580	6,654	74	0	74

I confirm that the Department is already considering different measures and options in order to clear the present overspend position by the end of the financial year, this includes the use of various specific Departmental reserves.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: HIGHWAYS AND MUNICIPAL****Relating to Waste****Area:- Waste Disposal**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
3,627	3,627	3,771	144		144

There has been an improvement of (£98k) from the £241k overspend position forecasted in the first quarter, however pressure remains on the heading due to the inability to reduce the amount of waste produced, as originally planned, resulting in higher landfill costs. An early decision on the frequency of collections could reduce waste disposal costs by 2014/15.

Area:-**Transfer and Treatment Sites**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,074	1,074	1,128	54		54

A net overspend position of £54k, including an overspend resulting from the failure to achieve the food recycling target, together with failure to achieve various income targets. The situation has been offset somewhat by using the favourable position of some other sources of finance within the Department.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: HIGHWAYS AND MUNICIPAL****Relating to Waste**

Area:- Waste Collection and Recycling

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
4,221	4,283	4,436	153		153

An overspend position of £153k that has increased £69k since our first quarter forecast, and includes a £75k reduction in trade waste collection income, £51k of additional wood collection costs, additional green waste collection and street sweeping costs of £76k, and a £105k decrease in the amount of Sustainable Waste Management Grant received. However, there has also been a reduction in recycling collection costs (£75k), together with a combination of utilising the favourable position of certain other departmental sources of finance, and a reduced expenditure on some other headings (£87k).

The loss of the Grant is referred to further below, at the end of the Highways and Municipal section of this report.

Area:- Disposal Sites

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
2,821	2,581	2,782	201		201

There has been a significant drop (£252k) from the £454k overspend forecasted in the first quarter, mainly due to a reduction in operational arrangements and costs. From the three related sites - Ffridd Rasmus, Llwyn Isaf and Cilgwyn, the £201k overspend includes £117k additional expenditure due to effluence, and loss of royalty income of £84k.

This aspect is referred to further at the end of the Highways and Municipal section of this report.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: HIGHWAYS AND MUNICIPAL**

Area:-

Other (Waste)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
1,115	1,428	1,412	(16)		(16)

Area:-

Bereavement Services

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
355	368	298	(70)		(70)

An underspend position is forecasted, mainly due to the receipt of additional income by the service.

Area:-

Open Spaces

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
727	710	762	52		52

An overspend position is forecasted this year, resulting from slippage of a related savings programme to 2014/15.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: HIGHWAYS AND MUNICIPAL**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
14,573	14,710	14,639	(71)		(71)

A net underspend position on a number of other headings, including Highways Services (£16k), Street Enforcement (£8k) and other Municipal Services (£44k).

By now, it is forecasted that the net overspend of the Highways and Municipal Department will be £447k, a reduction of (£353k) from the first quarter. As noted in July, it has been customary for the Cabinet to approve additional budget for the Department in circumstances where there has been additional effluence costs, and reduction in royalties. In addition, it has been customary to assist the Department where there has been the loss of specific grants.

Under the circumstances, if the Cabinet wished to continue with this arrangement, it would mean the approval of £306k of additional budget for the Department, and would reduce the level of Departmental overspend to £141k. Again, following the usual procedure, a specific recommendation will be made on the matter later in the year.

Meanwhile, the Department is taking steps to try and reduce the forecasted overspend, and these steps will be reported upon further in the next quarterly review.

It is estimated that the permanent effect of all the variances above, together with changes in the related requirements is approximately £851k, indicating pressure on the 2014/15 budget.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Regulatory (Planning, Transportation and Public Protection) Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Waste Disposal	3,627	3,627	3,771	144	0	144
Transfer and Treatment Sites	1,074	1,074	1,128	54	0	54
Waste Collection and Recycling	4,221	4,283	4,436	153	0	153
Disposal Sites	2,821	2,581	2,782	201	0	201
Other (Waste)	1,115	1,428	1,412	(16)	0	(16)
Total Relating to Waste	12,858	12,993	13,529	536	0	536
Bereavement Services	355	368	298	(70)	0	(70)
Open Spaces	727	710	762	52	0	52
Other	14,573	14,710	14,639	(71)	0	(71)
Highways and Municipal Department Total	28,513	28,781	29,228	447	0	447

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT; REGULATORY****Area:- Development Control**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
533	530	541	11		11

A net overspend of £11k is forecasted, including £52k higher staffing costs, mainly resulting from long term illness, an additional cost of £48k to digitalise planning files, but also an underspend of (£27k) on travel expenses and additional fee income of (£62k).

Area:- Enforcement (On Street) and Transportation

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
523	528	525	(3)		(3)

A net underspend of (£3k) is forecasted, including (£78k) as a result of one-off staff savings, (£58k) of additional income, less several contributions towards various capital schemes.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT; REGULATORY**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
(710)	(712)	(709)	3		3

Area:- **Car Parks**

An overspend of £3k is forecasted, including an estimated reduction in the amount of parking fee income to be received by year end of £51k, together with a (£53k) underspend due to one-off staff savings.

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
2,107	2,083	2,043	(40)		(40)

Area:- **Public Protection**

An underspend of (£40k) is forecasted, including staff savings of (£17k) as a result of realising 2014/15 savings ahead of schedule, together with (£17k) underspend on supplies and services and (£6k) on travel expenses.

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
13,404	13,405	13,399	(6)		(6)

Area:- **Other**

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Regulatory (Planning, Transportation and Public Protection) Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Development Control	533	530	541	11	0	11
Enforcement (On Street) and Transportation	523	528	525	(3)	0	(3)
Car Parks	(710)	(712)	(709)	3	0	3
Public Protection	2,107	2,083	2,043	(40)	0	(40)
Other	13,404	13,405	13,399	(6)	0	(6)
Regulatory Department Total	15,857	15,834	15,799	(35)	0	(35)

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: CONSULTANCY**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
(200)	(314)	(146)	168		168

Area:- **Consultancy Service for Roads and Engineering**

Following an extremely difficult year in financial terms last year, the net overspend was successfully restricted to £370k by the end of 2012/13. This year, the service's income target has been reduced by £250k, and following a comprehensive review of the Department's financial arrangements and processes, an operational plan is in place in order to respond to several of the review's findings. A net overspend position of £215k was forecast in the first quarter of this year. By now, there has been an improvement of (£47k) which means that our estimated overspend is down to £168k, and includes a reduction in fee income of £141k, £7k overspend on travel expenses, and an overspend of £20k on supplies and services.

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
316	330	308	(22)		(22)

Area:- **Building Regulations**

A net underspend position that includes an additional (£29k) of fee income.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: CONSULTANCY****Area:- Building Unit**

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
0	150	15	(135)		(135)

An underspend position is forecasted due to an increase in internal income received (In total (£753k) of income is expected against a budget of (£618k)).

Area:- Other

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
799	892	892	0		0

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Consultancy Department Summary Position	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Consultancy Service for Roads and Engineering	(200)	(314)	(146)	168	0	168
Building Regulations	316	330	308	(22)	0	(22)
Building Unit	0	150	15	(135)	0	(135)
Other	799	892	892	0	0	0
Consultancy Unit Total	915	1,058	1,069	11	0	11

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: HUMAN RESOURCES**

	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
	£'000	£'000	£'000	£'000	£'000	£'000
Department:- Human Resources						
Expenditure		3,612				
Income and Recharges		(3,439)				
Net Total	173	121	114	(7)		(7)

An underspend of (£7k) is currently forecasted, and includes a £12k overspend by the Management Unit due to additional contributions to organisations that locate workers with disabilities, £14k overspend by Health and Safety, mainly due to an additional £12k expenditure on counselling service fees, and a (£30k) underspend by the Support Unit, mainly due to one-off staff savings.

Additionally, a minor underspend is expected by the Training Unit. The Head of Human Resources is eager to ensure that any underspend on training during the year be earmarked for a reserve specifically created to support training for 2014/15 and beyond. This will be reported upon further, as appropriate, by the year end.

DEPARTMENT: FINANCE

	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
	£'000	£'000	£'000	£'000	£'000	£'000
Department:- Finance						
Expenditure		7,468				
Income and Recharges		(6,315)				
Net Total	1,153	1,147	1,124	(23)		(23)

A net underspend position of (£23k) that includes a number of variances, notably, one-off staff savings of (£95k), a (£20k) underspend on travel expenses, additional software costs and use of IT systems of £50k, and a reduction in the Housing Benefit and Council Tax Subsidy (grant) of £46k.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: DEMOCRACY AND LEGAL**

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
Department:-	Democracy and Legal						
	Expenditure		3,197				
	Income and Recharges		(2,584)				
	Net Total	613	625	663	38		38

A net overspend position of £38k is forecasted, including a £66k overspend by the Print Room. Following restructuring last year, the adoption of a challenging new business plan was agreed for 2013/14, with the intention of supporting the Unit financially over the transitional period, whilst the Unit continued to attempt to increase its sources of income. A recommendation will be made on any addition to the Department's budget by the end of the financial year.

The £38k net overspend also includes higher staffing costs of £15k as a result of maternity leave, the receipt of an additional (£20k) of land charges income, (£11k) underspend on supplies and services, and (£11k) underspend as a result of realising savings ahead of schedule.

DEPARTMENT; CUSTOMER CARE

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
Department:-	Customer Care						
	Expenditure		13,018				
	Income and Recharges		(10,992)				
	Net Total	2,026	2,118	2,092	(26)		(26)

An underspend position of (£26k) is forecasted, including a (£109k) underspend by the Information Technology Unit resulting from one-off staff savings together with successfully attracting additional income, a (£34k) underspend by the Communication Unit due to one-off staff savings, £76k overspend on the Telephone Service due to a failure to achieve the savings programme target in full, £16k overspend by the Emergency Planning Unit due to slippage on a savings programme, and an overspend of £23k by the Property Unit due to additional expenditure on supplies and services.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**DEPARTMENT: STRATEGIC AND IMPROVEMENT**

Department:-	Strategic and Improvement	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
		Expenditure	8,433				
		Income and Recharges	(7,710)				
		Net Total	723	929	836	(93)	(93)

A net underspend position of (£93k) is forecasted that includes a (£27k) underspend in the Information and Research Unit due to the receipt of additional income, a (£32k) underspend in the Procurement and E-Procurement Units as a result of one-off staff turnover savings, (£11k) underspend in the Older People's Strategy Unit as a result of realising savings ahead of schedule, and a (£9k) underspend by the Support and Achieving Change Service, due to reduced expenditure on supplies and services.

CORPORATE MANAGEMENT TEAM BUDGET

Department:-	Corporate Management Team	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
		Expenditure	779				
		Income and Recharges	(779)				
		Net Total	0	7	7	0	0

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Central Services	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	173	121	114	(7)	0	(7)
Finance	1,153	1,147	1,124	(23)	0	(23)
Democracy and Legal	613	625	663	38	0	38
Customer Care	2,026	2,118	2,092	(26)	0	(26)
Strategic and Improvement	723	929	836	(93)	0	(93)
Corporate Management Team	0	7	7	0	0	0
Central Services Total	4,688	4,947	4,836	(111)	0	(111)

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**CORPORATE BUDGETS**

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
Area:-	Cross-departmental Savings Programmes				364	(364)	0

As certain corporate savings targets (the North Wales Procurement Unit and an element of e-Procurement) are unlikely to be fully realised in 2013/14, bridging arrangements will be required this year.

It is recommended that an element of the 'Savings achieved in advance' budget (as shown below) be released for this purpose

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
Area:-	Transfer from the Savings achieved in advance budget				(364)	364	0

To be released from the relevant budget that includes a collection of savings that have been achieved ahead of schedule from the 2013/14 savings programme. As the Strategic Director, as part of the Financial Strategy, will be considering the implications of the transitions between savings programmes, it is recommended that any surplus from savings achieved ahead of schedule by the year end be earmarked for related requirements.

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
		£'000	£'000	£'000	£'000	£'000	£'000
Area:-	Net Interest Received				186		186

There has been a £186k decrease in net interest this year, due to the general state of the investment markets, with the level of interest rates being exceptionally low.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**CORPORATE BUDGETS**

Area:-

Investment in Heritable
Bank (Iceland)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
			(221)		(221)

A repayment of (£221k) above our prudent assumption has been received in relation to the Heritable Bank investment (Iceland), which brings the percentage reclaimed up to now to 94%.

Area:-

Council Tax (additional element
only)

Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
£'000	£'000	£'000	£'000	£'000	£'000
			(520)		(520)

For the time being the receipt of an additional (£520k) of income is forecasted, following the decision of the Welsh Government in January 2013 to (partly) fund historical levels of support (up to 100%) for individuals to pay Council Tax. This came after Gwynedd Council's decision to reduce the related notional collection rate to 97.5% for 2013/14. The additional amount is (£520k) after financing the Council's share of the 2013/14 reduction scheme, that is £427k. As there is a significant part of the financial year still to come, together with the general state of certain departmental budgets as reported above, no specific recommendation on the possible use of this resource is to be made at this time.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW**CORPORATE BUDGETS**

		Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-		£'000	£'000	£'000	£'000	£'000	£'000
	Transfer from the Contingency Budget				(568)	568	0

Following the recommendation above under Older People's Services, Housing and Social Services Department, to release the provision for demographic increase from the Contingency Budget.

REVENUE BUDGET 2013/14 - SECOND QUARTER REVIEW

Corporate Position Summary	Opening Budget 2013/14	Revised Budget 2013/14	Forecasted Position 2013/14	Estimated Gross Overspend / (Underspend)	Recommended Changes and Adjustments	Net Overspend / (Underspend)
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Cross-departmental Savings Programmes	0	0	0	364	(364)	0
Transfer from the Savings achieved in advance budget	0	0	0	(364)	364	0
Net Interest Received	0	0	0	186	0	186
Investment in Heritable Bank (Iceland)	0	0	0	(221)	0	(221)
Council Tax (additional element only)	0	0	0	(520)	0	(520)
Transfer from the Contingency Budget	0	0	0	(568)	568	0
Corporate Total	0	0	0	(1,123)	568	(555)

MEETING: AUDIT COMMITTEE

DATE: 3 DECEMBER 2013

**TITLE: CAPITAL PROGRAMME 2013/14 - END OF SECOND
QUARTER REVIEW (30 SEPTEMBER 2013)**

**PURPOSE: MONITORING REPORT ON THE EXPENDITURE AND
FINANCING OF THE CAPITAL PROGRAMME**

**ACTION: Receive the information, consider the risks regarding
the Capital Programme, and scrutinise the Cabinet's
draft decisions**

CONTACT OFFICER: DAFYDD L EDWARDS, HEAD OF FINANCE

CABINET MEMBER: COUNCILLOR PEREDUR JENKINS

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit Committee is expected to scrutinise some financial matters including budget monitoring reports, as appropriate.
2. The attached report (capital programme's second quarter review) is presented to the Cabinet on 26 November for decisions regarding the revised programme and its financing.
3. Therefore, the Audit Committee's Chairman has asked us to present the attached Cabinet report to the Audit Committee, to be scrutinised together with the relevant decisions of the Cabinet meeting of 26 November.
4. By the date of the Audit Committee meeting, the Chairman and Vice-Chairman of the Audit Committee will have attended the Cabinet meeting of 26 November as observers, and it is intended to present the Cabinet's draft decisions "on the table" to the Audit Committee on 3 December.
5. The Audit Committee is asked to note the position and any risks regarding the Council's capital programme, scrutinise the Cabinet's draft decisions (presented "on the table" on 3 December), and comment as necessary.

