



# Complete Agenda

Democratic Services  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH

Meeting

## **AUDIT AND GOVERNANCE COMMITTEE**

Date and Time

**10.00 am, THURSDAY, 14TH FEBRUARY, 2019**

Location

**Siambwr Hywel Dda, Council Offices, Caernarfon, Gwynedd, LL55 1SH**

**\* NOTE \***

**This meeting will be webcast**

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(DISTRIBUTED 07/02/19)

# **AUDIT AND GOVERNANCE COMMITTEE**

## **MEMBERSHIP (19)**

### **Plaid Cymru (10)**

#### Councillors

Aled Ll. Evans  
Huw Gruffydd Wyn Jones  
Cemlyn Rees Williams

Aled Wyn Jones  
Berwyn Parry Jones  
Gethin Glyn Williams

Charles Wyn Jones  
Paul John Rowlinson  
Vacant Seat x2

### **Independent (5)**

#### Councillors

John Brynmor Hughes  
Dewi Wyn Roberts  
Angela Russell

Richard Medwyn Hughes  
John Pughe Roberts

### **Llais Gwynedd (1)**

Councillor Alwyn Gruffydd

### **Gwynedd United Independents (1)**

Vacant Seat

### **Individual Member (1)**

Councillor Sion W. Jones

### **Lay Member**

Mrs Sharon Warnes

### **Ex-officio Members**

Chair and Vice-Chair of the Council

# **A G E N D A**

## **1. APOLOGIES**

To receive apologies for absence.

## **2. DECLARATION OF PERSONAL INTEREST**

To receive any declaration of personal interest.

## **3. URGENT ITEMS**

To note any items which are urgent business in the opinion of the Chairman so they may be considered.

## **4. MINUTES**

5 - 13

The Chairman shall propose that the minutes of the meeting of this committee, held on 29 November 2018, be signed as a true record.

## **5. REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW**

14 - 36

To submit the report of the Head of Finance.

## **6. CAPITAL PROGRAMME 2018/19 - END OF NOVEMBER REVIEW**

37 - 45

To submit the report of the Head of Finance.

## **7. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVING SCHEMES**

46 - 53

To submit the report of the Head of Finance.

## **8. 2019/20 BUDGET**

54 - 201

To submit the report of the Head of Finance.

## **9. CAPITAL STRATEGY REPORT 2019/20**

202 - 233

To submit the report of the Head of Finance.

## **10. INTERNAL AUDIT OUTPUT 19/11/18 - 1/2/19**

234 - 264

To submit the report of the Audit Manager.

## **11. INTERNAL AUDIT PLAN 2018/19**

265 - 270

To submit the report of the Audit Manager on the progress made on the 2018/19 Internal Audit Plan.

**12. DRAFT INTERNAL AUDIT PLAN 2019/20**

271 - 278

To submit the Draft Internal Audit Plan for the year 1 April 2019 – 31 March 2020.

**13. GWYNEDD COUNCIL'S ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY AND RESPONSE PLAN**

279 - 298

To submit the report of the Senior Manager Revenues and Risk.

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## AUDIT AND GOVERNANCE COMMITTEE 29/11/18

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**Present:** Councillor R. Medwyn Hughes (Chair)  
Councillor John Brynmor Hughes (Vice-chair)

**Councillors:** Aled Ll. Evans, Alwyn Gruffydd, Aled Wyn Jones, Berwyn Parry Jones, Charles Wyn Jones, Elin Walker Jones, Huw G. Wyn Jones, Sion W. Jones, Dewi Wyn Roberts, Paul Rowlinson, Angela Russell and Cemlyn Williams.

**Lay Member:** Sharon Warnes

**Others invited:** Councillors Peredur Jenkins (Cabinet Member for Finance), Dafydd Meurig (Cabinet Member for Environment - for Item 5 on the agenda) and Edgar Owen (Ex-officio Member).

**Also in Attendance:** Dafydd Edwards (Head of Finance Department), Dewi Morgan (Senior Revenue and Risk Manager), Ffion Madog Evans (Senior Finance Manager - for Items 6 - 8 on the agenda), Caroline Lesley Roberts (Investment Manager - for Item 9 on the agenda), Luned Fôn Jones (Audit Manager), Dafydd Wyn Williams (Head of Environment Department - for Item 5 on the agenda) and Bethan Adams (Member Support Officer).

**Apologies:** Councillors John Pughe Roberts and Gethin Glyn Williams.

### 1. DECLARATION OF PERSONAL INTEREST

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

### 2. MINUTES

The Chair signed the minutes of the previous meeting of this Committee held on 27 September 2018, as a true record.

### 3. FRAUD AND CORRUPTION: EXPRESS MOTORS

The Senior Revenue and Risk Manager set out the background and context of the report. It was reported that four defendants had been found guilty at Caernarfon Crown Court on 2nd October 2018, on charges of fraud involving claims for subsidies by Express Motors for running the concessionary fares scheme in Gwynedd. A fifth defendant had pleaded guilty at an earlier hearing. It was noted that on 31 October 2018, all defendants had been sentenced at Mold Crown Court to prison for periods of between 12 months and seven and a half years. It was noted, as the matter had been subject to court proceedings, it had not been possible until now for the Committee to discuss the matter at a public meeting.

It was noted that the matter had been referred to Internal Audit by the Regulatory Department in 2014, within a few weeks of discovering fraud at the Bws Padarn company. It was explained that the matter had been referred due to the Department's concerns and furthermore they had received complaints from customers that bus travel cards were being swiped more than once (when stepping onto the bus and when leaving) for journeys made with Express Motors.

The Senior Manager explained that the Wayfarer system by Parkeon was the system used to record concessionary fare data for bus operators. It was noted that it was difficult to get the relevant data out of the system to gather evidence that could be discussed with the Monitoring Officer to see if there were grounds to refer the matter to the police. It was noted that it was not possible at the time to produce an exceptions report from the system, however this was now possible.

It was noted that risks remained with a great deal of money in question and the Council using the national system.

The Cabinet Member for Environment noted that he was not in his role at the time of the fraud, however, he was when the matter went to court. He emphasised what was important was what would be done from now on. He suggested that the situation perhaps highlighted that there was an over dependency on grants and Welsh Government understood this and was undertaking work to get to grips with the issue.

The Head of Environment Department explained that following the fraud discovered at Bws Padarn company that it appeared there was over-claiming of concessionary tickets from Express Motors company. He noted that the Internal Audit had investigated Express Motors before fraud was found at Bws Padarn, but there was no evidence. The fraud at Bws Padarn had highlighted the over-claiming at Express Motors, due to the expectation that the subsidy level for both companies would be fairly similar. He explained that it was difficult to extract data from the national system and therefore the Council had to pay a company to seek the data. He noted that pressure would be placed on Welsh Government to improve the system, and some improvements had been made, however, difficulties in terms of extracting data easily from the system continued.

The Head of Environment Department noted that the Welsh Government had recently placed a requirement on authorities who wish to continue to be part of the concessionary fares scheme to sign a new contract. The new contract stated that local authorities will be held liable for any fraud discovered. He noted that if the national system was suitable then the Council would be willing to commit to this requirement. He elaborated that they had written to the Welsh Government to state this.

During the ensuing discussion the following main observations were noted by members:

- Was there evidence or suspicion that both companies were working together?
- There may be a weakness in terms that some operators had their own back office that enabled them to produce their own reports and send them directly to the Department, rather than uploading their data from the national system to Flintshire County Council as the majority of companies did;
- That there were risks attached to the national system, bearing in mind that it was not easy to extract data from the system. That it was frightening that the situation had been allowed to develop and if customers had not complained then the fraud might have continued. There was an over dependency on some companies and the situation raised issues in terms of internal control and Welsh Government management.
- How had Flintshire County Council not noticed the overuse when they were responsible for the administration of the national system?
- Amazement that it was possible to use a card more than once in a short period of time. Welsh Government should be asked to investigate the period of time in order to prevent fraud.
- Was the national system sufficient in terms of data extraction? Concern that a risk remained and committing to the requirement for the Council to be held liable for any fraud discovered in the new Welsh Government contract maximised the risk to the Council. Did councils come together to discuss the matter with the Welsh Government?
- Would it have been possible for officers to look at CCTV footage to check for fraud?
- The existing national system was not sufficient and as it was a Welsh Government national system, they should be responsible for this;
- That investment was required in the system to improve this. Had other councils sent correspondence to Welsh Government regarding this?
- Did the Council have steps to mitigate risk if they commit to the new contract?
- To thank the Environment Department for their work with Express Motors that indicated that Gwynedd Council was on top of its game. Would the money be reclaimed?

- There was no choice but to commit to the new contract as stopping the concessionary fares scheme would lead to a loss for the most vulnerable persons. Had such an investigation been undertaken in any other area of Wales, either prior to this case or currently? Were there any suggestions noted in court regarding the deficiencies of the national system that could persuade Welsh Government to change and improve the system?
- Many people believed that the Council was responsible as fraud had not been discovered earlier, however, this was not true and the Council was not at fault.
- The officers were congratulated on their work in light of the difficulties to gather evidence. In accordance with what was suggested, the Committee should send a letter to Welsh Government regarding the system;
- A member had been present to hear the Senior Manager, Revenue and Risk submitting evidence in court, and the member praised that he had submitted evidence in a professional manner.
- If a letter should be sent by the Committee to Welsh Government regarding the system, it should be shared with other councils and the Welsh Local Government Association;
- To request that the Committee receive information at the next meeting on the steps that can be taken to mitigate the risk the new contract with Welsh Government will place on the Council.

In response to the above observations, the officers and the Cabinet Member for Environment noted:

- There was no evidence of collaboration between both companies. The nature of the fraud in both companies was quite different, with Bws Padarn using their own personal back office system to change the 6 week data use to look like a period of a month, whilst Express Motors had over-used 4 bus travel cards that led to inflating the concessionary travel figures over a number of years;
- In terms of Bws Padarn, the only way they could have conducted the fraud was through their own back office system. The fraud at Express Motors would have been undertaken without or with their own back office. There was a valid benefit for companies to have their own back office, as they could generate management reports etc. There was one company on the County's boundary that had recently received permission to have their own back office, the Environment Department was not completely happy with the situation, however, if the back office was used appropriately then it would be acceptable.
- That alarms had sounded prior to 2014 regarding Express Motors. In 2007, an officer from Internal Audit travelled on buses to see what was going on, however there was no evidence, and at the time the system was that the driver pressed a button. The Smart Card was issued by Welsh Government partly following discussions regarding concerns about the system at the time. Criticism was accepted to a degree, however, at the time of the court case it became apparent that when a card was deleted from the system as a result of the user losing it or following the user's death, the cards then came back into use after 3 days. The Council had delivered in terms of controlling the use of the cards in accordance with Welsh Government requirements, it was difficult to see how the Council could have identified the overuse. Although some companies had high usage percentages, there may be valid reasons for the numbers. In order to find the fraud it was necessary to go further than the requirements to get evidence. Risks remained with the national system;
- That the machine on the bus recorded the use of the card to the system. The data of smaller companies went to Flintshire County Council's system who produced reports for them whilst larger companies produced their own reports;
- That officers from Flintshire County Council contacted the machine providers to get the data. With the Council's internal systems, parameters could be set that would highlight the issues, however, in this situation Council officers had no access to the information;

- Officers had mentioned to Welsh Government about the period of time and they were looking into the matter. In the Express Motors fraud case, changing the period of time when the card may be used more than once would not have totally prevented fraud as several cards were used;
- Furthermore, it was necessary to consider if it was reasonable in terms of the period of time between using an individual card, bearing in mind that users changed buses when travelling;
- Withdrawing from the concessionary fares scheme would be politically contentious. The solution was a better national system and in the long term there should be a system similar to the Oyster Card that operates in London;
- That the report noted the work undertaken by Internal Audit. In terms of CCTV footage, it was the Police who were entitled to look at footage to gather evidence. Officers were not expected to look at hours of CCTV footage;
- No response had been received thus far to the letter sent to Welsh Government. It was possible for the Council to work with other councils;
- If the Council was not willing to accept the risk in terms of the new contract then the Council would not be part of the concessionary fares scheme. There would be a financial saving of £0.5 million as a result of this, but bus users eligible for the scheme would suffer. The risk would have to be accepted when committing to the new contract;
- That the current situation in terms of the national system was unacceptable, however, it was not possible to face the option of not committing to the new contract. Therefore, the best option was to commit to the new contract and that the Environment Department continues to lobby the Welsh Government for improvement. The Committee could reinforce the Department's viewpoint by sending a letter to the Welsh Government noting that the Council was being placed in a corner without much choice but to sign a contract that was not acceptable and asking them to readdress the situation;
- The fraud was on applications processed by Welsh Government and discussions would continue regarding the money, however, under the current contract the Council had no responsibility for the money lost through fraud. There was potential for the money to be recovered by the Crown Prosecution Service under the Proceeds of Crime Act;
- That the Judge had stated that it was the pure dishonesty of the individuals that was responsible for the fraud;
- Officers were unaware of such an investigation in Wales, however they could confirm that currently there was no investigation in Gwynedd;
- That good work had been undertaken by the Environment Department and the Finance Department to find evidence for the Police. It could not be proven how much earlier the fraud had commenced, with the evidence submitted based on robust facts received from the system. Officers had been witnesses in the court case and at the end of the proceedings the thorough work undertaken by Council officers was praised. That risks remained, however, the ability to mitigate the risk was out of the hands of officers as it was a national system.

**RESOLVED:**

- (i) To accept the report as a background of the fraud perpetrated at Express Motors against the Council, and what the Council had done in response;**
- (ii) To note the risk that the new contract with the Welsh Government imposes on the Council;**
- (iii) Send a letter to the Welsh Government stating that the Council was being placed in a corner without much choice but to sign a contract that was not acceptable, asking them to readdress the situation and share the letter with other councils and the Welsh Local Government Association;**
- (iv) That the Committee receives information at its meeting on 14 February 2019, regarding the steps that can be taken to mitigate the risk that the new contract with Welsh Government imposes on the Council.**

#### 4. REVENUE BUDGET 2018/19 - END OF AUGUST REVIEW

The report was submitted by the Senior Finance Manager, who gave the context and elaborated on the contents of the report that had been submitted to Cabinet on 16 October 2018. She noted that the end of August review of the budgets indicated a mixed picture, however, specific actions were required for the Education Department, Children and Families Department together with the Highways and Municipal Departments to ensure control of their budgets by 31 March 2019.

Attention was drawn to the Cabinet's decision:

"To accept the report on the end of August 2018 review of the Revenue Budget and consider the latest financial situation regarding the budgets of each department/service.

- To ask the Cabinet Members for Children, Education and Highways and Municipal services to ensure that the departments have a clear implementation plan to reduce the financial deficit and to discuss those plans with me so that I can be confident that they are reasonable.
- Reimburse the Economy and Community Department £40k, which is the income loss resulting from the closure of the Arfon swimming pool over the summer.
- Harvest (£1,904) of the net underspend on Corporate budgets, with (£40k) to be used to reimburse the Economy and Community Department for the income loss while the Arfon swimming pool was closed. With the remaining (£1,864) to be transferred to the Supporting the Financial Strategy Reserve to support the inevitable one-off pressure on the Council's budget."

During the ensuing discussion, officers and the Cabinet Member for Finance responded to members' enquiries as follows:

- That the Arfon swimming pool was closed for ten weeks over the summer to enable adaptations to be undertaken. In fairness to Byw'n Iach Cyf, who will be responsible for the healthy living centres from April 2019 onwards, the Economy and Community Department would be reimbursed for the income loss;
- Agree with the members' observations, the overspend position in terms of transport in the Education Department was unacceptable. A meeting took place with the relevant officers together with the Chief Executive to discuss this issue and it also received attention at the Cabinet meeting on 16 October 2018. The overspend in the departments linked to the services that are associated with the most vulnerable people and in this case the overspend was for transporting children to Ysgol Hafod Lon. The department was asked to consider alternative ways of transporting pupils by perhaps paying parents rather than using a taxi with a requirement for an escort to be present;
- That the Cabinet consider the overspend in terms of transport in the Education Department and challenge the Cabinet Member for Education and the officers. It was necessary to change the system and it would be very difficult to solve the overspend by supporting the existing system;
- Encourage members to attend one of the four workshops at the start of December regarding savings and the financial position;
- It was estimated that there would be £2.9 million income in terms of the Council Tax Premium Scheme at the end of the financial year, £200,000 had been committed in the budget to enforce the system. With a percentage of the remaining money committed to improve the situation in terms of housing for young people. The number of applications from house owners to register their houses as a business continued to increase. The Valuation Office did not have sufficient resources to challenge the applications appropriately. Welsh Government will continue to be lobbied to change the system and encourage other councils to lobby on the matter, Pembrokeshire County Council were lobbying, and the Isle of Anglesey Council had written to Mark Drakeford AM, Cabinet Secretary for Finance, requesting that he discusses the matter with HM Revenue and Customs;

- That the Council lobbies the Welsh Government in the context of the need to change the system by presenting a requirement to receive permission via the planning system to change a house into a business, but the Government did not support this;
- Assure members that the Cabinet places the people of Gwynedd at the heart of all they do and that changes will be made to the ways services are provided in light of the financial challenge and by trying to ensure that no one suffers. Pressure would be brought to bear on Cardiff in terms of funding councils and the Leaders of North Wales Councils had recently met with Mark Drakeford AM to discuss the matter;
- In terms of a member's concern that there was a reduction in the number of domiciliary care packages in the Adults, Health and Well-being Department, each case was considered individually and the way in which services are provided would be looked at;
- That the Council provides internal domiciliary care and residential packages at a higher percentage than other councils in north Wales. Internal provision was essential in rural areas where private provision was not available. As part of the savings, consideration had been given to externalise the provision but when comparing costs it was found that there would be no difference regarding costs;
- In the context of the reduction in the number of applications as part of the Council's Tax Reduction scheme, there was no robust explanation but there was a tendency to suggest that the economy was improving and seasonal jobs may mean that persons were above the threshold to receive benefits;
- That the Council sends an information pack regarding the Council Tax Reduction scheme to individuals and this was funded by Welsh Government.

**RESOLVED:**

- to note the situation and the relevant risks in the context of the Council's budgets and its departments;**
- to request that the Education and Economy Scrutiny Committee consider scrutinising the overspend of the Education Department on pupil transport.**

**5. CAPITAL BUDGET 2018/19 - END OF AUGUST REVIEW**

Submitted - the report of the Head of Finance Department noting, in accordance with the requirements of the Local Government (Wales) Measure 2011, that the Audit and Governance Committee was expected to scrutinise some financial matters including budget monitoring reports, where appropriate.

The Senior Finance Manager set out the context and elaborated on the contents of the report submitted to Cabinet on 16 October 2018. She noted that there was an increase of £25.227 million in the budget for the three-year capital programme since the opening budget position. It was explained that firm plans were in place to invest approximately £28.6m in 2018/19, with £6.9m (24%) of it funded by attracting specific grants. Attention was drawn to the Cabinet's decision.

**RESOLVED to note the situation and the relevant risks in the context of the Council's capital programme.**

**6. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES**

The report of the Head of Finance Department was submitted which reported on the latest situation on realising the saving schemes.

The Senior Finance Manager set the context and elaborated on the contents of the report submitted to Cabinet on 16 October 2018. She noted that it was heartening to report that £23m of the total of over £24m of savings plans for the period 2015/16 - 2017/18, namely 95%, had been achieved with only a little slippage with the rest.

She drew attention that 11 of the 26 savings schemes had been realised in full or in part, and it was encouraging that only two schemes were anticipated to slip. It was confirmed that in financial terms, the forecasts indicated that over 80% of the savings had been realised.

In response to a question from a member regarding deferring the transfer of the leisure facilities provision to Byw'n Iach Cyf, the Senior Revenue and Risk Manager stated that the original timetable for transfer was too ambitious, considering the required detailed legal preparatory work. The intention to transfer the provision to Byw'n Iach Cyf on 1 April 2019 in accordance with the timetable was confirmed.

**RESOLVED to note the situation and the relevant risks in the context of the savings overview.**

## **7. TREASURY MANAGEMENT 2018/19 – MID YEAR REVIEW**

The Head of Finance Department set out the background and context of the report on treasury management activity for the current year. He confirmed that during the six months between 1 April and 30 September 2018, the Council's borrowing activity had remained within the restrictions originally set and there were no banks where the Council had deposited money that failed to repay.

He drew attention to the comparatively high interest loans taken in the 1980s that were coming to an end. It was noted that the Council for some time "self-borrowed", rather than borrowed from others, and it was necessary to look at what loans to take in the mid or longer term, however, it was intended to have loans for short terms until the start of April 2019.

It was noted that a training session for Committee members would take place on 16 January 2019, where guidance would be given by Arlingclose Company, the Council's Treasury Management Consultants. It was noted that this would be a golden opportunity to discuss and explain the Council's Treasury Management Strategy for 2019/20, before the Committee recommend the Full Council to approve the strategy.

A member noted that Manchester Council invested in the community, rather than outside the area. The member added that with three main rivers in Gwynedd there was an opportunity to invest in electricity generating schemes, therefore why did the Council not invest in such schemes. In response, the Head of Finance Department explained that Manchester Council's Pension Fund had invested in the housing market, whilst it was the treasury management that was in question here, and the Council's situation was more limited. He elaborated that the regulations in England had more freedom, and recently similar Welsh Government regulations had been relaxed. He added that investment in infrastructure was more suitable for the Pension Fund. It was noted that safe opportunities to invest in Gwynedd were more limited.

In response to a member's observation regarding the table 'Principal Sums Invested for Periods Longer than 364 days' on page 57 on the agenda, the Investment Manager explained that the table indicated the maximum sums that can be invested. She elaborated that the maximum sums in terms of investment for a period of two or three years was less, compared to investments for a period of a year.

**RESOLVED to accept the report for information.**

## **8. INTERNAL AUDIT OUTPUT 17/9/18 - 16/11/18**

Submitted - the report of the Audit Manager outlining the Internal Audit section's work for the period. It was noted that 8 reports on audits from the action plan had been completed. Attention was drawn in terms of follow-up audits, that acceptable action had been taken on 58.28% of the agreed steps, namely 95 out of 163.

Consideration was given to each individual report and during the discussion reference was made to the following main matters –

### **Council Tax Refunds**

In response to an enquiry by a member regarding the higher risk of fraud under the new arrangements to pay refunds via BACS, the Audit Manager noted that the audit had received a high level of assurance and officers were investigating producing purposeful reports to undertake checks, and that compensatory controls had been established.

### **Leisure Centres**

A member asked if Internal Audit would continue to undertake audits of leisure centres once the provision of leisure facilities had transferred to Byw'n lach Cyf. In response, the Senior Manager - Revenue and Risk noted that the transfer agreement, that had not yet been signed, noted that Internal Audit would provide the service to the company.

In response to a member's observation, the Audit Manager explained that an action plan with a timetable for the relevant service would be presented, with a follow-up being completed to consider progress. She elaborated that a clear improvement had been seen in leisure centre arrangements. Until recently, audit of leisure centres would receive opinion C (under the previous system) with many action points. It was noted that the action points were now 2 or 3 and Plas Silyn Leisure Centre had received opinion A in 2017.

In response to a question from a member if it was possible for the company to select who would undertake audits, the Senior Revenue and Risk Manager explained that there was a break clause if the company was of the opinion that the service provided by Internal Audit was not to the expected standard. It was noted that it would be the company's Board of Governors who would receive audit reports from Internal Audit from April 2019 onwards, as Byw'n lach Cyf was a company at an arm's length from the Council. The Council would continue to need assurance about the company's governance arrangements, but the Head of Economy and Community would be the main contact. He elaborated that Internal Audit was seeking to ensure that the company started on a firm foundation and it would be useful to complete the follow-up work on leisure centres before the end of March 2019.

A member noted that leisure centre audits highlighted the lack of commercial thinking, in order for the new company to be successful staff would have to be armed to enable them to operate commercially.

A member asked if it was possible for the audits to continue to be presented to the Committee following transfer to Byw'n lach Cyf. In response, a member noted that he was Chair of the Shadow Board and that a business plan was being prepared. He elaborated that there would be a requirement for the company to submit an annual report to the Council and that discussions were continuing in terms of possible scrutiny arrangements.

A member noted that as Council members were on the Board of Governors of Byw'n lach Cyf, what was the purpose of submitting the reports to the Committee. In response, the Head of Finance noted that more attention would be given to the leisure field than before with the company accountable to the Council. It was added that the accounts of Byw'n lach Cyf would be included as part of the group accounts submitted for the attention of the Committee.

### **Parc Glynllifon Income**

In response to a member's question about the checks on the number of visitors, the Audit Manager stated that the best solution for the Council regarding collecting entry fees to Parc Glynllifon was the arrangement with the tenant of the Shop near to the Park's entrance. She

highlighted that a reduction in staffing resources, and bearing in mind that £14,000 was the annual income, the costs of employing a person to undertake the work would be higher than the income.

**RESOLVED to accept the report on the work of the Internal Audit for the period 17 September 2018 to 16 November 2018 and to support the agreed actions that had already been submitted to the managers of the relevant services.**

#### **9. INTERNAL AUDIT PLAN 2018/19**

The report of the Audit Manager was submitted, providing an update on the current situation in terms of completing the 2018/19 internal audit plan.

It was reported that the Internal Audit Service up to 16 November 2018 had completed 37.29% of the plan, with 22 of the 59 audits in the 2018/19 plan released in a finalised version. Attention was drawn to the amendments to the Plan.

**RESOLVED to accept and note the contents of the report as an update of progress against the 2018/19 audit plan.**

#### **10. SELF-ASSESSMENT OF THE EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE**

Submitted - the report of the Senior Manager - Revenue and Risk stating the results of the Self-assessment of Good Practice, using CIPFA assessment guidelines that took place in a workshop on 5 November 2018, together with the action plan to improve compliance with statutory and good practice requirements of professional bodies.

Members present at the workshop were asked to confirm that the report was a fair reflection of the discussion that took place.

In response to a comment by a member regarding the Committee submitting a formal annual report to the Full Council rather than an exceptions report only, the Head of Finance explained, that the conclusion in the workshop was that the work of the Committee would be included in the Annual Scrutiny Report and an exceptions report would be submitted by the Committee to the Full Council, if required.

A member referred to the Annual Governance Statement and noted that there should be a reference to the work of the Committee and its role in terms of governance. In response, the Senior Manager - Revenue and Risk noted that it was intended to strengthen the link with the Governance Arrangements Assessment Group and to submit more regular reports on the Group's work to the Committee.

**RESOLVED to accept the contents of the report as a basis for an action plan for the further development of the Committee and request an update in follow-up meetings on the progress against the actions.**

The meeting commenced at 10:00am and concluded at 12:45pm.

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**CHAIR**

# Agenda Item 5

MEETING:	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE:	<b>14 FEBRUARY 2019</b>
TITLE:	<b>REVENUE BUDGET 2018/19 – END OF NOVEMBER 2018 REVIEW</b>
PURPOSE:	<b>Monitoring Report on the Latest Financial Position</b>
ACTION:	<b>Receive the information, consider the risks arising from the forecast expenditure against the budget, and scrutinise the Cabinet’s decisions regarding budget management by the Council and its departments.</b>
CONTACT OFFICER:	<b>DAFYDD L EDWARDS, HEAD OF FINANCE</b>
CABINET MEMBER:	<b>COUNCILLOR PEREDUR JENKINS</b>

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1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters, including budget monitoring reports, as appropriate.
2. The attached report (Revenue Budget 2018/19 – End of November 2018 Review) was submitted to the Cabinet on 22 January 2019.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is requested to note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the Cabinet’s decisions and comment as necessary.

## **Appendices:**

Cabinet Decision Notice 22/01/2019

Revenue Budget 2018/19 – End of November 2018 Review (Cabinet report 22/01/2019)

## GWYNEDD CABINET DECISION NOTICE

<b>Date of Cabinet Meeting:</b>	22 January 2019
<b>The Decision will come into force</b> and implemented, unless the decision is called in, in accordance with section 7.25.1 of the Gwynedd Council Constitution.	6 February 2019

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### SUBJECT

Item 8: REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW

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### DECISION

- To accept the report on the end of November 2018 review of the Revenue Budget and consider the latest financial position in respect of the budgets of every department/service.
- To ask the Cabinet Member for Adults, Health and Well-being, together with the Head of Department, to get to the root of the Provider service overspend and take steps to reduce the overspend, and to report to the Cabinet on the response plan.
- Due to an increase in the overspend on a number of budget headings by the Children and Supporting Families Department since the last review, to consider the situation when receiving the Cabinet Member's performance report (29/01/19 Cabinet) with a view to attempt to reduce the overspend by the end of the financial year.
- Due to the level of overspend on pupils' transport by the Education Department, to consider the situation when receiving the Cabinet Member's report (29/01/19 Cabinet).
- To allow the Environment Department to allocate (£60k) of the department's underspend to conduct a review by commissioning research by the University and employing extra officers to collect evidence in the Public Transport field following a number of issues over recent years.
- Harvest (£2,984k) of the net underspend on Corporate budgets,
  - with (£700k) associated with the Council Tax premium to be allocated to a specific fund to be considered for the Housing Strategy.
  - (£435k) relating to capital costs to be transferred to the capital programme's financing fund.
  - with the remainder of (£1,849k) to be transferred to the Supporting the Financial Strategy Fund to assist with inevitable one-off pressures on the Council's budgets.

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### REASONS FOR THE DECISION

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).

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**DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS  
APPROVED BY THE STANDARDS COMMITTEE**

No declarations of personal interest or relevant dispensations were received

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**ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION**

The Statutory Officers were consulted to seek their views, which have been included in the report.

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## REPORT TO THE CABINET

22 January 2019

**Cabinet Member:** Councillor Peredur Jenkins, Finance Cabinet Member

**Subject:** Revenue Budget 2018/19 – End of November 2018 Review

**Contact Officer:** Dafydd L Edwards, Head of Finance

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### 1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of November 2018 review of the Revenue Budget, and consider the latest financial position in respect of the budgets of every department / service.
- Ask the Cabinet Member for Adults, Health and Wellbeing, together with the Head of Department, to get to the root of the Provider service overspend and take steps to reduce the overspend, and to report to the Cabinet on the response plan.
- Due to an increase in the overspend on a number of budget headings by the Children and Families Department since the last review, to consider the situation when receiving the Cabinet Member's performance report (29/01/19 Cabinet) with a view to attempt to reduce the overspend by the end of the financial year.
- Due to the level of overspend on pupils' transport by the Education Department, to consider the situation when receiving the Cabinet Member's report (29/01/19 Cabinet).
- Allow the Environment Department to allocate (£60k) of the department's underspend to conduct a review by commissioning research by the University and employing extra officers to collect evidence in the Public Transport field following a number of issues over recent years.
- Harvest (£2,984k) of the net underspend on Corporate budgets,
  - with (£700k) associated with the Council Tax premium to be allocated to a specific fund to be considered for the Housing Strategy.
  - (£435k) relating to capital costs to be transferred to the capital program's financing fund.
  - with the remainder of (£1,849k) to be transferred to the Supporting the Financial Strategy Fund to assist with inevitable one-off pressures on the Council's budgets.

## **2. Introduction / Background**

It is the Cabinet's responsibility to take steps, as necessary, to ensure appropriate management over the Council's budgets (e.g. approving substantial transfers or additional budgets).

This end of November report is presented based upon the latest review of the Council's revenue budget for 2018/19, and a summary of the position by Department is outlined in **Appendix 1**.

In **Appendix 2**, further details are given in respect of the main matters and budget headings where substantial variances are forecasted, together with specific recommendations where appropriate.

### **2.1 Adults, Health and Wellbeing Department**

Overspend by the Provider services together with slippage in realising savings schemes from 2017/18 that are counterbalanced by an underspend in the Older People's, Physical Disability and Learning Services.

### **2.2 Children and Families Department**

The overspending trend seen in 2017/18 has deepened, where overspend on placement, operational, Specialist/Derwen and other services increasing since the previous review.

### **2.3 Education Department**

Additional pressure on school taxis and bus transport as well as catering and cleaning. Also the Additional Learning Needs and Inclusion field continues to overspend.

### **2.4 Economy Department**

Slippage on the savings scheme in the leisure field is the main reason for the overspend but there has also been a reduction in the Leisure Centre's income forecast.

### **2.5 Highways and Municipal Department**

The Department's overspending problems have deepened during 2018/19, which is a combination of an overspend on staffing costs, increasing sickness costs, income deficit and increased operational costs. The department has already started taking steps to reduce the overspend in the waste field, but there has been a slippage in implementing some schemes.

## **2.6 Environment**

Underspend due to savings having been realised early and favourable income forecasts. The department is keen to conduct a review of public transport and therefore it is recommended that they allocate (£60k) of the underspend for this purpose.

## **2.7 Corporate**

Extra tax yield is forecasted on the Council Tax and the Council Tax Premium scheme, but back-dated transfers from Council Tax to Non-domestic Rates has reduced the income. Decrease in claiming Council Tax Reduction that is consistent with the trend across the North and Mid Wales Councils.

Underspend on the capital costs budget. One-off refund of a Value Added Tax claim worth £1.383m relating to the leisure service during the period.

It is recommended that the general underspend on Corporate is transferred to the Financial Strategy Reserve to assist with unavoidable one-off pressures on the Council's budgets, with the underspend on Council Tax Premium to be set aside to be considered for use towards the housing strategy, and the capital costs underspend to be allocated to fund the asset management plan.

## **3. General**

The end of November review on the budgets show a variable position with acceptable level of financial management by a number of the Council's departments. The pressures on the departments and which have already been recognised in the budget for 2019/20 is also apparent this year, with the departments struggling with these extra demands. A combination of specific implementation steps is recommended for the Adults, Education, Children and Families Departments, to ensure management of their budgets by 31 March 2019.

## **4. Next steps and timetable**

Implement the presented recommendations and present an updating report to Cabinet on 21 May 2019 on the end of year situation.

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**Local member's views**

Not relevant

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**Opinion of the Statutory Officers****Monitoring Officer:**

Nothing to add from a propriety perspective.

**Head of Finance:**

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

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**Appendices**

Appendix 1 – Summary of net budget position for each department

Appendix 2 – Budget details and substantial variances

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### Revenue Budget 2018/19 - Summary of position by Department

	End of November Review				<i>Estimated Position end of August</i>  £ '000
	Proposed Budget 2018/19	Estimated Gross Over / (Under) spend 2018/19	Recommended Adjustments	Estimated Adjusted Overspend / (Underspend)	
	£'000	£ '000	£'000	£ '000	
Adults, Health and Wellbeing	51,171	29	0	29	153
Children and Supporting Families	14,244	1,333	0	1,333	1,090
Education	87,265	741	0	741	750
Economy and Community	5,454	187	0	187	161
Highways and Municipal	25,091	589	0	589	560
Environment	7,214	(229)	60	(169)	(29)
Gwynedd Consultancy	244	(11)	0	(11)	(20)
Corporate Management Team and Legal	1,991	(93)	0	(93)	(58)
Finance (and Information Technology)	6,078	(53)	0	(53)	(66)
Corporate Support	7,621	(59)	0	(59)	(100)
Corporate Budgets <i>(Variances only)</i>	*	(3,031)	2,984	(47)	(770)
<b>Totals (net)</b>	<b>206,373</b>	<b>(597)</b>	<b>3,044</b>	<b>2,447</b>	<b>1,671</b>

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Adults, Health and Wellbeing Department</b>	Proposed Budget 2018/19	Estimated Final Position 2018/19	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	Use of Other Sources or Other Recommended Adjustments	<b>Estimated Adjusted Overspend / (Underspend)</b>	Net Overspend / (Underspend) End of August Position
<b>Area:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Adults Services</u></b>						
Older Peoples Services						
Residential and Nursing - Homes	11,408	11,102	(306)	0	(306)	15
Home Care	6,241	5,923	(318)	0	(318)	(512)
Other	1,821	1,846	25	0	25	54
	19,470	18,871	(599)	0	(599)	(443)
Physical Disability Services						
Residential and Nursing	523	456	(67)	0	(67)	(69)
Home Care	1,108	945	(163)	0	(163)	(170)
Other	664	684	20	0	20	26
	2,295	2,085	(210)	0	(210)	(213)
Learning Disability Services	16,736	16,543	(193)	0	(193)	(205)
Mental Health Services						
Residential and Nursing	1,569	1,571	2	0	2	(6)
Other	1,878	1,933	55	0	55	90
	3,447	3,504	57	0	57	84
Other Services (Adults)	2,947	2,987	40	0	40	115
<b><u>Adults Services Total</u></b>	<b>44,895</b>	<b>43,990</b>	<b>(905)</b>	<b>0</b>	<b>(905)</b>	<b>(662)</b>

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Adults, Health and Wellbeing Department</b>	<b>Proposed Budget 2018/19</b>	<b>Estimated Final Position 2018/19</b>	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	<b>Use of Other Sources or Other Recommended Adjustments</b>	<b>Estimated Adjusted Overspend / (Underspend)</b>	<b>Net Overspend / (Underspend) End of August Position</b>
<b>Area:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Provider Services (showing net budget)</u></b>						
Residential Care	90	364	274	0	274	264
Day Care	11	133	122	0	122	41
Community Care	488	1,040	552	0	552	437
Other	(4)	71	75	0	75	94
<b><u>Total Provider Services</u></b>	<b>585</b>	<b>1,608</b>	<b>1,023</b>	<b>0</b>	<b>1,023</b>	<b>836</b>
<b><u>Other Services</u></b>						
Housing Services	1,867	2,005	138	0	138	105
Departmental Central Services <i>(including the Department's savings schemes)</i>	3,824	4,054	230	0	230	331
Use of specific reserve		(457)	(457)	0	(457)	(457)
<b><u>Total Other Services</u></b>	<b>5,691</b>	<b>5,602</b>	<b>(89)</b>	<b>0</b>	<b>(89)</b>	<b>(21)</b>
<b><u>Adults, Health and Wellbeing Total</u></b>	<b>51,171</b>	<b>51,200</b>	<b>29</b>	<b>0</b>	<b>29</b>	<b>153</b>

## Adults, Health and Wellbeing

**Older Peoples Services** - increase in the residential and nursing income following assessments and an increase in numbers. An increasing demand for home care packages.

**Physical Disability Services** - the trend in the reduced number of home care and residential and nursing packages continues this year, but two intense Supported Accommodation cases have transferred from Ceredigion County Council.