REPORT TO THE CABINET
26 NOVEMBER 2013

Cabinet Member: COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

Subject: CAPITAL PROGRAMME 2013/14 – 2015/16

Contact Officer: DAFYDD L EDWARDS - HEAD OF FINANCE

The decision sought / Purpose of the report

A report on the second quarter review (30 September 2013 position) of the capital programme, and the Cabinet of 26th November 2013 is asked to approve the revised funding.

Introduction / Summary

The main purpose of the report is to present the revised programme and to approve the relevant financing sources. The report is in 4 parts:

Part 1: Analysis by Department of the £121m capital programme for the 3 years 2013/14 – 2015/16.

Part 2: An explanation of the sources of finance for the net increase of approximately £12.732m since the last review.

The Cabinet has the authority to adapt the capital programme, and therefore in paragraph 2.9 approval is sought for the programme (part 1) and financing (part 2).

The remainder of the report is for information:

Part 3: Movements from 2013/14 to 2014/15.

Part 4: Expenditure for the first 6 months of 2013/14.

Main Findings:

Approval is sought to increase the three year programme by £12.7m, re-profile the expenditure of £3.3m from 2013/14 to 2014/15.

It is evident that this year's capital programme has risen to over £49m, and the total of the current three year programme has risen to over £121m, which is a significant achievement by the Council in the current financial climate.

An increase of 3% in the expenditure level at the end of September (2013/14) compared to the same period (6 months) last year. This is an improvement for the second year running.

Reasons for recommending the decision

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the formal Cabinet must approve the capital programme and its sources of funding.

Incorporating funding via grant is a point of order, but it is also necessary to deal with situations where there has been a change in expenditure profiles between years and the value of capital receipts and contributions.

These are recommendations to ensure definite sources of funding for the 2013/14 – 2015/16 capital schemes.

Relevant considerations

These are technical issues regarding the financing of schemes and relevant implications and debates have already been addressed when the individual schemes were adopted.

Delays on some particular schemes are reported on (part 3), and the relevant Scrutiny Committee could chose to assess the effect of the re-profiling on services which have to cope for longer with 'old' assets.

Next steps and timetable

To implement the recommendations to finance the programme in order to complete the capital programme, and report on the 3rd quarter review to the Cabinet meeting on 18th February 2014

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

As I have previously suggested whilst discussing these items, live management of the capital programme is key, not only for the Council's financial management but also to ensure that we, as a Council, realize what we have promised to the public whilst drawing up the Capital Budget for the year. In that context, it is reassuring that the comparative level of the expenditure against the budget is better than last year. Additionally, live management is key in order to respond to changes around us, such as financial sources and the circumstances of individual projects. I approve the report.

Monitoring Officer:

Nothing to add regarding propriety.

Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

Appendix

None

1 CAPITAL PROGRAMME 2013/14 TO 2015/16

1.1 The table below shows a comparison of the capital programme up to the end of September against the situation at the end of June.

COMPARISON OF THE MOVEMENT FROM THE FIRST QUARTER TO THE SECOND QUARTER

	END OF JUNE REVIEW				END OF SEPTEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST QUARTER
	2013/14	2014/15	2015/16	TOTAL	2013/14	2014/15	2015/16	TOTAL	
DEPARTMENT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	55	449	0	504	45	459	0	504	0
Education	8,169	6,805	16,163	31,137	9,570	7,030	23,937	40,537	9,400
Finance	0	59	0	59	0	59	0	59	0
Provider and Leisure	307	301	0	608	229	379	0	608	0
Democracy and Legal	0	0	0	0	0	0	0	0	0
Economy and Community	7,725	2,733	100	10,558	5,796	6,622	100	12,518	1,960
Customer Care – Property Unit	9,657	4,802	3,097	17,556	8,957	5,442	3,097	17,496	(60)
Customer Care – Other	735	1,618	945	3,298	747	1,380	797	2,924	(374)
Housing and Social Services	3,015	2,000	2,000	7,015	3,095	2,027	2,000	7,122	107
Highways and Municipal	7,920	6,982	2,603	17,505	8,989	6,753	2,603	18,345	840
Regulatory	10,835	8,434	161	19,430	11,676	8,474	161	20,311	881
Strategic and Improvement	0	0	0	0	0	0	0	0	0
Council Housing (Residual)	32	0	0	32	32	0	0	32	0
Gwynedd Consultancy	51	16	18	85	29	16	18	63	(22)
Corporate	0	276	382	658	0	276	382	658	0
TOTAL	48,501	34,475	25,469	108,445	49,165	38,917	33,095	121,177	12,732

2. CHANGES TO THE SOURCES OF FINANCE

2.1 There is an increase of £12.732m in the budget for the three year programme since the first quarter position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF JUNE REVIEW			END OF SEPTEMBER REVIEW			INCREASE/ (DECREASE) £000
	2013/14 £000	2014/15 £000	2015/16 £000	2013/14 £'000	2014/15 £'000	2015/16 £000	
Supported Borrowing	4,166	4,166	4,166	4,166	4,166	4,166	0
Unsupported Borrowing	4,209	6,690	7,452	6,051	5,355	11,547	4,602
Grants and Contributions	25,681	15,295	7,424	23,124	20,698	11,103	6,525
Capital Receipts	1,573	1,096	1,680	1,526	1,291	1,680	148
Departmental & Corporate Revenue	4,531	721	3,160	4,704	722	3,160	174
Capital Fund	4,921	4,588	200	4,943	4,411	52	(303)
Renewals & Other Funds	3,420	1,919	1,387	4,651	2,274	1,387	1,586
TOTAL	48,501	34,475	25,469	49,165	38,917	33,095	12,732
3 YEAR TOTAL			108,445			121,177	

2.2 'Tranche 3' and '21st Century' Schools Schemes (Education Department)

The funding for some of the following schemes has been re-profiled –

'Tranche 3' – the Government's transitional capital funding fund

- Bro Dysynni area schools (which includes Craig y Deryn School, Penybryn School, Dyffryn Dulas School and Pennal School)

'21st Century' – the 21st Century Schools programme

- O.M.Edwards School, Llanuwchllyn and Bala area Schools
- Dolgellau area Schools
- New School – Groeslon
- New School – Hafod Lon
- New School – Glan Cegin

The re-profiling has had an effect on the timing of the necessary investment by the Council, which is mainly funded through unsupported borrowing, and also on the timing of the grant from the Government. Please note that only the effect of 3 years is shown here, which is the lifespan of the current capital programme, but the schemes will continue into the 2017/18 financial year. See the table below for a summary of the adjustments to the current funding position:

SOURCE OF FINANCE	2013/14	2014/15	2015/16	TOTAL
	£'000	£'000	£'000	
Unsupported Borrowing	2,193	(504)	3,228	4,917
Grants and Contributions	(2,814)	2,050	3,679	2,915
Capital Fund	680	(680)	0	0
TOTAL	59	866	6,907	7,832

The expenditure and funding for the Bro Dysynni area schools has already been approved by the Government, and there is therefore no financial risk to these schemes. Apart from this the rest of the schemes are subject to approval of detailed business plans, and there therefore remains an element of financial risk. However, as the Government is keen for the Council to acknowledge its financial

commitment to the schemes, we have included the total funding for these schemes in the capital programme in part 1 above. If for some reason the business cases fail, the match funding will also have to be removed from the programme.

2.3 Unsupported Borrowing

In addition to the adjustment noted in 2.2 above there is a decrease of (£315,000) in this source of funding mainly due to:

- **Carbon Management Scheme (Customer Care Department- Property Unit) – (£253,000) in 2013/14**, which reflects the re- profiling of the current carbon management schemes which are financed through borrowing from Salix.

2.4 Grants and Contributions

In addition to the adjustment noted in 2.2 above there is a net increase of £3,610,000 in this source of funding, mainly due to the following:

- **Oriel Gwynedd Scheme (Economy and Community Department) - £400,000 in 2013/14, and £1,481,065 in 2014/15**

A grant was received from Menter Môn Menai £400,000, the Lottery Heritage Fund £1,400,000 and Bangor University £81,065 towards the scheme for a new museum and art exhibition in the Bishop's Palace, Bangor.

- **Learning in Digital Wales Scheme (Education Department) - £1,290,000 in 2013/14**

This scheme is financed through a specific grant from the Government towards improving the digital communication across schools in Wales.

- **Safe Paths in the Community Scheme – Ederm to Morfa Nefyn (Regulatory Department) - £205,000 in 2013/14**

A grant received by the Welsh Assembly for the improvements to the multi purpose path above.

- **Waste bins (Highways and Municipal Department) - £116,570 in 2013/14**

A Sustainable Waste Management Grant was received from the Welsh Government for the purchase of waste bins.

2.5 Capital Receipts

A net increase of £148,000 in this source of funding, mainly due to a contribution of £100,000 in 2014/15 from the Economy and Community Department towards the Oriel Gwynedd Scheme (see also 2.4 above and 2.6 below).

2.6 Departmental and Corporate Revenue

A net increase of £174,000 in this source of funding is mainly due to a contribution of £78,570 in 2013/14 from the Regulatory Department towards the Penamser Scheme in Porthmadog. This contribution is to finance the temporary overspend on the scheme to create a new roundabout on the Criccieth road out of Porthmadog, but it is hoped that grant funding will be obtained before the end of the financial year to substitute this.

2.7 Capital Reserve

A decrease of £302,600 in this source of funding, due to the transfer from capital financing to finance revenue staffing costs for a period of three years which is relevant to the information technology scheme 'EDRMS: (Electronic Document and Records Management System) in the Customer Care Department. This is a corporate system to manage and process documents.

2.8 Renewals and Other Funds

The net increase of £1,436,000 in this source of funding is mainly due to the following:

- **Water works scheme in Sandilands, Tywyn (Highways and Municipal Department) £506,310 in 2013/14**
Use of the Sewerage Reserve which was established in 2010 for this purpose.
- **Carbon Management Schemes (Customer Care Department- Property Unit) £498,570 in 2013/14 and 2014/15**
Use of the Reserve relevant to Carbon Management.
- **Bridges and Retaining Walls Schemes (Regulatory Department) £234,000 in 2013/14**
Use of the Adverse Weather Reserve which was established by the Cabinet when closing the 2012/13 accounts.
- **Caergyfchu improvements Scheme (Highways and Municipal Department) £236,530 in 2013/14**
Use of the relevant Renewals Reserve.
- **Oriel Gwynedd Scheme (Economy and Community Department) - £150,000 in 2014/15** (see also 2.4 and 2.5 above).
Use of the Council's match funding reserve.

2.9 Recommendation

The Cabinet is asked to accept the 2013/14 to 2015/16 revised capital programme and approve the relevant sources of finance (para. 2.2 to 2.8 above).

3 ANNUAL EXPENDITURE PROFILES

3.1 The total level of re-profiling in the capital programme from 2013/14 to 2014/15 so far is £3,322,070. The figures in part 1 of the report reflect this, with the main items as follows-

Schemes that are financed from the Council's resources:-

- Brynrefail School – removal of 6 temporary classrooms (Education Department) £450,000
- Carbon Management Schemes (Customer Care Department- Property Unit) £222,000
- Asbestos and Fire Schemes (Customer Care Department- Property Unit) £200,000

Schemes that are financed (partly) through specific grants:-

- Pwllheli Sailing Academy (Economy and Community Department) £1,817,800

3.2 The above re-profiling will not result in any loss in grant.

3.3 There is a variety of valid reasons behind the re-profiling in many cases, but the delay prior to implementing these schemes can mean that the services have to cope for longer with the current assets not improved.

4 CAPITAL EXPENDITURE FIRST 6 MONTHS 2013/14

4.1 The table below shows the actual departmental capital expenditure for the Council by the end of the second quarter (6 months), against the revised capital programme for 2013/14 (full year) -

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed September) 2013/14	ACTUAL EXPENDITURE FOR THE 6 MONTHS TO
	£'000	30/09/2013 £'000
Human Resources	45	11
Education	9,570	4,090
Finance	0	0
Provider and Leisure	229	35
Democracy and Legal	0	0
Economy and Community	5,796	987
Customer Care – Property Unit	8,957	5,232
Customer Care – Other	747	126
Housing and Social Services	3,095	1,531
Highways and Municipal	8,989	2,848
Regulatory	11,676	2,503
Strategic and Improvement	0	0
Council Housing (Residual)	32	0
Gwynedd Consultancy	29	0
Corporate	0	0
TOTAL	49,165	17,363

Some departments appear to be spending less than half their annual budget up to now, i.e. the Economy and Community Department (mainly due to the delay with the Pwllheli Sailing Academy Scheme), the Highways and Municipal Department (mainly due to the profiled spend on the GwyrAD scheme) and the Regulatory Department (mainly due to the profiled spend on Briwet Bridge). However the departments are confident that they will spend in line with the programme by the end of the second half of the year.

4.2 Nearly £17.4m has been spent in the first six months, which is 35% of the budget.

SUMMARY	END OF SEPTEMBER REVIEW 2013/14	END OF SEPTEMBER REVIEW 2012/13	INCREASE
Full year's budget	£49.2million	£42.2 million	£7.0 million
Expenditure for the first 6 months	£17.4million	£13.4 million	£4.0 million
Expenditure as a percentage of the budget	35%	32%	3%

4.3 Despite the re-profiling, the percentage that has been spent this year is higher than the equivalent percentage last year. This is an improvement for the second year running.