**Learning Disability Services** - two expensive residential and nursing cases have ended in the period, with the underspend on residential and nursing and supported accommodation being reduced by the overspend on day services and support schemes.

**Mental Health Services** - contribution towards the provision of previous years' service received from Health in the period, which assists in reducing the effect of the overspend on supported accommodation.

**Provider Services** - the overspend trend continues and is increasing, additional staff costs is mainly responsible for the overspend with some of the reasons including homes having been in special measures, recommendations by Care Inspectorate Wales and appointments beyond the budget. Costs are higher than the income received on Community Care.

**Housing Services** - increasing pressure on temporary accommodation for the homeless and slippage in realising the savings scheme.

**Departmental Central Services** - income received and job vacancies reduce the effect of the slippage in realising £372k of the 2017/18 savings schemes.

As the department is overspending, it's appropriate that the department uses funds of £457k, which is equivalent to the supporting social services grant received in 2017/18, to help alleviate the reported overspend.

Due to the level of overspend by the Provider service, the Adults Cabinet Member and the Head of Department are expected to take clear steps to get to the root of the issue and reduce the overspend. The Cabinet Member is therefore asked to report directly to the Cabinet on the response plan.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Children and Families Department</b>	<b>Proposed Budget 2018/19</b>	<b>Estimated Final Position 2018/19</b>	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	<b>Use of Other Sources or Other Recommended Adjustments</b>	<b>Estimated Adjusted Overspend / (Underspend)</b>	<b>Net Overspend / (Underspend) End of August Position</b>
<b>Area:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Service Management	610	588	(22)	0	(22)	(16)
Operational	2,062	2,335	273	0	273	162
Placement						
Out of County Placements	1,587	2,577	990	0	990	600
Agency Fostering	1,009	1,007	(2)	0	(2)	24
Internal Fostering	1,701	1,957	256	0	256	211
Support Services and Other	1,616	1,755	139	0	139	90
	5,913	7,296	1,383	0	1,383	925
Post-16	998	1,173	175	0	175	109
Specialist/Derwen	1,684	1,926	242	0	242	156
Youth Justice	251	207	(44)	0	(44)	(45)
Early Years	162	167	5	0	5	(2)
Youth	972	793	(179)	0	(179)	(188)
Other	1,592	1,644	52	0	52	(11)
Grant Received 2018/19		(552)	(552)	0	(552)	0
<b>Children and Families Total</b>	<b>14,244</b>	<b>15,577</b>	<b>1,333</b>	<b>0</b>	<b>1,333</b>	<b>1,090</b>

## Children and Families

**Operational** - the 2017/18 trend continues with staff costs above the budget level, together with an increase in the number of children in care but not placed in more expensive placements, the area is subject to a bid for additional resources in 2019/20.

**Placements** - three new out of county placements and a change in intensity of two cases, increase in the cost of new packages but a reduction in Health contributions. Increasing overspend within Internal Fostering, 'When I'm Ready' scheme and support services. A review of the out of county commitments has been undertaken, which has highlighted changes to the type of cases over recent years, and therefore the associated costs.

**Post-16** - recent cases transferred from out of county placements are responsible for the overspend.

**Specialist/Derwen** – overspend of £190k on Support schemes following an increase in demand for service and specialist support. Overspend of £29k by the Hafan y Sêr respite Unit and on staff costs.

**Youth** – transitional period in providing youth service and with savings being realised in advance.

In December, the Council received a grant of £552k from the Welsh Government in order to support sustainable social services, due to the financial position of the Children's Department, it's appropriate that the money should be used to try and reduce the gross overspend from £1.9m to £1.3m.

An increase in overspend is noted on a number of budget headings since the previous review, with the the situation to be considered when receiving the Cabinet Member's performance report (29/01/19 Cabinet) with a view to attempt to reduce the overspend by the end of the financial year.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Education Department</b>	<b>Proposed Budget 2018/19</b>	<b>Estimated Final Position 2018/19</b>	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	<b>Use of Other Sources or Other Recommended Adjustments</b>	<b>Estimated Adjusted Overspend / (Underspend)</b>	<b>Net Overspend / (Underspend) End of August Position</b>
<b>Area:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Delegated Schools	74,036	74,036	0	0	0	0
Schools Quality Services	(392)	(532)	(140)	0	(140)	(147)
Infrastructure and Support Services						
Transport	4,605	5,052	447	0	447	482
Ancillary Service	414	618	204	0	204	100
Other	2,300	2,290	(10)	0	(10)	(30)
	7,319	7,960	641	0	641	552
Leadership and Management	2,133	2,180	47	0	47	9
Additional Learning Needs and Inclusion	4,169	4,362	193	0	193	336
<b>Education Total</b>	<b>87,265</b>	<b>88,006</b>	<b>741</b>	<b>0</b>	<b>741</b>	<b>750</b>

## Education

**Schools Quality Services** - (£140k) forecasted underspend as a result of staff turnover, grant income and reduction in costs.

**Transport** - the overspend trend continues, with a deficit of £10k on the sale of post-16 transport tickets and £170k overspend on school bus transport following retendering of routes of two operators.

Although a one-off budget of £200k has been given to taxi transport for schools at the beginning of the year, the level of overspend anticipated has increased to £267k, being the full year effect of 2017/18 growth, together with an increase in the applications since establishing this year's budget. The Head of Education in conjunction with the Head of Environment were asked to investigate the increase in the expenditure on taxi transport for schools and take action to manage the situation. A review of the situation has been undertaken with the findings presented to the Department's performance challenge meetings. Following a request by the Department for additional resource to help with the increasing costs, it's anticipated that additional resource will be allocated in 2019/20.

**Infrastructure and Support Services - Ancillary Service** - deficit in school meals income and the care element of the breakfast scheme, together with costs deriving from sickness and staffing matters in Catering, Cleaning and Caretaking of schools.

**Additional Learning Needs and Inclusion** - circumstances in relation to one specific centre continues and is responsible for £220k of the overspend. ABC Pre School Units overspending by £96k during the transitional period of the new regime. Overspend of £91k in Education other than schools. Underspend within out of county placements and additional learning needs units, has reduced the overspend reported.

Due to the level of overspend on pupils' transport by the Education Department, the situation is to be considered when receiving the Cabinet Member's report (29/01/19 Cabinet).

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Economy and Community Department</b>	Proposed Budget 2018/19	Estimated Final Position 2018/19	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	Use of Other Sources or Other Recommended Adjustments	<b>Estimated Adjusted Overspend / (Underspend)</b>	Net Overspend / (Underspend) End of August Position
<b>Area:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Management	344	344	0	0	0	0
Community Learning	1,823	1,779	(44)	0	(44)	10
Tourism and Heritage	1,144	1,167	23	0	23	26
Economy and Community	374	380	6	0	6	(34)
Healthy Communities	1,769	1,971	202	0	202	159
<b><u>Economy and Community Total</u></b>	<b>5,454</b>	<b>5,641</b>	<b>187</b>	<b>0</b>	<b>187</b>	<b>161</b>

### **Economy and Community**

**Community Learning** - underspend due to vacant jobs and savings being realised in advance.

**Tourism and Heritage** - forecasted overspend of £60k by Storiell, which is a combination of overspend on staff and lack of income. Underspend by the Halls and Archives has reduced the overspend reported.

**Economy and Community** - movement since the previous report as the income forecasted for harbours is not as promising. Overspend by Hafan, Pwllheli and Doc Fictoria, Caernarfon but is mitigated by the underspend on country parks and more income from beaches.

**Healthy Communities** - overspend of £157k due to the slippage on establishing a company to run the leisure facilities, together with a reduction in the income forecasted for leisure centres.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Highways and Municipal Department (including Trunk Roads Agency)</b>	<b>Proposed Budget 2018/19</b>	<b>Estimated Final Position 2018/19</b>	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	<b>Use of Other Sources or Other Recommended Adjustments</b>	<b>Estimated Adjusted Overspend / (Underspend)</b>	<b>Net Overspend / (Underspend) End of August Position</b>
<b>Area:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Highways Services (including Trunk Roads)	9,748	9,787	39	0	39	66
Engineering Services	365	364	(1)	0	(1)	29
Municipal Services						
Waste	11,035	11,505	470	0	470	178
Other	3,943	4,024	81	0	81	287
<b><u>Highways and Municipal Total (including Trunk Roads Agency)</u></b>	<b>25,091</b>	<b>25,680</b>	<b>589</b>	<b>0</b>	<b>589</b>	<b>560</b>

### **Highways and Municipal (including Trunk Roads Agency)**

**Highways Services** - staff turnover during the period is responsible for reducing the income deficit expected.

**Waste** - substantial increase in the overspend expected to £470k, with an increase in staff costs and costs associated with sickness. Higher operational costs were seen on transport, fleet maintenance and dealing with recycling material. Although the Department has taken steps to reduce costs by changing shifts and collection route arrangements, changes were expected to be effective from November in Dwyfor and in 2019/20 in Arfon and Meirionnydd, there has been a slippage in the timetable, with Dwyfor being effective from January 2019.

**Other Municipal Services** - reduction in the level of overspend forecasted to £81k, with the forecasted income from commercial waste is more promising. Cost relating to running and hiring of vehicles continue to be problematic, but negotiating better prices on recycling materials and reduced transport and landfill costs help reduce the level of overspend reported.

Although some steps have already been taken on the Waste side during the year in order to operate within the budget, there has been a delay in implementation.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Environment Department</b>	<b>Proposed Budget 2018/19</b>	<b>Estimated Final Position 2018/19</b>	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	<b>Use of Other Sources or Other Recommended Adjustments</b>	<b>Estimated Adjusted Overspend / (Underspend)</b>	<b>Net Overspend / (Underspend) End of August Position</b>
<b>Area:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Department Management	472	391	(81)	0	(81)	2
Planning Services						
Development Control	192	274	82	0	82	127
Other	204	187	(17)	0	(17)	(15)
	396	461	65	0	65	112
Street Works and Transport Services						
Network Management (Transport)	720	592	(128)	0	(128)	(91)
Parking and Parking Enforcement	(1,656)	(1,675)	(19)	0	(19)	(66)
Integrated Transport	1,702	1,594	(108)	60	(48)	(1)
	766	511	(255)	60	(195)	(158)
Countryside and Access	715	720	5	0	5	(3)
Public Protection	1,609	1,580	(29)	0	(29)	(15)
Property, Caretaking, Catering and Cleaning	3,256	3,322	66	0	66	33
<b>Environment Total</b>	<b>7,214</b>	<b>6,985</b>	<b>(229)</b>	<b>60</b>	<b>(169)</b>	<b>(29)</b>

**Environment**

**Management** - savings in advance following re-structuring and receipt of a grant to fund a post within the Department has led to a one-off savings within the Management area.

**Planning Services** - forecasted income deficit in the Development Control area, but the prospects now look more promising following income receipts due to two significant applications.

**Street Works and Transport Services** - favourable forecast due to the income from the Network Management (Transport) area and Parking and Enforcement, together with underspend on staffing.

Additional costs in Integrated Transport due to the retendering of routes of two bus operators, but an element of the financial support towards the rising costs received from the Welsh Government at the end of 2017/18 is being used to fund the associated overspend this year. Underspend on staff costs and an increase in income forecasts has improved the financial position. The Department is eager to conduct a review of public transport and therefore it is suggested that £60k of the Department's underspend is earmarked to commission research by the University to review the provision and employing extra officers to collect evidence within the area.

**Property, Caretaking, Catering and Cleaning** - increase in overspend, mainly due to staff costs.

**It is recommended** to allow the Environment Department to allocate (£60k) of the underspend to conduct a review by commissioning research by the University and employing extra officers to collect evidence in the Public Transport field following a number of issues over recent years.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Consultancy Department</b>	Proposed Budget 2018/19	Estimated Final Position 2018/19	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	Use of Other Sources or Other Recommended Adjustments	<b>Estimated Adjusted Overspend / (Underspend)</b>	Net Overspend / (Underspend) End of August Position
<b>Area:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Roads and Engineering Services	(389)	(391)	(2)	0	(2)	(72)
Building Services	(26)	(29)	(3)	0	(3)	31
Flood Risk Management Unit Services	549	550	1	0	1	2
Building Control	110	103	(7)	0	(7)	19
<b>Consultancy Total</b>	<b>244</b>	<b>233</b>	<b>(11)</b>	<b>0</b>	<b>(11)</b>	<b>(20)</b>

### Consultancy

**Roads and Engineering Services** - movement of £70k since previous review, due to decrease in the income forecasted, together with increase in staff and transport costs.

**Building Services** - underspend on staff and transport costs outweigh the anticipated income deficit of £46k for the area, with the service continuing to apply for work from external organisations to attract income.

**Building Control** - one-off staffing underspend cancelling the impact of income below the budget within the Building Control area.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Central Departments</b>	Proposed Budget 2018/19	Estimated Final Position 2018/19	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	Use of Other Sources or Other Recommended Adjustments	<b>Estimated Adjusted Overspend / (Underspend)</b>	Net Overspend / (Underspend) End of August Position
<b>Area:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	1,991	1,898	(93)	0	(93)	(58)
Finance (& Information Technology)	6,078	6,025	(53)	0	(53)	(66)
Corporate Support	7,621	7,562	(59)	0	(59)	(100)
<b>Central Departments Total</b>	<b>15,690</b>	<b>15,485</b>	<b>(205)</b>	<b>0</b>	<b>(205)</b>	<b>(224)</b>

### Central Departments

**Corporate Management Team and Legal** - the latest forecast suggest an underspend of (£93k), due to vacant post, receipt of additional income of (£46K) from the Legal Unit and a reduction in costs within the Emergency Planning area. These savings will be part of the savings plans offered for 2019/20 onwards.

**Finance (and Information Technology)** - one-off underspend on vacant posts across the Department is mainly responsible for the underspend, along with attracting additional income. Savings in advance have been planned in preparation to contribute to the 2019/20 and onwards savings plans.

**Corporate Support** - the anticipated underspend is a combination of one-off staff savings due to vacant posts, along with the Department's success in attracting external income in excess of the budget which includes Occupational Health, with the intention of using it as part of the savings plans from 2019/20 onwards.

<b>REVENUE BUDGET 2018/19 - END OF NOVEMBER REVIEW</b>						
<b>Corporate (Only reflecting the variances)</b>	Proposed Budget 2018/19	Estimated Final Position 2018/19	<b>Estimated Gross Overspend / (Underspend) 2018/19</b>	Use of Other Sources or Other Recommended Adjustments	<b>Estimated Adjusted Overspend / (Underspend)</b>	Net Overspend / (Underspend) End of August Position
<b>Area:-</b>	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax	*	*	(360)	360	0	(92)
Council Tax Premium	*	*	(700)	700	0	(700)
Council Tax Reduction	*	*	(106)	106	0	0
Net Interest Received	*	*	8	0	8	22
Capital Costs	*	*	(435)	435	0	0
VAT claim in the Leisure Area	*	*	(1,383)	1,383	0	0
Other	*	*	(55)	0	(55)	0
<b>Corporate Total</b>	*	*	<b>(3,031)</b>	<b>2,984</b>	<b>(47)</b>	<b>(770)</b>

## Corporate

**Council Tax and Council Tax Premium** - forecast of additional tax of (£360k) is anticipated by the end of the financial year. In respect of the Council Tax Premium, forecast of (£700k) additional tax above the budgeted premium tax of £2.2m, which is a premium of 50% on second homes and empty properties for over 12 months. It is recommended that it should be considered to be used as part of the Housing Strategy.

To date this year, the Valuation Office has already allowed 287 properties to transfer from the Council Tax list to Non Domestic Rates (282 for a full year in 2017/18, 199 in 2016/17) with the impact of applications being backdated leading to further income loss. Further more, the tax income would have been higher. We will continue to draw attention of the Welsh Government and the Valuation Office to this unsatisfactory situation.

**Council Tax Reduction** - underspend as the number of applications on the Council Tax Reduction scheme (benefits) is at its lowest level compared with the previous two years throughout North and Mid Wales.

**Capital Costs** - existing treasury management policy means there is an underspend against the interest budget on long-term external borrowing. As the 2019/20 Asset Management Plan is under development, it is suggested that this underspend should be earmarked specifically to assist with the financing of the capital program.

**VAT Claim in the Leisure Area** - one-off refund of £1.383m net relating to changes in Value Added Tax in the Leisure area has been received since the previous review.

**It is recommended** to harvest (£2,984k) of the net underspend on Corporate budgets, with (£700k) associated with the Council Tax premium to be allocated to a specific fund to be considered for the Housing Strategy, (£435k) relating to capital costs to be transferred to the capital program's financing fund, with the remainder of (£1,849k) to be transferred to the Supporting the Financial Strategy Fund to assist with inevitable one-off pressures on the Council's budgets.

# Agenda Item 6

**MEETING:                   AUDIT AND GOVERNANCE COMMITTEE**

**DATE:                       14 FEBRUARY 2019**

**TITLE:                      CAPITAL PROGRAMME 2018/19 –  
END OF NOVEMBER 2018 REVIEW**

**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  
decisions**

**CONTACT OFFICER:       DAFYDD L EDWARDS, HEAD OF FINANCE**

**CABINET MEMBER:        COUNCILLOR PEREDUR JENKINS**

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1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters including budget monitoring reports, as appropriate.
2. The attached report (Capital Programme 2018/19 – End of November 2018 Review) was presented to the Cabinet on 22 January 2019 for decisions regarding the revised programme and its financing.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is asked to note the position and any risks regarding the Council’s capital programme, scrutinise the Cabinet’s decisions, and comment as necessary.

**Appendices:**

Cabinet Decision Notice 22/01/2019

Capital Programme 2018/19 – End of November 2018 Review (Cabinet report 22/01/2019)

## **GWYNEDD CABINET DECISION NOTICE**

<b>Date of Cabinet Meeting:</b>	22 January 2019
<b>The Decision will come into force</b> and implemented, unless the decision is called in, in accordance with section 7.25.1 of the Gwynedd Council Constitution.	6 February 2019

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### **SUBJECT**

Item 9: CAPITAL PROGRAMME 2018/19 - END OF NOVEMBER REVIEW

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### **DECISION**

To accept the report on the end of November review (30 November 2018 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £9,000 increase in the use of borrowing
  - £3,502,000 increase in the use of grants and contributions
  - £30,000 increase in the use of capital receipts
  - £488,000 increase in the use of revenue contributions
  - £220,000 increase in the use of renewal funds and others
- 

### **REASONS FOR THE DECISION**

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).

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### **DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS APPROVED BY THE STANDARDS COMMITTEE**

No declarations of personal interest or relevant dispensations were received.

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### **ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION**

The Statutory Officers were consulted to seek their views, which have been included in the report.

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## REPORT TO THE CABINET

22 January 2019

**Cabinet Member:** Councillor Peredur Jenkins, Finance Cabinet Member

**Subject:** Capital Programme 2018/19 –  
End of November 2018 Review (30 November 2018 position)

**Contact Officer:** Dafydd L Edwards - Head of Finance

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### The decision sought / Purpose of the report

To accept the report on the end of November review (30 November 2018 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £9,000 increase in the use of borrowing
  - £3,502,000 increase in the use of grants and contributions
  - £30,000 increase in the use of capital receipts
  - £488,000 increase in the use of revenue contributions
  - £220,000 increase in the use of renewal and other reserves
- 

### 1. Introduction / Summary

This technical report is presented as part of the 2018/19 budget monitoring procedure. The main purpose of the report is to present the revised capital programme and to approve the relevant financing sources. There is a summary in parts 3 and 4 of the report, with the recommendation in part 5:

Part 3: Analysis by Department of the £51.271m capital programme for the 3 years 2018/19 – 2020/21.

Part 4: The sources of finance for the net increase of approximately £4.249m since the previous review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the programme (part 3) and financing (part 4).

The remainder of the report is for information:

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2018/19 to 2019/20
- Appendix C: First 8 months expenditure in 2018/19

### 2. Main Findings:

The main conclusions that arise from the revised position are:

- There are firm schemes in place to invest approximately £28.5m in 2018/19, with £9.2m (32%) of it being financed by attracting specific grants.
- In addition to the £1.0m which was reported at the last review a further £3.4m of proposed expenditure has been re-profiled from 2018/19 to 2019/20 but no loss of funding was caused to the Council where schemes have slipped.

### 3. CAPITAL PROGRAMME 2018/19 to 2020/21

See below the revised proposed capital programme.

DEPARTMENT	END OF NOVEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2018/19	2019/20	2020/21	TOTAL	
	£'000	£'000	£'000	£'000	
Education	3,558	9,117	3,624	16,299	-
Environment	9,348	538	42	9,928	1,653
Corporate Support	111	13	-	124	-
Finance	952	74	-	1,026	-
Economy and Community	687	399	-	1,086	447
Adults, Health and Wellbeing - Housing Unit	4,317	584	-	4,901	250
Adults, Health and Wellbeing - Other	826	1,119	525	2,470	93
Children and Families	107	-	-	107	13
Highways and Municipal	7,281	3,924	1,893	13,098	320
Consultancy	978	907	45	1,930	1,723
Corporate	302	-	-	302	(250)
<b>TOTAL</b>	<b>28,467</b>	<b>16,675</b>	<b>6,129</b>	<b>51,271</b>	<b>4,249</b>

### 4. CHANGES TO THE SOURCES OF FINANCE

The budget for the three year programme shows an increase of £4.249m since the previous review position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF NOVEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2018/19	2019/20	2020/21	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	6,666	-	-	6,666	-
Other Borrowing	1,873	1,393	777	4,043	9
Grants and Contributions	9,226	8,753	525	18,504	3,502
Capital Receipts	342	98	750	1,190	30
Departmental & Corporate Revenue	1,700	265	-	1,965	488
Capital Fund	3,166	1,435	-	4,601	0
Renewals & Other Funds	5,494	4,731	4,077	14,302	220
<b>TOTAL</b>	<b>28,467</b>	<b>16,675</b>	<b>6,129</b>	<b>51,271</b>	<b>4,249</b>

**5. RECOMMENDATION**

The Cabinet is asked to:

- accept the 2018/19 to 2020/21 revised programme and
- approve the relevant sources of finance (para. 4 above).

**6. Reasons for recommending the decision**

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the 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 2018/19 – 2020/21 capital schemes.

**7. 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.

**8. Next steps and timetable**

To implement the recommendations to finance the programme.

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**View of the Local Member**

Not relevant.

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**Views of the Statutory Officers**

**Monitoring Officer:**

No observations in relation to propriety.

**Head of Finance:**

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

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**Appendix**

Appendices A, B and C.

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**MAIN CHANGES PER SOURCE OF FINANCING:**

See below the relevant schemes that have caused the main changes to the sources of finance since the previous review :

	2018/19	2019/20- 2020/21
	£'000	£'000
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>• Rural Development Fund Grant (RCDF) to enable digital provision in rural areas (Economy and Community Department).</li> </ul>	178	39
<ul style="list-style-type: none"> <li>• Design and develop flood alleviation scheme in Llanberis (Consultancy Department).</li> </ul>	603	770
<ul style="list-style-type: none"> <li>• Intermediate Care Fund (ICF) – additional Welsh Government grant for adapting establishments to admit dementia and specialised care beds as well as facilitating joint working arrangements with other agencies (Adults, Health and Wellbeing Department).</li> </ul>	77	
<ul style="list-style-type: none"> <li>• Targeted Regeneration Investment (TRIP) Grant schemes – Welsh Government grant for the development of empty properties in the Arfon area (Housing Unit, Adults, Health and Wellbeing Department).</li> </ul>	250	
<ul style="list-style-type: none"> <li>• Grant from the Local Transport Fund from Welsh Government (Environment Department) towards several different schemes including A496 Llanbedr; Lôn Las Peris; A499 to Trefor (Environment Department).</li> </ul>	1,269	
<ul style="list-style-type: none"> <li>• Safe Routes in Communities Grant (SRIC) from Welsh Government – Caernarfon scheme (Environment Department).</li> </ul>	98	
<ul style="list-style-type: none"> <li>• Upgrading Highways Depots – contributions from the North and Mid Wales Trunk Road Agency (Highways and Municipal Department).</li> </ul>	52	
<ul style="list-style-type: none"> <li>• Rural Development Fund Grant (RCDF) to upgrade toilets (Highways and Municipal Department).</li> </ul>	51	67
<b>Capital Receipts</b>		
<ul style="list-style-type: none"> <li>• Office space and café development in two leisure centres (Economy and Community Department).</li> </ul>	30	
<b>Departmental Revenue</b>		
<ul style="list-style-type: none"> <li>• Match funding for the Rural Development Fund Grant (RCDF) to enable digital provision in rural areas (Economy and Community Department).</li> </ul>	45	10
<ul style="list-style-type: none"> <li>• Design and develop flood alleviation scheme in Llanberis (Consultancy Department) – contributions from other departments to the Consultancy Department scheme.</li> </ul>	108	136

<ul style="list-style-type: none"> <li>Coastal Protection Scheme - Borth y Gest (Consultancy Department).</li> </ul>	72	
<ul style="list-style-type: none"> <li>Match funding for the Rural Development Fund Grant (RCDF) to upgrade toilets (Highways and Municipal Department).</li> </ul>		33
<ul style="list-style-type: none"> <li>Various minor schemes.</li> </ul>	84	
<b>Renewals and Other Funds</b>		
<ul style="list-style-type: none"> <li>Vehicles and Waste Equipment renewals (Highways and Municipal Department, Consultancy Department).</li> </ul>	205	
<ul style="list-style-type: none"> <li>Purchase of boat for Porthmadog Harbour (Economy and Community Department).</li> </ul>	20	
<ul style="list-style-type: none"> <li>Various minor schemes.</li> </ul>	(5)	

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**Budget Re-profiling – Main Schemes:**

See below the main schemes that have been re-profiled since the original budget:

	2018/19 £'000	2019/20 £'000
Segontium Day Service Relocation (Adults, Health and Wellbeing Department)	(210)	210
Housing Grant Schemes (Housing Unit, Adults, Health and Wellbeing Department)	(583)	583
Y Berwyn Lifelong Learning School (Education Department)	(361)	361
Other Schools' Schemes (21 <sup>st</sup> Century and Other) (Education Department)	(550)	550
Adults establishments' schemes (Adults, Health and Wellbeing Department)	(129)	129
Resurfacing of car parks (Environment Department)	(219)	219
Environment Department Road Schemes (Environment Department)	(218)	218
Vehicles Renewals (Highways and Municipal Department and Environment Department)	(1,906)	1,906

**Note:**

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

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 current assets which have not been improved.

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## Capital Expenditure First 8 Months 2018/19

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed November)	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO
	2018/19 £'000	30/11/2018 £'000
Education	3,558	2,175
Environment	9,348	2,479
Corporate Support	111	-
Finance (and Information Technology)	952	246
Economy and Community	687	433
Adults, Health and Wellbeing – Housing Unit	4,317	2,348
Adults, Health and Wellbeing - Other	826	282
Children and Families	107	77
Highways and Municipal	7,281	4,857
Consultancy	978	549
Corporate	302	-
<b>TOTAL</b>	<b>28,467</b>	<b>13,446</b>

**Note:**

The percentage that has been spent this year (47%) is comparably lower than the position this time last year (amount spent in 8 months was 49% of the December review budget).

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# Agenda Item 7

MEETING:	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE:	<b>14 FEBRUARY 2019</b>
TITLE:	<b>SAVINGS OVERVIEW: PROGRESS REPORT OF REALISING SAVINGS SCHEMES</b>
PURPOSE:	<b>Report on the Latest Position</b>
ACTION:	<b>Receive the information, consider the general risks arising from slippages, and scrutinise the Cabinet's decisions regarding the Savings Overview</b>
CONTACT OFFICER:	<b>DAFYDD L EDWARDS, HEAD OF FINANCE</b>
CABINET MEMBER:	<b>COUNCILLOR PEREDUR JENKINS</b>

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1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters as appropriate.
2. The attached report (Savings Overview: Progress report on realising savings schemes) was submitted to the Cabinet on 22 January 2019.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is requested to note the position and the relevant risks regarding the Savings Overview, consider the Cabinet's decisions and comment as necessary.

## **Appendices:**

Cabinet Decision Notice 22/01/2019

Savings Overview: Progress report on realising savings schemes (Cabinet report 22/01/2019)

## GWYNEDD CABINET DECISION NOTICE

<b>Date of Cabinet Meeting:</b>	22 January 2019
<b>The Decision will come into force</b> and implemented, unless the decision is called in, in accordance with section 7.25.1 of the Gwynedd Council Constitution.	6 February 2019

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### **SUBJECT**

Item 10: SAVINGS OVERVIEW - PROGRESS REPORT ON THE REALISING SAVING SCHEME

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### **DECISION**

To accept the report and note the encouraging progress towards realising the savings schemes during 2018/19 and previous years.

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### **REASONS FOR THE DECISION**

In the Council's financial strategy since 2015/16, £27m worth of savings have been approved to be realised during the period 2015/16 to 2018/19.

Realising the individual schemes is the responsibility of the relevant Cabinet members, and Members' performance reports are presented regularly to Cabinet meetings, detailing the progress of individual savings schemes within their portfolios, and the position at the time. It is the responsibility of the Cabinet Member for Finance to keep an overview of the whole picture.

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### **DECLARATIONS OF PERSONAL INTEREST AND ANY RELEVANT DISPENSATIONS APPROVED BY THE STANDARDS COMMITTEE**

No declarations of personal interest or relevant dispensations were received.

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### **ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION**

The Statutory Officers were consulted to seek their views, which have been included in the report.

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## REPORT TO THE CABINET

<b>Date</b>	<b>22 January 2019</b>
<b>Cabinet Member</b>	<b>Councillor Peredur Jenkins, Finance Cabinet Member</b>
<b>Subject</b>	<b>Savings Overview: Progress Report on Realising Savings Schemes</b>
<b>Contact Officer</b>	<b>Dafydd L Edwards, Head of Finance</b>

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### DECISION SOUGHT

To accept the information within the report and note the encouraging progress towards realising the 2018/19 savings schemes and previous years.

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### 1. INTRODUCTION / BACKGROUND

In the Council's financial strategy since 2015/16, £27m worth of savings have been approved to be realised during the period 2015/16 to 2018/19. Reported here are the 2018/19 savings and previous years.

Realising the individual schemes is the responsibility of the relevant Cabinet members, and Members' performance reports, which are presented regularly to Cabinet meetings, detailing the progress of individual savings schemes within their portfolios, and the position at the time. It is the responsibility of the Cabinet Member for Finance to keep an overview of the whole picture.

### 2. SAVINGS SCHEMES 2015/16 - 2017/18

**Appendix 1** summarises the achievement of each department against the savings target set for them from 2015/16 - 2017/18, totalling more than £24m. It is encouraging for me to report that £23m, or 95%, of these schemes have been realised, and there is only a slight slippage with the remainder.

This is predominantly in the Adult, Health and Wellbeing Department's 2017/18 schemes where progress has recently been made with some schemes that had slipped, but the challenge of realising some schemes continues.

### 3. DEPARTMENTAL SCHEMES 2018/19

**Appendix 2** summarises the current forecasts for the realisation of 2018/19 savings schemes. Out of the 29 schemes, 62% worth of schemes have been realised. There are 7 schemes on track to be realised on time, and encouragingly, with slippage forecasted on only 5 schemes.

One of them is the 'End to End Review' in the Children and Supporting Families Department, which is a savings scheme of £250,280. The scheme has been

subject to a joint review between the Children and Supporting Families Department, Finance and the Research and Information Manager, by revisiting the assumptions in the original 'End to End' model. It showed that the number of nights children were in residential placements has reduced but a change in the profile and complexity of the cases and therefore has affected the average cost of placements. A reduction in contributions by Health was also seen.

In terms of the remaining schemes, the prospects of realising the savings remain generally promising.

#### **4. CONCLUSION**

Although some departments have realised all of their savings schemes, it is inevitable that realising almost £27m of savings since April 2015 has been challenging. Some schemes need more time to plan and implement appropriately. However, in general, I am satisfied with the progress that has been made to realise the savings plans for this period and I am grateful to all departments and Cabinet Members for achieving this success. Every effort will be made to realise those schemes that have slipped, and all Cabinet Members will continue to monitor the situation, acting as necessary to achieve the goal.

Therefore, I ask the Cabinet to note the acceptable general achievement outlined in this report towards realising the savings schemes.

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#### **View of the Local Member**

Not relevant

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#### **View of the Statutory Officers**

##### **Monitoring Officer:**

No observations in relation to 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 – 2015/16 – 2017/18 Savings Schemes Overview by Department

Appendix 2 – 2018/19 Savings Schemes Overview by Department

## OVERVIEW OF SAVINGS SCHEMES 2015/16 TO 2017/18 BY DEPARTMENT

Department	Total Savings £	Realised Schemes £	Schemes being implemented, but with slippage £ (number)	Schemes that have been delayed £ (number)	Comments by the Head of Finance
Education	685,860	598,879	86,981 (2)	-	Expecting additional resources by the Information Technology Unit in order to accelerate the work on the "Ffordd Gwynedd - Payroll and Contracts Unit" scheme, but in the meantime the Department will bridge the deficit.
Schools	4,037,000	3,738,010	298,990 (1)	-	The Cabinet on 13.12.16 approved to bridge for two years the £298,990 of the 2017/18 savings that the Secondary sector is expected to find, and the schools are already aware of the timing of the cuts in their budget.
Environment	2,179,353	2,179,353	-	-	All the schemes for the period have been realised.
Corporate Support	1,652,838	1,652,838	-	-	All the schemes for the period have been realised.
Finance	960,826	960,826	-	-	All the schemes for the period have been realised.
Economy and Community	2,085,602	2,085,602	-	-	All the schemes for the period have been realised.
Adults, Health and Wellbeing	4,934,141	4,473,401	460,740 (7)	-	Although progress has recently been made with some of the schemes that have slipped, a range of the 2017/18 schemes remain partly unrealised.

**OVERVIEW OF SAVINGS SCHEMES 2015/16 TO 2017/18 BY DEPARTMENT**

<b>Department</b>	<b>Total Savings</b>	<b>Realised Schemes</b>	<b>Schemes being implemented, but with slippage</b>	<b>Schemes that have been delayed</b>	<b>Comments by the Head of Finance</b>
	<b>£</b>	<b>£</b>	<b>£ (number)</b>	<b>£ (number)</b>	
Children and Supporting Families	1,987,318	1,870,318	117,000 (1)	-	The "End to End" scheme has recently been subject to a review which has confirmed that the number of nights children are in care has reduced during the period, but the types of residential placements has changed, therefore affecting the placement costs. There has also been a reduction in the contributions by Health.
Highways and Municipal	4,968,550	4,809,550	63,000 (4)	96,000 (1)	Four of the schemes are forecasted to be realised during 2019/20. The Cabinet on 11 September 2018 approved the deferral of the implementation of the "Recycling Centres (PB5)" saving scheme, covering the £96,000 gap created when considering the 2019/20 onwards savings.
Consultancy	387,000	387,000	-	-	- All the schemes for the period have been realised.
Corporate Management Team and Legal	172,270	172,270	-	-	- All the schemes for the period have been realised.
Cross-departmental	224,220	224,220	-	-	- All the schemes for the period have been realised.
<b>TOTAL</b>	<b>24,274,978</b>	<b>23,152,267</b>	<b>1,026,711 (15)</b>	<b>96,000 (1)</b>	<b>In financial terms (£), 95% of the savings for 2015/16 - 2017/18 have been realised.</b>

## OVERVIEW OF 2018/19 SAVINGS SCHEMES BY DEPARTMENT

Department	Total Savings 2018/19	Realised schemes	Schemes on track to be realised timely	Schemes with slippage	Comments by the Head of Finance
	£ (number)	£ (number)	£ (number)	£ (number)	
Education	521,450 (3)	436,000 (1)	43,750 (1)	41,700 (1)	The current statistics show that the income target "Reduce the time and/or raise fees for the child care element within the free breakfast scheme for primary school children" is not likely to be realised fully in 2018/19.
Schools	-	-	-	-	No schemes programmed for 2018/19.
Environment	154,970 (6)	154,970 (6)	-	-	All schemes have been realised.
Corporate Support	47,340 (2)	47,340 (2)	-	-	The two schemes have been realised.
Finance	66,430 (2)	66,430 (2)	-	-	The two schemes have been realised.
Economy and Community	308,830 (3)	100,000 (1)	52,330 (2)	156,500 (1)	Work is under way to implement all schemes, but it is anticipated that the transfer date of the leisure facilities provision to the new company is 1 April 2019. As a result, there will be a slight slippage before realising the full savings from the "Running leisure facilities more effectively" scheme.
Adults, Health and Wellbeing	645,000 (6)	575,000 (4)	70,000 (2)	-	No problems envisaged.

**OVERVIEW OF 2018/19 SAVINGS SCHEMES BY DEPARTMENT**

<b>Department</b>	<b>Total Savings 2018/19</b>	<b>Realised schemes</b>	<b>Schemes on track to be realised timely</b>	<b>Schemes with slippage</b>	<b>Comments by the Head of Finance</b>
	<b>£ (number)</b>	<b>£ (number)</b>	<b>£ (number)</b>	<b>£ (number)</b>	
Children and Supporting Families	314,480 (2)	64,200 (1)	-	250,280 (1)	The "End to End" scheme has recently been subject to a review which has confirmed that the number of nights children are in care has reduced during the period, but the types of residential placements has changed, therefore affecting the placement costs. There has also been a reduction in the contributions by Health. The Department should consider changing their focusing to obtain a solution.
Highways and Municipal	86,700 (1)	86,700 (1)	-	-	The scheme has been realised.
Consultancy	-	-	-	-	No schemes programmed for 2018/19.
Corporate Management Team and Legal	13,800 (1)	-	-	13,800(1)	There's slippage on the scheme.
<b>Sub Total</b>	<b>2,159,000 (26)</b>	<b>1,530,640(18)</b>	<b>166,080 (5)</b>	<b>462,280 (4)</b>	
Cross-departmental	295,740(3)	-	210,740(2)	85,000(1)	There's slippage on one of the cross-departmental schemes.
<b>TOTAL</b>	<b>2,454,740(29)</b>	<b>1,530,640(18)</b>	<b>376,820 (7)</b>	<b>547,280(5)</b>	<b>In financial terms (£), 62% of the year's schemes have been realised and 15% on track to be realised on time.</b>

# Agenda Item 8

MEETING:	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
DATE:	<b>14 FEBRUARY 2019</b>
TITLE:	<b>2019/20 BUDGET</b>
PURPOSE:	<b>To submit the budget which the Cabinet intends to recommend to the Council for scrutiny by the Audit and Governance Committee</b>
ACTION REQUIRED:	<b>To scrutinise the information, including the medium-term financial plan, before the Cabinet recommends the 2019/20 budget to the full Council</b>
CONTACT OFFICER:	<b>DAFYDD L EDWARDS, HEAD OF FINANCE</b>
CABINET MEMBER:	<b>COUNCILLOR PEREDUR JENKINS</b>

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1. At its meeting on 19 February, the Cabinet will consider the attached report and come to a conclusion regarding the budget to be proposed to the Council, which will include a recommendation regarding the Council Tax increase for 2019/20 (see the decision sought on the front of the attached Cabinet report).
2. Following extremely thorough consideration in two series of members' workshops, the budget will include a programme of savings schemes presented in Appendix 3, together with 'bids' added to the budget which are listed in Appendix 2.
3. Bearing in mind that it is good practice to set the budget in the context of the long term position, it is also intended to consult with the Council on the financial strategy for the period 2019/20 – 2021/22 (Appendix 8).
4. The Cabinet will give consideration to the report soon after the meeting of the Audit and Governance Committee, and following this scrutiny, we will report to the Cabinet on the conclusions of the Committee.
5. The Audit and Governance Committee will be given the opportunity to consider the financial propriety of the proposals and relevant risks, and then present comments to the Cabinet on the options.

## **Appendix:**

2019/20 Budget (Cabinet report 19/02/2019)

**Meeting:** Cabinet

**Date:** 19 February 2019

**Cabinet Member:** Councillor Peredur Jenkins, Cabinet Member for Finance

**Subject:** 2019/20 Budget

**Contact Officer:** Dafydd L Edwards, Head of Finance

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## **2019/20 BUDGET**

**Decision sought** *(dependent on Cabinet decision on part 10 of the report and Appendix 12)*

- (a)** Recommend to the Council (in its meeting on 7 March 2019) that:
1. A budget of £247,797,900 should be set for 2019/20, to be funded by £176,551,790 of Government Grant and £71,246,110 Council Tax income, with an increase of 5.5%.
  2. £18,316,130 is added to the capital programme to be spent in 2019/20 in order to establish a capital programme worth £34,991,250 by 2019/20 to be funded from the sources noted in Appendix 4 of the report.
- (b)** Approve moving forward with implementing the list of savings schemes in Appendix 3, in order to establish the budget recommended to the full Council.
- (c)** Note the Medium Term Financial Strategy and projections in Appendix 8, and adopt the plan which is in part 18-20 of it.
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### **1. INTRODUCTION**

- 1.1 The Council has to set a balanced budget for 2019/20 and, in accordance with the usual practice, the annual budget is presented within the context of a medium term financial strategy (Appendix 8), ensuring that the budget prepares for the position to come, rather than meeting the requirements of one year alone.
- 1.2 This year, the Council profits from previous years' medium term planning, as we are able to use some previously planned savings to help balance the budget. Nevertheless, some difficult decisions must be made to combine achieving additional savings and increasing the Tax by 5.5%.
- 1.3 It is recommended that the Tax is increased by 5.5% in 2019/20 in order to protect services for the people of Gwynedd, as implementing the other savings schemes that were considered would have been unacceptable due to the effect on the people of Gwynedd.
- 1.4 Having consulted with the public, and having discussed in two series of workshops in December/January, and with the Audit and Governance Committee (14 February), it is a matter for the Cabinet to consider the 2019/20 – 2021/22 financial strategy, by recommending an appropriate budget to the Council for 2019/20.

- 1.5 By 2019/20, we would need to increase our expenditure by £10.37m in order to “stand still” (details in part 3 below), including £2.5m to meet pressures on the services’ budgets (details of individual ‘bids’ are in Appendix 2).
- 1.6 In order to address the financial gap, £5.4m of savings (details in part 4 below and the individual schemes are listed in Appendix 3) will have to be attributed, and then Council Tax will have to be increased 5.5% (details in part 5 below, and in Appendix 6).
- 1.7 A thorough review of the Asset Strategy is underway, but for now we have established a programme on the basis of the minimum required for 2019/20, as noted in Appendix 4, which will mean adding £18,316,130 to the 2019/20 capital programme.
- 1.8 The Medium Term Financial Strategy modelling work in Appendix 8 shows, unless anything fundamental changes in the Government’s actions, that it is likely that flexible procedures are required in order to realise more savings in following years. With this in mind, it is recommended that the Cabinet considers a savings strategy for the future, whilst urging Welsh Government to fund local authorities appropriately.
- 1.9 The 2019/20 budget attempts to protect the services the Council provides for the people of Gwynedd, and recommends a 5.5% Council Tax increase in order to achieve that aim this year. By ensuring savings, they are intended to be achieved in those areas which will have the least effect upon our citizens, but this will be more challenging by 2020/21 and beyond.
- 1.10 It is a matter for the full Council to consider the budget and set the Council Tax for 2019/20 on the basis of the issues noted in the following report. The detailed report notes the factors that influence the proposed revenue budget for 2019/20, and outlines the main changes since 2018/19.

## 2. WELSH GOVERNMENT GRANT

- 2.1 The Welsh Government has announced the settlement to finance local government for 2019/20. The details, as announced officially by Welsh Government, are noted in the table below, together with the real “cash” figures:

<b>Revenue Support Grant 2018/19 – 2019/20</b>	<b>Total Welsh Authorities £</b>	<b>Gwynedd Council official £</b>	<b>Gwynedd Council “cash” £</b>
2018/19 Government Grant (without amendment)	4,214,066,930	176,376,410	175,127,330
2018/19 Government Grant (amended)	4,227,135,930	176,926,640	175,677,570
2019/20 Government Grant	4,237,431,000	176,551,790	176,551,790
Increase £	+10,295,070	-374,850	+874,220
Increase %	+0.2%	-0.2%	+0.5%

Further details are available here –

<https://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2019-20/final-settlement-2019-20/?lang=en>

- 2.2 It can be seen from the Welsh Government's official figures which are in the above table notionally that Gwynedd Council receives a decrease in the grant of £375k by next year (after amending the 2018/19 figure to reflect the transfers into the settlement), which is a reduction of -0.2%, with the average increase across Wales being +0.2%.
- 2.3 A number of factors feed the local government grant allocation formula, namely the number of pupils, number of income support claimants, etc. and those factors have not gone in our favour this year.
- 2.4 Despite that, in contrast to the £374,850 reduction in the Welsh Government's "like for like" official figures (above), quite a significant increase of £1,249,070 was received due to a tax base adjustment, which re-distributes the grant between Welsh local authorities. This was due to a decrease in council tax properties in Gwynedd (to compensate for the effect of migration of 'holiday homes' to the business rates list), compared with the usual general increase in council tax properties across other Welsh local authorities. This means that the grant movement in "cash" terms is a net increase of £874,220 which is +0.5%.

### 3. COUNCIL REVENUE EXPENDITURE - 2019/20

- 3.1 The table below shows the increase in the expenditure required in order to "stand still" in 2019/20.

#### Additional Expenditure Requirements

Base Budget	£	£
		242,862,930
Staff Salary Inflation	5,260,930	
Teachers' Pensions	1,632,340	
Other Inflation (suppliers)	2,253,830	
Levies	372,860	
Demography	878,420	
Transfers to the Settlement	546,640	
Bids – Pressures on Services	2,513,390	
Miscellaneous Budget Adjustments	360,060	
Earmark the additional Council Tax Premium yield to Reserves	669,560	
Borrowing Costs / Interest on balances	-149,270	
Services' Income Adjustments	-100,640	
Teachers' Pensions Grant	-1,632,340	
Specific Grants	-2,000,000	
Net total of increases		<u>10,370,000</u>
Total 2019/20 expenditure requirements before savings		<u>253,232,930</u>

### 3.2 **Base Budget 2018/19**

Although £243m is the net 2018/19 expenditure, it is important to note that the Council's true expenditure is £403m as we receive a multitude of specific grants worth £99m and raise nearly £61m for services which we provide.

### 3.3 **Salary inflation £5.26m**

Provision has been made for a 2% salary increase for Council staff, in accordance with the national agreement, with a significantly higher % for some staff on lower grades worth £1.6m to meet the national 'living wage' requirements. Also, £1.4m is provided for a salary increase of up to 3.5% for Gwynedd's school teachers.

### 3.4 **Teachers' Pensions - £1.63m**

The Westminster Government has increased the employers pension contribution rate for the Teachers' Pensions Scheme from 16.5% to 23.6% from September 2020, and 7% of the value of costs for Gwynedd school teachers' salaries for 7 months is £1.63m. The Department for Education is consulting regarding funding the cost fully in schools in England, and before long, a specific grant is expected to be received to fund the cost in schools in Wales.

### 3.5 **Other inflation £2.25m**

Net amount which includes provision for the effect of the 'living wage' (minimum pay) on the costs and fees of our private suppliers, together with a significant increase in inflation on fuel and energy budgets.

### 3.6 **Levies £373k**

In December 2018, North Wales Fire Authority decided to raise the levy 5.2% on the constituent authorities, which increases the requirement on Gwynedd Council of £313k, while there was an increase of £10k in special drainage levies for 'Natural Resources Wales', and a £50k increase in the Snowdonia National Park Authority levy.

### 3.7 **Demography £878k**

Total amount which reflects +£418k due to a net increase in the number of pupils in schools, +£471k for the Adults Department due to an unavoidable increase in care costs for an ageing population, and +£11k due to an increase in the number of children receiving care from the Children and Families Department.

The net figure of +£418k for schools hides different positions in different sectors, namely secondary +£617k, primary -£260k and special +£61k.

### 3.8 **Transfers to the settlement £546k**

Apart from resources for the teachers' salary agreement (pressures which have been included within 'Salary Inflation' above), two responsibilities will transfer into the Welsh Government's grant settlement for the Council by 2019/20. The budgets that will transfer to the Council's budget, together with the relevant responsibilities, will be assigned to the relevant departments.

Therefore, there will be an increase of £312k in the Adults, Health and Wellbeing Department's budget to reflect new responsibilities regarding the capital threshold for residential care.

There will also be a £234k increase in the Education Department's budget to reflect the transfer of more free school meals in the context of implementing Universal Credit.

### 3.9 **Pressures on Services £2.51m**

Unavoidable 'bids' – refer to Appendix 2 for details of each individual 'bid'.

It is recommended to approve applications ("bids") worth £2.51m by the Council's departments for permanent additional resources to meet the unavoidable pressures on their services.

It is also recommended to approve a one-off bid worth £38,280 from the Reserve to Assist the Financial Strategy.

Bear in mind that many of the Council's main priorities (developmental matters in order to make a difference) are being funded and commissioned separately (individually by Cabinet decisions), through the Council's Plan. What is presented here through the "bids" are unavoidable commitments that the departments are facing now.

Every department has the right to identify any expenditure which the Council has to fulfil to ensure the continuation of basic services. This heading is not for new developments, but rather for continuation of current basic services.

Of course, an element of these applications are highlighted whilst reviewing this year's spending patterns. Others are a result of factors where there is a need for expenditure in order to protect outcomes for the public, or to meet statutory requirements. There is also an element of central government creating more pressure and expectations, and then we have to deal with the consequential effects.

The items presented here in Appendix 2 have been challenged thoroughly by the Corporate Management Team and the Cabinet Member for Finance before being recommended to be approved by the Cabinet. Further, all these 'bids' were discussed when they were presented on slides at the series of 'Budget Workshops' on 4-7 December 2018, where Council members reached a consensus that the expenditure was unavoidable.

### 3.10 **Adjustments to Miscellaneous Budget £360k**

A total which reflects a significant number of adjustments in provisions across the Council, but mainly to earmark a reserve to address possible additional expenditure pressures during 2019/20 (especially in the children's care field) and also to address income predicaments during 2019/20 (similar to the decision regarding the price of school meals in September 2018).

### 3.11 **Council Tax Premium £670k**

It is recommended to earmark the Council Tax Premium yield in 2019/20 in a specific reserve to be used to finance the Council's Housing Strategy. £2.03m had been earmarked in the original budget for 2018/19, therefore the additional £670k will mean a total of £2.7m by 2019/20.

Specific attention is given to this in Appendix 6.

### 3.12 **Borrowing Costs and Interest on Balances -£149k**

Projection of a reduction in interest payable on loans in 2019/20, as old long-term loans come to an end.

### 3.13 **Adjustments to Services' Income Budgets -£101k**

Net amount which has adjusted services' income targets, including -£198k Adults (Welsh Government has raised the non-residential weekly fees cap from £70 to £80),

the Education Department +£66k (the cost of freezing the price of school meals in September 2018), Consultancy -£100k (additional staff fees), Finance +£97k (£55k as a result of new bank costs and £42k benefit subsidy adjustment), Economy and Community +£30k (mainly Maritime fees), and Environment +£5k (+£40k planning fees, -£20k street care, and -£15k traffic and statutory arrangements).

### 3.14 **Specific Grants -£2m**

A substantial number of specific grants are received where the Council is often expected to commit to additional specific expenditure. In some cases, specific grants can be used to fund pressures on unavoidable expenditure.

This has already been mentioned in 3.4 above where a specific grant is expected in order to fund the additional cost of teachers' pensions. Also, a grant of £0.3m is expected to fund teachers' salaries inflation in 2019/20, a £1.2m care pressures grant which could be used to fund Adults and Children's demography and 'bids', together with £0.5m to prevent children from being taken into care which could be used to fund some of the Children's Department's preventative bids.

## **4. SAVINGS**

4.1 The Medium Term Financial Strategy presented with the 2018/19 budget to the full Council on the 8<sup>th</sup> of March 2018 forecasted a funding gap of between £11m and £20m over the 3 years 2018/19 – 2020/21. Therefore, it was decided to make an early start on the challenging task of identifying significant savings for 2019/20 and beyond.

4.2 This resulted in the Cabinet setting challenging savings targets for the departments, considering all 'possible' schemes presented by department heads during the summer of 2018. The Cabinet members achieved the difficult work of selecting the schemes presented here in Appendix 3, disregarding options where the effect on the people of Gwynedd would be unacceptable.

4.3 Having identified the probable 2019/20 funding gap in the wake of the Welsh Government's disappointing indicative 'settlement' for local authorities in October 2018, the budget position was explained to Council members in a series of 'Budget Workshops' on 4–7 December 2018.

4.4 Having listened to members' feedback in the 'Budget Workshops', the Cabinet Member for Finance presented a report on proposed savings to the Cabinet meeting on 18 December 2018, noting that the Council is facing a significant funding gap by 2019/20 and is presenting a programme of savings to partly address the gap, with the increase in Council Tax having to address the residual gap. The Cabinet decided to adopt the savings schemes presented in 6 lists, depending on the results of the consultation, as ones that the Council would have to achieve. Details of the relevant minutes and the original lists are here -

<https://democracy.cyngor.gwynedd.gov.uk/mgAi.aspx?ID=12357>

4.5 The Cabinet held a public consultation during January 2019 and the main findings have been announced on line. These conclusions are also presented here in Appendix 11, and the Cabinet must pay appropriate attention to the results of the consultation whilst deciding on implementing the savings schemes. The public's objection to some specific

plans were considered in the Members' Workshop on 5 February, and some of those have been chosen in Appendix 12.

- 4.6 Also, 6 'Savings Workshops' were held with Council members on 18–28 January to see if members wanted to change direction, and an informal collective meeting was held on 5 February in order to ensure members' consent on the way ahead.
- 4.7 Therefore, depending on the Cabinet's decision on part 10 of the report and Appendix 12, should the Council approve implementing the proposed schemes presented in Appendix 3, we would harvest £2.45m worth of further savings in 2019/20.
- 4.8 Also, in order to address the funding gap, £2.48m of 'Gwynedd Challenge' savings, which have already been approved for 2019/20, can be harvested.
- 4.9 Additionally, the Chief Executive was asked to go ahead with his ideas to find a further £0.5m efficiency savings in order to reduce the funding gap.

<b>Savings to address the 2019/20 Funding Gap</b>	
	£
Approved Gwynedd Challenge Savings	2,483,100
Proposed Savings Schemes	2,451,930
Further Efficiency Savings	<u>500,000</u>
Total Savings to close the Gap	<u>5,435,030</u>

- 4.10 As a result, there would be a total of £5.4m savings to be used to reduce the funding gap. Clearly, an alternative decision on the schemes in Appendix 12 would mean a reduced total, as noted in part 10 of the report.
- 4.11 All the proposed savings schemes which need to be approved are presented here in Appendix 3, as presented to the Cabinet on 18/12/18, but with updated assessment impact details / links.

## **5. 2019/20 FUNDING GAP AND THE COUNCIL TAX**

- 5.1 It can be seen from part 3 above, that the Council's expenditure requirements (before deducting savings) for 2019/20 are £253.2m. It is noted in part 2 above that the Welsh Government's grant will be £176.6m.
- 5.2 As explained in part 3 above, a total of £5.4m of savings to be used to reduce the funding gap.

<b>Establishing the 2019/20 Budget</b>	
	£
2018/19 Base Budget	242,862,930
Additional Expenditure Requirements	<u>10,370,000</u>
2019/20 Expenditure Requirements before Savings	253,232,930
less Welsh Government Revenue Grant Income	-176,551,790
less Total Savings to close the Gap	<u>-5,435,030</u>
Funding Gap from Council Tax	<u>71,246,110</u>

- 5.3 This means that there is a remaining gap of £71.25m, and it is recommended to meet that gap with Council Tax. The Tax would need to be raised by 5.5% in order to produce sufficient income. Again, should there be an alternative decision on the savings schemes in Appendix 12, then the gap to be funded from the Tax would be more, as noted in part 10 below.
- 5.4 Background information and the context for setting the Tax level (together with details of the Premium on second homes and empty properties) is presented in Appendix 6.

**6. CONCLUSIONS**

- 6.1 This report and the appendices set out the factors that should be considered when establishing the 2019/20 budget and confirms that the savings strategy to address the financial position which the Council is facing must continue.

**2019/20 BUDGET**

- 6.2 Dependent on the Cabinet’s decision on Appendix 12, it is recommended to address a revenue expenditure requirement of £247.8m, having added £10.4m (which includes a provision of £2.5m for pressures on services).
- 6.3 After receiving a grant of £176.6m from Welsh Government and depending on £5.4m of savings, the level of Council Tax will need to increase 5.5% to yield £71.25m of income in order to close the 2019/20 funding gap.

<b>Balanced budget for 2019/2020</b>	
	£
2019/20 Expenditure Requirements before Savings	253,232,930
2019/20 Savings Total	<u>-5,435,030</u>
2019/20 Budget	<u>247,797,900</u>
<b>To be funded from -</b>	
Grant Income	176,551,790
Council Tax (yield after raising 5.5%)	<u>71,246,110</u>
2019/20 Budget	<u>247,797,900</u>

- 6.4 This will mean setting a net budget of £247,797,900. An analysis of the budget per service is given in Appendix 1. Once again, should there be an alternative decision on the savings schemes in Appendix 12, then the budget figure would be more, as noted in part 10 below.

**7. CAPITAL**

- 7.1 It is intended to establish a new 2019/20 – 2028/29 asset strategy and present it for approval soon. Details are in Appendix 4.
- 7.2 For the time being, it is recommended to add £18,316,130 to the capital programme to be spent in 2019/20, in order to establish a total programme worth £34,991,250 to be funded from the sources noted in Appendix 4.

## **8. LONGER TERM STRATEGY**

- 8.1 The revised Medium Term Financial Strategy is included here in Appendix 8. This year, there is more uncertainty about the future due to the Westminster Government's 2019 Expenditure Review.
- 8.2 On the basis of our assumptions, it is probable that additional savings will need to be identified by 2020/21 and 2021/22, and that could be as much as £10m over the two years. Should the medium scenario in our projections happen, £5.6m more savings would be required over the two years 2020/21 and 2021/22, but an element of the 2019/20 savings yield (up to £4.2m) will be available as a head start whilst addressing part of the required savings.
- 8.3 Therefore, a savings strategy for the future will need to be considered, whilst urging Welsh Government to fund local authorities appropriately.

## **9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS**

- 9.1 It is considered that the current level of general balances, i.e. £6m, is appropriate and this budget does not recommend the use of these balances for practical cash flow and unexpected expenditure. Detailed information about the balances and reserves are presented in Appendix 7.
- 9.2 Appendix 5 explains Gwynedd's schools' very favourable budget position in detail.
- 9.3 When deciding on a budget, and in particular regarding savings schemes, the Cabinet and the Council must consider the effects of their decisions from an equality perspective in accordance with the Council's statutory duties through the 2010 Equality Act. As a result, detailed assessments have been prepared for the individual savings schemes and also for the Budget. Appendix 9 deals specifically with the duty, and the results of the assessments are summarised in Appendix 3. The complete assessments are available as background documents by following the links in Appendix 3.
- 9.4 The Council implements the Wellbeing of Future Generations (Wales) Act 2015 and the recommendations in the report are based and developed in accordance with the Council's statutory duty under Section 3 to undertake sustainable development in all its activities. More detailed information about the Wellbeing Act and relevant findings are in Appendix 10.
- 9.5 The statutory finance officer must express an opinion on the robustness of the estimates. An assessment of risks and appropriate confirmation are presented in Appendix 13.

## 10. ALTERNATIVE DECISIONS

- 10.1 On 5 February 2019 in a Big Savings Workshop, 5 savings schemes were chosen for further attention. These are set out in Appendix 12.
- 10.2 Should there be a decision not to action these 5 schemes, the figures in the above recommendations would change as follows –

<b>2019/20</b>	<b>Above Report</b>	<b>Adjustment</b>	<b>Change</b>
Budget	247,797,900	+71,720	247,869,620
Income from Tax	71,246,110	+71,720	71,317,830
Savings Total	5,435,030	-71,720	5,363,310
Tax Increase	5.5%	0.1%	5.6%

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### Opinion of local member

Not a local matter

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### Views of the Statutory Officers

#### Monitoring Officer:

It is apparent that there are a number of considerations for the Cabinet to take into account in forming a recommendation on the Budget for the Council and in deciding on the programme of savings to meet the financial gap. The report provides detailed information in relation to these matters. It is important that the Cabinet gives appropriate attention to all these matters in coming to a view. The results of the public consultation exercise are also reported upon in detail and appropriate consideration needs to be taken of the responses received in coming to a conclusion. I can provide any further guidance in the meeting.

#### Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content. Having considered all the risks outlined in Appendix 13 to the report, and the mitigation steps, I am of the opinion that the Council's Budget for 2019/20 is robust, sufficient, and achievable.

## **APPENDICES**

- 1 Budget Summary
- 2 Bids
- 3 Savings
- 4 Capital
- 5 Dealing with the Schools' Budget in 2019/20
- 6 Council Tax
- 7 Balances
- 8 Medium Term Financial Strategy
- 9 Equality Impact Assessment
- 10 Wellbeing of Future Generations Act
- 11 Consultation Results
- 12 Alternative Decisions
- 13 Robustness of Estimates

APPENDIX 1 - BUDGET SUMMARY

PROPOSED BUDGETS BY SERVICE 2019/20											
	Base	Transfer	Pay Inflation	Other	Demography	Various	Pressure	Adjusting	Utilising	Savings	Base
	Budget	to the	and	Inflation		Budget	on	Income	Specific	&	Budget
	2018/19	Settlement	Pensions			Adjustments	Services	Budgets	Grants	Cuts	2019/20
DEPARTMENTS	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	2,046		28	19		0				(201)	1,892
Corporate Support	7,741		150	42		(9)				(363)	7,561
Finance	6,613		157	25		(15)	98	97		(559)	6,416
Highways and Municipal	23,790		532	367		89	36			(260)	24,554
Environment	5,130		184	3		34	(25)	5		(367)	4,964
Gwynedd Consultancy	229		91	(98)		(15)		(100)		(127)	(20)
Central Education	14,431	234	250	182		265	93			(104)	15,351
Schools Budget	70,043	0	3,745	264	418	(257)	(68)	66	(1,932)	(248)	72,031
Economy and Community	4,165		298	(105)		(434)		30		(338)	3,616
Adults, Health and Wellbeing	50,426	312	1,166	976	471	245	1,180	(199)	(1,200)	(1,465)	51,912
Children and Supporting Families	13,842		285	124	(11)	98	631		(500)	(293)	14,176
<b>Departmental Total</b>	<b>198,456</b>	<b>546</b>	<b>6,886</b>	<b>1,799</b>	<b>878</b>	<b>1</b>	<b>1,945</b>	<b>(101)</b>	<b>(3,632)</b>	<b>(4,325)</b>	<b>202,453</b>
Corporate and Capital Matters	44,942		6	453		600				(1,111)	44,890
<b>TOTAL =</b>	<b>243,398</b>	<b>546</b>	<b>6,892</b>	<b>2,252</b>	<b>878</b>	<b>601</b>	<b>1,945</b>	<b>(101)</b>	<b>(3,632)</b>	<b>(5,436)</b>	<b>247,343</b>
Less Community Council Precepts	(2,207)										(2,207)
<b>TOTAL GROSS EXPENDITURE</b>	<b>241,191</b>	<b>546</b>	<b>6,892</b>	<b>2,252</b>	<b>878</b>	<b>601</b>	<b>1,945</b>	<b>(101)</b>	<b>(3,632)</b>	<b>(5,436)</b>	<b>245,136</b>
Financed by:											
Balances and Specific Reserves	1,672					420	570			0	2,662
<b>NET EXPENDITURE TOTAL =</b>	<b>242,863</b>	<b>546</b>	<b>6,892</b>	<b>2,252</b>	<b>878</b>	<b>1,021</b>	<b>2,515</b>	<b>(101)</b>	<b>(3,632)</b>	<b>(5,436)</b>	<b>247,798</b>
<b>Financed Through:-</b>											
Grant	175,127										176,552
Council Tax	67,736										71,246
<b>Total Income</b>	<b>242,863</b>										<b>247,798</b>

Ref	Bid Title	Permanent (£)	One-off (£)	Settlement (£)	Capital (£)
<b>Education Department</b>					
Bid 1	School Taxi Transport	400,000			
Bid 2	Integration – Statements / Individual Development Plan	193,000			
<b>Finance Department</b>					
Bid 3	Increase in Microsoft Software prices	97,890			
<b>Adults, Health and Well-being Department</b>					
Bid 4	Homelessness Prevention	35,000			
Bid 5	Learning disability - Transition Age	286,800			
Bid 6	Occupational Therapist - Learning Disability	23,000			
Bid 7	Social Workers - Learning Disability	45,500			
Bid 8	Registering Care Workers		38,280		
Bid 9	Safeguarding Hub	51,000			
Bid 10	Permanent resources to staff the new Dementia Units	808,000			
<b>Children and Supporting Families Department</b>					
Bid 11	Social Worker x2	100,000			
Bid 12	Additional Occupational Therapy Capacity	23,000			
Bid 13	Returning Home Interviews	20,000			
Bid 14	Child Placements	657,000			
<b>Highways and Municipal Department</b>					
Bid 15	Waste Matters	36,150			
<b>Education Department</b>					
Set 1	Free School Meals - Impact of the Universal Credit Full Service (UCFS)			234,150	
<b>Adults, Health and Well-being Department</b>					
Set 2	Change in the Capital Threshold that forms the basis of Self-Funding Care Service from £40,000 to £50,000			312,490	
<b>Economy and Community Department</b>					
Cap 1	Renew Mobile Shelving System Tracks - Caernarfon Library Storeroom				57,350
Cap 2	Voluntary Development Fund (CIST Gwynedd)				50,000
Cap 3	Adapt Changing Rooms at Glaslyn and Dwyfor Leisure Centres				12,800
Cap 4	Urgent Repair Works to Parc Glynllifon Structures				48,000

**REVENUE BIDS 2019/20**

<b>Details of the Bid</b>
<b>EDUCATION DEPARTMENT (G.T.)</b>
<p><b><u>Bid 1 School Taxi Transport - £400,000 Permanent</u></b></p> <p>The department forecasts an overspent of £721,130 in 2019/20 and is based on a budget of £2,100,340 compared with commitments of £2,821,470:-</p> <ul style="list-style-type: none"> <li>• School taxis operated by the Integrated Transportation Unit £2,596,620</li> <li>• Parent taxis operated by the Integrated Transportation Unit £101,340</li> <li>• Others - including contracts with Cambrian Railway and "Pecyn 25" taxi contracts operated by the Education Department and Out of County Transport operated by other Authorities £123,510</li> </ul> <p><u>How</u> – the bid will reduce the overspent in the Department's revenue budget.</p> <p><u>Risks</u> - failing to meet the requirements of the Learner Travel (Wales) Measure 2008.</p> <p><u>Comments</u> – It is recommended that the application is supported, but the Department have been instructed to bring the overspend under control.</p>
<p><b><u>Bid 2 Integration – Statements / Individual Development Plan (IDP) - £193,000 Permanent</u></b></p> <p>Since 2016/17, there has been a significant annual increase in the cost of Statements/IDP that are mainly funded by reducing the 'Integrated Other' allocation. By now, the 'Strategic Review of Additional Learning Needs and Inclusion' is taking from this heading, and therefore a bid is submitted for the permanent shortfall of £193,000.</p> <p>If the patterns of significant cost increase between 2016/17 and 2018/19 continues in 2019/20, there will be a deficit of £400,000 in this heading. An Independent Review is currently ongoing which looks into the procedures, criteria and trends over the last 3-5 years to find whether there are any trends, the impact of inward migration and looked after children coming into the county; cross-departmental support for vulnerable families and the burden on the Education Department; impact of commencing the use of Individual Development Plans rather than Statutory Assessments.</p> <p><u>How</u> - the additional revenue would fund the deficit following losing the 'Integrated Other' budget contribution.</p> <p><u>Risks</u> - should the bid be refused the school quantum would have to be cut in 2019/20.</p> <p><u>Comments</u> - It is recommended that the application is supported, but the Department have been instructed to keep the budget under control.</p>

**REVENUE BIDS 2019/20****FINANCE DEPARTMENT (P.J.)****Bid 3 Increase in Microsoft Software prices - £97,890 Permanent**

The Windows and Office software agreement (including e-mail, Skype and Sharepoint) at the current price will come to an end on 30 June 2019, and this software is essential to our use of computers and there is no practical option other than to continue to use this software.

How - Funding the additional requirement would enable us to continue to use software that is essential to the day to day work of any officer who uses computers.

Risks - Should the additional funding support not be available, we will face having to cut the number of computer users from 2,182 to 1,524. It would be a less detrimental impact than not using the Windows and Office software at all. In turn, this change would have an impact on our ability to support and provide services to the County's residents.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****ADULTS, HEALTH AND WELL-BEING DEPARTMENT (G.R.)****Bid 4 Homelessness Prevention - £35,000 Permanent**

The Housing Act (Wales) 2014 places a statutory duty on the Council to assist in preventing homelessness or to find somewhere else to live for people who present themselves at risk of becoming homeless. Since this Act emerged in April 2015, there has been a significant increase in the number of cases presented to the homelessness service along with an increase in the number of people who enter temporary accommodation.

Whilst coping with the significant increase, the service also lost staff in the savings cycle of 2015/16. This means that the number of cases per staff member has increased significantly which has led to less time to carry out homeless prevention work and work to move people on and out of temporary accommodation. There is also an increase in the number of complex cases meaning that there is a need to spend more time on each case to find solutions.

A recent review of the service by an independent consultant (Arc4, September 2018) anticipates that the increase in demand for the service will continue. This is common across other Local Authorities and we know that Conwy and Denbighshire Councils have invested to respond to the challenge.

How - fund 1 Housing Solutions Case Worker. This would enable the Team to carry out more early intervention work to prevent homelessness by avoiding placing people in temporary accommodation and in turn reducing the financial burden and the need to use short-term arrangements.

Risks - failure to deliver statutory responsibilities to prevent homelessness in accordance with the Housing Act (Wales) 2014; increase the time it takes to deliver what is important to the client; number of people being housed in temporary accommodation will increase which could destabilise vulnerable individuals and increase costs.

Comments - It is recommended that the application is supported.

**Bid 5 Learning disability - Transition Age - £286,800 Permanent**

Fund the care packages of 11 individuals who are transferring from the Children and Families Department to the Adults, Health and Well-being Department (Learning Disability). This will include Direct Payments, Supported Accommodation or Day Service to meet with the needs of the individuals and their families.

How - enabling families/carers to continue to care for individuals who have significant needs, giving the individual the opportunity to develop further skills with the intention of promoting independence.

Risks - failing to meet the statutory responsibilities of the service in accordance with the Social Services and Well-being Act (Wales) 2014 and the possibility that the situation at home might break down, which could lead to having to place the individuals in more expensive placements.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****Bid 6 Occupational Therapist - Learning Disability - £23,000 Permanent**

*(Bid for one therapist to be shared between this department and the Children and Supporting Families Department).*

There has been no Occupational Therapy expertise in the Learning Disability Service for some years now, and the impact can be seen in our ability to work as a multi-disciplinary team, and also when dealing with complex cases (e.g. court proceedings where specialist reports are required). In a time where we are transforming our services, developing this role within our service is crucial on many levels:-

**Strategic:** In order to advise us of new developments, especially on the design of buildings we are transforming to become hubs and also in terms of the development of new buildings.

**Operational:** We need this role on a preventative level and also to work with some of the intensive and complex cases. It will be possible for this role to work with the multi-disciplinary team to advise other workers and families in terms of dealing with challenging behaviour. This role would be able to collaborate on intensive and complex cases to create a support plan in a creative way to meet the needs with a person centred planning approach.

**How** - an element of the bid is essential to meet with the service's statutory responsibilities in accordance with the Social Services and Well-being Act (Wales) 2014. Presently, the service is offered by the adults' service, it is not sufficiently specialised to meet the needs of adults with learning disabilities and to focus specifically on assessments in terms of equipment. The aim is to develop a service that focuses on dealing with challenging behaviour and to adapt the environment in order to reduce difficult and challenging behaviour. There would also be scope for this role to advise our staff/support workers who often deal with challenging behaviours and require this specialist support and advice.

**Risks** - failing to comply with the service's statutory responsibilities in accordance with the Social Services and Well-being Act (Wales) 2014 and lack of Occupational Therapy expertise in the field of Learning Disabilities.

**Comments** - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****Bid 7 Social Workers - Learning Disability - £45,500 Permanent**

Since 2013, two Learning Disabilities Social Worker posts have been funded on a temporary basis by the Council Plan. There are a number of benefits to both posts including, scrutinising service quality, reviewing care packages, assessments and plans; collecting information to profile services and feed into the commissioning procedure for planning service provision in future; freeing up the time of every worker to manage more cases and plan ahead in greater detail; greater capacity to review packages; by holding regular reviews, being able to identify savings immediately and amend care plans in accordance with the needs assessment; developing the importance of reviewing and further savings in the service; provide workers with the professional credibility to develop and change service in a creative way in light of detailed reviews; improve the quality of the service and scrutinising providers.

How - an element of the bid is essential to meet with the service's statutory responsibilities in accordance with the Social Services and Well-being Act (Wales) 2014.

Historically, the Disabilities Service has had fewer Social Workers than other teams. Since 2013, when this capacity was developed as part of the service, it has had a significant impact, including its ability to meet needs in a creative way, review needs on time, address more than £600k in savings, and recover significant amounts by challenging the Continuous Health Care procedure and a reduction in the number of adults receiving service out of county in Gwynedd.

Currently, both posts are on a temporary basis. This team is stable and works well. This budget would create one permanent post on the structure. There has been significant investment in staff development and the whole team (in a positive period of transformation).

Risks - failing to comply with the service's statutory responsibilities in accordance with the Social Services and Well-being Act (Wales) 2014 and a risk of losing key staff members.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****Bid 8 Registering Care Workers - £38,280 One-off**

The Regulation and Inspection of Social Care (Wales) Act 2016 noted that a register of care workers must be maintained. The senior workers have already registered with Social Care Wales, but now there is an expectation for frontline care staff e.g. Home Carers and Staff in Residential Homes to register every year.

There is a need to invest time in training and ensure that front-line staff know how to register and what's expected of them. The bid was originally submitted in 2018/19 and an officer has been appointed to this post from August 2018 until the end of March 2019. This is a further application for a temporary resource to continue with this work in 2019/20 and 2020/21. Training has begun for home care staff and it is anticipated that support will be provided to register up to 30 members of staff every month. It is anticipated that this additional resource will continue with the work of registering the home care workforce during 2019/20 mainly, and residential home workers being addressed in 2020/21.

How - to provide a full response to statutory requirements and support the workforce.

Risks - not able to employ staff to undertake our statutory services in terms of caring for the most vulnerable residents.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****Bid 9 Safeguarding Hub - £51,000 Permanent**

Establish a Safeguarding Hub within the Safeguarding and Quality Assurance Team, by funding a leading post to ensure that the Authority meets its statutory responsibilities in relation to safeguarding matters as noted in section 7, the Social Services and Well-being Act (Wales) 2014.

There will be responsibility for developing the Safeguarding Hub to receive all of the Adults Department's safeguarding enquiries along with determining and agreeing on how to manage the enquiries/ referrals to ensure that residents are safe. It will ensure that the legal responsibilities and the department policies in the Safeguarding field are met.

It will provide a single point of contact for all safety referrals and enquiries ensuring a timely and suitable response preventing delay and duplication.

Care Inspectorate Wales has noted the need to strengthen arrangements in relation to safeguarding matters.

How - having a single point of contact for safeguarding matters will ensure consistency in the response across areas and services; officer developing expertise in the field and providing specific advice and guidance to the service, and working very closely with the area teams and developing a close relationship with partners; supporting the Department to ensure that DOLS Best Interest assessments are completed in accordance with legal requirements.

Risks - inconsistencies in terms of responding to safeguarding enquiries and referrals across areas and services; without a single point of contact, the service is not easy for individuals to contact therefore there is a risk of delay in response; duplication or lack of implementation as there is no one to take the lead; the importance of the work not highlighted when adding duties of leaders' roles; lack of expertise increases risk to safety and well-being; without a designated person, it will be difficult to develop a relationship with partners such as the Health Board's safeguarding officers.

Comments - It is recommended that the application is supported.