2. ECONOMIC BACKGROUND

Growth: The UK economy showed some improvement, with consumer spending boosting growth. GDP for the first quarter of 2013 was revised up to +0.4% and for the second quarter was +0.7%. Recent data suggests a stronger rate in quarter three. Revisions by the Office of National Statistics to GDP back-data showed the UK avoided a double-dip recession in 2012, but that the downturn in 2008-09 was deeper than previously estimated. Growth is now still over 3% below its peak back in 2007.

Some positive signs for household spending emerged. The deterioration in real earnings growth (i.e. earnings less inflation) slowed, which implied a slower erosion of purchasing power. Consumer confidence improved. Household savings rates remained high, which is unsurprising given the uncertain economic outlook, but appear to be on a downward track, suggesting spending was being driven by borrowing or lower savings. This raises questions about the sustainability of the recovery at these rates of growth.

Inflation: Annual CPI for August (published September) was 2.7%. Inflation fell in line with expectations and is expected to remain close to this level throughout the autumn. Further out, inflation should fall back towards the 2% target as external price pressures fade and a revival in productivity growth curbs domestic cost pressures. The oil price (Brent Crude) climbed above \$100/barrel on the back of political unrest in Egypt and the unresolved crisis in Syria.

Monetary Policy: There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively. The main development for UK monetary policy was the start of Mark Carney's tenure as Governor and the implementation of forward guidance. Within the August Inflation Report, the Bank stated its forward guidance, the main element of which is to defer monetary tightening at least until the ILO Unemployment Rate falls to a threshold of 7% (among a raft of caveats). The Bank projected that the probability of this happening would remain below 50% until 2016. The Governor has had to defend the Bank's guidance in the face of rising financial market expectations of an earlier rate rise on the back of the encouraging economic data.

In his testimony to Congress on 22nd May the US Federal Reserve Chairman Ben Bernanke stated that, if the nascent recovery in the US economy became established, the Fed would reduce its \$85bn monthly asset purchase programme (QE). The apparent movement by the Fed towards tapering its open-ended QE programme prompted extreme asset price volatility in bonds and equities, as investors sought to crystallise gains driven by excessive liquidity. As a consequence, government bond yields spiked. There had been a growing expectation that the Federal Reserve would seek to commence 'tapering' in September but they took markets by surprise and maintained asset purchases at the existing level.

Global: Whilst the outlook for the global economy appeared to have improved over the first half of calendar 2013/14, significant economic risks remain, particularly in China and the Eurozone. The Chinese banking system is facing tighter liquidity conditions as officials seek to slow down rampant credit growth, and, despite the

time gained by the ECB to allow individual members and the Eurozone as a whole to reform their economies, the Eurozone debt crisis has not gone away. The region appears to be dragging itself out of recession and September's German general election passed with little incident but political uncertainties, particularly in Italy, could derail any progress towards a more balanced and stable regional economy. The US recovery appeared to be in train, but a lack of agreement on the federal budget by the end of September caused a partial government shutdown at the start of October, which could have an effect on GDP growth. Political risks also remain regarding the debt ceiling.

3. DEBT MANAGEMENT

Borrowing Activity in 2013/14

	Balance on 01/04/2013 £m	Debt Maturing £m	Transfer £m	New Borrowing £m	Balance on 30/09/2013 £m	Avg Rate % and Avg Life (yrs)
Short Term Borrowing ¹	17,437	(1,043)	(15,142)	33	1,285	9.07% 0.88 yrs
Long Term Borrowing	95,811	0	15,142	164	111,117	5.75% 21.71 yrs
TOTAL BORROWING	113,248	(986)	0	197	112,402	5.78% 21.47 yrs
Other Long Term Liabilities	29	0	0	0	29	4.35% 1.25 yrs
TOTAL EXTERNAL DEBT	113,277		0	197	112,431	5.78% 21.47 yrs
Increase/ (Decrease) in Borrowing £m					(846)	

PWLB Certainty Rate Update

The Council qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period from 01/11/2012. In August the Council submitted its application to the Welsh Government along with the 2013/14 Capital Estimates to access this reduced rate for a further 12 month period from 1st November 2013.

¹ Loans with maturities less than 1 year.

PWLB Borrowing

The PWLB remained an attractive source of borrowing for the Council as it offers flexibility and control. As concerns mounted over the timing of the removal or 'tapering' of QE by the US Federal Reserve, gilts sold off and yields rose in May and June. The sharp rise in gilt yields led to a corresponding rise in PWLB rates (see Appendix A), with the most pronounced increase was for 10 year loans where rates as at 30th September were 0.83% higher than 1st April. Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

For the Council the use of internal resources in lieu of borrowing has, therefore, continued to be the most cost effective means of funding £10m of capital expenditure in 2013/14. This has lowered overall treasury risk by reducing both external debt and temporary investments. Borrowing options and the timing of such borrowing will continue to be assessed in conjunction with the Council's treasury advisor.

Debt Rescheduling:

The increase in PWLB repayment rates during the quarter lowered the premium that would apply on premature redemption of loans, but the premia was still relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

Changes in the debt portfolio over the quarter have achieved a reduction in credit risk by repaying debt with existing investments.

4. INVESTMENT ACTIVITY

The Welsh Government's Investment Guidance gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Investment Activity in 2013/14

Investments	Balance on 01/04/13 £m	Investments made £m	Maturities £m	Balance on 30/09/13 £m	Avg Rate % and Avg Life (days)
Short Term Investments	43,030	110,188	(109,528)	43,690	0.78% 87days
Investments in Pooled Funds	0	88,000	(76,000)	12,000	-----
Investments in other Local Authorities	5,000		(5,000)	0	0
TOTAL INVESTMENTS	48,030	198,188	(190,528)	55,690	-----
Increase/ (Decrease) in Investments £m				7,660	

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14. New investments can be made with the following institutions:

- Other Local Authorities;
- AAA-rated Money Market Funds;
- Call Accounts, Certificates of Deposit (CDs) and Term Deposits with select UK and non-UK Banks and Building Societies. The non-UK banks comprised those domiciled in Australia, Canada, USA, Europe and Singapore.
- Treasury-Bills and DMADF (Debt Management Office);
- Gilts
- Bonds issued by Multilateral Development Banks, such as the European Investment Bank;
- Pooled funds (collective investment schemes);
- Investments with Registered Providers of Social Housing (housing associations).

Counterparty credit quality is assessed and monitored with reference to: Credit Ratings (the Council's minimum long-term counterparty rating of A- or equivalent across rating agencies Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms / potential support from a well-resourced parent institution; share price.

Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
31/03/2013	5.27	A+	5.08	A+
30/06/2013	5.18	A+	5.30	A+
30/09/2013	5.44	A+	4.60	A+

Scoring:

-Value weighted average reflects the credit quality of investments according to the size of the deposit

-Time weighted average reflects the credit quality of investments according to the maturity of the deposit

-AAA = highest credit quality = 1

-D = lowest credit quality = 26

-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Counterparty Update

In April Fitch downgraded the UK's long-term sovereign rating by one notch from AAA to AA+, the second of the rating agencies to do so (Moody's had downgraded the UK's ratings in February to Aa1). Where assigned, local authorities' ratings, which benefit from an uplift due to their close and direct links to central government, were also downgraded.

The proposed sale of 632 Lloyds' branches to the Co-op Bank – referred to as Project Verde – fell through in April. These branches will now be transferred in September to TSB Bank, a new bank which will be sold through a listing on the stock market in 2014.

In May Moody's downgraded the long-term rating of Co-op Bank by six notches from A3 to Ba3 which is sub-investment grade. The downgrade reflected the agency's opinion that the bank faced the risk of further substantial losses in its non-core portfolio. In June the Co-op announced it had a £1.5bn regulatory capital shortfall requiring a recapitalisation via burden-sharing with junior creditors and asset disposals of its parent's insurance businesses. Moody's downgraded the bank's long-term rating a further four notches to Caa1 whilst Fitch downgraded the long-term from BBB- to BB-.

In the Chancellor's Mansion House speech on 19th June he signalled his intention to sell the government's stake in the Lloyds Banking Group reasonably soon and a 6% stake was indeed sold to institutional investors on 17th September at a price of 75p. In a positive move, Fitch upgraded Lloyds' viability rating to bbb+. The situation was more complicated with RBS since its problems were greater and reflected in its share price. It appeared that a 'good bank' and 'bad bank' split for RBS was being favoured by the Chancellor and sat behind the announcement concerning the departure of RBS Chief Executive, Stephen Hester, who disagreed with that route.

Moody's placed the RBS's long-term of A3 and standalone financial strength rating of D+ on review for downgrade on 5th July 2013, amid concerns about the impact of any potential breakup of the bank on creditors. Although the probability of losses remains low there is a possibility of capital impairment especially as the government has clearly indicated that it will not put up any further taxable funds. As a precautionary measure the Council has reduced its maximum duration on RBS investments to overnight.

Investment activity over the period was primarily based on overnight deposits and money market funds as the returns for longer investments are no higher than overnight and the risk is greater.

The Council's counterparty list as at 30 September 2013 is attached for information in Appendix A.

Safe Custody Arrangements

The Council set up a custody account with King and Shaxson in August 2012. Having set up the custody account, the Council now has the ability to use a number of approved investment instruments as outlined in the 2013/14 Treasury Strategy and diversify the investment portfolio. Investment instruments requiring a custodian facility include Treasury Bills, Certificates of Deposit, Gilts, Corporate Bonds and Supranational Bonds.

By establishing custody arrangements, the Council will be better-placed to consider the use of alternative investment instruments in response to evolving credit conditions.

The Council invested in a Certificate of Deposit with Standard Life Bank in August 2012 which matured in August 2013. A new Certificate of Deposit was taken out in August 2013.

Budgeted Income and Outturn

The Council's budgeted investment income for the year has been estimated at £0.556m. The average cash balances representing the Council's reserves, working balances and the Pension Fund's surplus cash, were £65.4m during the period.

The UK Bank Rate has been maintained at 0.5% since March 2009 and is not expected to rise until 2016/17. Short-term money market rates have remained at very low levels. New deposits were made at an average rate of 0.65%. Investments in CNAV Money Market Funds were at an average rate of 0.4%. The Council anticipates an investment outturn of £350,000 for the whole year.

Update on Investments with Icelandic Banks

Heritable – The Council has now recovered 94% of its investment in Heritable Bank. It is likely that further distributions will be received, although the administrators have not made any further estimate of final recoveries yet.

CIPFA issued further guidance on the accounting treatment surrounding these transactions in September 2013 when LAAP 82 (update 8) was issued.

5. COMPLIANCE WITH PRUDENTIAL INDICATORS

The Council can confirm that it has complied with its Prudential Indicators 2013/14, which were set in February 2013 as part of the Council's Treasury Management Strategy Statement which can be accessed through the following link [http://www.gwynedd.gov.uk/ADNPwyllgorau/2012-13/Cyngor%20Llawn/2013-02-28/english/08_06_\(b\)%20Treasury%20Management.pdf](http://www.gwynedd.gov.uk/ADNPwyllgorau/2012-13/Cyngor%20Llawn/2013-02-28/english/08_06_(b)%20Treasury%20Management.pdf)

Details of treasury-related Prudential Indicators can be found in Appendix B.

6. OUTLOOK FOR Q3

At the time of writing this activity report in October 2013, the UK economic outlook appears to have improved. The projected path for growth has risen, but remains relatively subdued, with a distinct reliance on household consumption, which itself remains under pressure given the deterioration in real earnings growth, high unemployment and general low confidence. A variety of other factors will continue to weigh on a domestic recovery, including on-going fiscal consolidation, muted business confidence and subdued foreign demand. While the economic recovery may pick up steam, forward guidance from the Bank of England suggests that monetary policy is unlikely to be tightened until the ILO Unemployment Rate falls below 7%. The Bank projected this level would be reached in 2016. The latest forecast for Bank Rate from our advisors Arlingclose is below:

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Official Bank Rate												
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75
Arlingclose Centra	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

7. SUMMARY

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2013/14. As indicated in this report, none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Appendix A

GWYNEDD COUNCIL'S LIST OF AUTHORISED COUNTERPARTIES (as updated 30/09/13)

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

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

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 Treasury Management Strategy Statement. 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.

Borrowing in Comparison to the Capital Financing Requirement

Estimates of the Council's cumulative maximum external borrowing requirement for 2013/14 to 2015/16 are shown in the table below:

	31/03/2013 Actual £000s	31/03/2014 Estimate £000s	31/03/2015 Estimate £000s	31/03/2016 Estimate £000s
Gross CFR	165,924	169,003	171,984	181,318
Less: Other Long Term Liabilities	(29)	(15)	0	0
Borrowing CFR	165,895	168,988	171,984	181,318
Less: Existing Profile of Borrowing	(113,248)	(112,469)	(116,267)	(121,267)
Gross Borrowing Requirement/Internal Borrowing	52,647	56,519	55,717	60,051
Usable Reserves	(65,725)	(60,587)	(53,077)	(50,860)
Long term provision	(9,865)	(8,162)	(8,102)	(8,082)
Net Borrowing Requirement/(Investment Capacity)	(22,943)	(12,230)	(5,562)	1,109

In the Prudential Code Amendment (November 2012), it states that the chief finance officer should make arrangements for monitoring with respect to gross debt and the capital financing requirement such that any deviation is reported to him, since any such deviation may be significant and should lead to further investigation and action as appropriate.

	31/03/2013 Actual £000s	31/03/2014 Estimate £000s	31/03/2015 Estimate £000s	31/03/2016 Estimate £000s
CFR	165,924	169,003	171,984	181,318
Gross Debt	(113,227)	(112,484)	(116,267)	(121,267)
Difference	52,647	56,519	55,717	60,051
Borrowed in excess of CFR? (Yes/No)	No	No	No	No

Usable Reserves

Estimates of the Council's level of Usable Reserves for 2013/14 to 2015/16 are as follows:

	31/03/2013 Actual £000s	31/03/2014 Estimate £000s	31/03/2015 Estimate £000s	31/03/2016 Estimate £000s
Usable Reserves	67,725	(60,587)	(53,077)	(50,860)

Prudential Indicator Compliance

(a) 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 authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

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 and 2013/14 (to date), 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.

(b) Estimates of Capital Expenditure

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.