**Bid 10 Permanent resources to staff the new Dementia Units - £808,000 Permanent**

Bid for permanent resources to staff the new Dementia Units at Llys Cadfan, Plas Hafan, Plas Hedd and Bryn Blodau to support the implementation of the Redesigning Care Services priority within the Council Plan and to meet the requirements of Care Inspectorate Wales in terms of residential homes' staffing rotas.

How – Each of the dementia units will be a home for 7 or 8 individuals.

Risks – Without this investment, the contribution of the four homes to the Council Plan's aim of offering dementia care and end-of-life care / more intensive care nearer to home will be limited.

Comments – The approval of the Cabinet on 27 November 2018 has prejudged the decision on the permanent 'bid'.

**REVENUE BIDS 2019/20****CHILDREN AND SUPPORTING FAMILIES DEPARTMENT (D.M.)****Bid 11 Social Worker x2 - £100,000 Permanent**

In order to manage the increase in demand for service in light of the increase in the number of court cases, an increase in the number of looked after children and children who live at home following a court case, the Department has had to ensure that the Arfon children's team has enough social workers to cope with the workload and ensure that the work load is not unreasonable. Maintaining placements with parents is more challenging than supporting foster and residential placements as the plans continue to have a level of risk following a court case.

To ensure that every looked after child has a designated social worker, the department has been reporting an overspend on social work jobs over the last five years, with an additional 2.5 officers being employed.

How - it will enable the team to continue to operate as is currently does, but will create two permanent posts on the structure.

Risk - the department will continue to overspend on staffing in the Arfon children's team.

Comments - It is recommended that the application is supported.

**Bid 12 Additional Occupational Therapy Capacity - £23,000 Permanent**

*(Bid for one therapist to be shared between this department and the Adults, Health and Well-being Department).*

The Derwen service for disabled children is integrated with the health service. The responsibility to assess adaptations for disabled children falls on the Council's Occupational Therapist. In addition, the Therapist provides training on manual handling equipment before staff can use the equipment when working with children.

There is a waiting list for assessment by the Occupational Therapist and there is only one Occupational Therapist across all of the county. Complex cases also mean that it is not possible to address less complicated cases early enough.

The workload is too much for one full-time officer and in the absence of an Occupational Therapist, it is not possible to act.

How - increase the Occupational Therapy capacity that would reduce the waiting list, reduce waiting times for assessment and would therefore provide a service or adaptation much sooner.

Risk - incorrect use of equipment and therefore risk of harm to a child and/or staff member, complaints due to the Council's failure to provide a service and possible actions / threat to the registration of the Support Service by CSSIW.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****Bid 13 Returning Home Interviews - £20,000 Permanent**

Child sexual exploitation is one of the safeguarding priorities of the Council and the Safeguarding Children Regional Board. In the past in situations where looked after children go missing from care and then return, the police used to hold a returning home interview to obtain information about the time they went missing and to ensure they were not harmed. A few years ago the police secured a grant, and Barnardo's Cymru was commissioned to hold these interviews with the north Wales local authorities' looked after children and young people. When the grant period came to an end, it was expected for local authorities to hold these interviews, and this was approved by the Regional Operational Board and by the Chief Executives across north Wales.

The Returning Home Interviews for Gwynedd children who go missing are held by the social worker, and the information is transferred to the police. These are very small numbers compared with the numbers who are not looked after children in Gwynedd, but are placed here in private residential provisions. There are no resources in the service to meet this requirement without additional resources.

How - it will provide extra resource to the structure on a key worker level which will be based in the youth justice service and will ensure that we will comply with regional safeguarding expectations.

Risk - non-compliance with children and young people safeguarding requirements as determined by the Regional Operational Board. Additionally, a lack of compliance in this field would be open to criticism from Care Inspectorate Wales (CIW).

Comments - It is recommended that the application is supported.

**Bid 14 Child Placements - £657,000 Permanent**

Although there are strategies in place to use placements efficiently and to scrutinise arrangements regularly there is no control over the nature and number of applications. The number of applications this year for intensive and complex cases makes an out-of-county residential placement unavoidable. The department has endeavoured to reduce the number of residential placements as part of an end to end plan, but the demand this year for this type of placement is much higher than expected.

How - the current budget is committed to the current placements, and therefore it is not possible to have additional placement without overspending against the budget. The bid is based on the estimated expenditure for 2019/20.

Risk - failing to place could lead to a situation where we will not be operating legally where a risk assessment shows that it is not safe for them to remain at home. Also, not responding could lead to overspending.

Comments - It is recommended that the application is supported.

**REVENUE BIDS 2019/20****HIGHWAYS AND MUNICIPAL DEPARTMENT (G.W.G.)****Bid 15 Waste Matters - £36,150 Permanent**

Dealing with Recycling materials - There are increasing costs as a consequence of more recycling materials such as rubble, hazardous waste and timber in the Recycling Centres along with increasing transportation costs.

How - the bid would ensure that the service is able to keep up with demand and deal with recycling materials.

Risks - failing to reach and maintain Welsh Government's statutory targets and failing to provide a service to Gwynedd residents.

Comments - It is recommended that the application is supported.

**2019/20 SETTLEMENT (TRANSFER IN / NEW RESPONSIBILITY)**

<b>Details of the Settlement</b>
<b>EDUCATION DEPARTMENT (G.T.)</b>
<p><b><u>Set 1 Free School Meals - Impact of the Universal Credit Full Service (UCFS) - £234,150 Permanent</u></b></p> <p>The Universal Credit Full Service is a new benefit payment that supports people who are on a low income or unemployed. It will replace 6 benefit payments, namely, Income based Job seeking Allowance; Income-based Employment and Support Allowance; Income Support; Working Tax Credit; Child Tax Credit and Housing Benefit.</p> <p>By 12 December 2018 Gwynedd will go live with the UCFS and consequently, it is expected there will be an increase in the number of children receiving free school meals.</p> <p>Welsh Government has allocated £7 million to Welsh Authorities to address the impact of UCFS on the School Meals service as the number of pupils entitled to free school meals will increase. Consequently, the school meals income is expected to fall, with an increase in free school meals costs.</p> <p>An application is made for £234,150, which is Gwynedd's element of the transfers into the settlement.</p> <p><u>How</u> - there will be no overspend in the Department's revenue budget as an adjustment will be made to the school meals income budget and the free school meals expenditure budget.</p> <p><u>Risks</u> - should the bid be refused there would be an overspend in the Department's revenue budget from 2019/20 onwards.</p> <p><u>Comments</u> - It is recommended that the application is supported.</p>
<b>ADULTS, HEALTH AND WELL-BEING DEPARTMENT (G.R.)</b>
<p><b><u>Set 2 Change in the Capital Threshold that forms the basis of Self-Funding Care Service from £40,000 to £50,000 - £312,490 Permanent</u></b></p> <p>An application following on from the decision of the Welsh Government to increase the capital threshold used for assessing residential/nursing care self-funders from £40k to £50k with effect from April 2019.</p> <p>An application is made for £312,490, which is the new responsibility element of the settlement.</p> <p><u>How</u> – Increasing the capital threshold will mean that people will reach the threshold that makes them eligible to receive financial support from the Council earlier.</p> <p><u>Risks</u> – without the additional funding, the budget will be inadequate leading to an overspend situation.</p> <p><u>Comments</u> - It is recommended that the application is supported.</p>

**Details of the Bid****ECONOMY AND COMMUNITY DEPARTMENT (I.T.)****Cap 1 Renew Mobile Shelving System Tracks - Caernarfon Library Storeroom  
£57,350**

The Mobile Shelving system is now 36 years old and the tracks are now significantly worn, which often causes the shelving to fall off the tracks. This is a dangerous situation in terms of staff health and safety. In one part of the system, the shelving is completely locked down and cannot be moved in any direction, and therefore it is not possible to obtain the books and fulfil users' orders.

The Store undertakes a crucial role for the service. Of the 36,000 requests for books every year, 21% of them are supplied from the Store.

How - long-term solution to ensure that the Store resource delivers its function in full, providing mobile shelving in the workplace and preventing risk in terms of health and safety.

Ensure that the Library service is able to meet the needs of the people of Gwynedd.

Risks - it is no longer possible to use 1 of the 5 systems, with a risk that the remainder of the system's sections will also become inoperative. There is a risk to the health and safety of every member of staff who uses the shelving, especially in terms of back strain or a significant injury should an entire shelf collapse.

The risk of not responding is that it will significantly limit the library service's ability to provide a full library service to the residents of Gwynedd and other users as we will not be able to fulfil requests. This is already the case with requests for Welsh language books, and due to the nature of the collection, it has a particular effect on those who are undertaking research or educational studies. We would not be able to purchase at this level of demand for requested books even if all the books needed were in print and available.

Should the Store become inoperative, there will be implications for the employment of one member of staff.

**CAPITAL BIDS 2019/20****Cap 2 Voluntary Development Fund (CIST Gwynedd) - £50,000**

Communities are faced with challenges and opportunities when responding to social, cultural and economic changes that affect them. A number of voluntary groups are responding to these challenges by maintaining local assets and activities. A number of voluntary groups are also responding to these opportunities by developing new plans - particularly at the moment in the context of transferring assets from public service to community management.

Over recent years, the Council, through the Capital Voluntary Development Fund, has supported some communities to develop schemes that have responded to the impacts of the savings schemes, and the strategic plan.

How - by providing grants to voluntary groups across the county to develop and realise community projects. Specifically, supporting projects that involve the asset transfer agenda and investing in local community assets.

Risks - the Council would not have a resource to refer groups that are responding to the savings / cuts agenda.

**CAPITAL BIDS 2019/20****Cap 3 Adapt Changing Rooms at Glaslyn and Dwyfor Leisure Centres - £12,800**

In the last year, a number of complaints have been received from disabled users regarding the changing rooms at the two above mentioned centres. The current layout of the space means that it is not always possible for disabled users to make use of a changing area that is suitable for their needs.

At Glaslyn Centre, families and disabled customers must share one small area. Sometimes, the three cubicles are in use by families, and it is not possible for disabled customers to use them.

At Dwyfor Centre, the changing area for disabled customers is also a corridor for families to get to the swimming pool. This had led to situations where fathers have unintentionally disturbed the privacy of female disabled customers as they change.

The new layouts, with more space in a separate cubicle, would also be an improvement in terms of our arrangements for families and transgender people who would wish to use private changing facilities.

How - adaptations to the changing rooms at both centres would create a larger space, would be fit for purpose and separate for disabled customers and their carers.

Risks - there is a risk that the Council could be challenged on grounds of the Equality Act 2010 as it is difficult for disabled people to have full access to the leisure facilities.

The above mentioned responsibilities will remain under the new arrangements with Cwmni Byw'n Iach Cyf, as it is not possible to deputise responsibility for the general equality duty to external organisations that undertake functions on the Council's behalf.

Some disabled customers have specific health reasons and failure to gain access can lead to additional health problems.

Concerns in terms of safeguarding vulnerable children and adults and the bid offers improvement in relation to transgender people and more than one group with protected characteristics.

**CAPITAL BIDS 2019/20****Cap 4 Urgent Repair Works to Parc Glynllifon Structures - £48,000**

The size of the site is very substantial and most of it is open to the public which attracts thousands of users to the rural park every year.

During recent years a number of changes have been implemented to realise efficiency savings. The Department intends to review Glynllifon's long-term management arrangements. Currently, there is an interim arrangement in place, rather than a sustainable model for the future.

Matters have been raised during the last 12 months that have highlighted the need for urgent repair work within the Rural Park. These include:

- Urgent repair work to structures such as bridges and paths that are used by people visiting the park.
- Repair work on historic structures (the Park has been designated a Grade 1 Listed Landscape), fountains and ditches
- Work to restore paths to improve safety and access
- Tree lopping to protect the safety of park users.

The main aim of this work will be to undertake urgent repair work to ensure there is no further deterioration in historic resources in coming years.

How - the additional expenditure will provide specific resources to respond to the identified risks namely, urgent work on bridges £16k, urgent measures to protect historic structures £18k; path restoration £9k; tree lopping £5k.

It is anticipated that it will be possible to divert the Service's core resources towards implementing urgent measures.

Risks - potential implications of not responding:

- Failure to respond to anticipated hazards
- Probability that the Council will not deliver its duty of care to those who walk the site
- Risk of an accident on the site
- Insufficient resources leading to further deterioration in the condition of the historic assets.
- The Council will be open to accusations that the Grade 1 historic gardens are not being managed or protected.

## **APPENDIX 3**

### **SAVINGS**

1. The savings which have the least effect on the people of Gwynedd of course are efficiency savings, especially those which can be implemented in back office functions. However the opportunity for such savings has reduced significantly over the last 10 years, as we have already implemented them in order to find the considerable savings we have had to find over that period.
2. Nevertheless, various departments have found further opportunities to achieve further savings by looking at systems or reducing back office budgets. These schemes are noted in references 1.1 to 1.43 in the tables below.
3. There are also further efficiency savings which can be made by finding different ways of delivering services and these are noted in references 2.1 to 2.19 below.
4. Opportunities have also been identified to achieve savings by investing and these are identified in references 3.1 to 3.6.
5. After that, there are other services where we need to consider the income generation opportunities which exist in order to protect essential Council services. These appear in references 4.1 to 4.28.
6. In the end however, we will have to find savings in areas which are going to have an impact on the people of Gwynedd and that impact will vary from scheme to scheme.
7. The best way to minimise that impact is to persuade other organisations to take over responsibility for those functions, and two schemes, in references 5.1 to 5.2 below, fall into that category.
8. In references 6.1 to 6.27, there are other schemes which we can implement, whilst accepting that there will be an impact on our people, but noting that these are the schemes which will have the least effect.
9. It is important to note that this list has been drawn up having taken into account the results of the public consultation.
10. Ensuring a quality education, substantial aspects of the care services; and two aspects of our municipal services (waste collection and recycling, along with the recycling centres) appeared in the 10 most important areas for the people of Gwynedd.
11. That said, it can be seen that everything we do is important to someone. Even with the service which came out as the least important overall from all those services we provide, it can be seen from page 17 of the report that around 100 respondents noted this was one of the most important services for them.

12. As the Care and Education functions account for 62% of the Council's spending, it is impossible to omit them from any contribution towards the savings, but it can be seen from the list that we do not intend to ask schools to contribute to the schemes for decision here for 2019/20. Further, the contributions sought from the Care and Education fields are confined to efficiency savings, or savings which have a marginal effect.
13. Regarding groups with protected characteristics, it can be seen that public transport is prominent in their priorities. Therefore, the list below deliberately avoids asking for financial savings in those areas, although we are aware that costs are increasing significantly and the service will be hard pressed to keep all current services within their current budget.
14. You may note that the business sector naturally take a different perspective to the people of Gwynedd, and note that many areas associated with business support are the things which are most important to them. In formulating the proposals we have tried to limit such savings to the least detrimental reductions, but it is not possible to avoid an element of reduction in our functions. Any protection we could apply to this activity would mean a higher Council Tax than we would otherwise wish to see, but it is important that we continue to invest an element of our budget in this activity.
15. At its meeting on 18 December 2018, the Cabinet decided to conduct a public consultation on the savings schemes listed in references 3.1 to 6.27 below. The consultation came to an end on 31 January 2019, and an analysis of the results is presented in Appendix 11.
16. There was an opportunity to discuss the responses and analysis, together with the possible effects, in an informal workshop for all members of the Council on 5 February.
17. In order to establish a consensus of the best way forward, specific issues from the consultation were discussed to consider whether to reduce the proposed 5.5% increase in Council Tax by implementing further cuts. The consultation shows that over half of the respondents were in favour of the Cabinet's motion, or the option to raise Council Tax by more than 5.5% in order to avoid having to make so many savings. The consensus at the Members' workshop on 5 February was that the impact of the further cuts was unacceptable.
18. Consideration was also given to proposals not to implement some specific savings schemes, thus increasing the Council Tax by more than 5.5%. The workshop weighed up the potential impact of the proposals and the reasons the respondents gave for raising them. 5 schemes were selected for further consideration, on the basis of the potential impact, and these plans can be seen in Appendix 12. The justification submitted in response to the consultation is included in Appendix 11, according to the number of comments received.

19. Of course, actioning some of the savings, would mean having to follow statutory processes and they would be subject to the results of such processes. Clearly the recommendation and any decision recognizes this and does not prejudice their outcomes.
20. The proposals noted in the following list will generate the savings below in 2019/20. A number of schemes also generate savings in future years which will enable us to start planning ahead –

		£
Part 1	Back office efficiency	1,272,980
Part 2	Further efficiencies	269,370
Part 3	Invest to Save	21,500
Part 4	Increasing income	481,590
Part 5	Cease activity but ask others to take responsibility (saving realised in future years)	-
Part 6	Savings which will have an impact (to varying extents)	406,490
	<b>Total 2019/20</b>	<b>2,451,930</b>

Appendix 3

Ref.	Plan	2019/20	2020/21 onwards	Explanation	Summary of the equality impact assessment	Link to the equality impact assessment
1.1	Achieve savings through purchasing more cheaply (e.g. office supplies & IT)	£20,000	£40,000	The Environment Department leads on the work of managing corporate category purchases and identify opportunities to purchase more cheaply. Examples of this is managing and better purchasing of materials such as office equipment, office furniture, safety clothes, Information Technology, Printing, etc.	No equality impact anticipated	
1.2	Set costs against capital budgets	£22,500	£22,500	The officers who work full-time on the 21th Century Schools project are currently funded from the Service's revenue. It is intended to set some costs against the 21th Century Schools grant. A business case will need to be completed for each individual plan. Neutral impact on the residents of Gwynedd.	No equality impact anticipated	
1.3	Reduce office costs by letting vacant spaces	£70,000	£0	It is considered that there are opportunities to make better use of office space creating empty space to let to tenants on commercial rent. Work required on marketing, adaptations and negotiation with prospective tenants. Neutral impact on the residents of Gwynedd.	No equality impact anticipated	
1.4	Rationalise and Integrate the back office of the Environment Department	£11,880	£23,120	As the back office of both Services have been combined to create one Unit, efficiency improvements are possible, along with rationalising the use of back office computer systems. The work supports the service's statutory duties, which is very often from the beginning to the end of the various duties. There could be an impact in the form of a delay for the residents of Gwynedd when dealing with planning, public protection and land charges matters. It is difficult to anticipate the exact level of delay, but there will be less capacity whilst the workload will be the same. The question is whether it will be possible to compensate for the lower capacity by improving efficiency. We will not know until we attempt to achieve this.	An initial assessment has been made to see if there was an effect. No impact has been identified but the Department will monitor impact especially in the field of disability and the Welsh language.	<a href="http://www.gwynedd.llyw.cymru/Asesiad1">www.gwynedd.llyw.cymru/Asesiad1</a>

1.5	Remove a post within the Property Safety Service	£0	£30,000	This unit has been through a Ffordd Gwynedd exercise that led to new working arrangements and a reduction in annual revenue costs of approximately £55,000. Performance of the core duties is satisfactory. However, the field is one in which work beyond the core duties arise at random/short notice following significant health and safety incidents in other places e.g. Grenfell, internal wall falling on a child in a school in Scotland, new concerns about Radon gas, new inspection requirements imposed by the insurance company, responding to poor results of drinking water tests in small holdings etc. In reducing this budget, the team would not have the resources to cope with this type of work beyond the core duties.	After careful consideration of the effect, the Department has identified alternative ways of achieving the same work which will mean that all sites are being examined as it is today and therefore avoid the impact on the consumer.	
1.6	Previous restructuring savings within the Corporate Support Department	£30,000	£0	These savings deriving from the remains of many restructures within the Department over the last three years have already been implemented and there are no further implications to them.	No equality impact anticipated	
1.7	Reduce funds for travelling expenses and supplies within the Corporate Support Department by approximately 10%	£40,000	£0	These travelling expenses and office supplies savings have already been implemented as part of preparatory work for further savings, and therefore there will be no impact on the people of Gwynedd.	No equality impact anticipated	
1.8	Terminate software agreement	£10,000	£0	The Research and Analytics Unit uses a specialist software system as required, but it will seek to use cheaper alternative sources without hindering the Unit's work too much.	No equality impact anticipated	
1.9	Remove a management post within the Organisational Development Service and merge the service with the Learning and Development Service	£44,000	£0	There are three posts within the Service. The Service Manager post was removed at the end of June this year, by combining the former Service with the Learning and Development Service from 1 July. It is anticipated that this work could continue to be achieved with no impact on the current provision but, given the short period of time that has gone by since combining both Services, it would be premature to state that there would be no impact on the service provided.	No equality impact anticipated	

Appendix 3

1.10	Review the support to the Public Services Board	£15,000	£0	Reduction from 1.5 posts to 1 post (one post is already vacant). This is administrative work which we are required to complete on behalf of the Public Services Board and the Board will need to be sharper in terms of what the support team will need to do in addition to ensuring resources and capacity contributions from the other partners.	No equality impact anticipated	
1.11	Regrade two posts within the Corporate Support Department that support the Council's work.	£15,000	£0	The Business Support Service was set up in June 2017, and it is a combination of many former small Services. The structure inherited needs to be modernised in light of the changes that have happened in the way of working within the Council, e.g. ownership and responsibility for performance at the centre of our managers' expectations rather than being a specific responsibility for our corporate services. A review of the responsibilities of two posts has led to amended job descriptions that meet the needs for the future, and this has led to job evaluations that award lower salary levels.	No equality impact anticipated	
1.12	Transfer to a new customer contact back office system (Ffos)	£0	£23,000	The service has decided to change the back office system from a system provided by an external supplier to a system designed internally. This would save revenue costs by avoiding having to pay an external company for an annual licence. It is aimed to complete the work of transferring to the internal system in full by April 2020.	No equality impact anticipated	
1.13	Reduce administrative support within the support service by introducing IT systems	£65,000	£39,000	Reduce the administrative resource when presenting more Staff Self-Service (Information Technology) modules for managers and staff. It is anticipated that the structure could be rationalised following the presentation of these modules by removing the need to input data more than once into the workflow in the fields of recruitment and appointments, processing timetables and recording staff absences. It is emphasised that these modules need to be developed and presented in full before the further savings could be realised within the Service.	No equality impact anticipated	

1.14	Remove a post within the Information Service following the introduction of an electronic system	£30,000	£0	Part of the Service's role is to support departments with the work of keeping records and documents. With an expected reduction in the requirement for support in light of the introduction of the iGwynedd electronic system, the Service believes that it is possible to cope with the reduction in resources, without it impacting Council services too much. iGwynedd has not currently developed in full, but it is believed that any short-term impact of removing this post could be overcome through the current investment in temporary posts funded corporately in order to provide iGwynedd in full across the Council.	No equality impact anticipated	
1.15	Remove one human resources officer post and one human resources consultant post by changing the delivery model (20% staff reduction)	£0	£80,000	We are trying to move to a model where there will be less dependence on the human resources consultancy service. This would mean transferring skills to managers to enable them to fulfil their role effectively and this would enable us to reduce by 2 out of 10.5 posts. The risk is that the workload would not decrease as managers would be unable to cope. There would also be a need to ensure that the appropriate support is available in alternative ways.	No equality impact anticipated	
1.16	Reduce the support to the Management Team and project management	£68,750	£41,250	One part of this saving could mean a reduction in the direct day to day support to the Management Team, whilst the second part would mean a reduction in the expertise within the Council in the field of project management, and limit the flexibility to respond to the Service requirements somewhat. It is believed that it would be possible to cope with the usual requirements with some changes in the method of working, but the discipline of project management may consequently deteriorate over time.	No equality impact anticipated	

1.17	End the Organisational Development Service	£0	£54,000	Ending this service would mean that the current resource would not be available to address staff benefits, to carry out surveys, to promote the culture and offer support to managers in order to embed the 'Ffordd Gwynedd' principles or to act as the point of contact for the people of Gwynedd to deal with formal complaints. This unit has been very successful in developing benefits for staff including negotiating discounts in local shops and encouraging local shops to offer them in order for staff to buy locally. It would not be possible to undertake this activity which would mean that it would deteriorate over time whilst the other aspects of the work would unavoidably receive much less attention as a result of the other requirements on the Learning and Organisational Development Service.	No equality impact anticipated	
1.18	Reduce the costs of phone lines by using more of VOIP	£38,000	£38,000	We have already transferred many Council phone lines to the use of VOIP, i.e., use computer lines to make phone calls rather than pay for traditional phone lines. It would be possible to extend the concept beyond the main Council offices to other organisations, schools, care homes, and any building that has suitable network connection provided by the IT Service, thus saving money. It would not have an impact on Gwynedd residents.	No equality impact anticipated	
1.19	Reduce External Audit Fees	£40,000	£0	Our risk profile shows that we should be able to renegotiate prices. There would be no implications for Council services or for the people of Gwynedd. There is a risk that they could refuse, but there has been some success in recent years.	No equality impact anticipated	
1.20	Change the method of funding Procurement Systems	£35,000	£0	Reduce the software provision budget, with the intention of minimising the advisory support on our systems. There would be no implications for the people of Gwynedd, nor would there be an impact on services in the short-term. There might be a need to fund a development in the long-term.	No equality impact anticipated	

Appendix 3

1.21	Reduce Travelling within the Finance Department by 30%	£5,750	£0	Reduce the transport budget for the department by using electronic communication methods, such as Skype for Business, journey planning, etc. There should therefore be no impact on the people of Gwynedd.	No equality impact anticipated	
1.22	Reduce the Income Service's staffing by 8%	£11,380	£0	Following staff restructuring, part of a role is vacant within the service. Our current performance reflects this and, consequently, the impact of abolishing the post has already been seen on the relevant departments. This could be done permanently.	No equality impact anticipated	
1.23	Reduce the Payroll Service's staffing by 9%	£19,500	£0	Following staff restructuring, one post is vacant within the service. Our current performance reflects this and, consequently, the impact of abolishing the post has already been seen on the relevant departments. This could be done permanently.	No equality impact anticipated	
1.24	Reduce staffing in accountancy field	£49,130	£0	Following staff turnover, a post is vacant within the service. Our current performance reflects this and, consequently, the impact of abolishing the post has already been seen on the relevant departments. This could be done permanently.	No equality impact anticipated	
1.25	Use one-off underspend to fund training	£34,400	£0	Reduce the permanent budget to fund training, with the intention of using one-off underspend to fund it in future, which means that any professional training in the Finance IT field is reliant upon one-off funds (underspend or departmental fund) being available to fund it. No impact on the financial support to departments / the people of Gwynedd, as long as the level of training is maintained. Risk in the long-term that staff would not have the necessary skills if the underspend is unavailable, and the Finance service having no appropriately trained and qualified officers would be a significant risk to the Council's ability to make the best use of its resources on behalf of the people of Gwynedd.	No equality impact anticipated	

Appendix 3

1.26	Re-negotiate the Council's network agreement	£170,000	£0	This has been agreed with Welsh Government and our provider, with costs reducing by £200,000 per annum. We would need to invest £30,000 per annum in order to strengthen our internet connection as there is a natural increase in the use of digital media. There would be a need to centralise budgets (from every Council department and from the schools' devolved budgets) in order to realise a reduction in costs as savings. There would be no impact on support services for the departments or the people of Gwynedd. It is an opportunity to make savings and strengthen our provision.	No equality impact anticipated	
1.27	Reduce the costs of supplies for the Finance Department by 2.5%	£16,330	£0	It is considered possible to reduce the supplies budget by maximising the use of electronic working methods and avoiding the costs of paper, printing, etc. without having any impact on Gwynedd residents.	No equality impact anticipated	
1.28	Remove a post within the Income Service	£5,850	£17,550	At present there is one vacant post, currently filled on a temporary basis in the general debts Recovery Team. It would be possible to remove this post without dismissing a permanent member of staff, but it is likely that there would be an effect on our ability to recover debts. We don't know exactly what that effect would be without experimenting to see. Losing one person who recovers debt would mean fewer efforts to seek to recover with the risk of losing more than we would save. If that happened we would need to consider reinstating the budget.	No equality impact anticipated	

1.29	Extend the principles of the Alltwen Pilot Scheme across the service	£133,500	£400,500	<p>Based on evidence from the Alltwen pilot scheme and evidence from other counties such as Torfaen, freeing up staff time to have appropriate initial chats in order to have accurate solutions the first time, along with integration with health colleagues and the third sector, could lead to better results at a lower cost. Very often, this involves -preventative solutions within their networks and local communities, rather than being solely dependent on traditional care packages or a menu of Social Care services. Therefore, it is anticipated that there would be a positive impact on the individual by being able to achieve what matters to them in a timely manner and in an integrated method with key partners such as the Health Service and the third sector.</p> <p>However, despite the initial evidence we have, it is impossible to anticipate the level of efficiency savings that is possible by extending the principles of 'Ffordd Gwynedd' across the service. The main reasons for this is that the demand on our services is continuing to increase and the conditions of those who receive support are intensifying, and the fact that the success of changing the way we work is wholly dependent on our ability to create more resilient communities and integrate our work with key partners in future. We must wait to see the experience of the first tranche before depending on this saving figure.</p>	The investment and change in the way care services will be provided should have a positive impact for everyone who receives a service.	<a href="http://www.gwynedd.llyw.cymru/Asesiad2">www.gwynedd.llyw.cymru/Asesiad2</a>
1.30	Improve work processes by holding a 'Ffordd Gwynedd' review and using the new IT system's finance modules	£40,000	£40,000	<p>The Ffordd Gwynedd review and the finance modules of the new IT system offers opportunities for changing and improving existing work processes.</p> <p>It is anticipated that these changes would lead to restructuring teams within the business service It is anticipated that the plan would lead to efficiency savings and therefore there would be no negative impact on residents. Nevertheless, there is an associated risk that the plan would not achieve the</p>	The services provided by the Business Unit support everyone who receives support from the Department regardless of their circumstances / background. The individuals should not see any impact but the Council will have to keep track of any impact and make the changes step by step. It is anticipated that modifying work methods will	<a href="http://www.gwynedd.llyw.cymru/Asesiad3">www.gwynedd.llyw.cymru/Asesiad3</a>

				<p>saving in full and that the early assumptions are not attainable</p>	<p>not be impacted to a certain threshold but that it would have an impact on the support offered if that threshold is crossed. Continuous monitoring will be required to ensure that this does not happen.</p>	
1.31	<p>Review the business support within the Adults Services</p>	£0	£135,000	<p>We will continue to review our work processes to identify any further efficiency opportunities which exist within the Department. Given the work currently underway which could lead to up to 8 FTE posts fewer, and the efficiency savings which have been found over recent years, it is unlikely that the amount in question could be achieved through efficiency savings alone.</p> <p>Nevertheless, it is presumed that the exercise of reviewing our work processes will help us to identify the cuts which would have the least effect on the people of Gwynedd. We anticipate that these cuts could include proposals to accept a general reduction in the standard of delivering some tasks that are necessary in nature in terms of legal requirements, as well as also not undertake some tasks which are possibly of a more developmental nature.</p> <p>Specifically in terms of the current review of putting a new support structure in place, we presume that this would give us the right balance in the future in terms of ensuring that we make the best use of frontline staff's time. The risk involved with making cuts to the business support is the fact that frontline workers would have to undertake additional and specialist tasks which is unlikely to be their strength, leading to a situation where they would unavoidably spend less time with residents. It is therefore anticipated that implementing the 'cuts' element as part of this scheme is likely to have a negative effect on the ability of our</p>	<p>The scheme is about services that support the Department's front line services. Individuals who receive a service should not see any impact but the Council will have to monitor every step. If continuous monitoring shows that the internal changes have an impact on the provision of front line services then any further changes will need to be modified or restricted.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Aseiad4">www.gwynedd.llyw.cymru/Aseiad4</a></p>

				frontline staff to deliver what is important to residents, understand the needs of our population at a local level, as well as the ability of the Social Work Teams to manage the demand effectively. The business support sets a key work foundation if we are to succeed with the challenge of managing the demand for our services.		
1.32	Review working arrangements within Highways	£37,500	£12,500	By conducting a 'Ffordd Gwynedd' review, we have identified ways of removing work duplication between the commissioning element and the highways workforce. It is unlikely that Gwynedd residents would notice the difference, although it could lead to fewer staff to respond to enquiries at times.	No equality impact anticipated	
1.33	Rationalise Fleet Workshops from 3 to 2 in the County	£0	£130,000	<p>The number of workshops we have could be rationalised to save money. It is unlikely to have any impact on Gwynedd residents but, obviously, we could lose up to 6 (FTE) mechanic posts locally.</p> <p>The Fleet Service has not conducted a full business plan for the savings plan or a risk assessment of reducing from three sites to two. Closing one workshop would mean that vehicles would have to travel from one area to the other to be serviced. It would also be required to invest within the other workshops in order to incorporate the work of the workshop that would close. This could impact the business case, thus bringing the net saving down.</p>	No equality impact anticipated	
1.34	Reduce the professional / legal fees budget	£7,260	£0	4 budget lines contribute to this total, which includes a budget to buy professional services through assessments independently of the services in court cases or before commencing a court case, and court case initial fees. The Children Service has these budgets, and there has been a historically small underspend on the budget headings. It is anticipated that it would be possible to slightly reduce each of these headings without having an impact on children and families, and continuing to meet the court requirements to a good standard.	No equality impact anticipated	

Appendix 3

1.35	Reduce the training budget with the Children and Families Service	£8,980	£0	Removing the specialist training element from the budget would allow us to save 3% of the IFSS budget. This would not have an impact on children, families or staff. This element was part of the funding available to put this new statutory service in place, and 'train the trainer' arrangements already existed within the service. This is no longer essential. There was also a specialist training needs that were required when establishing the new team. By now that need has reduce significantly and staff undertaking the general training provision to professional workers. There would be no impact on the direct provision of services to children and families.	No equality impact anticipated	
1.36	Reduction in the Children and Families Department support budget	£14,960	£0	This would be a reduction in the furniture and supplies budget for the service, which would have no impact on the children and families. There would also be a reduction in the options to attend professional training courses outside the County, which are expensive in terms of purchasing and travelling.	No equality impact anticipated	
1.37	Remove a support officer post	£29,210	£0	As both former Chief Officers give up their work, a support officer will not be required. This plan has already been implemented and there will be no impact on Gwynedd residents.	No equality impact anticipated	
1.38	Delete the corporate working areas' budget	£46,340	£0	This sum was put to one side to fund corporate plans when rearranging the previous Senior Management in 2014. In the current climate, it could be abolished without having any impact on the people of Gwynedd, considering any future need of any underspend or one-off bids.	No equality impact anticipated	
1.39	Create efficiency savings within the Coroners Service	£5,000	£0	Although it is a statutory service and that we do not have much choice with regard to how much we pay (as we must compensate the coroner for his/her costs). It is, however, considered that some efficiency savings could be discovered and a review will be undertaken to identify possibilities without impacting the people of Gwynedd.	No equality impact anticipated	

Appendix 3

1.40	Cut 2 days of elections and legal administration support (a reduction of 7% in administrative support)	£6,225	£6,225	It is considered that it would be possible to reduce the administrative support without having much impact on Gwynedd residents, and there is a slight possibility that it could impact elements of the work somewhat.	No equality impact anticipated	
1.41	Delete the entire 'Ffordd Gwynedd' reviews support budget.	£56,030	£5,340	Whilst it is possible to reduce the budget without any substantial impact, this option, namely to abolish it completely, could slow reviews down due to a failure to resolve the required financial support. Departments would have to meet this need themselves. Saying that, this is not unreasonable.	No equality impact anticipated	
1.42	Limit staff time to attend educational courses, e.g. BTEC, HNC and degree courses	£9,000	£0	The Department gives staff opportunities to attend training whilst working for the Council. By limiting the time during working hours this would mean that more time is available to acquire fees by increasing the Department's productive hours.	No equality impact anticipated	
1.43	Restructure the management of the Consultancy Service	£11,500	£11,500	A change in our work patterns means that senior officers of the department must acquire more fees, which is now possible through YGC doing more work beyond Gwynedd, e.g. NMWTRA, Welsh Government, the private sector and other local governments. This, therefore, means that the Department's Senior Officers are required to do more work to generate fees rather than the "managerial" work.	No equality impact anticipated	
2.1	Reduce the resource within the Countryside Service	£5,000	£15,000	A 'Ffordd Gwynedd' review is currently underway in this Unit. It is anticipated based on our information of what is currently happening that opportunities will arise to free-up savings through that work but if that does not deliver it would be possible to reduce the budget by reducing the work undertaken a little.	Access to rights of way may be even more limited to families, older people and disabled people if the Unit could not fully complete its work programme.	<a href="http://www.gwynedd.llyw.cymru/Aseiad5">www.gwynedd.llyw.cymru/Aseiad5</a>
2.2	Reduction in the number of Councillors	£0	£100,000	The Local Government Boundary Commission has already noted that they will reduce the number of elected members. Although no saving will be available until May 2022, it should be taken into consideration now in order to avoid unnecessary cuts to services.	No equality impact anticipated	

2.3	Revise DBS checking arrangements	£0	£50,000	<p>A review is currently being held in relation to the Council's current policy to recheck the crime records of each officer who fulfils work where a DBS check is required. Each check costs £44 which means that the Council pays this fee at the beginning of each relevant officer's employment, and every 3 years thereafter. It is a legal requirement to carry out a DBS check on each newly employed officer in the relevant fields, but it is the Council's choice to currently recheck the records every 3 years (although organisations such as the Care Inspectorate etc. support this). Ceasing to carry out rechecks every 3 years would realise an annual saving of £50,000 for the Council, and a review is currently being held to consider how it would be possible to do this without endangering the safety of vulnerable children and adults, i.e. receiving any disclosure of a crime record following a recheck which draws attention to the crime amongst the Council workforce is very scarce and, when a crime has been committed, this would be known to the employer before carrying out the recheck. Other options that would realise a smaller saving are also part of the consideration, but further work on the possibilities is required before submitting them.</p>	No equality impact anticipated	
2.4	Remove 1 post form the Communication and Engagement Service	£0	£26,000	<p>This Service provides support to all the work undertaken in the engagement field, the Council's website, press office, internal communication, communication with councillors and communicating in emergencies. We anticipate that we can still continue to provide the service in line with corporate priorities whilst reducing 1 post.</p>	No equality impact anticipated	