	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Expenditure	50.70	49.17	38.92	33.10

Capital expenditure will be financed or funded as follows:

Capital Financing	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	1.07	1.53	1.29	1.68
Government Grants	25.68	23.12	20.70	11.10
Revenue contributions	13.46	14.30	7.40	4.60
Total Financing	40.21	38.95	29.39	17.38
Supported borrowing	4.17	4.17	4.17	4.17
Unsupported borrowing	6.33	6.05	5.36	11.55
Total Funding	10.49	10.22	9.53	15.72
Total Financing and Funding	50.70	49.17	38.92	33.10

The table above shows that the capital expenditure plans of the Council can be funded entirely from sources other than external borrowing.

(c) Ratio of Financing Costs to Net Revenue Stream:

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

The ratio is based on costs net of investment income.

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

(d) Capital Financing Requirement

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.

	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Financing Requirement	160.39	169.00	171.98	181.31

(e) Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. 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	2013/14 £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	0	0	0

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.

(f) Authorised Limit and Operational Boundary for External Debt

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The Head of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2013/14; borrowing at its peak was £113.3m.

	Authorised Limit (Approved) as at 31/03/2014 £000s	Operational Boundary (Approved) as at 31/03/2014 £000s	Actual External Debt as at 30/09/2013 £000s
Borrowing	195,000	175,000	112,402
Other Long-term Liabilities	0	0	29
Total	195,000	175,000	112,431

(g) Adoption of the CIPFA Treasury Management Code

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

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 3 rd March 2011.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

(h) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limits for 2013/14 %	Maximum during 2013/14 %
Upper Limit for Fixed Rate Exposure	100	100
Compliance with Limits:		Yes
Upper Limit for Variable Rate Exposure	50	0
Compliance with Limits:		Yes

(i) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/9/2013 £000s	% Fixed Rate Borrowing as at 30/9/2013	Compliance with Set Limits?
under 12 months	25	0	1,124	1.01	Yes
12 months and within 24 months	25	0	0	0	Yes
24 months and within 5 years	50	0	20,309	18.19	Yes
5 years and within 10 years	75	0	5,896	5.28	Yes
10 years and within 20 years	100	0	34,410	30.83	Yes
20 years and within 30 years	100	0	22,533	20.19	Yes
30 years and within 40 years	100	0	0	0	Yes
40 years and within 50 years	100	0	27,352	24.50	Yes
50 years and above	100	0	0	0	Yes

(The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date)

(j) Upper Limit for Total principal sums invested for periods longer than 364 days

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.

	2013/14 Approved £000s	30/09/13 Actual £000s	31/03/14 Estimate £000s	31/03/15 Estimate £000s
Upper Limit for total principal sums invested over 364 days	35,000	0	35,000	35,000

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	3 DECEMBER 2013
TITLE	SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS
PURPOSE OF REPORT	TO PRESENT AN UPDATE ON THE DEVELOPMENT OF THE WORK PROGRAMME OF THE GOVERNANCE ARRANGEMENTS ASSESMENT GROUP, AND THE ROLE OF THE AUDIT COMMITTEE WITHIN THE PROCESS
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	FOR INFORMATION, AND A DECISION ON ARRANGING A WORKSHOP

1. BACKGROUND

- 1.1 The Accounts and Audit Regulations (Wales) 2005 (as amended by the Accounts and Audit Regulations (Wales) 2010), CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom, and the CIPFA / SOLACE *Framework Delivering Good Governance in Local Government* (2007) and its Addendum (2012), together impose a statutory requirement on the Council to conduct a review at least once in a year of the effectiveness of its system of governance, and to include a statement on governance with its statement of accounts.
- 1.2 As a result, the Council has published an Annual Governance Statement with its Statement of Accounts for several years, but it became increasingly clear that the way in which the Council is preparing the Statement – and especially its methodology of reviewing its system of governance – does not meet best practice.
- 1.3 In July 2013, the Audit Committee was given a presentation by the Performance Assessment Leader, from the Wales Audit Office following a review of Welsh local authorities' processes when conducting their governance self assessments. In terms of Gwynedd Council, he noted that that the general conclusion of the review was that the Council's self assessment of its governance arrangements lacked corporate ownership and robust scrutiny and challenge.
- 1.4 The 2012/13 Annual Governance Statement was presented to the same meeting; at that time it was explained to the Committee that a Governance Arrangements Assessment Group had been established, and that this Group would address the matters raised by WAO. The Group keeps a continuous, more disciplined view of governance issues, raises broader awareness of them, and promotes wider ownership of the Annual Governance Statement.
- 1.5 The members of the Group are a Corporate Director (DOW), the Head of Democracy and Legal, the Senior Manager for Corporate Commissioning, Senior Manager Delivery and Change Support and the Senior Manager Audit & Risk; one key aspect of its work is that it reports regularly to the Audit Committee.

2. WORK PROGRAMME

2.1 The Group has met on 7 November to discuss the work that has been done on aspects of governance by different services in the year to date and to agree on a work programme for the coming year (up to the preparation of the 2013/14 Annual Governance Statement). Among the issues that are being considered by the Group are those issues identified by WAO in their Annual Improvement Letter (September 2013) that needed to be included in the first year of a rolling programme of reviews to support the governance self-assessment, which are:

- The annual performance self-assessment;
- The roles of the Corporate Management Team, Informal Cabinet and the chairs and vice-chairs of the Scrutiny Forum in identifying and addressing areas of underperformance against the improvement objectives; and
- The work of the three scrutiny committees in identifying the effects of Council policies on the residents of the county.

2.2 The group will meet again on:

- 25 February 2014
- 8 April 2014
- 2 June 2014
- 6 October 2014

2.3 WAO has introduced a new regime of cyclical corporate assessments of local authorities in Wales. The Corporate Management Team has commissioned the Group to review WAO reports on the corporate assessments of individual councils as they are published, to identify gaps noted in the reports and ensure that same weaknesses do not exist in Gwynedd. The Group will meet in December 2013 to consider the first report issued under the new system, which is a review of Newport Council.

3. ROLE OF THE AUDIT COMMITTEE

3.1 The Audit Committee has a key role within the authority's governance arrangements – this is the committee that has been designated as "those charged with governance". This means that it has the task of ensuring that the Council's governance arrangements are robust.

3.2 The Committee will need to receive regular reports on the work of the Governance Arrangements Assessment Group which note:

- Governance issues that arise
- What the Group intends to do to address them.

3.3 As part of this year's self-assessment of governance arrangements, it is necessary to consider whether the governance framework that is in place at present, and the Local Code of Governance which encompasses the Framework, remains suitable. A copy of the current Local Code of Governance is included as an appendix to this report.

3.4 The Governance Arrangements Assessment Group therefore suggests that the Audit Committee undertakes its own assessment of the principles of good governance, in a facilitated workshop in January 2014. The principles of good governance are the six core principles of the CIPFA / SOLACE Framework, which are:

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area (including citizens and service users)

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Core Principle 3: Promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.

Core Principle 5: Developing the capacity and capability of members and officers to be effective.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

3.5 The objective of the workshop is for members of the Committee to think about where they consider the strengths and weaknesses of Gwynedd Council to be currently in the context of these principles, and what amendments should be made to the Local Code of Governance. At the same time the Governance Arrangements Assessment Group will conduct its own assessment, and after the workshop all comments will be collated and reported back to the Audit Committee on 20 February.

4. RECOMMENDATION

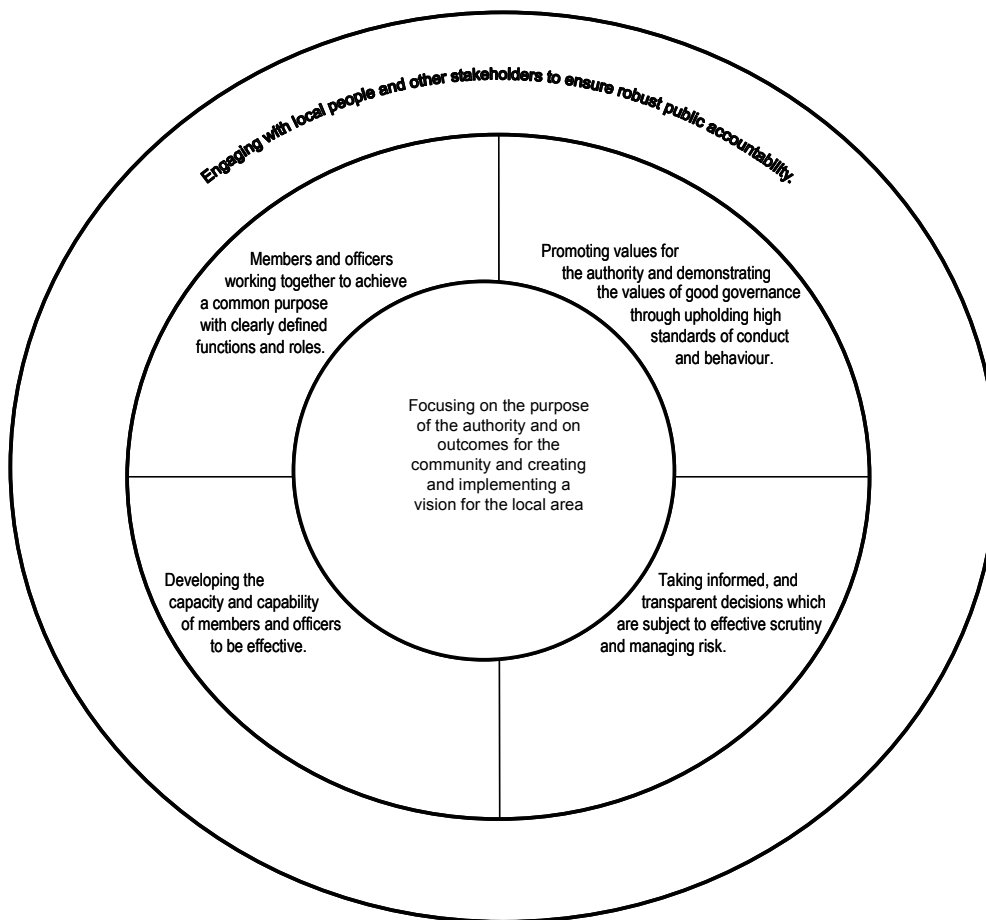
4.1 The Audit Committee is requested to accept this report as an update on the development of a work programme for the Governance Arrangements Assessment Group.

4.2 The Audit Committee is requested to agree to arrange a workshop in January 2014 in order to undertake a self-assessment on the principles of good governance, and if it so agrees, to decide on a location.

GWYNEDD COUNCIL

LOCAL CODE OF GOVERNANCE

Gwynedd Council is committed to providing services and making decisions in the best way possible. In order to achieve this, the Council has adopted the six core principles of "Achieving Good Governance in Local Government". (Cipfa/Solace 2007)



Each of the six core principle has a number of supporting principles.

The meaning of “good governance” is to ensure that the policy, systems, procedures and structures framework, which together, manage the way in which the Council administers its business, comply with these six core principles.

Good governance means that the Council’s values and culture accord with these principles.

Good governance means doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Council acknowledges that good governance leads to good management, good performance, good public engagement and, ultimately good outcomes for citizens and service users.

During 2010, the Council held a self-assessment of its governance arrangements by assessing them against five themes:

- achievements and results
- leadership and governance
- engagement with customers, communities and partners
- managing resources and performance
- procedure and people

The results of the self-assessment identified areas of strength along with issues to be addressed in an action plan. The evidence gathered in the self-assessment forms the basis of the Local Code of Governance.

The purpose of this Local Code of Governance is to summarise, in one document, the principles that the Council adheres to when governing, along with a description of the policies, strategies and procedures that show how the Council intends to achieve them. It will be a live document and will be added to as other policies and strategies are developed following the self-assessment.

This Code will be reviewed annually as the Annual Governance Statement is produced.

Core principle 1: Focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area (including citizens and service users)

Supporting principles:

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

The supporting policies, strategies, procedures and processes are:

- The Council Values
- The Council's Three Year Plan
- The Community Strategy
- Statement of the Accounts
- The Financial Strategy
- The complaints procedure
- The 'Achievement' system
- The Local Code of Governance
- The Auditor's Annual Letter

Core principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Supporting principles:

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard.
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

The supporting policies, strategies, procedures and processes are:

- Scheme for delegation to committees
- Scheme for delegation to the portfolio leaders
- Scheme for delegation to officers
- Decision Notices
- Description of members' roles and responsibilities
- Protocols for implementing statutory officer functions
- The Protocol for Member-Officer Relations
- Members' Allowance Scheme

Core principle 3: Promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.

Supporting principles:

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
- Ensuring that organisational values are put into practice and are effective.

The supporting policies, strategies, procedures and processes are:

- Members' Code of Conduct
- Officers' Code of Conduct
- The Gwynedd Standard
- Standards Committee Procedural Rules
- Anti-fraud and Corruption Policy
- The Council's Procedural Rules
- Financial Procedural Rules
- Contracts Procedural Rules
- The appraisal procedure
- Internal Audit Plan
- Gifts and Hospitality Policy - officers
- Gifts and Hospitality Policy - members
- Officer's Interests Policy
- The Standards Committee Annual Report

Core principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.

Supporting principles:

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.
- Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place.
- Using their legal powers to the full benefit of the citizens and communities in their area.

The supporting policies, strategies, procedures and processes are:

- The Risk Management Strategy
- Overview and Scrutiny Procedural Rules
- Access to Committee Information Procedural Rules
- Overview and Scrutiny Strategy
- Members' Training Programme (Scrutiny).
- Officers' Training Programme (Constitutional Arrangements).
- Remit of the Audit Committee
- The Complaints Procedure
- Decision Notices
- Committee minutes
- Whistle Blowing Code of Practice
- Guidance for Chairpersons' Booklet
- The Scrutiny Strategy
- Corporate Risks Register

Core principle 5: Developing the capacity and capability of members and officers to be effective.

Supporting principles:

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The supporting policies, strategies, procedures and processes are:

- New Members Induction Programme.
- Member Training Strategy
- Members' Personal Development Plan
- Officer Training and Development Plan
- The appraisal procedure
- The Succession Plan.
- The recruitment procedure
- Member Support and Development Charter
- Management Competency Framework.

Core principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting principles:

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by authority, in partnership or by commissioning.
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The supporting policies, strategies, procedures and processes are:

- Scrutiny Annual Report
- Access to Committee Information Procedural Rules
- Planning Code of Practice
- The Annual Report on the Council's Achievement
- Gwynedd Together, the Community Strategy

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	3 DECEMBER 2013
TITLE	REPORT OF THE CONTROL IMPROVEMENT WORKING GROUP
PURPOSE OF REPORT	TO REPORT ON THE MEETING HELD ON 11 NOVEMBER 2013
AUTHOR	TREVOR O EDWARDS, CHAIR OF THE AUDIT COMMITTEE
ACTION	TO RECEIVE THE REPORT AND CONSIDER THE RECOMMENDATIONS

1. INTRODUCTION

1.1 The executive summaries of 10 internal audit reports were presented to the Audit Committee meeting on 26 September 2013, which represented reports that had been released between 1 July 2013 and 31 August 2013. Three of these reports received a 'C' opinion.

1.2 Consequently, the Committee resolved:

a) That the following members would serve on the Working Group to consider reports that had received a 'C' opinion category –

The Chairman and Vice-chairman of the Audit Committee and Councillors Angela Russell, Bob Wright and Mr John Pollard.

2 WORKING GROUP MEETING

2.1 The Working Group meeting was held on 11 November in Ystafell Glyder Fach, with the Chair of the Committee, the Councillors Angela Russell and Bob Wright and Dewi Morgan, Senior Manager Audit and Risk, present. Apologies were received from John Pollard and Councillor John Pughe Roberts.

2.2 The reports that had received a 'C' opinion during the period under review were:

TITLE	DEPARTMENT	SERVICE
Health and Safety Risk Assessments	Corporate	
Officers' Interests Policy	Corporate	
Software Licences (Schools)	Customer Care	Information Technology

2.3 Officers attended to discuss the three reports.

2.4 These summaries were addressed in turn by the Working Group members. The Senior Manager Audit and Risk offers further background, including the introduction of relevant points of the full report. Senior Managers had been invited to attend the meeting to discuss issues that arise, and in particular the work that has been done since the publication of the report in order to strengthen internal controls in question.

2.5 Health and Safety Risk Assessments

2.5.1 The main findings of the report were:

We looked at a wide sample of services for this audit and found that a wide range exists in compliance i.e. there are examples of good practice in certain services and complete non-compliance in one service.

One of the main findings of the audit is that one manager was not aware of the requirement and responsibility for health, safety and welfare of the service. It is essential that every manager ensures that they have the appropriate processes in place to protect members of staff, the public and anyone else who comes in contact with them in their activities.

Of the other services / sites, we found that risk assessments are in place and that there were arrangements in all but one service for timely review. Of the services / sites which have prepared risk assessments, we found that the majority are comprehensive. However, managers should be reminded of the need to ensure that the content of registers are communicated to staff in a way that ensures that they are adequately understood to be able to operate efficiently.

2.5.2 Geraint Owen, Senior Manager Human Resources and Catrin Love, Senior Health, Safety and Welfare Advisor were welcomed to the meeting.

2.5.3 The Senior Manager Human Resources explained that the audit had been undertaken at his request, as he sees such a review as a valuable tool when trying to put a system in place so that health and safety issues are considered part of managers' day to day work rather than an additional burden. It was emphasised that managers are responsible for the Health and Safety of their staff and the environment in which they operate, including ensuring a safe environment for customers and visitors.

2.5.4 Following criticism of the Council's arrangements by the Health and Safety Executive (HSE) in 2004, there was a campaign within the Council to carry out health and safety risk assessments. The expectation was that services prepare risk registers in the usual way, by identifying risks, the actions that are already in place, and any other actions that are necessary. This audit was requested because there was concern that these registers have not been maintained and updated regularly since then.

2.5.5 Despite this, **the Control Improvement Working Group received assurances that the central Health, Safety and Welfare Unit continues to offer support in this area.** The following was presented as evidence:

- Health, Safety and Welfare Advisors are employed to support services, and a specific half-day training course on risk assessment is provided to Council managers. In the last 2 years, 38 sessions have been held with about 400 officers attending.
- Relevant managers can also receive a 4-day Managing Safely training course that is accredited by IOSH (Institute of Occupational Safety & Health). The Senior Manager was of the opinion that this is a course that changes ways of thinking and culture, and that difference can already be seen clearly in some departments as a result of it.
- The Human Resources Department has been working on the development of a risk assessment database, which will allow the central team access to all Health and Safety risk assessments. The database will be operational in the coming weeks, and will provide an opportunity to link risk assessments, and give an overview of which ones are in place, and when they were last reviewed.

- The Cabinet Member for Resources has been named the Council's Health and Safety Champion, and gave a presentation to the full Council in September 2013. A Task Group has been established under his chairmanship. Members of the Working Group agreed that the training offered to members is useful, as it provides an introduction to the area of Health and Safety at a strategic level.

- 2.5.6 The Working Group asked about the individual in the sample who did not understand the need to assess the risks, according to the report. The Senior Manager Human Resources explained that this is an example of a situation where the report has led to improvement. Officers from the Health, Safety and Welfare Team has met with this manager and their line manager, and a full day training session has been arranged for this manager's entire team.
- 2.5.7 The Senior Manager, Audit and Risk was keen to stress that only a sample of managers had been surveyed during the audit. In this case, one manager needed to improve their understanding, but it is possible that a different sample could have suggested a wider lack of understanding across the Council.

Schools

- 2.5.8 The scope of this audit did not include schools, which are the subject of a separate audit, which is currently underway. However, the Working Group was keen to have clarity about the different roles within the Council. It was explained that one Advisor from the Health, Safety and Welfare Team, as well as an officer from the Education Department, spends all their time in supporting schools with health and safety issues. Training on site management is given to head teachers, and in terms of First Aid, not all members of staff in schools have had the relevant training, but there is at least one. The number depends on the size of the school.

Reporting on Accidents

- 2.5.9 When an accident occurs, an HS11 form needs to be completed in order to report on it, whether the individual is an employee or a pupil in a school. Approximately 2500 HS11 forms are filled across the Council each year.
- 2.5.10 It was explained that overlap can occur between different policies. For example, risk assessments on entry to school buildings incorporates protection aspects as well as Health and Safety.

Member support

- 2.5.11 The Senior Manager Human Resources was asked if he accepted the report's recommendations. He replied that he did, and explained that the recommendations have been prioritised appropriately.
- 2.5.12 The Senior Manager Human Resources was keen to stress that the core principle is to get Managers to manage their site and take the responsibility themselves, and not to rely on the Health, Safety and Welfare Advisors to carry out the work on their behalf.
- 2.5.13 The Working Group is supportive of this approach, and was pleased to hear that the report has helped to raise the profile of the subject further. The Senior Manager Human Resources confirmed that the report is already bearing fruit.
- 2.5.14 Senior Manager Human Resources said that he welcomes the support of the Working Group and the Audit Committee.

2.5.15 It was noted by the Senior Health, Safety and Welfare Advisor that some managers think they need not attend the course because they do not think it's relevant, but when they do so, they realise its importance.

2.5.16 The Senior Manager Human Resources and Senior Health, Safety and Welfare Advisor were thanked for their presentation and the work that they undertake. The Working Group is keen to support the effort to raise the profile of the subject, and want the Audit Committee to send a message to the Heads of Department to ensure that those managers who have not yet attended the Health and Safety Risk Assessment course should do so.

2.6 Officers' Interests Policy

2.6.1 The main findings of this report were:

Following a change to the Local Government and Housing Act 1989 that came into force on 12 January 2010 posts are no longer restricted based on their salary. Instead there are two categories of jobs are restricted, politically sensitive posts and particular posts. There is therefore a need to update the Officers Interests Policy as well as the registers. It should be noted that these political changes do not affect the need to register interests and the threshold for voluntary registration remains at PO44.

The law states that a register of 'sensitive' posts should be kept but it was clear that the current list of 'sensitive' posts needs updating because many of the posts no longer exist within the Council. The Language and Compliance Manager agrees that it would be helpful to keep a list of particular posts as well.

No specific clause was included in contracts of employment / job descriptions of officers with politically restricted posts.

2.6.2 Sion Huws, Compliance and Language Manager (Democracy and Legal Department) was welcomed to the meeting to discuss the report.

2.6.3 In order to put the work in its context, the Manager explained that the Officers' Interests Policy consists of 3 different areas, namely:

- Interests
- External employment
- Political restrictions

Interests

2.6.4 The Compliance and Language Manager explained that an Officers' Interests Policy is not mandatory, but that Gwynedd Council's view was that there should be one. The Working Group accepted that this is good practice, so that any officials declare a personal connection that could affect their ability to fulfil their duties appropriately. This also applies to all officers who receive salaries in excess of point 44 on the Council's scale, who need to register all relevant connections.

External employment

2.6.5 It was noted that external employment can create personal links that can impact an individual's ability to perform their job with the Council in an objective manner, but that an element of discretion is needed, depending on the relevance of this employment to the post with the Council. However, it was noted that officers who receive a salary over a specific point (point 29) must have the consent of their Head of Department before accepting outside work. The Working Group heard that issues relating to the "Working Time Directive" also apply. What is important is that the external employment does not undermine propriety, and the Working Group accepted that external employment could be completely different work to the post within the Council, with no connection.

Political restrictions

2.6.6 The result of this restriction is that individuals in specific posts cannot engage in political activities, eg canvassing. The basic principle is the need for the public to be happy that officers who advise members cannot have a political impact. In the past, every post over salary point 44 was restricted by legislation, but now the restricted posts are the chief officers, heads of department or someone who reports directly to them, officials who advise committees or individuals speaking on behalf of the Council (the latter two being more ambiguous than the rest).

The report's recommendations

2.6.7 The Manager accepts the report's recommendations, but felt the need for a deeper revisit of the Policy; whilst accepting the recommendations, the Council could go further:

- When the current policy was written, it was decided to merge the three elements together to facilitate arrangements; prior to that, the Human Resources Department was responsible for the External Employment Policy. We now need to have a discussion to see if it would be appropriate to move the element on external employment back to Human Resources, because of the mechanism that is now in place.
- The Working Group heard that an element of duplication occurs at the moment as the Finance Department asks officers (and members) to submit a statement of "connected transactions" each year. The Manager feels that there is room to send out one form instead of two. It would be a better situation, and an opportunity to update the database annually. The Senior Manager Audit and Risk acknowledged that is also the view of the Finance Department.

2.6.8 The Council has a separate Gifts and Hospitality Policy Interests, and this is also due for review. However, this was outside the scope of this audit.

2.6.9 The Language and Compliance Manager was thanked for the discussion. The Working Group supports the proposal to develop a form for the purposes of both the Finance Department and the Democracy and Legal Department, and recommends to the Audit Committee that it encourages collaboration between the two departments to achieve this.

2.7 Software Licences (Schools)

2.7.1 The main findings of this report were:

Caution must be exercised when expressing an opinion on the overall situation within schools because the percentage of responses to the questionnaire sent to schools is so low. However, the variation in the content of the answers highlight the variation in the situations of schools in this area.

Templates of software management policies have been produced by the Education Department and have been adopted by some schools. Some other schools have developed their own policies based on good practice. It seems that it would be appropriate to reintroduce the template for the schools with the objective of having a formal policy management software in all schools.

There is scope to introduce a form for schools to identify the contents of their computers to enable them to reconcile with the usage agreements that are in place. At the time of the audit, a resource that offers a solution in this area is being piloted.

During discussions in relation to this work, various options were seen that are offered by manufacturers for establishing software use agreements with schools. At the time of the audit, it is understood that one major manufacturer has introduced a new licensing scheme that has the potential to put schools in a situation of non-compliance with copyright legislation in light of the manner in which some items of software that have already been ordered have been installed on hardware

It is understood that schools face a situation of financial loss due to re-ordering software but there is a need to balance that against the estimated cost of the fine for breach of contract.

2.7.2 Owen Owens, Senior Manager Resources Service at the Education Department, was welcomed to the meeting. Although the Education Department offers support, it was emphasised that schools are individual entities. It was noted that this issue had been addressed by Internal Audit in the past, and that the templates have been prepared and distributed to schools by the Education Department.

2.7.3 It was noted that only 21% of schools had responded to Internal Audit's request for information.

2.7.4 The Working Group heard that schools do not have to purchase computer equipment from one place. The Senior Manager Resources Service explained that the money has been devolved to schools and that it is their decision who to buy from. Most purchase through Cynnal, but not all. Cynnal also offers support and maintenance of the equipment.

2.7.5 The Senior Manager was absolutely clear that it would be the school, not the Education Department, who would have to pay a fine if one is being levied. This is similar to the situation with data protection.

Further developments

2.7.6 Work is currently ongoing to upgrade the provision of broadband to all schools, setting a minimum connection to each school, including wireless provision. As a result of this, the Service Level Agreement with Cynnal will be reviewed to reflect the changes.

2.7.7 With regard to the use of personal devices, it was reported that the Council is far from being in a position to apply "Bring your own device" processes at the moment, which would allow students to use their own devices in school.

2.7.8 However, the Working Group heard that the Council is taking part in Hwb, a Welsh Government scheme, which is intended to create a virtual learning environment. This project has the potential of providing software in the cloud which means that there would be no need for pupils to have the software on their own machines. The Working Group heard that Hwb is being rolled out at the moment, and the Council has received a grant from the Government for its implementation.

The report's recommendations

2.7.7 The Senior Manager confirmed that the Education Department accepts the recommendations, and sees them as a way of supporting what the Department is already doing. The Senior Education Quality Improvement Officer is responsible for promoting policies as part of his duties, and fulfills the requirements of three of the report's recommendations which relate to the promotion of policies and sharing of good practice.

2.7.8 With regards to the other recommendation, which is to promote computer contents interrogation packages, it was reported that the pilot had started some time ago and that the software is being trialled by Cynnal.

2.7.9 The Working Group was disappointed at the low number of schools that had responded to the request for information from Internal Audit, and wanted the Audit Committee to send a message to schools that information requests by the Auditors need to be taken seriously.

2.7.10 The Panel also want the message to go to all the schools that they should ensure that they have the appropriate licenses for their software and if not, that it is their responsibility to pay any fines arising from contravening software license conditions.

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	3 DECEMBER 2013
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 OCTOBER 2013
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION

1. INTRODUCTION

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 01 September 2013 to 31 October 2013.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 31 October 2013:

Description	Number
Reports on Audits from the Operational Plan	11
Other Reports (memoranda etc)	1
Grant Reviews	4
Follow-up Audits	2

Further details regarding this work are found in the body of this report and in the enclosed appendices.