Appendix 3

2.5	Restructure the support for Scrutiny	£25,000	£0	There is a need to ensure a structure that has the capacity to support the increasing requirements of the Council's scrutiny arrangements. Two posts have become vacant in the Democracy Service and redirecting the financial resource to a scrutiny support purpose is being looked at, whilst realising a financial saving at the same time. This could be done in the face of a review of working arrangements currently being held within the Democracy Service, i.e. this is what allows for the saving and the ability to redirect a resource.	No equality impact anticipated	
2.6	Reduce staffing at the Tax and Benefits Service by 4%	£40,440	£0	This 1.5 post is already vacant in the Unit, and our current performance reflects this. Not filling this post permanently would mean that we could maintain the current performance but there would be less ability to cope with unusual situations in future. Whilst residents should not be impacted during period of normal pressure, there would be an impact in terms of a delay before responding at busier times, or during a period of change in arrangements.	Disabled people and people from an ethnic minorities are more likely to be inactive economically and therefore are more likely to receive benefits. In most cases, Housing Benefit and Council Tax Relief are paid to individuals with a long-term disability immediately without applying to the Council, as they also receive benefits administered by the DWP. So there is less likely that delays would deal with their bids to compared to others.	<a href="http://www.gwynedd.llyw.cymru/Asesiad6">www.gwynedd.llyw.cymru/Asesiad6</a>
2.7	An electronic payslip system for everyone	£3,750	£11,250	Discontinuing paper payslips completely would be unpopular among many members of staff who currently receive paper payslips. There is a risk that it could increase the number of enquiries. However, it would have no impact on the public.	No equality impact anticipated	
2.8	Savings in place from recent restructuring of the Library Service	£15,000	£0	Over the last 4 years, the Libraries Service has introduced a series of changes to its provision model and has achieved savings for the Council as a result. £15k of savings have been generated above the target set for the service by the Council, and during 18/19, this budget will be used to help ground the new service.	No equality impact anticipated	

2.9	Collaborate with the third sector to find a new provider to take over the day care service in Criccieth and Blaenau Ffestiniog	£25,000	£75,000	<p>There are two day centres, namely Encil Y Coed, Cricieth (18 attending at present with the centre open three days a week) and Blaenau Ffestiniog (15 attending at present and open four days a week) where bodies such as Age Cymru are present in the areas already. The Hafod y Gest and Ffestiniog Memorial Hall developments are opportunities to collaborate.</p> <p>Although the service will continue for the individuals changing the provider can be sensitive matter for those who attend and their families. Many of those who attend both centres have already gone through changes some years ago when closing Noddfa Madog day centre in Porthmadog where many of those attending the centre moved to Encil y Coed and Blaenau Ffestiniog.</p> <p>There is also a risk for individuals to choose not to attend the new provision in the area which would mean an increase in demand for domiciliary care in areas where it is challenging to deliver care packages.</p> <p>The savings would be achieved by considering holding the centre at a different location in the area. Blaenau Ffestiniog day centre is held in the community centre. We pay an annual rent to the centre they have noted a concern that the community centre would not be able to sustain itself without the rent.</p>	This plan is about changing the provision by working in partnership. The needs of each individual will continue to be assessed separately. It is not a scheme that eliminates a service. It will be delivered by means of a more efficient alternative.	<a href="http://www.gwynedd.llyw.cymru/Asesiad7">www.gwynedd.llyw.cymru/Asesiad7</a>
2.10	Improve the coordination of the service with the Children and Families Department at the time of transfer	£0	£60,000	Currently, the Children and Families Service provides a service for children with learning disabilities until they reach 18 years old, and then the Adults Service commissions services for them from then on. There is an opportunity to take advantage of the efficiencies that could arise by jointly planning better. A change in culture would be required to develop services based on lifelong collaboration principles across both services, and this would be a challenge. Initially, it	The plan should facilitate and improve the support individuals and their families receive during the time when service provision transfers between Council departments.	<a href="http://www.gwynedd.llyw.cymru/Asesiad8">www.gwynedd.llyw.cymru/Asesiad8</a>

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				would be possible for us to scrutinise the best way of collaborating when reviewing CHC cases at transition age sooner, and working with the Children and Families Department to plan the support.		
2.11	Review of out of county packages in order to find more local locations to individuals	£50,000	£50,000	This important work of reviewing out of county packages needs to continue in order to be in-keeping with the strategy of providing support based on active support principles in the field of learning disabilities and the recovery model in the field of mental health and give the opportunity (when appropriate) to those who want and need it, to receive support locally. As we go through the cases and look at developing opportunities locally for individuals, we are confident in being able to discover some savings, but reaching the £100k level could be a challenge, especially when reaching cases with profound needs and intensive behavioural management.	This plan is about reducing the reliance on expensive out-of-county placements and strengthening the provision at a local level. Each placement or service to support individuals will continue to be based on an individual assessment. The service will not change if it cannot be demonstrated that the service required is available locally. Reducing the use of out-of-county placements should promote the development of local services and facilitate the contact of individuals with their families.	<a href="http://www.gwynedd.llyw.cymru/Asesiad9">www.gwynedd.llyw.cymru/Asesiad9</a>
2.12	Hire Collection Vehicles at the Recycling Centres instead of purchasing them	£15,000	£5,000	Currently, we purchase lifting vehicles at the recycling centres, but a review has demonstrated that savings could be made by hiring these vehicles. There would be no impact on Gwynedd residents.	No equality impact anticipated	
2.13	Rationalise the Highways' On-duty / On-call arrangements	£7,500	£7,500	We currently have on-call arrangements in the Highways service, which receives and acts upon calls by the public, the Police and other agencies regarding matters relating to highways maintenance. Currently, the service is arranged based on the areas / work unit division / commissioning. It would be possible to move to a situation of combining some aspects of the arrangement, or operating based on two areas.	No equality impact anticipated	

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2.14	Use cheaper materials to maintain roads	£45,000	£0	By using non-premium binder when maintaining roads, it is considered that money could be saved. It is not believed that Gwynedd residents would notice the different. In reality, we already use it in some places.	No equality impact anticipated	
2.15	Change CCTV with monitoring officers to a system 'without officers'	£0	£210,000	With the Cabinet's agreement, this work is already underway as our equipment have reached the end of their lifetime. Of course, there is a possibility that relevant residents find that the service is not as good as the current service without supervision, but by using modern equipment, it is possible to enlarge camera images that watch a wider area, and have nearly the same impact.	As an improved system will be used there will be a positive effect but on the other hand the cameras will not be watched all the time. Therefore every equality feature will have a positive and negative effect	<a href="http://www.gwynedd.llyw.cymru/Asesiad10">www.gwynedd.llyw.cymru/Asesiad10</a>
2.16	Change working arrangements for collecting waste by establishing shifts and shorter circuits	£0	£150,000	Our experience shows an argument for changing our shifts pattern in terms of waste collection. Although this would not mean a change in frequency to our collections, it would mean changing collection days for some. It could, however, help with the complaint that we miss some collections because some on the lorry are unfamiliar with the circuit, as it would then be the same people on the circuit continuously. This could also help to create "ownership" of the circuit amongst the workforce. Changing the collection day for a number of residents would create some confusion at the beginning. Need an alternative arrangement to ensure completing the task (circuit) to give residents assurance that the collection is done on the same day.	Positive - Promoting equal opportunities. Likely impact regarding less rushing to work. Crew ownership for the same circuit means that they would be able to identify people who receive additional support.	<a href="http://www.gwynedd.llyw.cymru/Asesiad11">www.gwynedd.llyw.cymru/Asesiad11</a>
2.17	Support and train child-minders and nurseries ourselves	£24,980	£0	A reduction in the ability to provide training packages and set up grants for childminders and nurseries. There would not be a significant impact on children and families because the service could provide the training internally without the need to commission externally.	Any effect on children will be limited	<a href="http://www.gwynedd.llyw.cymru/Asesiad12">www.gwynedd.llyw.cymru/Asesiad12</a>

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2.18	Reduce the Maintenance Allowance budgets	£0	£30,900	This is a budget that will be reduced in expenditure over the coming years, as it achieves family support packages under a historical package. No expenditure has been approved from a new from this budget for a number of years, and it will end when the young people who continue to receive the allowance turn 18 years old. There will be no further use of it after the next 3 years, and therefore there would be no impact on children and families. It is no longer possible to approve plans under this arrangement due to legislative change.	No equality impact anticipated	
2.19	Realise more efficiency savings within the Emergency Planning Service	£12,700	£0	This service is provided by a joint Unit for North Wales. A discussion with the unit manager indicates that we should be able to see a further efficiency saving of this size over the next 3 years. £10,000 of this has already been achieved and it should not have any substantial impact on Gwynedd residents.		
3.1	Provide electric car charging points in car parks	£0	£50,000	The use of electric cars is increasing quickly, with increasing demand for charging points in car parks. The details for the available grants to fund the equipment are in the process of being announced. By implementing this proposal, there would be a positive impact on the residents of Gwynedd, as a lack of charging points is a problem for anyone who is currently considering buying an electric car in Gwynedd. Detailed work on this plan is required before being able to note certainty in realising this plan, and we emphasise that this initial figure is an estimate only.	No equality impact anticipated	

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3.2	Invest in improvements that would make Neuadd Dwyfor more efficient, and prepare to look at an alternative model for the future	£0	£100,000	<p>The Department has received a business review of the Neuadd, which highlights that making changes with a modest capital investment would lead to making the Neuadd £100,000 cheaper to run within 3 years of realising the plan. When the situation of Neuadd Dwyfor was discussed during the Gwynedd Challenge exercise, the Council decided that this budget should not currently be cut, but subject to discussing options with any local organisation with a view for them to take responsibility for it, with the aim of reducing costs that fall on Gwynedd taxpayers, and that any savings should be included in the efficiency savings.</p> <p>There has been no local interest in running the Neuadd, but by realising this plan, the resource cost would reduce to £48,000 per annum. Having said that, we do not run such a facility in any other location.</p>	<p>Non-investment will ultimately lead to the need to close and not provide arts services there. This would directly impact on liveliness and activities in Welsh. There are a number of arts activities targeting specific ages, e.g. children and young people, older people, disabled people, and closing or having a too high prices would directly affect them.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad13">www.gwynedd.llyw.cymru/Asesiad13</a></p>
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3.3	Create a new Respite Care Unit at Tan Marian which will reduce the costs of external placements	£21,500	£21,500	<p>A new bespoke Respite Care Unit needs to be created in Tan y Marian to focus on profound and complex needs. This need has manifested itself for many reasons:</p> <ol style="list-style-type: none"> <li>1. A change in the profound and complex needs of the adults we support</li> <li>2. A change in the needs of people of a transitional age (young people, middle aged people, older adults)</li> <li>3. Fewer out of county cases and more adults receiving intensive support locally</li> <li>4. More adults with profound and complex needs living at home</li> <li>5. Need to revisit the 'block booking' of respite care weeks at two locations in Gwynedd. These services are now unable to meet the needs of the adults with physical needs and more profound behaviour.</li> </ol> <p>Also, we need to set a County respite care framework with a menu of choices based on demand, needs and location in order to provide choice and a wide range of services across the county. This is based on the reasons above and also in order to set a system for the way we commission respite care. This would be more cost efficient rather than following the system of spot purchasing additional respite care opportunities. By doing so, it is anticipated that we will create savings by reducing the block booking contract, reducing the use of the spot purchasing system and ending the block booking opportunities that currently exist.</p>	<p>The services offered at this site are specifically for disabled individuals and their families / carers. The needs of each case will be individually assessed and appropriate and appropriate provision will be offered. It is hoped that this plan will strengthen the provision of respite care service in the County.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad14">www.gwynedd.llyw.cymru/Asesiad14</a></p>
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3.4	Develop 3 Extra Care Housing developments in Gwynedd (Pwllheli, Ffestiniog, South Meirionnydd areas)	£0	£300,000	<p>The Council has already developed two Extra Care Housing provision in Gwynedd - Bala (Awel y Coleg) and Bangor (Cae Garnedd), and the third is in the process of completion in Porthmadog (Hafod y Gest), (with the savings target attached). Based on our experiences thus far, it is estimated that a saving of £200,000 could be made with each new development by having the correct split and balance in relation to care needs in each development. Substantial financial investment will be required to build 3 additional extra care housing developments in Gwynedd, but as well as generating savings that would better meet the true needs of older people.</p> <p>Naturally it would be a long-term plan. A housing association would be responsible for the building. The care costs would be the department's responsibility. There is a possibility of extending the provision to individuals with learning disabilities, physical disabilities and mental health conditions in addition to a provision for older people only. The provision would mean that individuals have their own tenancy and can receive timely support if required to enable them to continue to be independent for as long as possible in their local communities. There is evidence that it would be possible to provide care to individuals with very profound needs within the plans. The plans enable couples to be able to stay together and receive support and would enable families to continue to provide elements of support should they wish to do so.</p>	<p>The investment and change in the way care services will be provided should have a positive impact for everyone who receives a service.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad15">www.gwynedd.llyw.cymru/Asesiad15</a></p>
3.5	Reduce the dependency on temporary accommodation by investing in appropriate accommodation	£0	£100,000	<p>The Department has a responsibility to provide temporary accommodation to homeless individuals. The Department ensures accommodation in different ways, but are finding it difficult to identify suitable accommodation for some individuals as there is a lack of provision available, and have to contribute to the cost of the provision. A supply of appropriate additional property could help reduce the dependency</p>	<p>The plan is based on the needs of individuals. That will be based on a specific assessment of their circumstances. As the plan is about improving reports and facilities, it should lead to no change or a positive change for those who are supported.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad16">www.gwynedd.llyw.cymru/Asesiad16</a></p>

				on more costly accommodation. If the Council can ensure capital investment to ensure that smaller units and alternative accommodation are available, dependency on temporary accommodation could be reduced. Management of the units must be ensured, and that we have direct access to them and maintenance funds to avoid managerial challenges.		
3.6	Install LED lamps to the remainder of street lights	£0	£45,900	We have already changed 10,264 street lighting units to LED. We have received approval for £1.389m through the Government's loans scheme in order to achieve the work that will commence in April 2019 and will be completed in March 2022 to change 7,000 of the 'largest' road lamps to more effective ones. The sum available at the end of the period we would have repaid the loan will be £184,000, but it will only be 45,900 in the initial years. Residents will notice initially, before getting used to the new lights.	No equality impact anticipated	
4.1	Increase the fee for the care club before school from £0.80 to £1	£43,000	£0	We currently charge 80p for the care element before schools and approximately 2,000 children take advantage of the service. By increasing the fee to £1, families would have to pay more for the service, with a danger that some would choose not to continue, and having to change their work patterns in order to cope. It could also mean fewer children coming to have the free breakfast.	It is not envisaged that there will be a significant negative effect on any of the equality characteristics as the fee increase is relatively small . However an impact has been identified on poorer children (eg those who come from families with a disabled member or a member from an ethnic minority group)	<a href="http://www.gwynedd.llyw.cymru/Asesiad17">www.gwynedd.llyw.cymru/Asesiad17</a>
4.2	Increase the fee to assess the quality of water in order to reflect the cost of providing the service.	£12,500	£12,500	The Public Protection Service is required to inspect and sample private drinking water sources in order to ensure that they are safe. The work range required to do this has changed over the years, and the fee charged should reflect this. Naturally, by increasing the fee, users of private water sources would have to pay more for the service, but only to the degree that it covers the true costs of doing the work.	No equality impact anticipated	

4.3	Issue penalties on contractors who fail to comply with legislation when working on our roads	£15,000	£0	It is possible to use the technology system more effectively to have better control over the work of statutory contractors. A financial penalty arrangement is in place for failing to conform with legislation. Having better control over the work would lead to identifying any inconsistencies, and attracting penalty notices. A neutral impact on the residents of Gwynedd.	No equality impact anticipated	
4.4	Increase income by ending free Christmas parking from 2019 onwards; increase the number of pay and display car parks and increase parking fees whilst considering how we can maintain or even reduce the cost to residents	£82,500	£97,500	<p>Free parking at Christmas leads to a loss of income of approximately £45,000.</p> <p>Changing the criteria for pay and display car parks would mean that we would start charging in areas that are currently free, in addition to an increase in charges in some locations.</p> <p>Increasing the charges by 10% would obviously generate more income but would impact both visitors and local residents. In the majority of short stay car parks the cost of parking would increase from £1 to £1.10 per hour, whilst parking at long stay car parks for 4 hours would increase from £2 to £2.20.</p> <p>The Council would like to consider the possibility of avoiding this increase to the people of Gwynedd, or even reducing it by reducing the cost of the season ticket for example. Significant work would be required to establish the final plan.</p>	The policy is likely to have an impact on people who are poorer, e.g. families with disabled people, people from an ethnic minority or family with a disabled member. The size of the impact is dependent on the size of the fee.	<a href="http://www.gwynedd.llyw.cymru/Aseiad18">www.gwynedd.llyw.cymru/Aseiad18</a>
4.5	Increase pest control fees in line with market prices	£5,000	£5,000	Recent work to increase income by increasing fees and attracting new customers has been successful. We remain cheaper than other companies and, therefore, it appears that there is an opportunity to increase fees. There would be a small impact on the residents of Gwynedd in light of a small increase in fees, e.g. treatment of rats in a house would increase from £40 to £45, which is still competitive in comparison to approximately £60 by private companies. Naturally, the situation will need to be monitored carefully to	An initial assessment has been made to see if there was an effect. No significant impact has been identified as the service is not used regularly.	<a href="http://www.gwynedd.llyw.cymru/Aseiad19">www.gwynedd.llyw.cymru/Aseiad19</a>

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				ensure that we still offer a competitive price in comparison to others.		
4.6	Significantly increase the fees charged to Statutory Contractors for road closures / traffic orders	£12,500	£17,500	This plan entails significantly increasing the fees charged on statutory contractors and others for road closures. The impact on our residents could increase, i.e. costs of holding events with community benefit (events that are not commercial in nature). This could lead to events either being held without informing us, and they might be putting the public in danger, or that events are not held thus reducing community benefit.	The Unit often undertakes actions in response to requests from disabled people and families to deal with situations that pose a risk to them. If the budget was reduced, it may not be possible for the Unit to undertake all its security plans and increase the risk to disabled people and families.	<a href="http://www.gwynedd.llyw.cymru/Asesiad20">www.gwynedd.llyw.cymru/Asesiad20</a>
4.7	Increase the Occupational Health Service's income by selling more services	£20,000	£0	The Unit generates income by selling its occupational health service to other public organisations. The increase in the income target is based on the Service's performance over the last three years.	No equality impact anticipated	
4.8	Attract additional income by providing services to other public bodies	£46,340	£10,000	We have been discussing our services with external bodies to better reflect the services we offer to them.	No equality impact anticipated	
4.9	Create income by selling our fleet tracking system	£0	£20,000	In Gwynedd, an internal fleet tracking system has been developed, which brings savings of approximately £100,000 to the Highways Department. There is considerable interest from other authorities, following efforts to sell the system to them. Our ability to harvest this saving would depend upon contracts from other partners, but there is an opportunity to raise additional income.	No equality impact anticipated	

4.10	Generate income by preventing fraud	£0	£40,000	<p>We would set up the service in order to attempt to identify more cases of fraud than is currently identified. Obviously, the sum noted is surplus, which the service would need to generate after considering the costs to set up and run the service. There is a risk that the sum would not realise itself, but we will not know without trying. In light of the Welfare Reform Act 2012, the DWP set up the 'SFIS' fraud detection service, including transferring the Council's former fraud prevention staff to the DWP in 2015/16. Before seeing the result of the SFIS operation, it was not possible to estimate the scale of the likely residual fraud. Of course, it is inevitable that an element of fraud will not have been identified, and it is nearly impossible to estimate how much. There is, therefore, a real risk of depending on this sum.</p>	No equality impact anticipated	
4.11	Attract additional income through an Internal Collection Agency	£0	£100,000	<p>Rather than depending upon external agencies to recover debts, it would be possible to set up our own unit. The sums that the debtors would have to pay (on top of the debt) would still be the same, but the profit made by commercial agencies would come to the Council rather than a private company. The success of such initiatives across north Wales has been varied. There would be costs associated with introducing the service. Also, there is a significant risk of failing to attract the additional income, and a possibility of a deterioration in the tax collection rates.</p>	No equality impact anticipated	
4.12	Standardise parking arrangements by introducing parking fees to areas (e.g. Y Glyn area)	£20,000	£20,000	<p>Parking fees are already payable in some car parks in Padarn Park. It is intended to introduce similar parking fees in additional areas (e.g. the Glyn area) which would reconcile the arrangements. It is important to note that Gwynedd residents are the highest percentage of visitors who use the site for recreational purposes. It would also be an aim to attempt to get other bodies to take responsibility for our country parks, thus reducing the cost for us to provide them. An investment would be required to implement</p>	<p>The policy is likely to have an impact on people who are poorer, e.g. families with disabled people, people from an ethnic minority or family with a disabled member. The size of the impact is dependent on the size of the fee.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Aseiad18">www.gwynedd.llyw.cymru/Aseiad18</a></p>

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4.13	Establish parking fees at Dinas Dinlle	£15,000	£35,000	<p>Parking fees are already payable in some car parks near the main beaches. It is intended to introduce similar parking fees in additional areas which are currently free to be consistent with other areas, e.g. Dinas Dinlle. It should be noted that a high percentage of visitors to the beaches (especially out of season) are residents of Gwynedd and it could lead to an increase in street parking.</p>	<p>The policy is likely to have an impact on people who are poorer, e.g. families with disabled people, people from an ethnic minority or family with a disabled member. The size of the impact is dependent on the size of the fee.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad18">www.gwynedd.llyw.cymru/Asesiad18</a></p>
4.14	Increase launching fees across the beaches of Gwynedd from £10 to £15		£10,000	<p>It is possible to increase launching fees from Council slipways from £10 to £15. An investment is required in order to implement.</p>	<p>No equality impact anticipated</p>	
4.15	Charge the schools more for the archives service	£5,000	£5,000	<p>70 schools have committed to using the archives service this year and they pay 50% of the cost of the service by paying a fee of £254 per school. The option would lead to an increase in the schools' fee to £397 per school, which is an increase of nearly £150 per school (depending on the number of schools which will have committed).</p>	<p>The Service may not continue if School Heads cannot secure the additional budget. That could have a significant impact on the following equality characteristics:</p> <p>Nationality - The materials convey the history of the communities reflecting the Welshness of the County. Awareness of the wider context of their communities for pupils, strengthening identity and sense of place.</p> <p>The Welsh language - As above Pupils, by understanding more about their communities roots, can take pride in the history of their locality and strengthen their personal and community identity.</p> <p>Age - affect children's opportunities to nurture and develop skills and reduce their experiences.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad21">www.gwynedd.llyw.cymru/Asesiad21</a></p>

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4.16	Increase inspection and licensing fees of multi-occupancy properties from £140 to £180	£0	£20,380	We charge a fee for inspecting and licensing multi-occupancy property, and the licence is then valid for a 5-year period. The fee contributes to the cost of the service, and the fee could be increased whilst staying with the Government guidelines. Currently, £140 is charged per room, and it is anticipated that the fee could be increased to £180 per room. There is a risk for the rent levels to increase for some vulnerable tenants as the cost is transferred.	An initial assessment has been made to see if there was an effect. No impact has been identified	<a href="http://www.gwynedd.llyw.cymru/Aseiad22">www.gwynedd.llyw.cymru/Aseiad22</a>
4.17	Increase the income from street enforcement by fining more individuals who litter	£10,000	£10,000	We are currently looking at collaborating regionally or extending operating powers to others within the Council in order to implement this.	An initial assessment has been made to see if there was an effect. No impact has been identified	<a href="http://www.gwynedd.llyw.cymru/Aseiad23">www.gwynedd.llyw.cymru/Aseiad23</a>
4.18	Garden Waste: more income or reduce costs	£25,000	£75,000	There are many options to save money in the field of garden waste. It would be possible to charge an annual fee and/or reducing the service to 9 months is possible, but this might create an element of dissatisfaction amongst approximately a third of residents. A consultation would be required with the residents on the favoured method of saving.	It will affect people on a low income, who can not dispose of their free garden waste at the Recycling Centres. This could include groups of people like those on benefits in relation to disability or pensioners on low incomes. We will look at ways to mitigate these effects.	<a href="http://www.gwynedd.llyw.cymru/Aseiad24">www.gwynedd.llyw.cymru/Aseiad24</a>
4.19	Charge a fee for re-supplying bins that have been damaged by residents	£6,250	£18,750	In a year, we are required to supply 12,000 waste containers, and it is estimated that approximately 75% of these cases are due to damage by residents. We could ask them to pay for resupplying. As a first step, we will charge for resupplying residual bins only.	An initial assessment has been made to see if there was an effect. No significant impact has been identified	<a href="http://www.gwynedd.llyw.cymru/Aseiad25">www.gwynedd.llyw.cymru/Aseiad25</a>
4.20	Charge an additional fee for cremating on the same day as the service	£10,000	£10,000	It is possible to change cremation arrangements to an arrangement where we only cremate on the same day if an additional fee is paid.	An initial assessment has been made to see if there was an effect. No impact has been identified	<a href="http://www.gwynedd.llyw.cymru/Aseiad26">www.gwynedd.llyw.cymru/Aseiad26</a>
4.21	Increase Crematorium fees from £520 to £550	£7,500	£22,500	Increase the cremation fees from £520 to £550.	No equality impact anticipated	

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4.22	Recycling Centres: charge a fee on traders	£5,000	£15,000	Currently, traders are not permitted to take materials to recycling centres. By licensing traders to be able to do this, we could increase income. There would be no impact on residents.	No equality impact anticipated	
4.23	Charge a fee for disposing DIY materials (e.g. Rubble at £3 per bag or £30 per trailer)	£25,000	£75,000	Some nearby councils charge residents to take DIY materials to recycling centres. This material is expensive to recycle and we have concerns about traders bringing material to the sites, and alleging that they are private individuals. It is anticipated charging a fee on goods such as rubble, tyres, asbestos and others. For example, Rubble £3 a bag or £30 for a full trailer, tyres £4 each, asbestos £12 a bag.	No equality impact anticipated	
4.24	Increase waste collection fees for businesses	£0	£100,000	Although we do not have to provide the service, we collect waste from businesses, and this pays for itself. Of course, there are private providers and to a degree, the fact that the Council provides a service helps rationalise the market and helps pay our overhead costs. It would be possible to charge more, but there would be a danger for us to then lose business and would make the others inefficient. There would be no impact on residents, but there would be an impact on 2001 businesses in the County.	No equality impact anticipated	
4.25	Increase income by selling legal services to other public bodies	£33,000	£0	As part of the work to attempt to encourage more income, the Unit has managed to generate more income by doing work for others. This income is already in hand, therefore there would be no impact on the people of Gwynedd.	No equality impact anticipated	
4.26	Increase YGC fees in the civil engineering consultancy work field	£40,000	£0	Increase fees in order to reflect the movement within the market in terms of the private sector costs. Costs to clients would increase of course, but it is considered that this is sustainable considering the current market.	No equality impact anticipated	

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4.27	Increase income in the flood prevention field	£25,500	£25,500	Due to the challenge of climate change, the Service has succeeded in acquiring work that would contribute more income for at least the next 5 years. 3 additional officers will need to be employed in order to be able to achieve this work, with a low risk for this work to reduce after 5 years.	No equality impact anticipated	
4.28	Increase income by offering technical, scientific and engineering support to flood risk mitigation plans to Councils across Wales	£7,500	£22,500	The department is developing expertise in the flood prevention field which is not available in many councils, and it is considered that some of this expertise could be sold to other councils in Wales. 2 additional officers would be required in order to do so, but for the next 5 years, the income would be sufficient to meet the cost and generate higher income. There would be a small risk that the work could reduce after the first 5-year period.	No equality impact anticipated	
4.29	Increase income by offering more project management support to Welsh Government on major plans	£10,000	£0	There are further opportunities for the Department to offer a project management function to Welsh Government, and although there is no certainty of being able to acquire it, experience demonstrates that the opportunity is there, and it should be aimed to broaden the department's horizons to attempt to obtain such work.	No equality impact anticipated	
5.1	Transfer some public toilets to others	£0	£50,000	The intention here is to transfer some assets to the Community Council / Town Council, or possibly to a Community Group. If this figure is to be reached, between 6 and 10 toilets will need to be transferred. Achieving the sum will depend upon discovering bodies that will be willing to take them on and maintain them.	Generally will have a positive impact on the characteristics of disability, age (older people and families) and pregnancy and maternity. The proposal is intended not only to achieve financial savings, but to seek to improve the provision of toilets. In developing the proposal, the Council has assessed the needs of their community to try to meet that need in the best possible way, and where appropriate	<a href="http://www.gwynedd.llyw.cymru/Aseiad27">www.gwynedd.llyw.cymru/Aseiad27</a>

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5.2	Transfer Play Areas to others	£0	£210,000	<p>There are significant costs associated with running play areas but, in some locations, there are local organisations or councils that run them. Consequently, in the current climate, it must be questioned whether the Council can continue to spend on these facilities. The intention here is to offer organisations or councils to receive and run them, or completely cease to maintain them after a specific time.</p>	<p>Potential impact if assets are not successfully transferred to others. The possible result from ending the service could be a negative impact on chance of children and families having somewhere to play outside which is important so that they can keep healthy and fit. If this happens a full equality impact assessment would need to be made.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad28">www.gwynedd.llyw.cymru/Asesiad28</a></p>
6.1	Reduce the contribution of the Council to GwE by 1%	£6,410	£0	<p>The Council contributes £640,000 to GwE for the schools' improvement service. Reducing the contribution would reduce the resource available to offer schools, but it is difficult to quantify the exact implications, as the practical impact would be a slight reduction in the support for schools, and it is difficult to anticipate when this would have an impact. As it is a small percentage, it is likely that the impact would be minor and the reduction could be focused on those schools where less input is needed.</p>	<p>No equality impact anticipated</p>	
6.2	End Library Services to Schools	£36,780	£36,780	<p>The Libraries Service supports literacy and reading in the primary schools through Lori-Ni which visits the schools at least twice a year in order to enrich children's reading experiences. The Libraries Service also provides resources to support the curriculum at teachers' request, the resources include books, story sacks, interactive materials for the white board, and group reading sets which enrich the nature of the materials and the curriculum experience available for children. Without this resource children would have less access to books and recreational reading experience, and the schools would have fewer curricular resources to enable them to ensure good quality education experiences for children.</p>	<p>It is acknowledged that the proposal will have an impact on children, but that effect is not envisaged to be substantially negative. This is because schools are expected to find alternative ways to provide suitable books that reflect different equality features</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad29">www.gwynedd.llyw.cymru/Asesiad29</a></p>

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6.3	Reduce the frequency of cleaning in some areas within Schools by reducing hours by 1.7%	£17,560	£17,560	<p>We currently clean schools through a specification which generally means cleaning the entire school floors, including toilets and wiping furniture daily, damp mopping and scrubbing the floors of various areas, but not daily, with a deep clean for one week. This all costs £2,045,320. By reducing the budget by £35,120, the frequency of cleaning some areas within the school would have to be reduced, and the only way to do this would be to cut staff hours. This will mean a reduction of 1.7% in the cleaning hours of all sites which could mean, for example, furniture would not be able to be wiped every day. This would lead to a deterioration in schools' hygiene standards unless schools choose to reinforce the budget from their core budget.</p>	<p>It is not expected to have a significant negative impact on any of the equality characteristics as the size of the reduction in hours is relatively small when split across all schools.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad30">www.gwynedd.llyw.cymru/Asesiad30</a></p>
6.4	Reduce the resource within the Road Safety Unit	£7,500	£2,500	<p>This is a small team of 1.5 officers, who presents the teaching, advertising and training aspects on road safety matters across all ages. It is possible to reduce how much road safety promotional materials the Unit currently distributes to school pupils. This would not have a substantial detrimental impact on the service of teaching vulnerable people. In addition, the number of school crossing patrols currently employed could be rationalised by reviewing the circumstances of individual sites against the existing criteria to establish crossing provisions. This would ensure that only the sites with a low risk for crossing the road would be impacted.</p>	<p>There is the potential that reducing the number of children crossing patrols outside the schools would increase the road safety risk for disabled and non-disabled pupils and parents. The likelihood of collision between the pupils and parents and vehicles would increase without a crossing patrol there to help cross the road.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad31">www.gwynedd.llyw.cymru/Asesiad31</a></p>

6.5	Reducing the budget for maintaining public footpaths	£5,000	£5,000	<p>The funds for maintaining public footpaths (Budget of £177,160) goes towards maintaining approximately 1700 kilometres of category 1 and 2 footpaths, and approximately 2200 kilometres of category 3, 4 and uncategoryed footpaths. In accordance with the Council's Public Rights of Way Improvement Plan, we prioritise the work on category 1 and 2 footpaths. Most of the funds are, therefore, concentrated on these Category 1 and 2 paths which are main paths between centres and are used the most e.g. paths around communities, circular foot paths, access to beaches etc.</p> <p>The work involves carrying out reactive work following complaints, e.g. fixing the surface, fixing structures and responding to extreme weather e.g. trees falling during storms, and re-installing signs etc. that is undertaken by this Council. However, this also means managing growth, that is undertaken through an arrangement with some Community Councils.</p> <p>The impact of a £10,000 cut would mean that less of the network would be attended to, and would put increasing pressure on our ability to encourage the Community Council to manage growth.</p>	Access to rights of way may be even more limited to families, older people and disabled people if the Unit could not fully complete its work programme.	<a href="http://www.gwynedd.llyw.cymru/Asesiad5">www.gwynedd.llyw.cymru/Asesiad5</a>
6.6	Reduce the resource within the Planning Policy Service	£2,500	£2,500	It is possible to somewhat rationalise the unit by changing duties and discovering a saving, but it is noted that a cut of over 30% has already been made to staffing levels over the last 7 years. There will be an impact of reducing expertise and resilience, along with an increase in delay in fulfilling statutory duties on behalf of Gwynedd and Anglesey residents. There will also be delay with advising the Planning Units (Development Control) of both counties on planning applications / advice. The saving needs to be shared with Anglesey 50/50.	An initial assessment has been undertaken to see if there was an effect. No impact has been identified.	<a href="http://www.gwynedd.llyw.cymru/Asesiad32">www.gwynedd.llyw.cymru/Asesiad32</a>

6.7	Reduce the budget for the Traffic Orders unit by 33%	£2,500	£7,500	<p>It would be possible to slightly reduce the budget of the Unit involved with traffic orders which would limit the Service's ability to respond to comments from the public, police etc. on safety situations, e.g. speeding and reckless parking. The current budget of £30,000 enables the Service to impose orders on our roads and carry out physical work such as placing yellow line, introducing driving zones and introducing traffic calming measures. This will, possibly, force the Service to consider implementing a quota arrangement to ensure that the expenditure does not exceed the available budget. This type of arrangement would have to be on a first come first serve basis as it would not be practical to collect a list of situations in order to prioritise them in the final quarter of any financial year. Having to consider this type of arrangement would mean that fewer orders would be processed.</p>	<p>The Unit often undertakes actions in response to requests from disabled people, families and older people to deal with situations that pose a risk to them. Reducing the budget for setting the physical measures on the roads might potentially increase the risk to these groups as it would be necessary to prioritize what works takes place.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad33">www.gwynedd.llyw.cymru/Asesiad33</a></p>
6.8	Reduce seasonal employment of the Tax and Benefits Service by 50%	£42,780	£0	<p>There was a need to make extensive use of overtime as a result of a backlog of 2,000 items after the summers of 2017 and 2018. At busy times such as September/October or the turn of the financial year, without this budget there would be a delay in providing support for the people of Gwynedd to pay their rent, or make necessary adaptations to their Council Tax accounts. It is difficult to quantify what exactly the effect would be without letting it happen to see, but it can be anticipated that it would take longer to clear any work backlog.</p>	<p>In normal years, the remaining budget will be sufficient to cope with seasonal work pressures. In years of unusual pressure the shortage in the overtime budget may result in delays in dealing with tax issues or dealing with benefit applications or Council Tax Relief. Disabled people and individuals from an ethnic minority are statistically more likely to be poor and dealing with benefit claims could, therefore, affect Disabled people and people from ethnic minorities more than the general population. Having said that, as this cut is not expected to cause any delays, the risk is very small.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad34">www.gwynedd.llyw.cymru/Asesiad34</a></p>

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6.9	Remove a vacant post within the Business Support Service (a reduction of 25% in the number of staff)	£23,000	£0	One post (out of the 4 in the Unit) is already vacant, and whilst it clearly affects the Council's ability to deal with enquiries by individual businesses, the current performance level reflects what can be done without the post. Based on 2016/17 figures, the nature of the enquiries included Land and Property Enquiries (51%); Grants and financial support (31%); Business development support (10%); Business Information (6%) and inward investment (2%). The impact of removing this post would be that the delay in responding to business enquiries would continue, a risk that the Council would not be able to give as much support to each enquiry, and that the Council could not be proactive in raising Gwynedd businesses' awareness of opportunities.	No equality impact anticipated	
6.10	Review parking fee and operational arrangements at Storiell	£10,000	£10,000	Storiell has been established as a museum and gallery in Bangor, with exhibitions being organised in community areas across the county in order to extend access. This proposal involves reviewing the operational arrangements in terms of increasing income, including parking fees.	Raising income targets can affect fees and this can have a significant impact on those who can participate and our principal supporting our communities. It would affect access to specific heritage / arts activities for some races, the Welsh, people of all ages, and disabled people. It can lead to a loss of collaboration opportunity to provide learning opportunities, promote our unique culture, build confidence, engage with minority groups and promote social inclusion.	<a href="http://www.gwynedd.llyw.cymru/Aseiad35">www.gwynedd.llyw.cymru/Aseiad35</a>