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 October 2013, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Corporate Complaints Procedure	Corporate		C	Appendix 1
Payroll - Advances	Finance	Pensions and Payroll	B	Appendix 2
Ports	Economy and Community	Maritime and Country Parks	C	Appendix 3
Tourist Information Centres	Economy and Community	Tourism, Marketing and Customer Care	B	Appendix 4
Logging and Monitoring	Customer Care	Information Technology	B	Appendix 5
Enablement Schemes	Social Services, Housing and Leisure	Adults	B	Appendix 6
Direct Payments	Social Services, Housing and Leisure	Adults	C	Appendix 7
Older - Disabled Persons - Adaptations to Homes	Social Services, Housing and Leisure	Private Sector Housing	B	Appendix 8
Empty Houses back into use Project	Social Services, Housing and Leisure	Private Sector Housing	B	Appendix 9
Subsidised Travel Tickets - Payments to bus companies	Regulatory	Transportation and Street Care	C	Appendix 10
Exempt Papers and Confidentiality	Strategic and Improvement	Democracy	B	Appendix 11

2.2.2 The opinion categories within the reports affirm the following:

- Opinion "A" Assurance of financial propriety can be expressed as the controls in place can be relied upon and have been adhered to.
- Opinion "B" Controls are in place, and partial assurance of financial propriety can be expressed as there are aspects where some procedures can be strengthened.
- Opinion "C" Assurance of financial propriety cannot be expressed as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered.

Opinion “CH” Assurance of financial propriety cannot be expressed as acceptable internal controls are not in place; losses / fraud resulting from these weaknesses were discovered.

2.2.3 In addition to the above, the following audits were undertaken where a memorandum was produced, rather than a full report, and an opinion category was not given:

- **Results-Based Accountability** (*Social Services, Housing and Leisure*). "Results Based Accountability" is a business planning methodology that is being introduced within some units within the Social Services, Housing and Leisure Department. The purpose of the audit was to determine the effect of this process on risk management within the services that are using it. Based on a review of the use of the methodology, which included discussions with senior management and reviewing working papers, Internal Audit is satisfied that the procedure is not seen as a substitute for risk management practices, and therefore the adoption of Results Based Accountability in detail in some units, and to a lesser extent in other units, is not seen to be having a detrimental effect on the Council's ability to manage its risks.

2.3 Grants

2.3.1 The administrative procedures for the following grants were reviewed during the period:

- Appetite for Life Grant (*Education*)
- Out of School Childcare Grant (*Education*)
- School Uniform Grant (*Finance*)
- Youth Club Grants - Revenue Grant (*Economy and Community*)

2.3.2 Although these grants have been reviewed by Internal Audit, this does not mean that external auditors from the Wales Audit Office or other agencies may undertake audits of these grants. However, it is expected that the work that Internal Audit has undertaken, and the assurance that can be stated with regards to the control environment, means that less audit work will be needed by these organisations. This, in turn, should mean a reduction in the fees that the Council will have to pay for an external audit.

2.4 Follow-up Audits

2.4.1 The following table summarises the follow-up work completed during the period:

TITLE	DEPARTMENTS	FOLLOW-UP OPINION
Equipment with Former Members	Strategic and Improvement / Customer Care	Unacceptable
Members' IT arrangements	Strategic and Improvement / Customer Care	Acceptable

2.4.2 The conclusion of follow-up work is placed in one of four categories:

Excellent – all recommendations implemented as expected.

Acceptable – most recommendations, including the majority of “essential” recommendations, implemented as expected.

Unsatisfactory – several recommendations not implemented.

Unacceptable – most recommendations (including essential recommendations) not implemented, and no evidence of efforts to improve internal controls.

2.4.3 The list below shows the ‘C’ or ‘CH’ opinion category reports presented to the Audit Committee as appendices to the quarterly reports, where a report to the Committee regarding the follow-up remains outstanding. The list shows the target completion date for each of these follow-up audits:

Completion Target: Quarter ending 31 December 2013

- Banking Arrangements at Leisure Centres
- Contract Terms - DBS Checks
- Processing of Energy Supplier Data
- Staff DBS Checks
- Backups and Service Continuity

Completion Target: Quarter ending 31 March 2014

- Siopau Gwynedd
- Change Control, IT Systems

Completion Target: Quarter ending 30 June 2014

- Subsidised Travel Tickets
- Direct Payments
- Software Licences (Schools)
- Officers' Interests Policy
- Health and Safety Risk Assessments

Completion Target: Quarter ending 30 September 2014

- Ports
- Corporate Complaints Procedure

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1 November 2013.

3.2 Work in progress

- Health and Safety Risk Assessments in Schools (*Education*)
- Pupil Deprivation Grant (*Education*)
- Schools Effectiveness Grant (*Education*)
- Primary Schools - Teacher Allowances and Conditions of Service for Heads (*Education*)
- Partnership Working (*Corporate*)
- Verification of Performance Measures (*Corporate*)
- Corporate Governance - Delegation Arrangements (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Budgetary Control (*Corporate*)
- Payroll - Maternity Pay (*Finance*)
- Risk-Based Benefit Verification (*Finance*)
- Council Tax - Discounts and Exemptions (*Finance*)
- Country Parks (*Economy and Community*)
- Local Regeneration Officers (*Economy and Community*)
- "Gwynedd Ni" (*Customer Care*)
- Sport Council Grants (*Social Services, Housing and Leisure*)
- Children - Post-care Allowances (*Social Services, Housing and Leisure*)
- Follow-up - Recording and Managing Leave (*Corporate*)
- Follow-up - Backups and Service Continuity (*Customer Care*)
- Trade Refuse (*Highways and Municipal*)
- Rechargeable Works (*Highways and Municipal*)
- SMAP Fund (*Strategic and Improvement*)
- Member Training (*Strategic and Improvement*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 September 2013 to 31 October 2013, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

CORPORATE COMPLAINTS PROCEDURE

Corporate

Purpose of the Audit

The purpose of the audit was to ensure that all Council services comply with the "Gwynedd Council Complaints Procedure", that adequate records are maintained of all complaints, and to ensure that the responses of officers are of the highest quality and standard. The audit also considered the Council's guidelines in the context of the procedure set by the Wales Complaints Group's "Model Concerns and Complaints Policy and Guidance".

Scope of the Audit

The records of a cross-section of services were checked to ensure that the relevant procedures are in place for handling complaints appropriately and timely. A sample of complaints that had been referred to the Chief Officers of the Council was selected. This audit did not encompass complaints received by Social Services or schools because special statutory regimes exist for those complaints.

Main Findings

There are three stages in the current policy - informal complaint, formal complaint (the response of the service) and then an independent review (the Complaints Panel which includes the Monitoring Officer and one independent Chief Officer). However the Welsh Complaints Group has submitted proposals for common complaints policy to be used by Public Service Providers in Wales. A two-step procedure is recommended of step 1 - Informal Resolution and then Step 2 - a formal internal investigation on the principle of "Investigate once, Investigate well". The emphasis is therefore on resolution at stage 1.

Some elements are unclear in the current policy eg the procedure for complainants under 18 years of age, or for making a complaint on behalf of another individual. There is no reference in the policy that the same procedure will be used for these. Furthermore the time given for the acknowledgement of a complaint is not consistent with proposals of the Welsh Complaints Group. It is clear that the complaints procedure needs to be updated and could convey some points clearer.

The Council's frontline staff who deal with customers on a daily basis have little awareness about the content of the policy even though they were aware of the website and the electronic complaints submission form. The Model Complaints Policy provided by the Welsh Complaints Group state that frontline staff should be trained and encouraged to provide appropriate information on advice and advocacy support in phase 1 of the process. There is also no advisory documentation for customers in making or presenting complaints in public establishments such as the Siopau Gwynedd. After reviewing the policy, there should be arrangements for promoting the existence of the procedure.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in the Corporate Complaints Procedure as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **The Council's policy 'The Corporate Complaints Procedure' should be circulated to all relevant Council staff when it is updated and awareness of it raised in the Senior Management College and Middle Management Forum.**
- **The 'Corporate Complaints Procedure' guidelines should be updated to reflect the proposals made by the Welsh Complaints Group in the "Model Concerns and Complaints Policy for Use by Public Service Providers in Wales".**
- **The policy should be reviewed in relation to conducting internal investigations and formal roles should be clearly defined, eg officers who align complaints and co-ordinate responses, the Cabinet's responsibility for reviewing reports on the number and type of complaints and their outcomes, and frequency of these.**

PAYROLL - ADVANCES

Finance

Purpose of the Audit

The purpose of the audit was to ensure that appropriate controls are in place for operating salary advances.

Scope of the Audit

The audit includes an assessment of general aspects for processing advances and a review of these measures for the implementation of a sample of advances during 2012/13. The audit did not include a check of calculations of tax and national insurance deductions.

Main Findings

The procedure that was in place for operating advances at the time of the audit was in the process of being replaced to a large part due to a change in the requirements of HM Revenue and Customs for the method and schedule of the Council informing them with regards to salary payments. However, the practice of implementing advances will continue and will remain an option to be implemented if necessary. A discrepancy was noted in the records on the payroll screen at the time of the audit between the historical payments and payments actually made. No deficiencies were identified in the payments as a result of this inconsistency. The attention of the Payroll Service managers was drawn to this matter and it was understood that they have been resolved.

It was noted that appropriate controls are in place for the use of the advances payroll including the restriction of access rights to supervisors and that the process of creating records for payments to individuals was subject to the same controls as the normal process of creating records of staff and pensioners. We found that there was scope to formalise the policy that is in place for deciding when it would be appropriate to undertake an advance.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of Advances of Pay as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The policy for implementing advances should be formalised by documenting criteria as part of the documentation of the new procedure following amendments to the arrangements for reporting salary and pension payments to HM Revenue and Customs.**

PORTS

Economy and Community

Purpose of the Audit

To ensure that arrangements are in place at Gwynedd's ports in order to manage and mitigate risks appropriately, and in accordance with the Council's financial procedure rules and other relevant procedures.

Scope of the Audit

Visit a sample of ports in Gwynedd and check that their ordering and invoice payment arrangements are correct as well as their arrangements for receiving and banking income. Verify that customer presents sufficient detail to ports and that their arrangements for raising customers invoice is correct. Check that health and safety procedures and records as well as the use of Council vehicles are adequate and comply with the relevant requirements. Check that records of purchases and sales of red diesel in ports reconcile with the stock, and that the VAT treatment of red diesel is correct and complies with applicable requirements.

Main Findings

We found that invoices are processed correctly and had been calculated and coded correctly, but some had not been paid within a certain number of days in accordance with Council policy. Weaknesses were identified in the process for charging customers and the process of receiving and banking income. In addition, weaknesses were identified in health and safety aspect at the ports, with risk assessments and records of safety equipment checks not being kept up to date. A number of weaknesses were identified in the arrangements for selling red diesel to customers, and it was not possible for the auditor to reconcile the purchase, sales and stock of red diesel from records obtained during the audit.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the administrative arrangements at Gwynedd's Ports as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **Customers should sign and date the Moorings Confirmation Form at all times, in order to confirm that they agree with the Council's terms and conditions, and have an adequate insurance policy. If the customer refuses to sign or submit the Moorings Confirmation Form, consideration should be given to prohibiting the customer's vessel from its mooring in the port, and from using the port facilities.**
- **Applications for the sale of red diesel should be completed accurately and completely at all times, with all the boxes of the form completed and the customer signing and dating the form. Close attention should be given to the proportion of red diesel that is declared by the customer to be used for commercial purposes, and it must be ensured that accounting work is carried out properly, with the correct additional rate of tax used.**
- **The ports' risk assessments should be reviewed and updated annually, or when there is a change in risk, stating the date of the review at the top of the risk assessment.**
- **Staff at the ports should undertake checks on safety equipment on a regular basis in accordance with expectations, ensuring that adequate records of these checks are retained and be up to date at all times, and that the responsible officer signs the records.**
- **Any defects with safety equipment should be identified in the safety equipment checks are being addressed and resolved in a timely manner.**

TOURIST INFORMATION CENTRES

Economy and Community

Purpose of the Audit

The purpose of the audit is to ensure that Tourist Information Centres deal with any expenditure, income and imprest accounts correctly and in accordance with Council Procedure Rules. To ensure the monitoring and control over TICs' expenditure including salary costs, and that the Council's property and TIC staff are safe on site.

Scope of the Audit

Select a sample of invoices, 'Receipts and Banking' forms (TR34) and 'Request for Reimbursement of Imprest Accounts' returns (TR24) and TIC staff time sheets and check that they are completed accurately and completely, with sufficient supporting evidence provided. Check the control and monitoring of TIC expenditure against budgets and that Council property and the property of TIC staff are protected on the site.

Main Findings

We found that the Economy and Community Department has identified the risk of the TIC service overspending against its annual budget, and that the risk is being addressed. In addition, it was found that payments of invoices, imprest accounts reimbursements and TIC staff timesheets have been approved for payment by authorised officers.

However, we found that copies of signed contract with external agencies had not been kept on file at the Economy and Community Department. In addition, there were cases where TR34 forms (Receipts and Banking) and TR24 forms (Reimbursement of Imprest Account) had not been completed fully and regularly in accordance with the Council's rules.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Tourist Information Centres as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **TR34 forms should be completed fully, with the appropriate box on the form signed and dated at all times, and a line drawn on the bottom of the form when completed.**
- **A signed copy of the written agreements with outside agencies should be kept on file.**
- **The TIC rota should be kept current at all times.**
- **Applications for Imprest Account Reimbursements should be completed on a regular basis and in accordance with the Council's Financial Procedure Rules, ensuring that the account balance does not get too low.**
- **Invoices / receipts showing the VAT number of the organisation, the value of the goods / service received and a description of the goods / service, are received before VAT can be reclaimed on the TR24 (Imprest Reimburesment) forms.**

LOGGING AND MONITORING

Customer Care

Purpose of the Audit

The purpose of the audit was to ensure that satisfactory controls and procedures are in place for the collection, maintaining and reviewing of event logs.

Scope of the Audit

The scope of the audit was restricted to a review of logging and monitoring at the network, operating system and database levels. Application-level audit trails and logs have not been included in the audit scope.

Main Findings

During the audit fieldwork, it was seen that a security event and incident management product has been implemented and configured for a number of components for compliance with the necessary standards, however there is scope to monitor further aspects so that the protective monitoring is more comprehensive.

There is scope to formalise and document policies and procedures relating to the collecting, maintaining and reviewing of event logs, particularly those records that may be used as evidence in disciplinary action or in court cases.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in the logging and monitoring procedures as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **A more detailed formal logging and protective monitoring policy should be established to include which systems should be monitored and on what basis.**
- **Specified systems should be brought within the scope of LogRhythm, and alerts should be set up for the other specified events.**
- **A list should be produced and maintained of IT systems and the types of security event occurring within them that should be the subject of an alert or a standard report.**
- **Response procedures should be established and documented for LogRhythm alerts.**
- **Where practical, LogRhythm alerts should be responded to as soon as possible after they are generated. Regular logging reports should be inspected at least weekly and appropriate responses made.**
- **As part of log monitoring and incident management procedures, LogRhythm administrative actions should be collected and reviewed.**
- **Any log data extracted and restored to the system for investigative purposes must be adequately supervised, performed by two persons and fully documented.**

ENABLEMENT SCHEMES

Social Services, Housing and Leisure

Purpose of the Audit

To ensure that robust plans are in place for the Enablement Project.

Scope of the Audit

Check a sample of Enablement Plans to ensure that the correct information is provided, robust monitoring arrangements are in place and that there is clear communication between officers.

Main Findings

Some examples of good practice were found within the Enablement Project such as the Enablement Strategy for referrals to receive the service. However, there is a need for more detail in the Enablement Plans and for consistency one template should be used for provision across the County. There is also a need for more robust arrangements for some certain monitoring groups and a need for operational record keeping. Because of these points, appropriate steps should be taken to strengthen the arrangements within the area examined.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in the implementation of Enablement Schemes as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **There is a need to review and update Enablement guidelines / policies and seek their approval in the appropriate manner.**
- **Enquiries contact, Unified Assessment (BPI 1) and Domain 1 – User Perspective documents are necessary to ensure the right service for the service user and there is therefore a need to ensure that a copy of these is available at all times.**
- **Essential documents eg Enablement Schemes and BPI 1 should be sent to Provider Services and kept on the individual's file at both services.**
- **A current copy of the Service User Agreement should be kept on individuals' file to ensure that they understand the service that they require.**
- **Consideration should be given to using a Delivery Plan template across the County to ensure consistency.**
- **Service providers from the Council's Provider Services need to ensure that all service user files are returned to the service at the end of Enablement period.**

DIRECT PAYMENTS

Social Services, Housing and Leisure

Purpose of the Audit

Ensure that the payments are being implemented correctly and that proper financial controls are in place.

Scope of the Audit

Review arrangements by following the payments to 10 clients.

Main Findings

Some examples of good practice were found within the Direct Payment service in that all service users have a contract in place for the service. However, there is the need to have clear arrangements in place for the production and approval of policy and guidelines for the service. Also, there is a need to receive more information and detail about the expenditure of the service users, particularly employee costs. One case has arisen where the service user had not contributed personally towards the service as they should have in accordance with the Charging Policy. As a result, appropriate steps should be taken to strengthen the arrangements within the area examined.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Direct Payments as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **Direct Payments policy and guidelines should be produced and approved as soon as possible.**
- **Guidelines for service users should be produced and approved as soon as possible**
- **To ensure that the service user receives the required care / service there is a need to ensure that the annual assessment is completed and evidenced through an annual care plan.**
- **It is advisable to note on the care plans the service that is specifically required by the service user through Direct Payments.**
- **There is need to ensure that the user's Direct Payment bank account service is used only for the purpose of Direct Payments. As a result, evidence should be received of any expenditure made from the account. Where no evidence exists, it is necessary to challenge spending.**
- **A monitoring exercise should be undertaken during one month each year to ensure that the annual financial assessment has been received for each case. In cases where there is no assessment, the Charging Policy Unit should be contacted to ensure that this is received in a timely manner.**
- **Where there is no acceptable analysis of the relevant expenditure on a monthly basis, there is a need to give clear guidance to service users to endeavour for improvement in the future.**

OLDER / DISABLED PERSONS - ADAPTATIONS TO HOMES

Social Services, Housing and Leisure

Purpose of the Audit

The purpose of the audit is to review the measures and procedures that are in place in relation to applications from disabled people for adaptations to their homes.

Scope of the Audit

To ensure that robust arrangements are in place for the administration of Disabled Facilities Grants. The audit will check a sample of application forms to ensure that assistance is only given to those eligible for it, and that the individual's financial contribution towards the work is calculated correctly.

Main Findings

The main findings arising from this investigation is that assurance can be given that the arrangements of the Private Sector Housing Service for the administration of disabled facilities grants are adequate. However, arrangements for marketing the plan to Gwynedd residents could be strengthened by making greater use of the website and ensuring that booklets are available at the office.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in grant for adaptations to homes as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **Material available to the public should be checked for spelling and formatting before publication. It should also be ensure that they are available to the public at the Council's principal offices.**
- **The potential of the Council's website should be maximised by including full and current information about the adaptations grants, for example, by including the new condition where individuals need to repay the grant if the value exceeds £5,000 up to a maximum of £10,000 if the terms of the grant are broken within 10 years.**
- **The final total of all payments in respect of the grant amount should reconcile with the grant amount on the approval notice.**
- **It would be good practice to consider adding a facility on the CAPS system that forces users to change their password after a specific time e.g. 90 days.**
- **The person certifying the 'Code' box on the TR27b should ensure that expenditure is coded correctly.**

EMPTY HOUSES BACK INTO USE PROJECT

Social Services, Housing and Leisure

Purpose of the Audit

The purpose of the audit is to ensure that the objectives of the project to bring empty properties back into use are implemented.

Scope of the Audit

Check the internal controls that are in place to ensure that the objectives and targets of the project to bring empty properties back into use are met, by reviewing existing strategies and testing the operation of the financial transactions.

Main Findings

The main conclusion of the audit is that assurance can be provided that the arrangements of the Private Sector Housing Service for offering assistance to owners of empty properties is sufficient. However, the audit findings are based on a limited sample of properties, since a pan-Wales review of the Welsh Government's national plan, Houses into Homes, was being undertaken at the time of this audit.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the empty houses back into use project as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The Council should maximise the potential of the website by including full and current information about the vacant housing scheme, for example, by including the information packages that are sent to owners of empty homes when they make telephone inquiries.**
- **It would be good practice not to authorise payments on TR27b forms by using electronic images of signatures, as it is not proof that the payment has been agreed by the signatories.**
- **It would be good practice to consider adding a facility on the CAPS system that forces users to change their password after a specific time e.g. 90 days.**

SUBSIDISED TRAVEL TICKETS - PAYMENTS TO BUS COMPANIES

Regulatory

Purpose of the Audit

The purpose of the audit is to ensure that adequate internal controls exist within the Council in the administration of payments to bus operators based on the use of travel tickets for people over 60 and disabled people.

Scope of the Audit

The audit encompasses the collection and administration of relevant information by the bus companies to calculate and process the payments, as well as checking the procedures for claiming the money back from the Welsh Government. The audit will verify the current situation by reviewing a sample of recent applications, as well as re-visiting arrangements in September 2009, since the statistics from that month affect the calculations today.

Main Findings

The main finding emerging from this audit is the inability give assurance on the accuracy of the monthly payments to operators within Gwynedd, as part of a free travel scheme for people over 60 and disabled persons, because the charges are based on figures calculated in September 2009, and there is insufficient evidence to support them. It appears that a lack of checks on the monthly applications has led to incorrect payments in the past, especially where journeys cross local authority boundaries. However, it was found that the Transportation and Street Care Service has taken appropriate steps to identify the weaknesses and strengthen internal controls that are part of the process of verifying and paying claims.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in payments to bus companies through the Subsidised Travel Tickets scheme as the controls in place cannot be relied upon. The main recommendations of the report are as follows:

- **Given the importance of the accuracy of the September 2009 figures, the Transport and Street Care Service should receive sufficient evidence from firms that did not provide Wayfarer reports as well as companies where there is uncertainty over the accuracy of the figures, as proof of the company's average adult single fare at the time.**
- **Before a bus company make their first claim for payment, a full audit trail should be in place to support the calculation of the average price for an adult single ticket for that company.**
- **Taking into account the internal controls that will be in place to monitor the use of tickets processed manually by the bus drivers, collaboration with other Councils should continue to ensure consistent guidance on how to handle payments for manually inputted tickets.**
- **Officers should satisfy themselves that the payments to bus operators are correct by reconciling payments with the original CI form, and investigate any adjustments.**

EXEMPT PAPERS AND CONFIDENTIALITY

Strategic and Improvement

Purpose of the Audit

The purpose of this audit was to ensure that appropriate control exists over the distribution of exempt Gwynedd Council committees reports for the protection of confidential information and commercially sensitive information. In addition, to verify that there are appropriate arrangements for the identification of reports that may include this type of information.

Scope of the Audit

Check the arrangements for sending exempt reports to officers, members and the press as well as the arrangements for deciding whether or not a report contains confidential information and commercially sensitive information. In addition, check training records to ensure that appropriate measures are in place to assist officers and members to know and understand the importance of confidentiality.

Main Findings

It was seen that there are tight arrangements for ensuring that information from exempt reports is not published. In addition, it was noted that fewer exempt reports are now going to Committees as they only contain confidential information if this is absolutely necessary. This ensures that the Council is more transparent. However, it was found that there are weakness in trying to ensure that Members have attended adequate relevant training to address the points of confidentiality and protection of personal or sensitive information, and one member who is on the General Licensing Sub-Committee has not attend this training. Attending relevant courses available in-house by the Council may serve to keep members fully aware of what exactly is identified as personal or sensitive information and the need to address the information appropriately . In addition, it was found that the guidelines for Committee Reports have not been updated since 2008, and included the arrangements of the Council Board rather than the new executive arrangements. Also, job titles are incorrect eg Head of Service rather than the Head of Department and Strategic Director instead of Corporate Director.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Exempt Papers and Confidentiality as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **Guidelines for Committee Reports should be updated to reflect the revised procedure in existence since May 2012.**
- **Arrangments should be in place to ensure that Members attend the courses available for managing confidential and sensitive information. In addition, members who are members of committees where it is possible that discussions on this type of information could occur should be targeted, eg Members of Committees at which personal information about individuals is dicussed to attend a “Information about People: Your Responsibility” course.**

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	3 DECEMBER 2013
TITLE	INTERNAL AUDIT PLAN 2013/14
PURPOSE	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2013/14 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 2013/14 internal audit plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2013/14 internal audit plan is included in the appendix with the status of the work as at 15 November 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	34
Field Work Started	19
Field Work Ended	3
Manager Review	6
Draft Report Issued	3
Final Report Issued	40
Total	<u>105</u>
Cancelled	6

2.2 The performance target for 2013/14 is to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2014. The quarterly profile of this indicator is as follows:

End of quarter 1	15%
End of quarter 2	35%
End of quarter 3	60%
End of quarter 4	95%

2.3 As seen from the table above, Internal Audit's actual achievement up to 15 November was **38.1%** - out of **105** individual audits contained in the 2013/14 revised plan, **40** had been released in a finalised version.

2.4 In order to achieve the quarterly target of 60% (i.e. 63 out of 105), there is a requirement to close or release a final report for a further 23 audits by 31 December 2013. It is expected that all audits that have a current status of "Field Work Ended", "Manager Review" or "Draft Report Issued" (12 audits) will be completed by then, and 11 further audits have been identified with an aim of completion by the end of the quarter.

3. AMENDMENTS TO THE PLAN

- 3.1 The audit plan is kept under constant review. In addition to amendments that have been reported to previous meetings of the Audit Committee, following a review of the development of certain projects within the Council, and consideration of other requirements, a number of modifications have been made to the Audit Plan during the period up to 15 November 2013.
- 3.2 The tables below summarise these adjustments, as well as presenting reasons for the changes.

Table 1: Audits that have been removed from the plan:

Title	Reason	Effect (Days)
Primary Schools - Teacher Allowances and Conditions of Service for Heads (<i>Education</i>)	Following discussions with officers from the Education Department, it was concluded that it would be premature to conduct the examination this year, due to possible changes to working arrangements. The audit is to be conducted in 2014/15, entitled "Modelling the Workforce".	-20
Channel Migration and Total Place Projects (<i>Corporate</i>)	The projects have been included in the original plan because they appeared in previous versions of the Council's Strategic Plan. As the Council's strategic objectives are now met through other projects, an Internal Audit review in these areas would not be an effective use of resources.	-35
Network Convergence (<i>Customer Care</i>)	Due to slippage in the schedule of this project, an internal audit cannot be undertaken in 2013/14.	-20
Exemptions from the corporate training arrangements (<i>Corporate</i>)	The Learning and Development Unit is in the process of introducing new arrangements to record training, including arrangements to allow exemptions from the corporate procedures. In order to give the new arrangements an opportunity to be established, the audit now take place in 2014/15.	-15
Sailing Academy Establishment Arrangements (<i>Economy and Community</i>)	There has been slippage before the start of construction, so the establishment of the academy will not take place in 2013/14. Progress is not sufficient to warrant an audit.	-10

Table 2: Audits where the planned days have been increased:

Title	Reason	Effect (Days)
Health and Safety Risk Assessments in Schools (<i>Education</i>)	During discussions with relevant officials from the Education Department, a request was made to test a larger sample of schools than had been originally planned. This will result in a commensurate increase in the number of days needed to complete the audit.	+15
Payroll – Overtime (<i>Finance</i>)	After preparing the audit program, it was apparent that more tests would be conducted than would be feasible in the 10 days that had been originally envisaged.	+10
Ports (<i>Economy and Community</i>)	After setting up the audit program, it was concluded that the number of days that were originally assigned to the audit were inadequate, given the number of tests and the complexity of some of the work.	+10
Tourist Information Centres (<i>Economy and Community</i>)	After completing the initial fieldwork, during review it was concluded that additional tests should be performed.	+10

Table 3: Audits that have been added to the plan:

Title	Reason	Effect (Days)
Regional Transport Service Grant (<i>Regulatory</i>)	A request was received from the Regulatory Department to include this in this year's plan, as it was the first year of a new system to pay public transport providers, as a way of obtaining assurance on the appropriateness of payments.	+10
Supporting People Grant 2012-13 (<i>Social Services, Housing and Leisure</i>)	It was confirmed, after establishing the audit plan, that the Welsh Government expected a review by Internal Audit in 2013/14 on the use of the grant during 2012/13.	+10
Appetite for Life Grant (<i>Education</i>)	This amendment had been reported to the Audit Committee on 18 July 2013	+10
Bryn Blodau, Llan Ffestiniog (<i>Social Services, Housing and Leisure</i>)	An audit of this establishment has been added to the audit plan at the request of the Social Services, Housing and Leisure Department.	+20
Education - Budget Review (<i>Education</i>)	This is a short review at the request of the Head of Finance that includes further testing on some aspects arising from the quarterly review.	+5

4. RECOMMENDATION

- 4.1 The Committee is asked to note the contents of this report as an update on progress against the 2013/14 audit plan and offer comments thereon, approve the amendments, and accept the report.