6.11	Reduce the mobile library service - visiting less locations and less often	£7,500	£2,500	<p>The Libraries Service has 3 mobile community vehicles, namely:                  Arfon Mobile Library – Mobile and Home Service                  Dwyfor Mobile Library – Mobile and Home Service                  Meirionnydd Mobile Library – Mobile and Home Service</p> <p>The mobile libraries visit villages and housing estates throughout the county (140 stops) and fulfils the monthly service 10 times a year. In addition to the mobile libraries service, the vehicles also provide a home delivery service to the users who are housebound or who find it difficult to visit their local library for various reasons.</p> <p>Number of users in 2016-17                  Arfon – 103 adults, 0 children, 54 housebound                  Dwyfor – 156 adults, 1 child, 36 housebound                  Meirionnydd – 208 adults, 10 children, 84 housebound</p> <p>It is likely that a number of the users who visit the mobile Service in a village stop is eligible to receive a Home Service, but that they choose to use the mobile stop for social purposes.</p> <p>By reducing the service's budget, the mobile library would visit fewer stops across the county and/or would visit stops less often.</p>	<p>The users who are at risk of being affected are older and / or disabled users, who will lose a service altogether, or have to wait for a longer period after applying for a home library service. These users could be socially isolated and faced with access to a public library due to mobility problems or public transport difficulties.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad36">www.gwynedd.llyw.cymru/Asesiad36</a></p>
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6.12	Remove 1 post from the Economic Development Service (reduce staffing by 33%)	£20,000	£20,000	<p>We would aim to seek grants to fund one post within the Unit but if we are unsuccessful that post would have to be abolished. This would reduce our ability to develop strategic projects as the resource would reduce from three to two officers.</p> <p>The type of schemes these officers achieved in recent years was to target £9m to develop Plas Heli Pwllheli, target £13m to support the development of the Caernarfon Waterfront initiative (Galeri, Castle, Hen Ynys and Welsh Highland Railway); support the development of Plas Heli Pwllheli (£9m); complete an investment of £4.5 in Outdoor initiatives in Meirionnydd (Coed y Brenin, Fishing Hatchery at Trawsfynydd Lake, Antur Stiniog, Glanllyn Bala); Establish a Shop Local programme and Business Improvement District programme (Caernarfon and Bangor BIDS); support the Harlech regeneration initiative; develop the World Heritage Site business case for the slate areas and target £450k Lottery funds for those communities together with establishing a fund to upgrade empty buildings.</p> <p>We are in the process of targeting £25m to upgrade the site and access to Llanbedr airfield and target £4m to regenerate Bangor city centre. With fewer staff, fewer projects would be developed and implemented, leading to less investment in communities to create the conditions to safeguard and create new jobs in the future.</p>	No equality impact anticipated	
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6.13	Remove 1 post and change the management arrangements of the Community Regeneration Service (a 20% reduction)	£37,500	£12,500	Abolishing one post and changing management arrangements would mean less support for Gwynedd Council to support social enterprises and groups. There are 5 officers in the Unit and the type of plans that are currently receiving support are noted below - support o Ddrws i Ddrws to prepare a grant application for a new minibus; The Sportman tavern, Nefyn to prepare a grant application to renovate the public house; Noddfa Café And Cegin Cofi to target various grant funds; Vic, Penygroes to draw up a robust business case to target grants; Nod Glas Company, Dinas Mawddwy, to target match funding; support the Maesywaun Cylch Meithrin to relocate to the Ysgol Bro Tryweryn site; support the Barmouth partnership to review community resources and prepare a business case to transfer assets; advise and support the Maesgeirchen Partnership with a pack of community projects, support Partneriaeth Ogwen with a pack of projects, varying from setting up a land trust, community buildings energy, and options for the library site.	An initial assessment has been undertaken. No effect recognised.	<a href="http://www.gwynedd.llyw.cymru/Asesiad37">www.gwynedd.llyw.cymru/Asesiad37</a>
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6.14	Remove 1 post from the Tourism and Marketing Service (reduce staffing by 25%)	£12,500	£12,500	<p>This Unit consists of 4 officers coordinating efforts between local, regional and national partners, along with the tourism industry itself in the county in order to attempt to improve and promote Gwynedd as a tourism destination, and market it through social media and the Snowdonia Mountains and Coast website.</p> <p>By abolishing 1 post, an activity will need to be prioritised, that will mean:</p> <ul style="list-style-type: none"> <li>- Reducing marketing activity - the Snowdonia Mountains and coast website, social media, leaflets and booklets, etc.</li> <li>- Reducing the activity of developing the sector, e.g. grant applications for Visit Wales to improve the products and the offer here (grants of over £600,000 had been received over the past three years to improve this offer here in Gwynedd)</li> <li>- Reducing the support to the county tourism partnership;</li> <li>- Reducing the contribution of officers' time and resources to work and strategic partnerships with Visit Wales and North Wales;</li> <li>- Removing the capacity to administer brown and white signage applications.</li> </ul> <p>Following the Council's decision to close the Gwynedd Information Centres' network, enquiries from visitors and the industry are still referred to the Council and onwards to the service. Abolishing 1 post would have an impact on the Council's ability to respond to enquiries by Gwynedd businesses, visitors and public sector partners, at a time where a significant increase has been seen in the number of visitors to Gwynedd.</p>	No equality impact anticipated	
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6.15	In the long term, reduce the subsidy to the new Company being established by 20%	£0	£155,000	<p>We are about to set up a commercial company that would help us realise substantial savings (£435,000). This will be based on the Council committing to pay a subsidy of £741,000 to the company in the short-term, at least. It is hoped that in the long-term, the company could reduce the subsidy that the Council would have to pay, either by discovering other markets or reducing the running costs further. Although it would not be possible to do this immediately, it is reasonable to expect this to happen in the long-term.</p>	<p>An assessment will be carried out as the Company develops its proposals for achieving the saving</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad38">www.gwynedd.llyw.cymru/Asesiad38</a></p>
6.16	Reduce the strategic grants budget for the arts by 20%	£0	£18,000	<p>This budget was halved during the Gwynedd Challenge savings process. Implementing this scheme would mean that the Council would not give support to 11 main arts companies in Gwynedd. Several of them lead on projects which have a national effect in terms of the Welsh language and culture. The companies receiving assistance are -          Bara Caws; Music in Hospitals; Canolfan Gerdd William Mathias; Cofis Bach; Dawns i Bawb; Galeri Caernarfon; Fran Wen; Plas Glyn y Weddw; Literature Wales; Pontio; Theatr Ardudwy; Theatr y Ddraig          Several of these companies note that receiving an element of support from the Council ensures that they can attract funding from the Arts Council of Wales and ensure further investments in the Arts in Gwynedd.</p>	<p>Risk of losing influence with organisations to adopt equal opportunities and Welsh language policies. It can directly affect liveliness and activities in Welsh language</p> <p>Many of those who receive grants work with specific groups or ages in society, e.g. vulnerable individuals, youths, older people health / mental health problems, children and young people, mothers and babies, etc.</p> <p>Loss of opportunity to work together to provide learning opportunities, promote our unique culture, build confidence, engage with minority groups and promote social inclusion.</p> <p>It can have an impact on other services and organizations if there is a reduction in the opportunities to participate e.g. health and wellbeing, activities for young people. i.e. leading to the demand for more social care, hospitals, police.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad39">www.gwynedd.llyw.cymru/Asesiad39</a></p>

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6.17	Reduce the budget of the books fund by 10%	£19,500	£0	<p>The Books Fund budget was reduced by 25% during the Gwynedd Challenge exercise. By reducing this a further 10%, the choice available to the residents of Gwynedd will clearly be much less, and the waiting time for books would increase, making it less attractive for residents.</p>	<p>The cut will affect the equality characteristics groups: Welsh Language, Disability, Age - children and older people, Sexual Orientation, as well as a large number of users from these groups who live on a low income.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad40">www.gwynedd.llyw.cymru/Asesiad40</a></p>
6.18	Review physical disability care packages and look to achieve objectives through alternative ways	£25,000	£75,000	<p>We have cases that cost over £1000 a week for the Department (out of county placements and care packages that have been inherited from other counties under the ordinary resident regulations). By reviewing these packages, it is considered that the needs could be met in alternative ways. The figure is based on similar work that has already been achieved in the field of Learning Disabilities and there will be a key element of invest to save by investing in suitable homes and extra care housing developments.</p> <p>A social worker will need to be appointed for an 18 month period to work on the plan to review all out of county cases and complete an analysis of the need that exists now and in future.</p> <p>It is possible that considerable investment will be required beforehand in order to ensure suitable resources to provide the care locally. A positive impact if it is possible for individuals to return to receive care locally.</p> <p>It must be borne in mind that some individuals have received care for many years, therefore managing any change and expectations will be key. There is an element of over-servicing in the ordinary residence packages, and it will be a process of change over time in order to cope and the support provided in an alternative way.</p>	<p>The plan is about supporting and delivering services based on need. As a result, the method of support can be different and more local or with a different provider. The plan should not have a negative impact on any individual / group. The needs of each individual will be assessed separately.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Asesiad41">www.gwynedd.llyw.cymru/Asesiad41</a></p>

6.19	Review of the Continuous Health Care packages	£50,000	£150,000	<p>When reviewing continuous health care packages, we attempt to ensure that Health pays a fair contribution towards the care packages given to individuals in accordance with the rules established. This important work needs to continue in terms of the 'best value' principle, but also in terms of responsibility for the support/care package. We are reviewing the CHC/DST procedure jointly with Health and aim to receive more benefits from this work.</p> <p>The intention here is to chase up the most intensive cases and, whilst we are quite confident that approximately £100k could be achieved, the entire £150k will be a considerably greater challenge. The Learning Disabilities Service has already implemented the easier and less controversial cases by achieving savings of £600k in terms of reviewing packages, achieving best value for money service principles, and has challenged health for their contribution. It is not possible to challenge packages more than once.</p> <p>There are staff capacity implications to do the work, and a risk of receiving legal challenges and complaints. Additional capacity is required to scrutinise the needs assessment and the DST, and to attend dispute meetings with health when the agency disagrees with the decision in terms of the CHC level.</p>	<p>This plan involves rationalising and improving working arrangements between the Local Authority and the Health Board. It's about the systems and relationships behind a program to support individuals and not on the support itself. On that basis, no direct impact is anticipated on any individual, as it does not add to the existing joint assessment arrangements.</p>	<p><a href="http://www.gwynedd.llyw.cymru/Aseiad42">www.gwynedd.llyw.cymru/Aseiad42</a></p>
6.20	Waste collection calendars in electronic form only	£22,500	£7,500	<p>Currently, we distribute waste collection calendars on paper form to all 62,500 houses in the county. Providing them on-line or on request only would create a substantial saving for us. 34,382 individuals have a self-service on-line accounts and we already correspond with these people through this method in relation to the garden waste service.</p>	<p>An initial assessment has been made to see if there was an effect. No significant impact has been identified</p>	<p><a href="http://www.gwynedd.llyw.cymru/Aseiad43">www.gwynedd.llyw.cymru/Aseiad43</a></p>

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6.21	Barmouth Bridge – stopping payment to Network Rail for the right of way over the bridge	£0	£35,000	This is a plan that came to the forefront during the Gwynedd Challenge exercise, but at the time, it was decided that the budgets should not be cut, but that this was subject to reaching a target of substantially reducing the cost for the Council of contributing to its future. We still pay £35,000 to Network Rail as it was not be possible to reduce the cost for us. By ceasing to pay the contribution to Network Rail, it is a matter for them whether they would close it for the use of the Coastal Path and the National Cycling Path. There would be a negative impact locally and in terms of tourism attraction if Network Rail decided not to keep it open.	No differential effect as Network Rail own the bridge	<a href="http://www.gwynedd.llyw.cymru/Asesiad44">www.gwynedd.llyw.cymru/Asesiad44</a>
6.22	Reduce the budget of Women's Aid by 20%	£8,080	£2,690	It would be possible to reduce the budget for Women's Aid by 20% by removing the children's worker within the South Gwynedd Women's Aid and Domestic Violence. The contribution is optional and is available to any family that has suffered or is living in a domestic violence situation, not just for families known to the Council's services. Gwynedd is the only authority in the North that maintains a service level agreement with Women's Aid. A reduction by the Council does not mean that the organisation could not carry on providing as they have access to other sources of funding. Women's Aid note that they make use of the agreement with the Council to attract other funding and grants to the organisation, but it is difficult to receive confirmation of this. The remainder of the Council's resources will also be available to provide a statutory service to Women who need it.	No significant impact has been identified on children and young people as there is hope that the organization will be able to use alternative source of money	<a href="http://www.gwynedd.llyw.cymru/Asesiad45">www.gwynedd.llyw.cymru/Asesiad45</a>

6.23	Reduce the advocacy budget by 6%	£1,570	£520	Providing advocacy to children and young people in care, who are disabled or who receive a care and support plan is a statutory requirement in the 2014 Act. A reduction of 6% would have no significant impact on the number of children and young people being referred to the service as the take-up of the advocacy service by the eligible children and young people is low compared to the capacity within the allocated budget. There is a regional agreement and after 3 years of implementation, it is clear that 6% could be reduced without having an impact on the direct service for children based on 3 year data. It is a regional agreement with contributions by the 5 other authorities in North Wales. It is likely that other authorities would reduce their contributions in time.	It is not expected that there will be a change in the way in which children and young people will have access to the Service, due to the low take-up	<a href="http://www.gwynedd.llyw.cymru/Asesiad46">www.gwynedd.llyw.cymru/Asesiad46</a>
6.24	Halve the foster parents' recruitment and training budget	£5,420	£0	Recruitment and marketing activity is expensive, but it is possible to maximise our activity on low-cost social media and websites and make more use of the Council's communication resources. It is therefore anticipated that this would have a low impact on children and families, due to the small risk that the new arrangements would not be as effective.	It is possible to reduce the budget using alternative methods such as social forums that are cheaper than traditional methods so no impact is predicted	<a href="http://www.gwynedd.llyw.cymru/Asesiad47">www.gwynedd.llyw.cymru/Asesiad47</a>
6.25	Reduce the Council's contribution to the Youth Justice Service by 7%	£12,390	£1,770	There would be a need to lose 0.4 FTE staff by sharing the reduction across secondments and the Restorative Justice team's funding (non-statutory), and there would be some impact on children and families by reducing the ability to do proper work with victims; holding fewer community projects and cutting the contact hours with children and young people.	Not a substantial effect on young people, however we will need to monitor the impact of reduced capacity within our supporting projects (Health and Wellbeing and Accommodation Support). The year on year reduction of children and young people accessing the service helps to alleviate the impacts of these reductions.	<a href="http://www.gwynedd.llyw.cymru/Asesiad48">www.gwynedd.llyw.cymru/Asesiad48</a>

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6.26	Reduce resource within the Legal Unit to support the work of other departments	£7,500	£7,500	Past research shows that this work cannot be obtained at a lower cost by sourcing it externally. Nevertheless, it is considered that more efficiency could be squeezed out of the system accepting that there would be a risk of seeing more matters facing delay - without realising it, it is difficult to say how much. There would also be a need to find a resource to fill in when elections are held.	No equality impact anticipated	
6.27	Restructure the Building Control Unit by reducing the number of team leaders	£23,000	£0	Restructuring would reduce the Unit's number of staff and, through this, there is a risk for the time it takes to check full planning applications to increase from 13 days to 15 days. The customer satisfaction review score has decreased from 9.6 this year to 9.0. Every effort will be made to reduce the impact on the Unit's customer satisfaction.	No equality impact anticipated	

## APPENDIX 4

### CAPITAL

1. Whilst local authority revenue budgets face constraints, capital budgets are also under pressure, and there are revenue implications for capital expenditure which is not funded by specific grants.
2. In light of the revenue financial constraints we face and the fact that our previous Asset Strategy included a significant element of prudential borrowing (which places pressure on the revenue budget to pay for the borrowing costs), a thorough review of the next Asset Strategy is underway.
3. A proposed programme for schemes for the next three years is set out below:

<b>CAPITAL PROGRAMME</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>New Schemes</b>			
Asset Management Plan to be Allocated	11,728	7,535	6,610
Highways Refurbishment	2,650	1,325	0
Childcare	1,238	1,113	0
Housing Strategy	2,700	2,700	2,700
	<b>18,316</b>	<b>12,673</b>	<b>9,310</b>
<b>Approved Schemes - Already a part of the Programme</b>	<b>16,675</b>	<b>6,129</b>	<b>0</b>
<b>PROGRAMME TOTAL</b>	<b>34,991</b>	<b>18,802</b>	<b>9,310</b>

4. We will be funding the programme as follows:

<b>CAPITAL PROGRAMME FUNDING</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>New Schemes</b>			
Capital Provision in the Settlement	7,995	7,535	6,610
Grants and Contributions	2,563	2,438	0
Renewals and Other Funds	7,758	2,700	2,700
	<b>18,316</b>	<b>12,673</b>	<b>9,310</b>
<b>Approved Schemes - Already a part of the Programme</b>			
Other Borrowing	1,393	777	0
Grants and Contributions	8,753	525	0
Capital Receipts	98	750	0
Departmental and Corporate Revenue	265	0	0
Capital Fund	1,435	0	0
Renewals and Other Funds	4,731	4,077	0
	<b>16,675</b>	<b>6,129</b>	<b>0</b>
<b>PROGRAMME FUNDING TOTAL</b>	<b>34,991</b>	<b>18,802</b>	<b>9,310</b>

5. It is intended to establish a new asset strategy from 2019/20 going forward, in accordance with the report presented to Cabinet early in 2019. The new asset strategy will be operational for the period from 2019/20 to 2028/29.
6. The procedure for establishing the next strategy was approved by the Cabinet on 16 January 2018 and in the following months all Council members were asked to prioritise the schemes put forward by departments. A report on the detailed schemes will be presented for approval early enough for the 2019/20 financial year.
7. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2019/20 to 2021/22 budget, whilst the individual scheme details will be established by the Council in the new 10 year asset strategy.
8. Therefore, the full Council is asked to add £18,316,130 to the capital programme to be spent in 2019/20, in order to establish a total programme worth £34,991,250 by 2019/20, to be funded from the sources noted in the table under part 4 above.

## APPENDIX 5

### DEALING WITH THE SCHOOLS' BUDGET IN 2019/20

1. Whilst developing a savings strategy and draft budget for 2019/20, a way ahead was agreed in order to avoid transferring a further savings target for Gwynedd schools again this year.
2. The schools' budget will increase this year due to the usual "demography" adjustments, which derive from changes in the number of pupils. The actual number of pupils in September 2018 is used to calculate 2019/20 allocations. The position varies from school to school, but on the whole the effect of an increase in pupil numbers means that the schools' budget in its entirety will increase £418k, which includes a reduction -£260k primary, an increase +£617k secondary, and +£61k for special schools. Against this year's £617k increase, the secondary sector achieves a saving of £299k in 2019/20, following a decision to defer for two years from 2017/18, when the secondary demography was negative.
3. It can be seen in the 'bids' part of this report (Appendix 2) that there is a recommendation to agree to fund bids worth £593k for the Education Department, towards the transport (£400k) and integration (£193k) budgets, which means that the cost of 'Education' increases substantially between 2018/19 and 2019/20. However, there is a reduction of £247k in schools allocations in accordance with the Additional Learning Needs and Inclusion Strategic Review. Certainly, having taken inflation of over £4m into consideration, the schools' budget will be much higher in 2019/20 than the 2018/19 level.
4. Also, there are a number of Welsh Government specific grants in the Education field. Whilst it appears that there will not be a "cash" reduction for these grants this year, it seems that the Government doesn't add inflation to their grants. Therefore, with costs (teachers' salary and pension inflation) increasing 5%, schools will perceive the position of some of the Government's grants as a cut in "real" terms. However, our schools will receive a new grant from the Government towards teachers' training.
5. The Westminster Government have increased the Teachers' Pension Scheme employers' contribution rate from 16.5% to 23.6% from September 2019. This will cost £1.6m for the 7 months in 2019/20, and the full year effect by 2020/21 will be £2.8m. It is 7% of the teachers' pay bill, but a 40% increase in employers' pension contributions.

While drafting this budget, it was assumed that the Welsh Government will fund the 2019/20 teachers' pension increase through a specific grant. In January 2019, the Department for Education have consulted with the education sector mentioning "fully funding" the cost (£910m) for schools in England. A consequential allocation to the Welsh Government is anticipated, and in turn that would be passed on to local authorities, and then on to schools.

If there is no specific grant funding, or if the grant is far from being sufficient, at that time the Council will revisit this and discuss with schools how to deal with the one-off pressure in 2019/20.

## APPENDIX 6

### COUNCIL TAX

1. It is a key decision for the full Council's members to make, in light of the considerations presented here, to establish the exact level of Council Tax for 2019/20. The key to all of this is to strike an appropriate balance between the need to spend on services for the most vulnerable in our society, and the appropriate tax increase to be levied on the residents of Gwynedd.
2. In historical assumptions made in our medium term financial strategy, a figure of 3.5% was used, as an estimate of the average increase in Wales. By 2016/17, it was decided to increase the tax 3.97%, in order to avoid implementing some cuts. By 2017/18, as a number of factors had gone in our favour, it was possible to balance the 2017/18 budget with a 2.8% increase in the tax level. By 2018/19, the Welsh Government's grant settlement was disappointing, and the tax had to be increased 4.8%.
3. This year, by 2019/20 it is recommended to increase the tax 5.5%, which would yield tax of £71.2m, including £2.7m of Premium yield and £2.84m of additional income towards the gap. This would equate to a Council Tax increase of £71.53 in a Band D property, or £1.37 a week. The tax raised by the community councils and the Police Authority would of course be additional to this.
4. Over 16.4% of households which are liable to pay tax in Gwynedd receive some element of assistance towards their Council Tax, and over 60% of properties in Gwynedd are in bands lower than band D. Every additional 0.1% of tax would adjust the funding gap we would need to find by around £71,246. Therefore, 0.5% would mean adjusting the funding gap by around £356,230 whilst 1% would mean adjusting the funding gap by around £712,461.
5. The increase in Gwynedd's Council Tax, together with the average increase across Wales since 2014/15, is shown below.

<b>Year</b>	<b>Gwynedd</b>	<b>Wales</b>
2018/19	4.8%	5.0%
2017/18	2.8%	3.1%
2016/17	4.0%	3.7%
2015/16	4.5%	4.3%
2014/15	3.9%	4.2%
Total 2014-19	20.0%	20.3%
Average 2014-19	4.0%	4.1%

In 2018/19, Gwynedd Council's Band D Council Tax level was £1,301, while the average level of tax for the counties in Wales was £1,219.

<https://gov.wales/docs/statistics/2018/180322-council-tax-levels-2018-19-en.pdf>

6. We do not yet know what the exact average increase across Wales will be for 2019/20, but the latest information I have is that the average across Wales will be around 5.5%. Therefore, the motion here is going to be very close to the Wales average for 2019/20, and therefore adhere to the long-term policy.
7. The choice between maintaining services and taxation is always difficult, of course, and it is a matter for all members to weigh things up and find a balance they consider to be appropriate. However, further to many informal conversations in two series of members' workshops, and having considered the response of Gwynedd residents to the public consultation, **a Council Tax increase of 5.5% is recommended, which would be a weekly increase of £1.37, or £71.53 annually, with a Band D tax of £1,372.06 for 2019/20.**

### **COUNCIL TAX PREMIUM YIELD ON EMPTY PROPERTIES AND SECOND HOMES**

8. In the full Council meeting on 6 December 2018, it was decided to continue with the premium of 50% on second homes and on properties that have been empty for 12 months or more for 2019/20. It is estimated that the Council will receive £2.7m of additional income in 2019/20 by charging the Premium, and it is intended to earmark the money in a fund in order to implement the Housing Strategy, which aims to provide housing for young people in our communities.
9. All of the income and relevant expenditure to be addressed must be incorporated into the 2019/20 budget.

## APPENDIX 7

### BALANCES

1. Local authorities need a prudent level of 'working capital' balances to maintain adequate cash flow and meet unforeseen expenditure. It is foreseen that the Council will have general balances of £6m at the end of this financial year, representing around 1.5% of the Council's gross revenue expenditure.
2. We have noted, on more than one occasion, that due to the turbulent environment we will be facing in the years ahead, that it is appropriate to keep sums in reserve in order to deal with problems that could arise.
3. Nothing has happened in the meantime to change this opinion, and more challenging savings schemes in view of the Welsh Government's disappointing grant settlement for local government in 2019/20 mean that the risk continues (if not intensifies). Therefore, the need to ensure that we have appropriate balances to deal with any financial shocks is still relevant (see Appendix 8 for the medium term Financial Strategy).
4. Having set aside funds in the Reserve to Assist the Financial Strategy in order to deal with possible overspending by some services in 2018/19, and after committing £38k from a specific fund in order to finance one-off bids, **it is recommended that we do not use general balances in 2019/20.**
5. **The Council has a number of specific reserves** established to meet specific expenditure needs. These are also part of the Council's budget of course, and have been scrutinised annually. Attention was given to the specific reserves by the Cabinet on 22 May 2018 and also the Audit and Governance Committee on 28 June 2018, when it was approved to transfer £2.75m from reserves and provisions towards corporate priorities / requirements. I review the level of these reserves continually, and **it is intended to hold another intensive review by May/June 2019**, to consider how much scope there will be for the Council to change its priorities within these reserves.
6. In their report "Meeting the Financial Challenges facing Local Authorities in Wales" the Wales Audit Office stated (in paragraph 1.8):  
  
"Councils can use reserves to help them to balance their budgets where savings plans do not achieve the expected results or where income is less than anticipated. However, financing recurrent expenditure from reserves would not normally be appropriate. A prudent level of useable reserves is a key element of financial stability; the minimum appropriate level will vary dependent on an authority's known and potential liabilities and its spending plans. There are signs that a few councils are over-relying on general reserves to deal with budget shortfalls, rather than seeking more sustainable approaches, which often involve making unpopular decisions."
7. Also, on 14 November 2018, the Welsh Government issued a statement on local authority reserves, which provides a useful context for our position and shows Gwynedd Council at a reasonable level in the middle of the Welsh authorities' range of usable reserves.  
<https://gov.wales/topics/localgovernment/finandfunding/whole-government-accounts/publications/whole-government-accounts-reserves/?lang=en>
8. I am convinced that the Council's use of specific funds to finance one-off requirements is a totally appropriate action, and it is recommended that the Council's balances are not used to balance the 2019/20 budget.

## **APPENDIX 8**

### **MEDIUM TERM PLAN TO ADDRESS THE 2019/20 - 2021/22 FUNDING GAP**

1. For a number of years, whilst establishing its budget, Gwynedd Council has been planning ahead to prepare for what might be on the horizon. This has paid dividends, and in fact this is why we have been able to use £2.48m of 'Gwynedd Challenge' savings to balance the 2019/20 budget. Not all Councils are in a position to be able to avoid cutting school budgets, raising tax 9%, etc. this year.
2. In order to continue on this course, in addition to establishing a budget for 2019/20, an effort has also been made to project the financial position for the following two years, so that we can set the 2019/20 position in its wider context and plan how we are going to meet the challenges ahead.
3. Since determining the Financial Strategy 2018/19 - 2020/21 in February / March 2018, detailed work to reassess likely budgetary commitments and assess a range of possibilities, has been carried out. In order to identify the financial challenge to the Council, further to thorough research, a range of assumptions were identified for the Government's grant 'settlement' level and the spending requirements of the Council's services, in order to provide likely financial scenarios for 2019/20 - 2021/22. These financial scenarios are presented to the Cabinet / Council in the form of a fan chart ("funnel of expectations") in order to identify the likely need for savings (or 'funding gap') to 2021/22.

### **Government's Grant Assumptions for 2020/21 and beyond**

4. In projecting, the most uncertain figure is the grant figure that we will receive from the Welsh Government from 2020/21 onwards. As the central grant 'settlement' funds 72% of the Council's net budget, this element is key in trying to project the financial position.
5. A combination of economic and political factors determine the amount of grant we will receive - the state of the economy, spending and taxation policies, and the UK and Welsh Governments' prioritisation selections. In order to update the projection of what might happen, we have used the latest information available to us now, including the projected total UK public spending in the Chancellor's latest Budget.
6. The UK Government is going to conduct a Spending Review during 2019, which is a fundamental factor that could significantly change the position. This will determine how the total UK public spending will be allocated between various departments (and thus, how much the Welsh Government will receive through the implementation of the "Barnett formula"). It's probably superfluous to add that there's an extra layer of uncertainty regarding the impact of 'Brexit' on the economy, and consequently, how much money will be available to spend on public services.

7. Despite the fact that so many economic and political factors are uncertain, the Council must plan prudently in the meantime, for a range of possible scenarios. In order to model how much may be allocated to local government in Wales, for the projections in this report we have made reasonable assumptions about the positions of relevant UK Government departments, the impact of the Barnett formula, the income the Welsh Government will get from the new devolved taxes, and the Welsh Government's prioritisation (how much 'protection' will be given to Health and other projects).
8. Regarding this last factor, as we don't have any definite information about the Welsh Government's intentions, we have had to assume that they will continue with the same type of funding direction seen over recent years (i.e. giving less of an increase to local government compared to the Health Service and various other spending areas under Government care). If they changed this policy so that services are more equally funded, we would need a lot less further savings in 2020/21 and 2021/22.

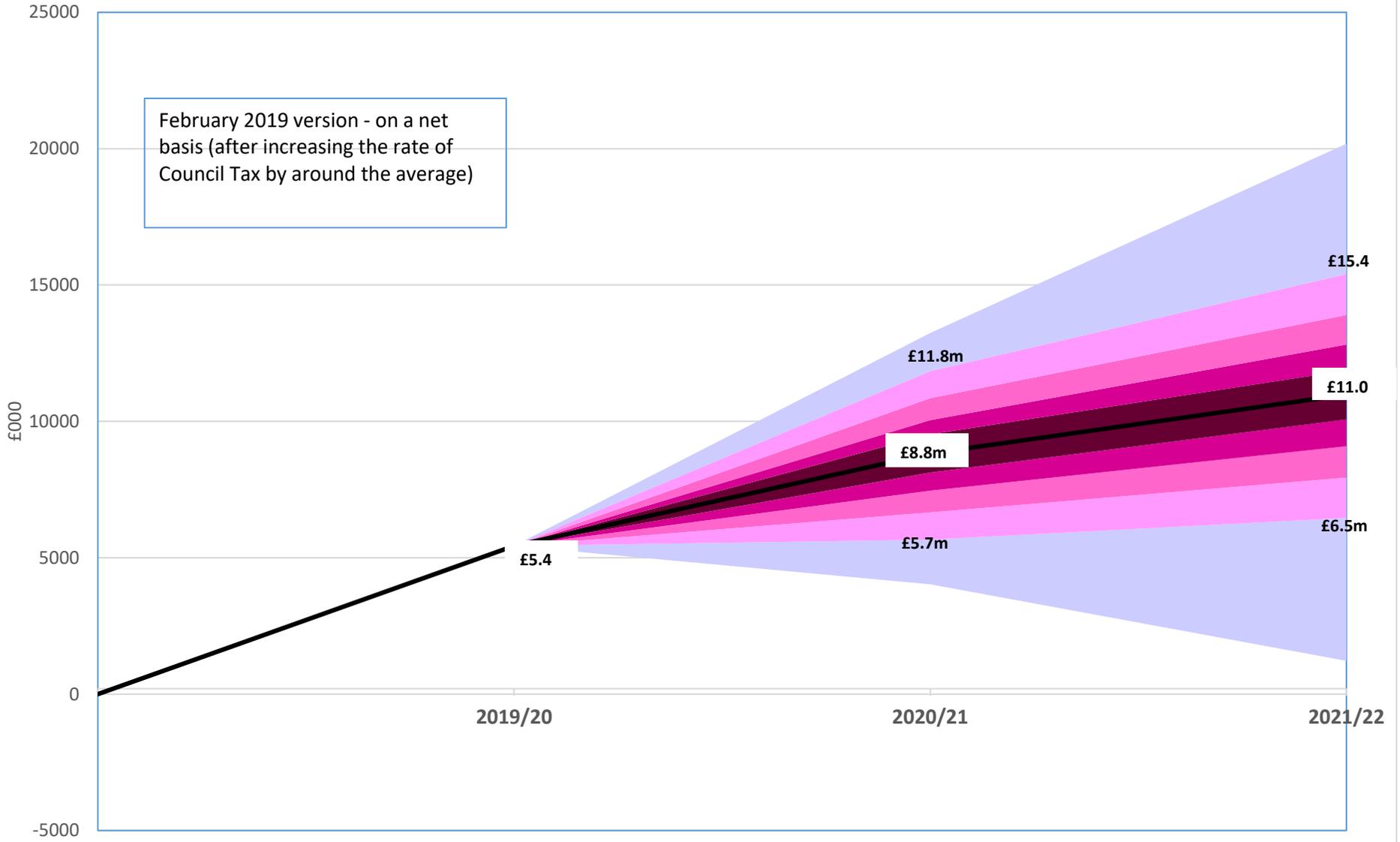
### **The Council's Expenditure Requirements**

9. The most recent financial information about the Council's spending requirements for the 2019/20 budget has been prepared, based on 'true inflation' (specific levels of inflation on pay and other budgets) and relevant trends, together with the 'pressure on services', including demographics (pupil numbers statistics and the number of older people) and bids for unavoidable growth in expenditure, net of possible adjustments to minimize the requirement on the budget.
10. We have reviewed our pay inflation and other inflation forecasts, and reviewed the forecasted demand for services. Of course, the basis of these projections is less reliable when forecasting further into the future.

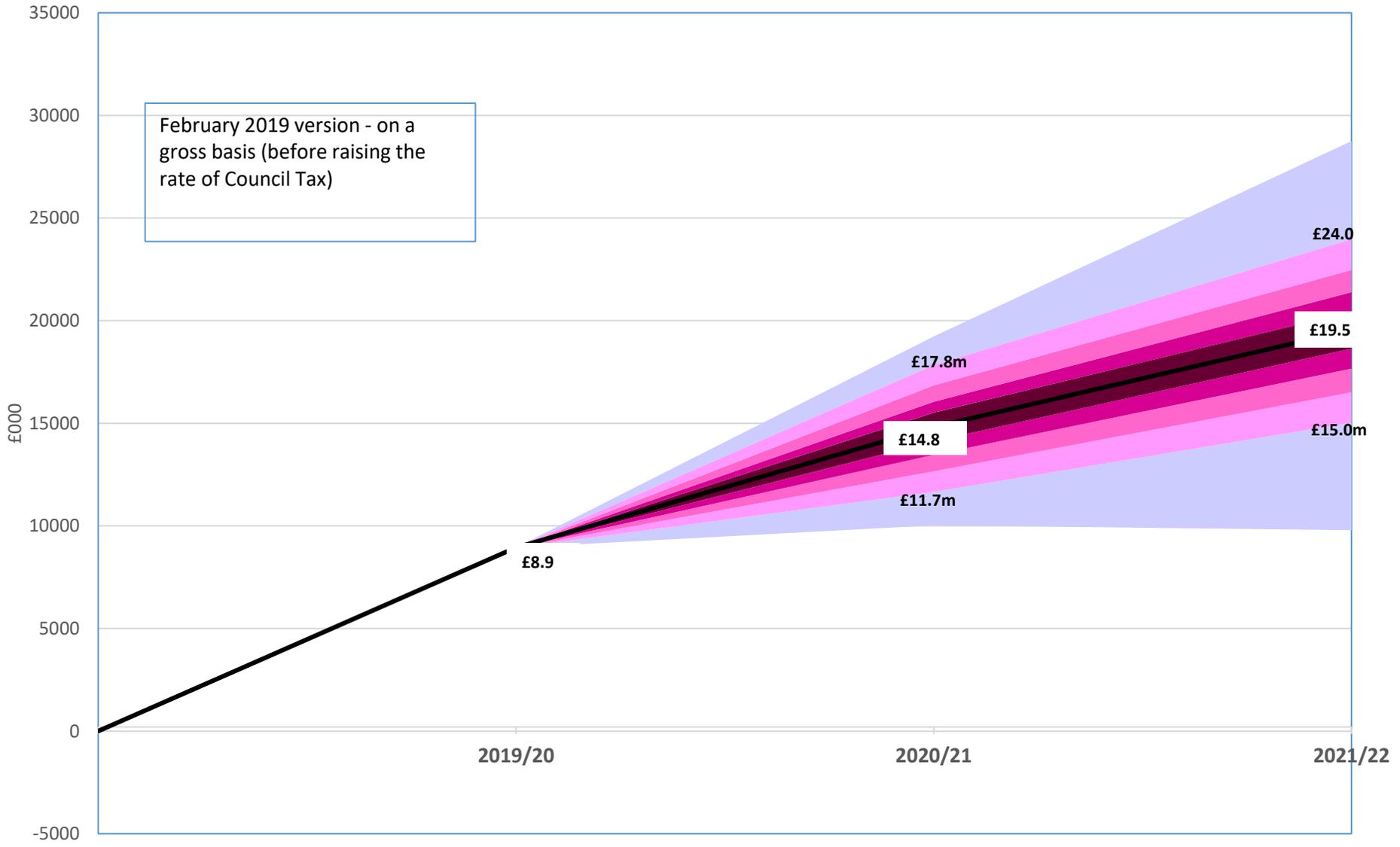
### **Probable Scenarios – the need for savings**

11. Final figures are in place for 2019/20, and it appears that the budget may be balanced by harvesting £ 5.4m savings plus a 5.5% increase in the level of Council Tax – which will be around the average level for local authorities in Wales, as mentioned in the assumptions of the previous medium term financial plan.
12. The fan chart below is presented for the next three years (2019/20 - 2021/22) creating a realistic and prudent picture of what could hit us. The "funnel of expectations" fan chart shows a combination of the possible scenarios, showing results in 10% bands.
13. Local authorities tend to declare their gross 'funding gap', before raising the rate of Council Tax. The first 'funding gap' calculated here is a net gap, which shows how much savings the Council will need to achieve in order to balance the budget after raising Tax by around the average increase. Then, the second fan chart shows the gross gap for comparison with other local authorities.

### Gwynedd Council possible funding gap to 2021/22



### Gwynedd Council possible funding gap to 2021/22



### Savings Strategy 2020/21 and 2021/22

14. There could be a significant challenge ahead of the Council over the 2 years 2020/21 and 2021/22. See from the net gap fan chart that a strategy may be required to find a potential total of up to £10m of additional savings by 2020/21 and 2021/22.
15. With uncertainty arising from the Westminster Government Spending Review, the actual result could be outside our 'best / worst scenarios' on the chart. However, if the 'central' case happens, £3.4m of additional savings would be required by 2020/21 and a further £2.2m by 2021/22 (totalling £5.6m), while an element of the 2019/20 schemes' savings (possibly up to £4.2m) would be available for 2020/21 and 2021/22. Disregarding the 10% most peripheral results, the total gap for the two years can range between £1.1m and £10m.
16. While our arrangements should aim to be flexible enough to deliver up to £10m of savings, after the 2019/20 savings strategy experience, we know how challenging it was to identify less than half of that amount of savings. Cabinet members have considered the impact on services for the people of Gwynedd and see that the line where no further cuts can be made is approaching.
17. We've concluded that the general picture appears to be serious for many Welsh local authorities, facing considerable pressure this year, as their financial situation becomes more vulnerable. Some councils have ventured last year and tested that by now there is no 5% cap on the Council Tax increase, but remember that an additional 5% tax increase would only bring an additional £3.6m to the Council's coffers. That amount would not meet the Council's inflation, while a tax increase would put pressure on the people of Gwynedd.
18. Ideally, the Council would like to implement a 4 or 5 year financial strategy. Unfortunately, that is totally impracticable, as the Welsh Government has only provided a single year settlement without an indicative figure for the following year (understandably perhaps, in the face of national financial uncertainty due to the UK Government's Spending Review during 2019, etc.).