Internal Audit Plan 2013/14

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CORPORATE						
1-CORFF-09/2014hyff	Exemptions from the corporate training arrangements	15.00	-15.00	0.00	6.31	Cancelled
1-CORFF-09/2014sys	Support for "Systems Thinking" Reviews	15.00	0.00	15.00	0.68	Planning
1-CORFF-14/2014	Health and Safety Risk Assessments	25.00	0.00	25.00	25.26	Final Report Issued
1-CORFF-15/2014gi	Health Improvement Strategic Project	20.00	0.00	20.00		Planning
1-CORFF-17/2014	Partnership Working	35.00	0.00	35.00	17.67	Field Work Started
1-CPGV-01/2014a	Corporate Complaints Procedure	15.00	0.00	15.00	16.50	Final Report Issued
1-CPGV-01/2014ags	Contribution to preparation of the Annual Governance Statements	15.00	0.00	15.00	9.43	Final Report Issued
1-CPGV-01/2014b	Local Code of Governance	10.00	0.00	10.00	1.61	Planning
1-CPGV-01/2014c	Corporate Governance - Delegation Arrangements	20.00	0.00	20.00	11.12	Draft Report Issued
1-CPGV-01/2014d	Officers' Interests Policy	10.00	0.00	10.00	11.09	Final Report Issued
1-CPGV-02/2014	Proactive Anti-Fraud and Anti-Corruption Work	40.00	0.00	40.00	5.18	Planning
2-ADN-CGC-DPA/2014	Data Protection - Clauses in Job Descriptions	10.00	0.00	10.00	7.77	Manager Review
AN-ACY-03/2014	Budgetary Control	25.00	0.00	25.00	26.26	Manager Review
AO-ARL-05/2014	NFI (National Fraud Initiative)	30.00	0.00	30.00	11.74	Field Work Started
BE-POL-07/2014	Verification of Performance Measures	25.00	0.00	25.00	21.14	Field Work Started
EDUCATION						
Resources						
4-DAT-X-ADD/2014bao	Appetite for Life Grant	0.00	10.00	10.00	8.87	Final Report Issued
4-DAT-X-ADD/2014brec	Primary Schools Free Breakfast Initiative Grant	7.00	0.00	7.00	7.21	Final Report Issued
4-DAT-X-ADD/2014ffe	Schools Effectiveness Grant	7.00	0.00	7.00	2.84	Field Work Started
4-DAT-X-ADD/2014ffg	Out of School Childcare Grant	10.00	0.00	10.00	10.42	Final Report Issued
4-DAT-X-ADD/2014gap	Pupil Deprivation Grant	10.00	0.00	10.00	5.97	Field Work Started
4-DAT-X-ADD/2014ks23	Foundation Stage 2012-13 Revenue Grant	5.00	0.00	5.00	6.43	Final Report Issued
4-DAT-X-ELWa/2014	Post-16 Education Grant	1.00	0.00	1.00	0.54	Field Work Started
EADDA29/2014	Health and Safety Risk Assessments in Schools	15.00	15.00	30.00	9.16	Field Work Started
EADDU01/2014	Administration of Student Grants and Loans	20.00	0.00	20.00		Planning

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
GwE						
4-GWE/2014	GwE	25.00	0.00	25.00	0.50	Planning
Schools						
EADDA15/2014	School Statistics and Censuses	10.00	0.00	10.00	5.65	Field Work Started
EADDA35/2014	Leasing Arrangements in Schools	10.00	0.00	10.00		Planning
EADDA35/2014b	Education - Budget Review	0.00	5.00	5.00		Planning
EADDAYC/2014a	Secondary Schools - Budgetary Control	20.00	0.00	20.00	22.72	Final Report Issued
EADDAYC/2014b	Secondary Schools - Information Security	20.00	0.00	20.00	25.53	Final Report Issued
EADDAYC/2014c	Primary Schools - Teacher Allowances and Conditions of Service for Heads	20.00	-20.00	0.00	1.76	Cancelled
HUMAN RESOURCES						
Training						
BE-POL-01/2014	Use of Cetus - CALMS	10.00	0.00	10.00	1.16	Field Work Started
FINANCE						
Financial						
AD-DY-01/2014kc	Debtors System - Review of Key Controls	10.00	0.00	10.00	13.24	Final Report Issued
AE-TAL-01/2014e	eProcurement System	20.00	0.00	20.00		Planning
AE-TAL-01/2014kc	Payments System - Review of Key Controls	10.00	0.00	10.00		Planning
Accountancy						
AN-ACY-02/2014kc	Main Accounting System - Review of Key Controls	10.00	0.00	10.00	8.91	Final Report Issued
AN-ACY-13/2014kc	Bank Reconciliation - Review of Key Controls	10.00	0.00	10.00		Planning
Pensions and Payroll						
AL-CYF-01/2014kc	Payroll System - Review of Key Controls	10.00	0.00	10.00		Planning
AL-CYF-01/2014ma	Payroll - Maternity Pay	10.00	0.00	10.00	10.30	Field Work Ended
AL-CYF-01/2014ot	Payroll - Overtime	10.00	10.00	20.00	1.77	Field Work Started
AL-CYF-05/2014bl	Payroll - Advances	6.00	0.00	6.00	7.66	Final Report Issued
AP-PEN-01/2014kc	Gwynedd Pension Fund - Review of Key Controls	15.00	0.00	15.00		Planning
AP-PEN-07/2014	Pensions - Contributions from employers	25.00	0.00	25.00	8.97	Field Work Started
Revenue						
AB-BD-01/2014	Risk-Based Benefit Verification	20.00	0.00	20.00	17.88	Field Work Ended

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
AB-BD-01/2014kc	Benefits System - Review of Key Controls	10.00	0.00	10.00		Planning
AB-BD-08/2014	School Uniform Grant	10.00	0.00	10.00	11.05	Final Report Issued
AC-TR-01/2014dis	Council Tax - Discounts and Exemptions	20.00	0.00	20.00	18.51	Field Work Ended
AC-TR-01/2014kc	Council Tax System - Review of Key Controls	10.00	0.00	10.00		Planning
AC-TR-11/2014	NNDR Refunds	10.00	0.00	10.00	7.90	Final Report Issued
AC-TR-11/2014kc	NNDR System - Review of Key Controls	10.00	0.00	10.00	7.50	Final Report Issued
DEMOCRACY AND LEGAL						
Registration						
BB-YSG-17/2014	Arrangements for Registering Births, Deaths and Marriages	20.00	0.00	20.00		Planning
Monitoring Officer						
1-CPGV-03/2014	Members' Gifts and Hospitality	20.00	0.00	20.00	16.37	Final Report Issued
ECONOMY AND COMMUNITY						
Community Regeneration						
BE-POL-10/2014bro	Local Regeneration Officers	10.00	0.00	10.00	12.01	Manager Review
T-TAI-C04/2014est	Communities First - Extension to the Old Scheme	10.00	0.00	10.00	9.58	Final Report Issued
Record offices, museums and the arts						
EDIW-TS-01/2014	Neuadd Buddug, Y Bala	4.00	0.00	4.00	4.26	Final Report Issued
Maritime and country parks						
EHAMM-02/2014	Ports	20.00	10.00	30.00	31.28	Final Report Issued
EHAMZ-01/2014	Country Parks	15.00	0.00	15.00	16.01	Draft Report Issued
Major Projects						
1-CTRT-04/2014a	Contract Management - Sailing Academy	15.00	0.00	15.00		Planning
DDAT-AH-01/2014	Sailing Academy Establishment Arrangements	10.00	-10.00	0.00		Cancelled
Strategy and development Programmes						
4-DAT-X-GRANT/2014r	Youth Club Grants - Revenue Grant	5.00	0.00	5.00	5.05	Final Report Issued
DDAT-AD-05/2014	Wales Rural Development Plan Projects	12.00	0.00	12.00		Planning
Tourism, marketing and customer care						
DDAT-MT-01/2014	"Our Heritage" Project	22.00	0.00	22.00		Planning
DDAT-MT-02/2014cc	Tourist Information Centres	15.00	10.00	25.00	23.63	Final Report Issued

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CUSTOMER CARE						
Emergency Planning						
BC-PER-01/2014	Emergency Planning and Business Continuity	15.00	0.00	15.00	1.82	Planning
Customer Contact						
BD-PW-08/2014	Siop Gwynedd	10.00	0.00	10.00	12.14	Final Report Issued
Libraries						
EDIW-LL-07/2014	"Gwynedd Ni"	10.00	0.00	10.00	7.81	Draft Report Issued
Information Technology						
AW-TG-06/2014	Logging and Monitoring	8.00	0.00	8.00	9.45	Final Report Issued
AW-TG-09/2014	Network Convergence	20.00	-20.00	0.00		Cancelled
AW-TG-12/2014	Laptop Security	10.00	0.00	10.00	3.54	Field Work Started
AW-TG-17/2014cor	Software Licences (Corporate)	15.00	0.00	15.00	8.45	Final Report Issued
AW-TG-17/2014ysg	Software Licences (Schools)	15.00	0.00	15.00	10.08	Final Report Issued
Council Land and Property						
BA-EID-02/2014	Asset Management Plan	30.00	0.00	30.00	5.93	Planning
BA-EID-02/2014off	Council Properties - Firefighting Equipment	10.00	0.00	10.00	9.89	Final Report Issued
SOCIAL SERVICES, HOUSING AND LEISURE						
Across the department						
GCC-03/2014	Third Sector - Grants, Commissioning and Contracts	25.00	0.00	25.00		Planning
GDAPR-GC05/2014	Support Workers Travel Costs	15.00	0.00	15.00	28.61	Final Report Issued
GRH-GW01/2014ff	Social Services - Security of Files and Data	20.00	0.00	20.00		Planning
GRH-GW01/2014rba	Results-Based Accountability	7.00	0.00	7.00	6.19	Final Report Issued
Business						
5-GOF-BUS/2014hub	Regional Collaboration Project – Care Commissioning Hub	20.00	0.00	20.00		Planning
Supporting People						
GDAPR-SP01/2014	Supporting People	20.00	0.00	20.00	19.63	Final Report Issued
GDAPR-SP01/2014gr	Supporting People Grant 2012-13	0.00	10.00	10.00	3.45	Final Report Issued
Homelessness and Supported Housing						
T-TAI-D01/2014les	Public Sector Housing Leasing Scheme	15.00	0.00	15.00		Planning

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
Leisure						
E-DGO-01/2014	Banking Arrangements in the Leisure Centres	20.00	0.00	20.00	24.97	Final Report Issued
EHAMV-01/2014	Sport Council Grants	15.00	0.00	15.00	14.95	Manager Review
Adults						
GCC-07/2014	Direct Payments	15.00	0.00	15.00	20.39	Final Report Issued
GGWAS-H07/2014tel	Telecare	20.00	0.00	20.00		Planning
GGWAS-OED1/2014gal	Enablement Schemes	20.00	0.00	20.00	26.51	Final Report Issued
Children and Families						
GGWAS-P02/2014	Youth Justice Service	10.00	0.00	10.00		Planning
GGWAS-P05/2014lwf	Children - Post-care Allowances	15.00	0.00	15.00	9.68	Manager Review
Residential and Day						
5-GOF-CART1355/2014	Bryn Blodau, Llan Ffestiniog	0.00	20.00	20.00	11.82	Field Work Started
Private Sector Housing						
T-TAI-G06/2014	Older - Disabled Persons - Adaptations to Homes	20.00	0.00	20.00	18.79	Final Report Issued
T-TAI-G10/2014	Empty Houses back into use Project	12.00	0.00	12.00	11.66	Final Report Issued
HIGHWAYS AND MUNICIPAL						
Fleet						
PPR-GW03/2014	Fleet Management - NWPP Parts Contract	10.00	0.00	10.00	5.74	Field Work Started
Highways Works						
PPR-WK01/2014	Rechargeable Works	20.00	0.00	20.00	20.67	Manager Review
Waste Management and Streetscene						
3-AMG-GORF/2014gang	Community Gangs	10.00	0.00	10.00		Planning
PBW-05/2014	Trade Refuse	30.00	0.00	30.00	23.66	Final Report Issued
REGULATORY						
Environment						
DDAT-CC-01/2014txi	Payments to Taxi Firms	20.00	0.00	20.00		Planning
Planning						
DCYN-RD-01/2014cyn	The Planning Service	25.00	0.00	25.00	38.46	Final Report Issued
DCYN-RD-01/2014gor	Development Control - Enforcement	15.00	0.00	15.00	2.39	Field Work Started

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
Public Protection						
T-YC-IA01/2014	Trading Standards	20.00	0.00	20.00	1.02	Planning
Transportation and Street Care						
3-RHE-01/2014	Enforcement and Transport	10.00	0.00	10.00		Planning
3-RHE1-X-GRANT/2014g	Regional Transport Service Grant	0.00	10.00	10.00	3.82	Field Work Started
DDAT-CC-01/2014	Subsidised Travel Tickets - Payments to bus companies	25.00	0.00	25.00	25.04	Final Report Issued
STRATEGIC AND IMPROVEMENT						
Procurement and Efficiency						
BE-POL-08/2014	Procurement Strategy	40.00	0.00	40.00	0.96	Planning
Strategic Direction						
BE-POL-11/2014	SMAP Fund	15.00	0.00	15.00	8.61	Field Work Started
BE-POL-13/2014	Community Safety	15.00	0.00	15.00	1.54	Planning
Democracy						
BB-YSG-18/2014	Member Training	20.00	0.00	20.00	9.20	Field Work Started
BB-YSG-19/2014	Exempt Papers and Confidentiality	15.00	0.00	15.00	12.99	Final Report Issued
Performance and Scrutiny						
1-CORFF-05/2014	Project Management Arrangements	26.00	0.00	26.00	1.53	Field Work Started
1-CORFF-05/2014cm	Channel Migration Project	20.00	-20.00	0.00		Cancelled
1-CORFF-05/2014tp	Total Place Project	15.00	-15.00	0.00		Cancelled
GWYNEDD CONSULTANCY						
Buildings and Environmental						
PYM01/2014	Follow-up to Reviews on Gwynedd Consultancy	20.00	0.00	20.00		Planning