### Medium Term Financial Plan for 3 years

19. Therefore, it is sensible to deal with the 2019/20 budget now, and continue with the savings strategy to respond in more detail by the following two years (2020/21 and 2021/22) when we will have identified the relevant funding gap with more certainty.
20. Meanwhile, while **aiming to be flexible enough to be able to achieve up to £5.6m further savings** (the central case of the forecasts) **over the two years 2020/21 and 2021/22, whilst ensuring that all efficiency options are identified**, it must be recognized that this will be extremely challenging and **the Welsh Government should be urged to provide an appropriate grant settlement** for 2020/21 and beyond.
21. Within this regime, we will continue to implement **consistent principles in considering an increase in Council Tax close to the Welsh local authorities' average increase, maximizing the efficiency savings that can be realized** (in order to avoid further cuts), **and implement cuts only as necessary**, in order to meet the remaining balance of the funding gap.

## APPENDIX 9

### EQUALITY IMPACT ASSESSMENT

1. The budget outlined here endeavours to continue to provide appropriate outcomes for all the county's citizens, but as there was insufficient increase in our income to meet inflation, etc, we must implement the savings schemes already approved, together with the package of additional schemes which are in Appendix 3.
2. With savings, there is a possibility for us to have an impact which would disproportionately affect those with protected characteristics, but the departments responsible for the individual savings schemes have held appropriate impact assessments regarding the financial decisions on the savings and cuts presented here. Where appropriate, in Appendix 3, there are comments opposite the individual schemes, or a link to detailed assessments.
3. Our aim was to ensure that our financial decisions conform with the requirements of the Equality legislation, namely:
  - Eliminate illegal discrimination, harassment and victimisation, and any other conduct prohibited by the Act.
  - Promote equality of opportunity between people who share a relevant protected characteristic and those who do not.
  - Encourage good relations between those who share a protected characteristic and those who do not.

In assessing, the relevant departments attempted to identify how to make the best of every opportunity to improve equality as well as trying to avoid or mitigate any negative effects to the best of their ability.

4. In planning our budgets for the continuation of the Council's services, our accountants have given consideration to equality on every level, by utilising data and evidence in relation to demography and trends by planning at a strategic level. In the same way (but more specific) when coming to decisions on individual savings schemes, the Council's heads of department have collected data, analysed the effect of schemes and monitored appropriately.
5. We have clear regimes for finding savings, which include a full assessment of the impact of savings in terms of equality. The relevant department has analysed each individual scheme, noting if an impact assessment needs to be conducted when developing the project. This will be the procedure with further efficiency savings by 2019/20.
6. The recommended budget does more than meet inflation costs. It also attempts to ensure that unavoidable financial pressures being placed on services (due to greater demands from increasing numbers of clients, pupils, etc) are also addressed by making conscientious and reasonable budgetary decisions (see the additional expenditure requirements, including 'demography', in part 3 of the report).
7. Each service has the right to submit a request for resources if it considers that additional funding is required to ensure that services continue. The sums seen under the "service pressures" heading is recognition that the Council provides sufficient funding to ensure that our financial arrangements do not have a detrimental impact on the level of services provided. Full details are given in Appendix 2 and it can be seen that a substantial part (£1,786,350) of the total sum of permanent revenue bids (£3,060,030) is going to social care, and the majority of the remainder (£1,139,640) will go towards school pupils' special needs.

Here is a presentation on Equality Impact Assessments by the specialist Policy and Equality Officer, together with her observations, specifically about the effect of the savings (she has not commented on other positive aspects of the budget mentioned above, such as care 'bids').

### **What is an equality impact assessment?**

It is very important that consideration be given to people regarding the nine equality characteristics that are protected under the Equality Act 2010 when making decisions about savings. The nine characteristics are as follows - age, sex, religion or belief, sexual orientation, disability, gender reassignment, pregnancy and maternity, and marriage and civil partnership. Many of these characteristics are common for all people of Gwynedd, e.g. all of our residents have an age and race. The others are characteristics that affect a percentage of the people of Gwynedd, but it is important to bear in mind that people who have a relationship with the individual are also protected, e.g. family, friends, carers (in the case of disability), etc. Without considering the impact on these characteristics, it is not possible for us to ensure that the people of Gwynedd are treated fairly.

The Act also places a general duty on us as a Council to give due attention to the need to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act
2. Promote equal opportunities between people that share a relevant protected characteristic and those who do not.
3. Foster good relationships between people who share a protected characteristic and those who do not.

It should be noted that the general duty is only relevant for eight of the nine characteristics (it does not include marriage and civil partnership).

Welsh Government has placed further duties on public organisations in Wales, which are specific duties. One of these duties is to carry out an equality impact assessment when considering the introduction of a new policy or when making changes or cuts to a service. Sufficient evidence is required to consider whether the decision would have a disproportionate impact on people who share one or more protected characteristics. There is also a need to assess the impact of its ability to conform to the general duty. We are required to ensure that there is relevant evidence in order to understand the likely or real impact of policies, including the opinions of people who have protected characteristics.

### **How much emphasis should be given on an equality impact assessment?**

Having considered this, the decision makers must give due attention (i.e. appropriate weight) to the results of such assessments. This makes it a requirement to consider taking action to deal with any problems noted, such as dealing with negative impacts, where possible. The fact that an assessment shows an impact does not therefore prevent you from breaching a service level, but the Council must consider every possible way of preventing or mitigating any negative impacts.

### **Assessing the impact of the savings**

The Equality Impact Assessments are available by clicking the link next to the proposal on the table. You will notice that an equality impact assessment has not been completed for each proposal. Of course, each service, when preparing to submit its proposals, had a responsibility to look at whether there was an impact. If there is no impact on people with protected characteristics, there is no need to complete an equality impact assessment. Sometimes, it would become clear that there was no impact when completing the assessment, and these assessments have been submitted as summaries. Although the Equality and Policies Officer has given an input,

it was the responsibility of the Department to determine whether an equality impact assessment was required. A summary is also available in the table but it is extremely important that everyone reads the full assessments in order to obtain the full picture of the impacts on different cohorts of people.

### **Results of the Equality Impact Assessments**

By looking at the equality impact assessments, you will notice that the proposals have a greater impact on some protected characteristics than others. The cumulative impact on people in such a situation should always be considered. Some of the assessments show that the greatest impact is on disabled people, older people and children, be that negative or positive. Bearing in mind that people who have a relationship with a person with protected characteristics are also protected, the impact on carers and parents should therefore also be noted. Having said that, it must be borne in mind that the Council has considered a large amount of other savings and has attempted to select those with the least impact on the overall population in addition to people with protected characteristics. The assessments also show the measures that will be taken, if possible, to mitigate any negative impact highlighted.

Another factor for consideration is poverty. Although it is not a protected characteristic, statistics show that people with some equality characteristics are more likely to be poor than the rest of society. This includes families of disabled people, some people from ethnic minorities and families with children. Some of the proposals will have a detrimental impact on some of these people.

Location must also be considered when looking at the impact. Some of the proposals impact specific areas, but no clear cumulative impact has currently been identified. This will need to be assessed further when developing the assessments as the proposals mature.

It is also important to consider the impact these savings will have on staff members. Some staff members will lose their jobs or will have to change their job. As approximately 70% of the Council's workforce are women, it is unavoidable that these savings will have a greater impact on women.

## **APPENDIX 10**

### **WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015**

1. The work of planning and preparing the recommendations has taken place within the context of the Act's requirements. Although the recommendations are derived from a difficult financial position, the Council has acted on the basis of the principle of acting in a way that addresses the statutory duty in Section 3 to undertake sustainable development and achieve the Council's Wellbeing Objectives. This is addressed by identifying and evaluating options for savings, but also in decisions and choices from the perspective of supporting investment in services.
2. Main conclusions for the 2019/20 budget regarding the 7 well-being goals:
  - Prosperous – Neutral
  - Resilient - Positive (prudential long-term approach to funding services)
  - Healthier – Positive (funding Dementia Units, and other 'Care' requirements)
  - More Equal - Positive (taxing in order to fund 'welfare' services)
  - Cohesive Communities – Neutral
  - Culture and Language – Positive (by funding bilingual services)
  - Globally Responsible – Neutral
3. This budget reflects the following five ways of working that the Council is required to consider when applying sustainable development.
  - Looking to the long term - The budget plans for the future, identifying future needs and demand for services, taking a strategic approach to ensure services are sustainable.
  - Taking an integrated approach - The budget proposals encourage ways of working with partners, where that's more sustainable.
  - Involving the population in decisions – Part of the budget process and savings strategy included engagement with residents, customers and partners.
  - Working in a collaborative way – Where better services can be provided by collaboration, the budget process and savings strategy encourages this.
  - Understanding issues and preventing them – The budget process facilitates an understanding of the financial position, so that issues can be tackled at the source. Also, the public consultation and the 2 series of Members' Workshops have aided an understanding of the financial savings strategy.
4. Regarding specific financial savings schemes, as part of the corporate and departmental savings regime, where appropriate there was a specific wellbeing assessment for each individual scheme, and consideration thereof in the workshops organised to scrutinise them and to prioritise savings to be implemented.
5. Generally, coupled with the Council's Plan and Wellbeing Objectives, this budget supports the Council to realise strategic objectives.



# **Gwynedd Council's Financial Strategy public consultation results**

**January 2019**

**[www.gwynedd.llyw.cymru/financialstrategy](http://www.gwynedd.llyw.cymru/financialstrategy)**

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• <b>Appendix B:</b> Comments on specific proposals by all of the respondents	<b>34</b>
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• <b>Appendix Ch:</b> Comments by businesses / organisations	<b>45</b>
• <b>Appendix D:</b> Arthog Community Council correspondence	<b>51</b>

## 1. Background

1.1 The financial situation facing Gwynedd Council over the years to come is going to be more challenging than ever.

1.2 In 2019/20 alone, the Council is facing a financial deficit of **£13 million**. This is due to:

	£m
Inflation	9.5
More children and older people needing help	3.0
Further reductions in Government funding	0.5
<b>Total</b>	<b>13.0</b>

1.3 As Gwynedd has been cutting back on expenditure for more than a decade, the Council is now reaching a situation where deep cuts are inevitable. In order to cope with this challenging situation, the Council's departments have been looking for ways to reduce their spending and ways to generate additional income.

1.4 Gwynedd Council has already asked the views of the people of Gwynedd about which local services are important to them in the **'Which services are important to you?'** survey that took place in **September – November 2018**.

1.5 The results from the **'Which services are important to you?'** survey clearly shows that the services the Council provides are either important or very important to the people of Gwynedd or to a specific group or community within the county. In response to what the people of Gwynedd have already said, the Council intends to:

- **protect front line services** by saving a further £2 million in expenditure on central and "back office" services and by finding new ways of providing services that won't effect the public;
- **protect Care and Education** (the two areas responsible for almost 2/3 of the Council's expenditure) specifically by not asking schools to contribute to the further savings needed in 2019/20 and by limiting the contribution of these two service areas to efficiency savings or savings that will only have a marginal effect;
- **protect the Public Transport budget** as this is a priority for various groups that have protected characteristics (people under 25 years old, people over 65 years old and disabled people in particular);
- **limit the cuts that effect the Business Sector** to an absolute minimum.

1.6 The Council has already been planning some savings over recent years, and by pursuing further grants it is possible to reduce the gap from **£13 million** to **£6.8 million**.

1.7 The Council has also identified opportunities to reduce its back office costs even further and is hopeful that there is room to implement further savings of **£2 million**.

1.8 There are two options left for the Council to meet the remaining **£4.8 million** gap for 2019/20 – **further savings** and/or **increasing the Council Tax**:

- **Further savings** – the Council is of the opinion that it can deliver further savings that would produce £1 million in 2019/20.
- **Increasing the Council Tax** – delivering the £1 million of savings through the proposals outlined would leave the Council with £3.8 million to raise from Council Tax. This would mean a **5.5%** increase in Council Tax.

1.9 The purpose of the **Gwynedd Council Financial Strategy** consultation was:

- to explain the financial situation that's facing the Council to the people and organisations of Gwynedd;
- present the two options available to the Council – achieving further savings and/or increasing the Council Tax;
- offer the opportunity for the people and organisations of Gwynedd to have their say on the 65 proposals considered by the Council;
- provide appropriate opportunities for individuals, community groups, interest groups and organisations to note any possible effects on one of the protected characteristics groups.

1.10 As an introduction to the questionnaire it was explained that:

- the Council faces a challenging financial situation over the coming years;
- the results from the consultation will be presented to Gwynedd councillors as information that will be useful in considering how best to allocate the inadequate amounts of money available to fund local services between 2019/20 and 2022/23;
- it's the responsibility of Gwynedd councillors to weigh up all the information and evidence they will receive.

## 2. Conducting the survey

2.1 The survey was undertaken over **4 weeks** between 4 – 31 January, 2019.

2.2 There was an opportunity for residents and organisations to participate **in two ways**:

- i) Complete the questionnaire '**Gwynedd Council Financial Strategy**' in one of two ways:
  - Online via the website **www.gwynedd.llyw.cymru/financialstrategy**;
  - A **paper booklet and questionnaire** available through Siop Gwynedd, the Council's libraries and leisure centres.
- ii) Send in a letter or an email with any feedback or comments.

2.3 A wide range of methods were used to promote and raise awareness of the opportunities to participate in the survey, including:

- publishing a series of **press releases**, which were used as a basis for articles in the local and regional newspapers (Daily Post, Cambrian News, North Wales Chronicle)
- a proactive campaign on **social media** which included a regular series of messages and video clips that were promoted through the Council's **Twitter, Facebook** and **Instagram** accounts and through a number of partners;
- circulating details of the survey to Community Councils;
- circulating details of the survey to a number of bodies to share with their members, including members of the:
  - **Gwynedd Third Sector Liaison Group**;
  - **Gwynedd and Anglesey Public Service Board**;
  - **Gwynedd Business Network**;
  - **Eryri and Meirionnydd Young Farmers**;
  - **Bangor University Students' Union**;
  - **Yr Urdd**;
  - **Age Cymru Gwynedd a Môn**;
  - **arts organisations**;
  - **environmental groups** etc;
- Contacting groups and organisations affected directly by one or more of the 65 proposals.

### 3. Overview of the survey respondents

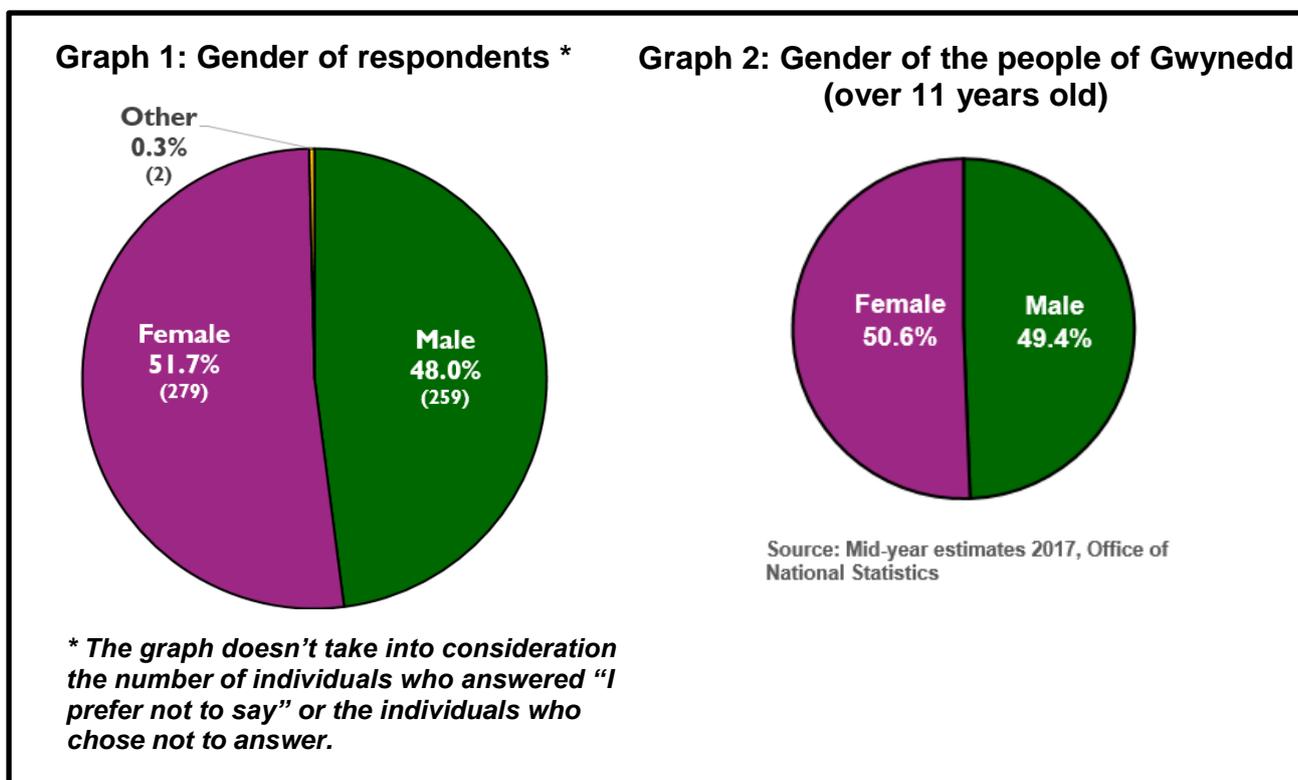
3.1 Over the engagement period **588** people from Gwynedd and **21** local businesses / organisations took the opportunity to complete the survey.

#### 3.2 Gender

3.2.1 Of the individuals who responded:

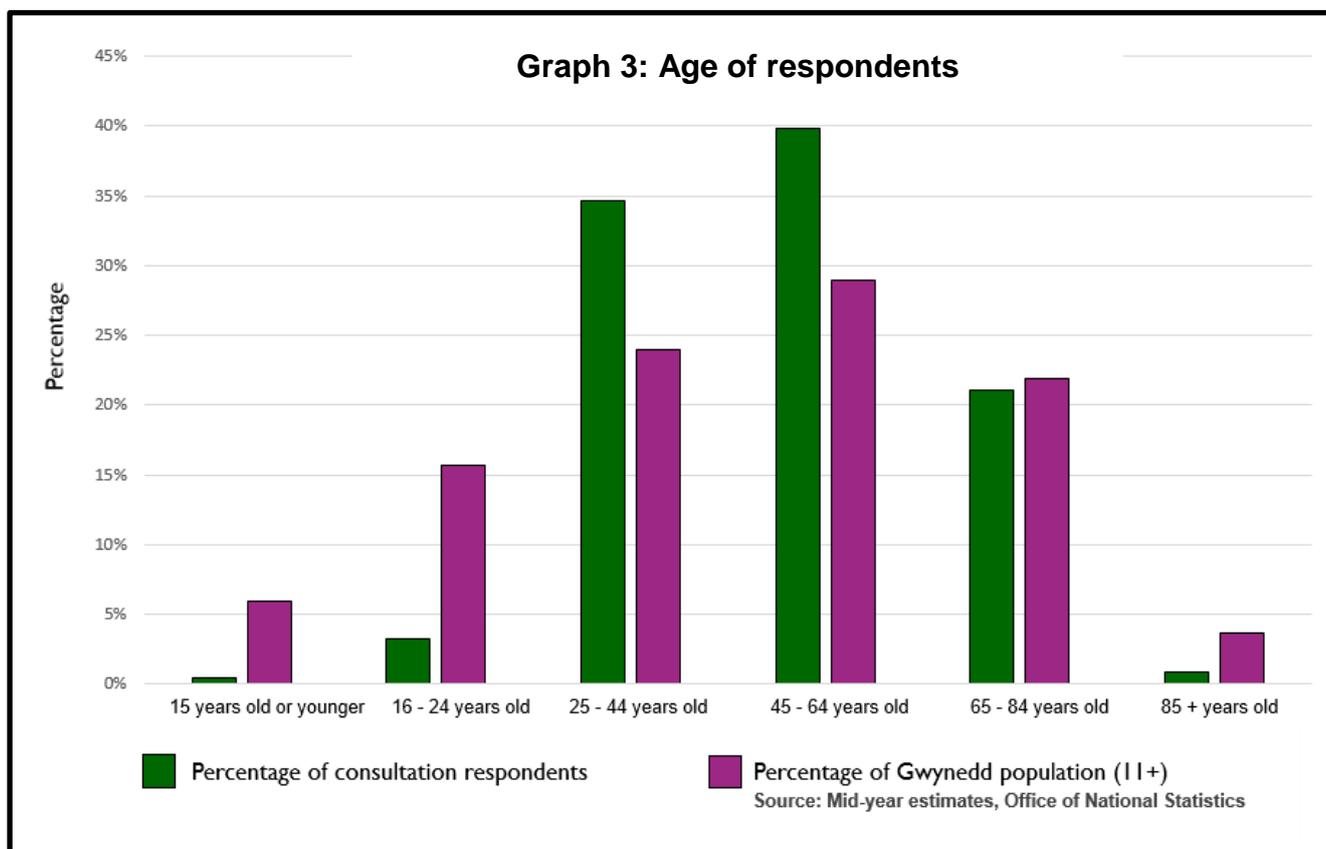
- **279** were **women**;
- **259** were **men**;
- **2** noted '**Other**';

3.2.2 In addition to this, **48** individuals stated that they **preferred not to say** or **chose not to answer**.



### 3.3 Age

3.3.1 The graph below shows the number and percentage of respondents according to age Group. **33** people chose **not to answer the question**.



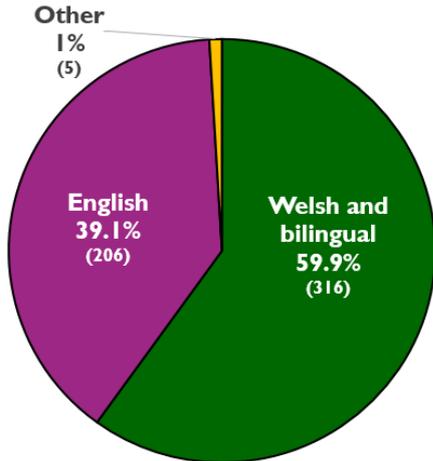
### 3.4 Language

3.4.1 Of the individuals who responded:

- **310** (52.7%) noted that **Welsh** was their first language;
- **206** (35.0%) noted that **English** was their first language;
- **6** (1.0%) noted that they were **bilingual in Welsh and English**;
- **5** (0.9%) noted their first language as **'Other'**;
- **61** (10.4%) individuals stated that they **preferred not to say / didn't answer the question**.

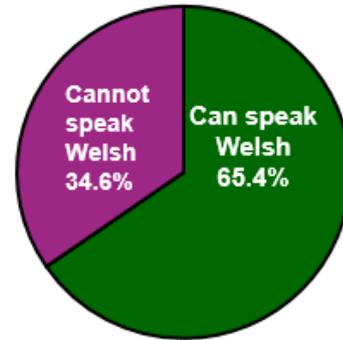
3.4.2 The following graphs show the number and percentage of respondents according to their first language and the percentage of the linguistic background of Gwynedd's residents.

**Graph 4: Respondents first language\***



\* The graph doesn't take into consideration the number of individuals who answered "I prefer not to say" or the individuals who chose not to answer.

**Graph 5: The percentage of Gwynedd population over the age of 3 years old that noted that they can speak Welsh**

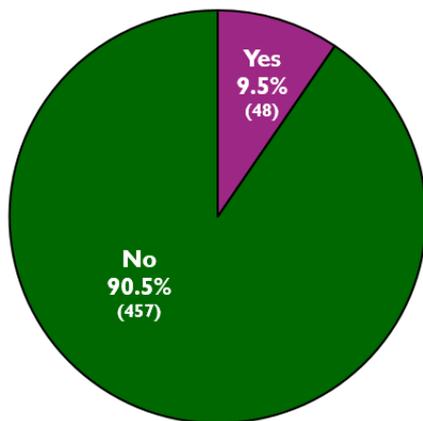


Source: Census 2011

### 3.5 Disability

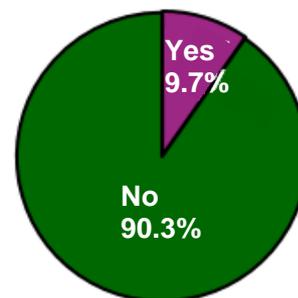
3.5.1 themselves as disabled. **83** individuals decided not to answer this question or chose 'I prefer not to say'. Even though it's not possible to make a direct comparison, **graph 7** indicates that **9.7%** of Gwynedd residents have noted that they have a condition that "severely limits their day to day activities". This compares to the **9.5%** of respondents that noted in the consultation that they consider themselves as disabled.

**Graph 6: Number of respondents that considered themselves as disabled**



\* The graph doesn't take into consideration the number of individuals who answered "I prefer not to say" or the individuals who chose not to answer.

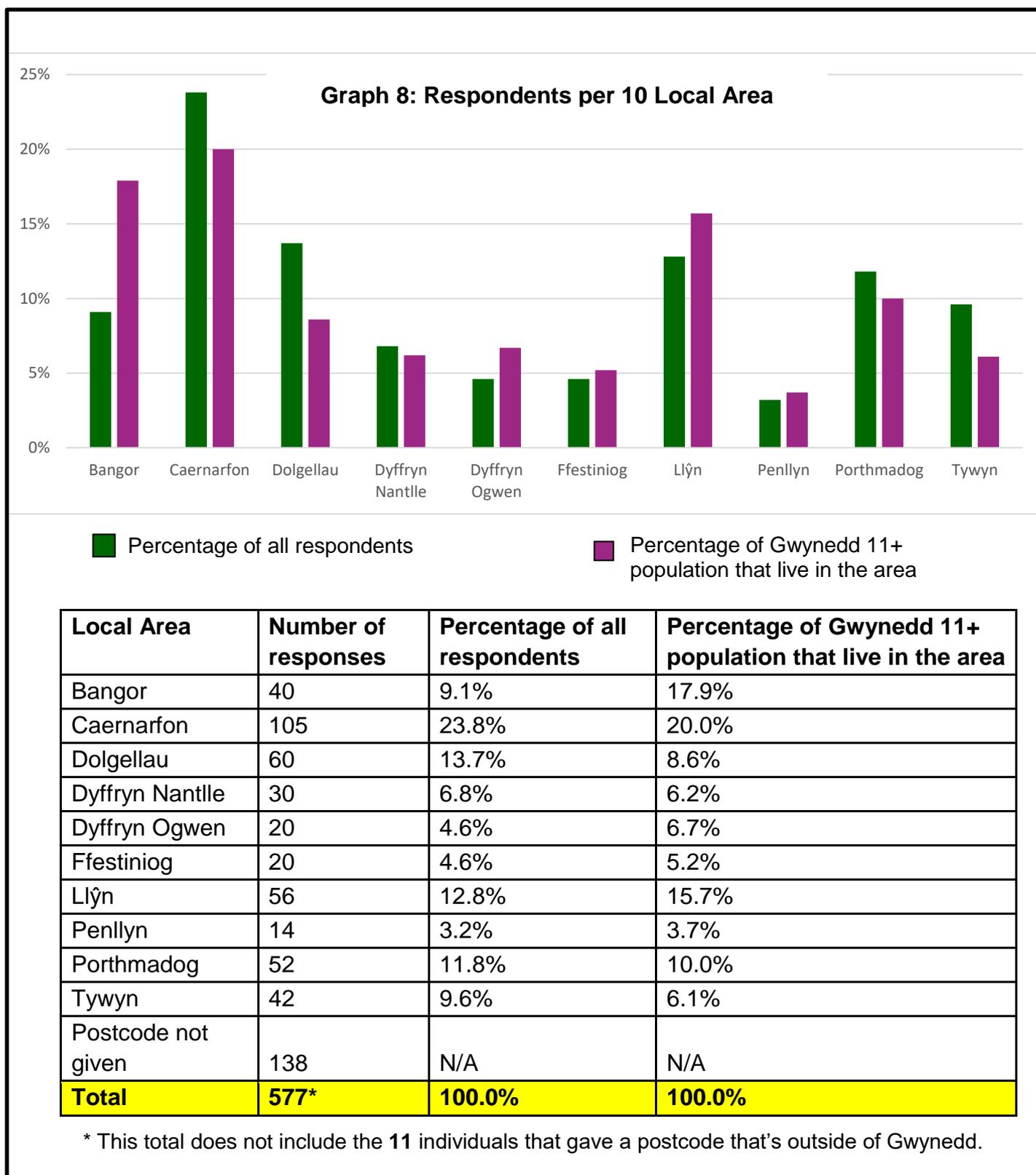
**Graph 7: Percentage Gwynedd residents that stated that they had a condition that "severely limits their day to day activities"**



Source: Census 2011

### 3.6 Local Area

3.6.1 The following table and graph shows the number and percentage of respondents per local area. **138** individuals chose not to give their postcode and **11** individuals noted a postcode outside of Gwynedd.



## 4. Methodology used to analyse the results

### 4.1 Council Tax question

4.2 The respondents who had chosen the option “*Gwynedd Council **should increase the Council Tax by more than 5.5% for 2019/20** in order to reduce the need to deliver the 65 proposals listed in Table 1*” were encouraged to note which proposal/s they felt the Council **should not** implement.

4.3 There was an opportunity for the respondents that chose the following options to note any comments on the financial strategy or to note any possible effects on one or more of the equality characteristics groups:

- “*I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that **increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance** between the need to protect services and the Council Tax level*”
- “*Gwynedd Council **should increase the Council Tax by less than 5.5% for 2019/20** and **implement more cuts to Services** than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me*”
- “*I do not wish to express an opinion on the Council Tax but wish to comment on the proposals listed in Table 1*”

## 5. Main messages

- 5.1 Around half (48.6%) of the respondents felt that the Council should increase the Council Tax by **less than 5.5%** for 2019/20 **and implement more cuts to services** than the 65 proposals listed, whilst accepting that this could mean a reduction in the services that are most important to them (see page 13).
- 5.2 The other half (51.4%) were either in favour of the Cabinet's option to increase the Council Tax by 5.5% (34.3% respondents supported this), or the option to increase the Council Tax by more than this in order to reduce the number of savings (see page 13).
- 5.3 A small minority (17.1%) felt that the Council should increase the Council Tax by **more than 5.5%** for 2019/20 in order to **reduce the need to deliver the 65 proposals** presented to them. None of the proposals particularly stood out as ones to protect by this group of respondents with 43 of the 65 proposals receiving between 1 and 11 comments. None of the proposals received more than 11 comments (see page 13).
- 5.4 A higher percentage of disabled respondents (30%) noted that Gwynedd Council should increase the Council Tax by **more than 5.5%**, compared to the results as a whole sample. Please note that only 48 disabled people answered the consultation.
- 5.5 149 specific comments regarding the proposals were received by 79 individuals that wished to increase the Council Tax **by more than 5.5%**. See Appendix A (page 22)
- 5.6 There was an opportunity at the end of the questionnaire for each respondent to provide comments. The comments referring to specific proposals can be found in Appendix B (page 35) and the general comments found in Appendix C (page 41).

## 6. Overall survey results

6.1 **Graph 9 shows the results for the Council Tax question. 461** individuals chose to give an opinion on the Council Tax.

6.2 **Graph 10** shows the proposals that the respondents that chose “*Gwynedd Council should increase the Council Tax by more than 5.5% for 2019/20 in order to reduce the need to deliver the 65 proposals listed in Table 1*” feel that the Council **should not** implement and are listed in popularity order. The table also notes any comments and possible effect on one or more of the equality characteristics groups. The full comments can be found in **Appendix A**.

6.3 There was an opportunity for each respondent to give further comments on the Financial Strategy and note any possible effect on one or more of the equality feature groups, protected under the Equality Act 2010:

- disabled people;
- people of different ages;
- people of different genders;
- people of any different race;
- people with / without a religious belief;
- people with any sexual orientation;
- people who are transsexual;
- pregnant women / maternity.

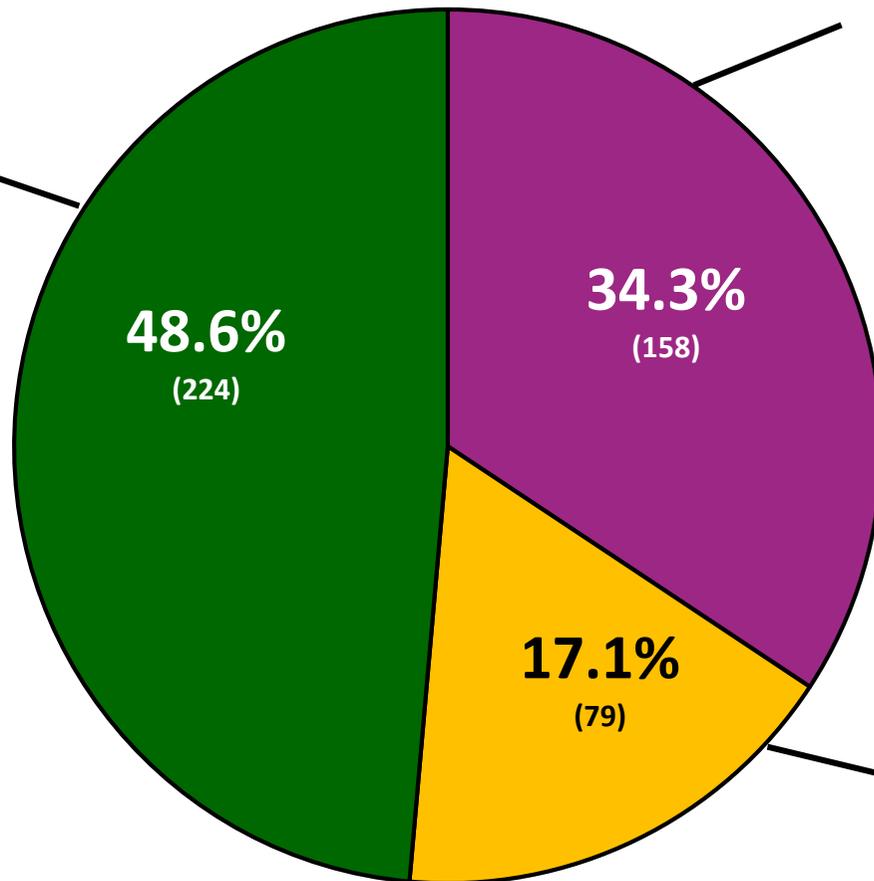
6.4 **134** comments were received on **specific proposals** and **248 general comments** on the Financial Strategy.

6.5 Any **specific proposal** that's received comments can be found in popularity order in **Appendix B**. It's important to note that these comments don't necessarily support the proposal, they vary in comments that support, oppose the proposals and neutral comments.

6.6 The **general comments** have been categorised into themes and any theme that's received 5 comments or more can be found in **graph 12**. To see the general comments in full go to **Appendix C**.

Graph 9: Council Tax question results\*

“Gwynedd Council **should increase the Council Tax by less than 5.5% for 2019/20 and implement more cuts to services** than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me”

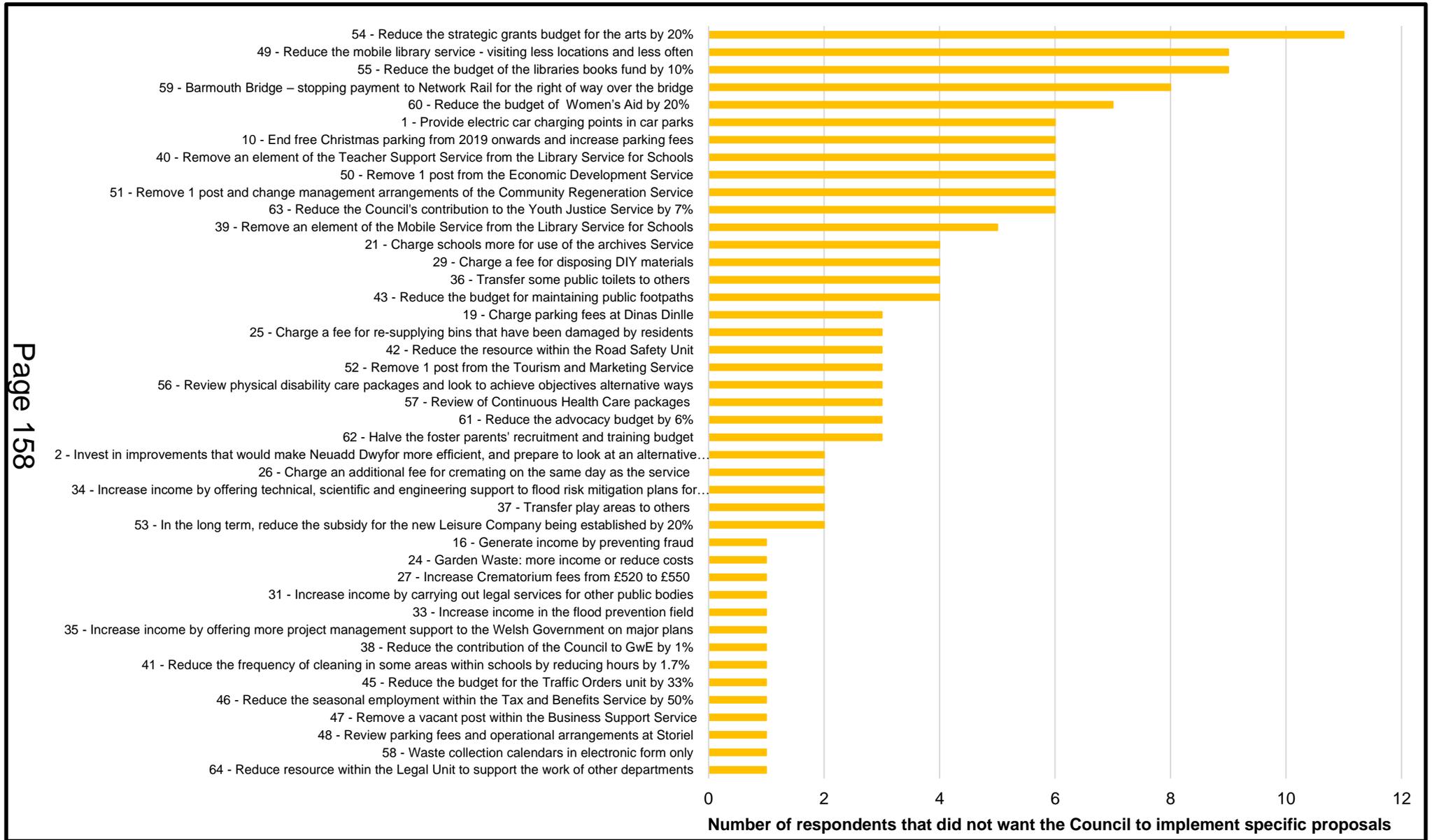


“I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that **increasing the Council Tax by 5.5% for 2019/20 strikes and appropriate balance** between the need to protect services and the Council Tax level”

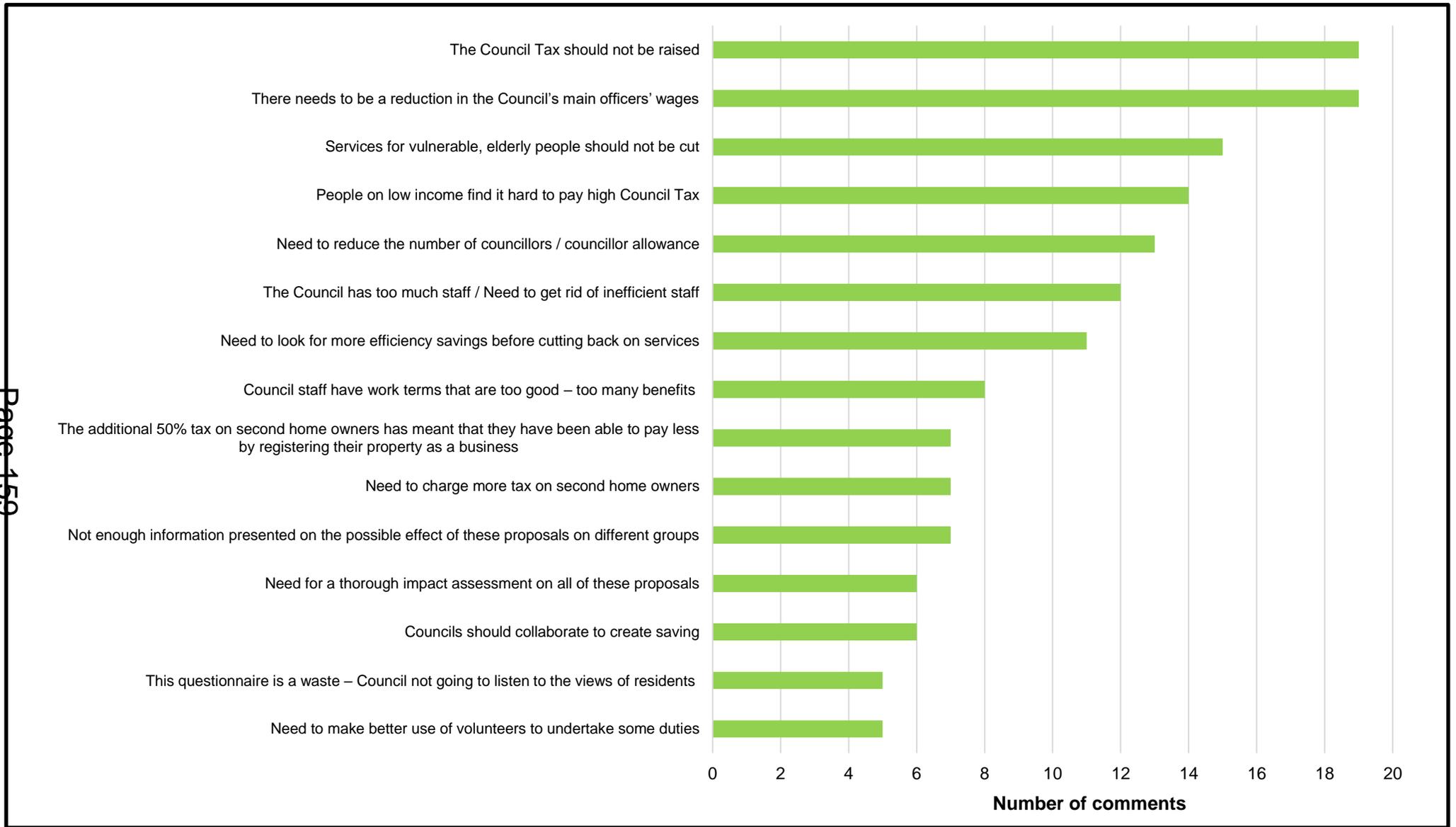
“Gwynedd Council **should increase the Council Tax by more than 5.5% for 2019/20** in order to reduce the need to deliver the 65 proposals listed in Table 1”

\* 127 of the respondents chose “I do not wish to express an opinion on the Council Tax but wish to comment on the proposals listed in Table 1” or did not answer the question.

**Graph 10: Number of respondents that did not want the Council to implement specific proposals\***



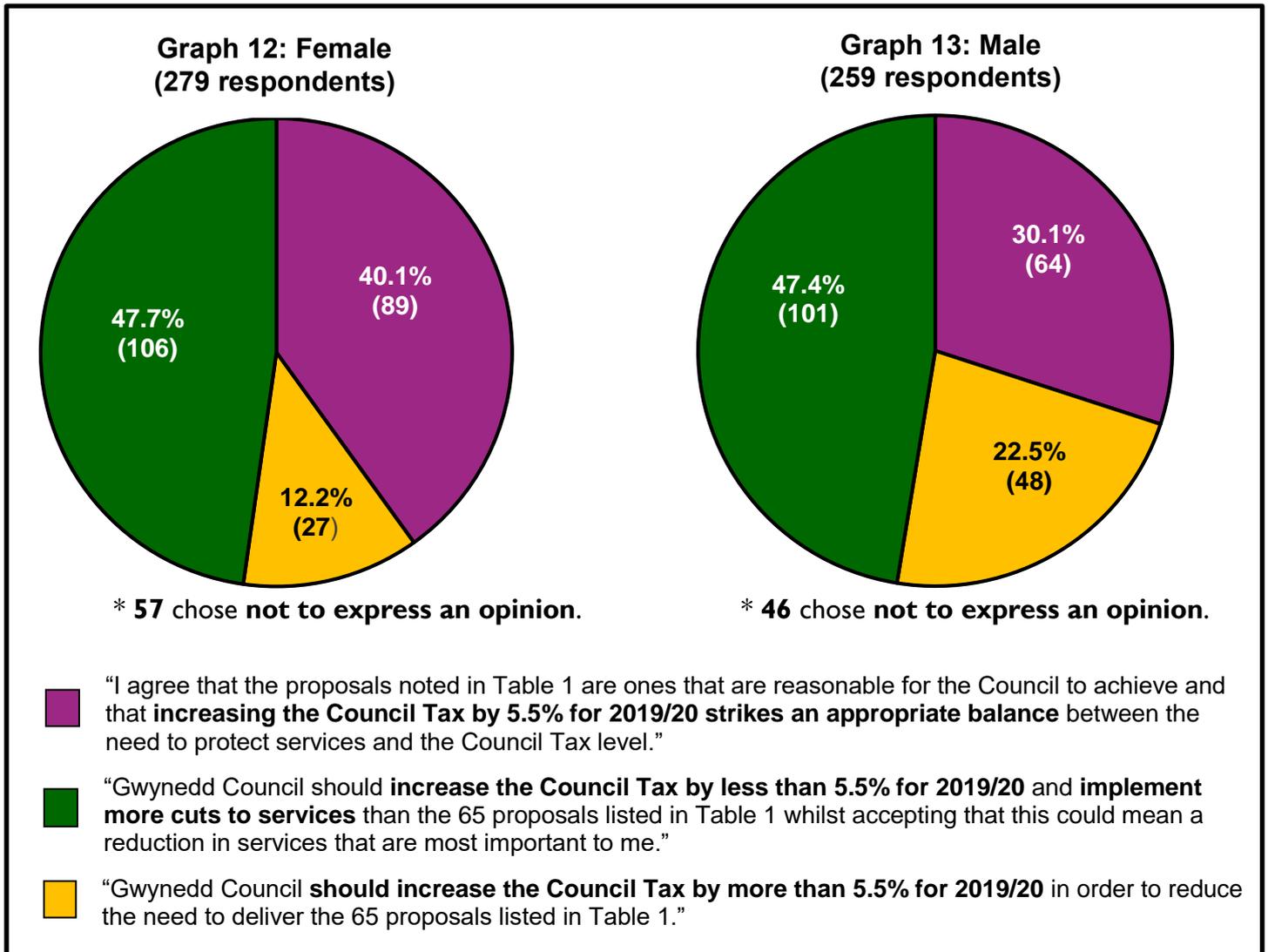
**Graph 11: The general comments where 5 or more respondents have made the comment**



## 7. Council Tax question: Comparison of results for different groups (age, gender etc).

### 7.1 Results based on gender

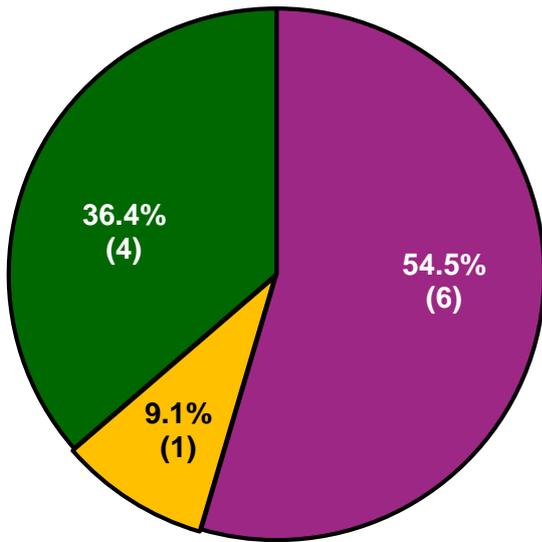
7.1.1 **Graph 12** and **graph 13** show the results for the Council Tax question based on gender. A higher percentage of men (22.5%) noted that the Council should increase the Council Tax by more than 5.5% in order to reduce the number of proposals, compared to the number of women (12.2%).



### 7.2 Results based on age

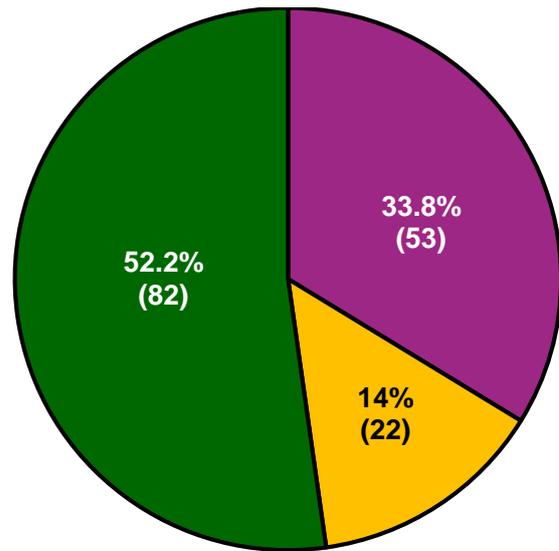
7.2.1 **Graphs 14-17** show the results based on age group. Even though a higher percentage of young people have noted that **increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance**, it's important to note that only 20 individuals under the age of 25 participated in the survey.

**Graph 14: Under 25 years old respondents  
(20 respondents)**



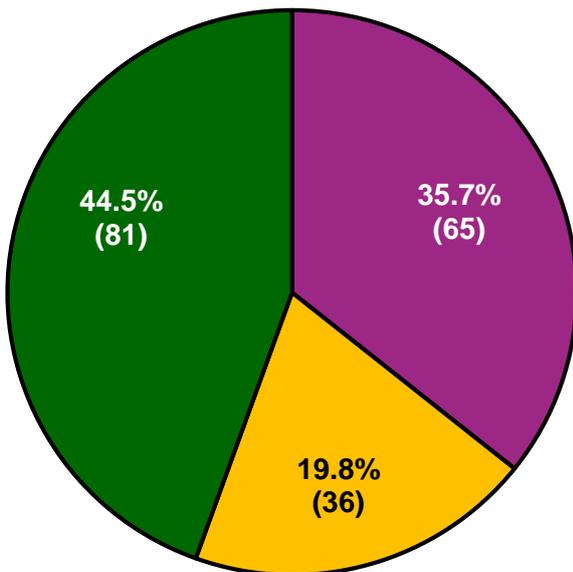
\* 9 chose not to express an opinion

**Graph 15: 25-44 years old respondents  
(192 respondents)**



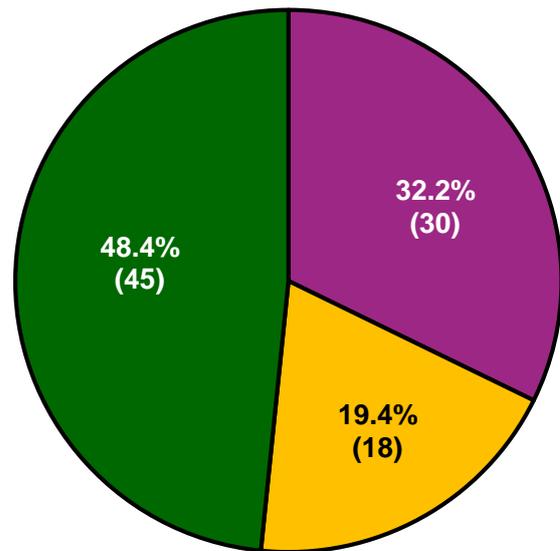
\* 35 chose not to express an opinion

**Graph 16: 45-64 years old respondents  
(221 respondents)**



\* 39 chose not to express an opinion

**Graph 17: 65+ years old respondents  
(122 respondents)**



\* 29 chose not to express an opinion

"I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that **increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance** between the need to protect services and the Council Tax level."

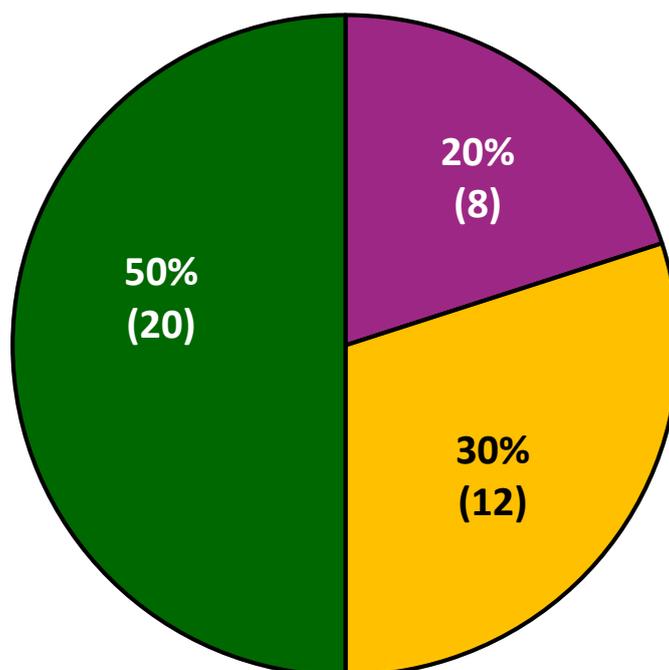
"Gwynedd Council should **increase the Council Tax by less than 5.5% for 2019/20 and implement more cuts to services** than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me."

"Gwynedd Council **should increase the Council Tax by more than 5.5% for 2019/20** in order to reduce the need to deliver the 65 proposals listed in Table 1."

### 7.3 Disabled respondents results

7.3.1 **Graph 18** shows the results for the respondents that noted they were disabled. Despite the sample being small, a higher percentage of disabled people (30%) noted that Gwynedd Council should **increase the Council Tax by more than 5.5%** compared to the responses as a whole.

**Graph 18: Respondents that considers themselves disabled  
(48 respondents)**



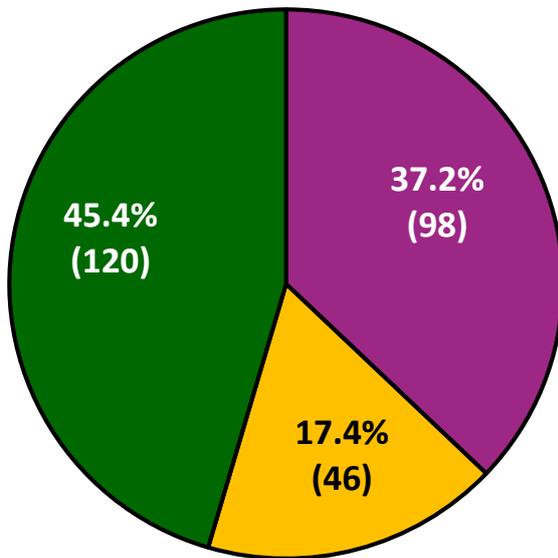
\* 8 chose not to express an opinion.

-  "I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that **increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance** between the need to protect services and the Council Tax level."
-  "Gwynedd Council should **increase the Council Tax by less than 5.5% for 2019/20** and **implement more cuts to services** than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me."
-  "Gwynedd Council **should increase the Council Tax by more than 5.5% for 2019/20** in order to reduce the need to deliver the 65 proposals listed in Table 1."

### 7.4 Results based on first language

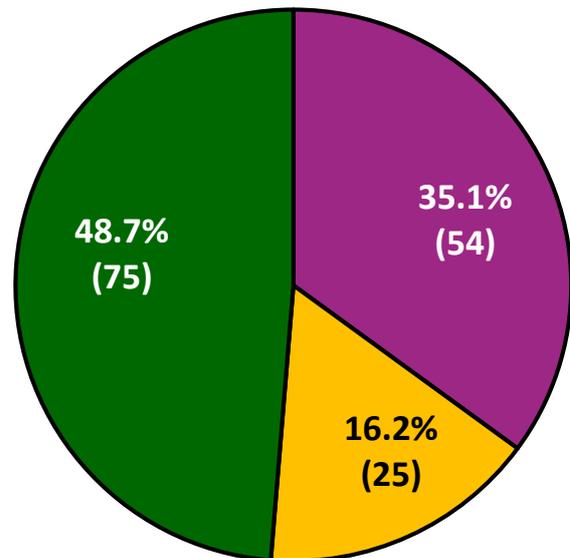
7.4.1 **Graph 19 and graph 20** shows the results based on first language. There weren't any significant differences between the respondents that noted Welsh / bilingual as their first language and those who noted English as their first language.

**Graph 19: Welsh / bilingual first language (316 respondents)**



\* 52 chose not to express an opinion.

**Graph 20: English first language (206 respondents)**



\* 52 chose not to express an opinion.

- "I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that **increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance** between the need to protect services and the Council Tax level."
- "Gwynedd Council should **increase the Council Tax by less than 5.5% for 2019/20** and **implement more cuts to services** than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me."
- "Gwynedd Council **should increase the Council Tax by more than 5.5% for 2019/20** in order to reduce the need to deliver the 65 proposals listed in Table 1."

## 7.5 Results per 10 Local Areas

7.5.1 **Table 1** shows the results per 10 Local Area.

**Table 1: Results per 10 Local Area**

Tick the statement that best reflects you opinion	Number of respondents as a whole	Bangor	Caernarfon	Dolgellau	Dyffryn Nantlle	Dyffryn Ogwen	Ffestiniog	Llŷn	Penllyn	Porthmadog	Tywyn
"I agree that the proposals noted in Table 1 are ones that are reasonable for the Council to achieve and that increasing the Council Tax by 5.5% for 2019/20 strikes an appropriate balance between the need to protect services and the Council Tax level."	158 (34.3%)	10 (32.3%)	31 (34.0%)	16 (33.3%)	11 (42.3%)	5 (27.8%)	8 (47.1%)	18 (38.3%)	4 (33.4%)	16 (38.1%)	15 (45.5%)
"Gwynedd Council should increase the Council Tax by more than 5.5% for 2019/20 in order to reduce the need to deliver the 65 proposals listed in Table 1."	79 (17.1%)	7 (22.6%)	16 (17.6%)	6 (12.5%)	4 (15.4%)	6 (33.3%)	4 (23.5%)	3 (6.4%)	4 (33.3%)	9 (19.0%)	6 (18.1%)
"Gwynedd Council should increase the Council Tax by less than 5.5% for 2019/20 and implementing more cuts to services than the 65 proposals listed in Table 1 whilst accepting that this could mean a reduction in services that are most important to me"	224 (48.6%)	14 (45.1%)	44 (48.4%)	26 (54.2%)	11 (42.3%)	7 (38.9%)	5 (29.4%)	26 (55.3%)	4 (33.3%)	18 (42.9%)	12 (36.4%)
	<b>461</b>	<b>31</b>	<b>91</b>	<b>48</b>	<b>26</b>	<b>18</b>	<b>17</b>	<b>47</b>	<b>12</b>	<b>42</b>	<b>33</b>
"I do not wish to express an opinion on the Council Tax but wish to comment on the proposals listed in Table 1"	127	9	14	12	4	2	3	9	2	10	9
<b>Total</b>	<b>588</b>	<b>40</b>	<b>105</b>	<b>60</b>	<b>30</b>	<b>20</b>	<b>20</b>	<b>56</b>	<b>14</b>	<b>52</b>	<b>42</b>

## 8 Organisation / business responses

8.1 **21** responses were received on behalf of an organisation or business.

8.2 We did not ask businesses / organisations to answer the question on Council Tax but there was an opportunity for them to comment on any of the 65 proposals by noting any effect on one or more of the equality feature groups protected under the Equality Act 2010.

8.3 The full list of names and comments made by different organisations / businesses can be found in **Appendix Ch** (page 45).

8.4 Correspondence by 1 community council was received (see **Appendix D** on page 51).

**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
54 - Reduce the strategic grants budget for the arts by 20%	11	<ul style="list-style-type: none"> <li>• The arts have received enough cuts already (4)</li> <li>• Reducing the Strategic Grants would have an adverse future effect on the range of Arts within the county.</li> <li>• The cultural loss would be far greater than the minute sum of money saved.</li> <li>• Budget should not be cut</li> <li>• Small, local enterprises will suffer – the ones that try to include everybody such as Cofis Bach and Dawns i Bawb.</li> <li>• Strategic grants are important to sustain art organisations.</li> <li>• Investing in the arts is an investment to the future.</li> <li>• The arts is an important sector in Gwynedd and is one that employs young people that would otherwise move away from their local community (2)</li> <li>• The funding by the Council brings in additional finance and grants into the area.</li> <li>• Everybody should have the right to try art events and it would be hard, even impossible to do so without finance from the Council.</li> <li>• The arts in Gwynedd does fantastic work for children and young people’s wellbeing (2)</li> <li>• The fact that there’s demand for the work of the theatre companies based in Gwynedd proves the special work done by those companies – and this raises the profile of the county across the whole of Wales.</li> <li>• I have further extensive concerns about this proposal</li> </ul>	<ul style="list-style-type: none"> <li>• Disabled people</li> <li>• Young people</li> <li>• All of the equality groups</li> </ul>

**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
49 - Reduce the mobile library service - visiting less locations and less often	9	<ul style="list-style-type: none"> <li>• You should only reduce the frequency of the service and not change the locations that the mobile library visits.</li> <li>• This service is vital for older people to socialise, reduce loneliness which in turn prevents costs to the Health Service (3)</li> <li>• It shouldn't be cut if it's well used.</li> <li>• Negative impact on users is much greater than worth of saving.</li> <li>• Books help people with their mental health.</li> <li>• By reading, children learn.</li> <li>• Reducing this service would contribute towards another step in reducing the quality of life in rural areas – no public transport to reach libraries (2)</li> </ul>	<ul style="list-style-type: none"> <li>• Older people</li> <li>• Disabled people</li> <li>• There would be an effect on each equality group</li> </ul>
55 - Reduce the budget of the libraries books fund by 10%	9	<ul style="list-style-type: none"> <li>• An educated population will lead to economic growth</li> <li>• The libraries should not be run by volunteers – it's a profession</li> <li>• The arts have received enough cuts already</li> <li>• Another cut to this service would be unfair and unjustifiable</li> <li>• You should ensure a wide collection of current books especially for young children.</li> <li>• I rely on the library for books to help me learn and gain skills.</li> <li>• Reducing the variety of books available would have a negative effect – less use in the long run.</li> <li>• The Council should ensure expenditure on books that correspond to the National Library Standards that defines the local authority's statutory obligation to provide a comprehensive and effective service.</li> <li>• The standards of the service has already deteriorated and it would be sad to see it deteriorate further, the cuts have already been substantial.</li> </ul>	<ul style="list-style-type: none"> <li>• Children – less educational opportunities</li> <li>• Disabled people – no access to information</li> <li>• It would have an effect on every equality group</li> <li>• Disabled people, children and older people especially those in low income groups that can't by books of their own.</li> </ul>

**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>59 - Barmouth Bridge – stopping payment to Network Rail for the right of way over the bridge.</b>	8	<ul style="list-style-type: none"> <li>• Is there a way to introduce a toll rather than risk the Bridge closing.</li> <li>• The value of this is more than the value of the saving.</li> <li>• Less tourists will visit the area. (4)</li> <li>• Effect on the costal path and National Cycling path. (2)</li> <li>• It's irresponsible of the Council to depend on National Rail to keep the path open if a cut is made in the service.</li> </ul>	<ul style="list-style-type: none"> <li>• Disabled people</li> <li>• Older people</li> <li>• Children</li> </ul>
<b>60 - Reduce the budget of Women's Aid by 20%</b>	7	<ul style="list-style-type: none"> <li>• Such an important service for children with difficult childhoods should not be cut.</li> <li>• Has there been any discussions with the organisation to see what effect this would have?</li> <li>• The service is priceless – helps with domestic abuse against children, reduces the burden on the health and police service.</li> <li>• This service truly saves lives.</li> <li>• Not the time to cut this service as domestic violence is on the rise.</li> <li>• I know of the benefits Women's Aid gives</li> <li>• A cruel and callous service cut</li> </ul>	<ul style="list-style-type: none"> <li>• Pregnant women</li> <li>• New mothers</li> <li>• Disabled people • People of any race, gender, age</li> <li>• Effects women, children and some religions</li> </ul>
<b>1 - Provide electric car charging points in car parks</b>	6	<ul style="list-style-type: none"> <li>• Not enough electric cars in use yet – you should wait to see what the need will be further on. (2)</li> <li>• Need to attract outside grants for this.</li> <li>• This shouldn't be the Councils' responsibility.</li> <li>• This scheme would only benefit those who have enough money to by electric cars</li> </ul>	
<b>10 – End free Christmas parking from 2019 onwards, increase parking fees and the number of pay and display carparks</b>	6	<ul style="list-style-type: none"> <li>• It helps support businesses over the winter months (4)</li> <li>• Parking fees are already too high for local residents.</li> <li>• These are three different plans and should be considered separately.</li> </ul>	

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Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>40 - Remove an element of the Teacher Support Service from the Library Service for Schools</b>	6	<ul style="list-style-type: none"> <li>• This service is important to educate children.</li> <li>• Negative effect on children’s literacy.</li> <li>• Negative effect on disadvantaged children.</li> <li>• The value of this service is worth much more valuable to schools than the value of the saving.</li> <li>• Books help people with their mental health</li> <li>• Twofold cuts to schools</li> </ul>	<ul style="list-style-type: none"> <li>• Effect on children</li> <li>• It would effect every equality feature group</li> </ul>
<b>50 - Remove 1 post from the Economic Development Service (reduce staffing by 33%)</b>	6	<ul style="list-style-type: none"> <li>• This post does not need to be cut because the officer's costs can be added to external grant applications.</li> <li>• Negative effect on the county’s economy.</li> <li>• The post should not be removed – the local economy benefits from it (2)</li> <li>• Save the post but stop spending on Llanbedr airport</li> <li>• The service is key to develop strategic projects.</li> </ul>	<ul style="list-style-type: none"> <li>• It would effect every equality feature group</li> </ul>
<b>51 - Remove 1 post and change the management arrangements of the Community Regeneration Service (a 20% reduction)</b>	6	<ul style="list-style-type: none"> <li>• An alternative way of keeping this post should be looked at through discussions with Mantell Gwynedd.</li> <li>• In this uncertain period with Brexit it would be very difficult to remove this post as it is essential to develop community groups and connects the different Council departments to work together which would ultimately reduce costs to the Council.</li> <li>• Negative effect on the county’s economy</li> <li>• A crew that can be relied upon to give support regardless of the challenge and contribute to the local economy by attracting grants that in turn are spent locally.</li> <li>• Getting rid of this post makes no sense if the Council expects communities to take greater responsibilities in providing services within the communities (2)</li> </ul>	<ul style="list-style-type: none"> <li>• Less support for communities / volunteers</li> </ul>

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Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>63 - Reduce the Council's contribution to the Youth Justice Service by 7%.</b>	6	<ul style="list-style-type: none"> <li>You should look at ways to avoid getting children in to the youth justice system in the first place - this would save money in the long term.</li> <li>You should protect this service to support vulnerable young people (2)</li> <li>Reducing the contact hours and less community projects are concerning – vulnerable you people suffer.</li> <li>By reducing the budget more children will re-offend – therefore additional costs in the long run for the police, health and education services.</li> <li>A cruel and callous service cut</li> </ul>	<ul style="list-style-type: none"> <li>It would have an effect on every equality group</li> <li>Children and young people</li> </ul>
<b>39 - Remove an element of the Mobile Service from the Library Service for Schools</b>	5	<ul style="list-style-type: none"> <li>This service is important for children's education.</li> <li>Negative effect on children's literacy.</li> <li>Negative effect on disadvantaged children.</li> <li>An agreement is in place to keep this service until March 2020.</li> <li>Visiting the mobile library is an opportunity that some wouldn't receive otherwise and it contributes towards the development and education of children.</li> </ul>	<ul style="list-style-type: none"> <li>Effect on children</li> <li>Disabled children</li> </ul>
<b>21 - Charge schools more for use of the archives service.</b>	4	<ul style="list-style-type: none"> <li>Agree with the cut but it should be implemented more effectively.</li> <li>School budgets should not be cut.</li> <li>It's a small saving in financial terms but a huge loss for the schools and makes the service totally unsustainable. (2)</li> </ul>	<ul style="list-style-type: none"> <li>Effect on children in schools that don't have much to spend</li> </ul>
<b>29 - Charge a fee for disposing DIY materials (e.g. rubble at £3 per bag or £30 per trailer)</b>	4	<ul style="list-style-type: none"> <li>This will lead to 'fly tipping' and the Council spending more to clean up the mess. (4)</li> <li>Need to make sure that offenders are prosecuted and educated.</li> <li>Need to ensure that only the people of Gwynedd use the recycling centres.</li> <li>Hard to believe that the income would be greater than the cost of administrating.</li> <li>There should be a way of licensing traders to use these sites and generating income by doing so.</li> </ul>	<ul style="list-style-type: none"> <li>Effect on every equality group</li> <li>Generally, disabled people have less income therefore charging an extra fee would effect them financially.</li> </ul>

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Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>36 - Transfer some public toilets to others</b>	4	<ul style="list-style-type: none"> <li>• The tourism industry depends on public toilets (2)</li> <li>• Negative effect on children, older people and disabled people if they close.</li> <li>• Other bodies don't have the resources to take responsibility of public toilets.</li> </ul>	<ul style="list-style-type: none"> <li>• Effect on children / people with health problems who depend on the facilities.</li> <li>• It could mean putting children in nappies when they don't need to be in order to go out.</li> </ul>
<b>43 - Reduce the budget for maintaining public footpaths</b>	4	<ul style="list-style-type: none"> <li>• Risk of a legal challenge which would possibly be more than any saving made.</li> <li>• The public footpaths are already in a deplorable condition and the lack of signage is illegal.</li> <li>• Important to keep public areas tidy and clean.</li> <li>• Footpaths are essential for tourism.</li> </ul>	<ul style="list-style-type: none"> <li>• Not accessible to disabled people, children and women</li> </ul>
<b>19 - Charge parking fees at Dinas Dinlle.</b>	3	<ul style="list-style-type: none"> <li>• This punishes Gwynedd residents for using a local attraction. (2)</li> <li>• Ruin a popular attraction and in the long term will attract less visitors.</li> <li>• A risk that people to park on the road – dangerous.</li> <li>• It is registered as common land.</li> </ul>	<ul style="list-style-type: none"> <li>• Disabled people and older people less likely to visit because of parking costs</li> </ul>
<b>25 - Charge a fee for re-supplying bins that have been damaged by residents</b>	3	<ul style="list-style-type: none"> <li>• It will be very difficult to prove who damaged the bins (3)</li> <li>• Some would find it difficult to pay therefore recycling rates would decline.</li> </ul>	
<b>42 - Reduce the resource within the Road Safety Unit</b>	3	<ul style="list-style-type: none"> <li>• Negative effect on disadvantaged children.</li> <li>• The team is already small – couldn't cope with further cuts in resources.</li> <li>• A risk to children's safety as they cross the road.</li> </ul>	<ul style="list-style-type: none"> <li>• A particular effect on disabled children.</li> </ul>

## Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>52 - Remove 1 post from the Tourism and Marketing Service (reduce staffing by 25%)</b>	3	<ul style="list-style-type: none"> <li>Negative effect on the county's economy.</li> <li>Cutting back the service would be unwise, especially in the uncertain climate due to Brexit.</li> <li>In a time where tourism is on the rise in Gwynedd, it's unwise to reduce the budget. We need to support the growth for the benefit of our economy and communities.</li> </ul>	<ul style="list-style-type: none"> <li>All of the equality groups.</li> </ul>
<b>56 - Review physical disability care packages and look to achieve objectives through alternative ways</b>	3	<ul style="list-style-type: none"> <li>More intense requirements would ultimately mean higher costs.</li> <li>Needs a full impact assessment before considering this.</li> <li>The danger with cutting back and adapting, especially with complicated matters like this one is that the individual could suffer dearly.</li> </ul>	<ul style="list-style-type: none"> <li>Disabled people – cutting back on the service could have an effect on their quality of life.</li> </ul>
<b>57 - Review of Continuous Health Care packages</b>	3	<ul style="list-style-type: none"> <li>More intense requirements would ultimately mean higher costs.</li> <li>Too much effect on vulnerable people to be able to justify this saving.</li> <li>A cruel and callous service cut.</li> </ul>	<ul style="list-style-type: none"> <li>A huge effect on some of the groups.</li> </ul>
<b>61 - Reduce the advocacy budget by 6%</b>	3	<ul style="list-style-type: none"> <li>The Social Services Welfare Act will increase the number that will be eligible for the advocacy service and it is therefore premature to cut its budget and would have a negative impact on the experiences of children and young people.</li> <li>More intense requirements would ultimately mean higher costs.</li> <li>The actual worth of this saving is too little to justify it.</li> </ul>	<ul style="list-style-type: none"> <li>Effect on every equality group</li> <li>Effect on disabled children / young people.</li> </ul>
<b>62 - Halve the foster parents' recruitment and training budget</b>	3	<ul style="list-style-type: none"> <li>There is a lack of foster parents in Gwynedd already – this will worsen the situation. (2)</li> <li>Highly important to recruit good foster carers, but there's a need for pooling the communication resources the Council already have.</li> </ul>	<ul style="list-style-type: none"> <li>Effect on every equality group.</li> <li>Children and young people.</li> </ul>

		<ul style="list-style-type: none"><li>• Reducing this budget means less recruitment and therefore higher costs of locating out of the county or in residential places alongside the detrimental effect on the children having to be moved often.</li></ul>	
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**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
2 – Invest in improvements that would make Neuadd Dwyfor more efficient, and prepare to look at an alternative model for future management of the facility.	2	<ul style="list-style-type: none"> <li>This is the only art enterprise the Council has – it should be protected and enhanced.</li> <li>This proposal make no sense financially – don't invest</li> </ul>	
26 - Charge an additional fee for cremating on the same day as the service	2	<ul style="list-style-type: none"> <li>Very insensitive proposal – it could cause concern to the family.</li> <li>The Council should consider the needs of different religions before going ahead with the additional fees.</li> </ul>	<ul style="list-style-type: none"> <li>Effect on every equality group</li> <li>Religious groups</li> </ul>
34 – Increase income by offering technical, scientific and engineering support to flood risk mitigation plans for Councils across Wales	2	<ul style="list-style-type: none"> <li>This proposal should be assessed in 3 years.</li> <li>Natural Resource Wales's hypothesis on flood locations is worthless.</li> </ul>	
37 - Transfer play areas to others	2	<ul style="list-style-type: none"> <li>The value of play areas in communities is more than the value of the saving.</li> <li>Health and Safety standards would deteriorate over time if play areas were to be transferred from the Council's care.</li> </ul>	<ul style="list-style-type: none"> <li>Effects people of all ages</li> </ul>

**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
<b>53 – In the long term, reduce the subsidy to the new Leisure Company being established by 20%</b>	2	<ul style="list-style-type: none"> <li>Cuts should not be implemented until the new company has been established and is running successfully.</li> <li>This idea will not work.</li> </ul>	
<b>16 – Generate income by preventing fraud</b>	1	<ul style="list-style-type: none"> <li>How do you know how much income you could charge?</li> </ul>	
<b>24 – Garden Waste: more income or reduce costs</b>	1	<ul style="list-style-type: none"> <li>Reducing collections over winter would make sense but not to stop the service altogether.</li> </ul>	
<b>27 – Increase Crematorium fees from £520 to £550</b>	1	<ul style="list-style-type: none"> <li>Burial fees are already high enough without adding extra costs.</li> </ul>	
<b>31 – Increase income by carrying out legal services for other public bodies</b>	1	<ul style="list-style-type: none"> <li>This suggests that you have too many legal staff if this doesn't have any effect on the people of Gwynedd.</li> </ul>	
<b>33 – Increase income in the flood prevention field</b>	1	<ul style="list-style-type: none"> <li>This proposal should be assessed in 3 years.</li> </ul>	

**Appendix A: Comments on the proposals by respondents who wanted to raise the Council Tax by more than 5.5%.**

Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
35 – Increase income by offering more project management support to the Welsh Government on major plans	1	<ul style="list-style-type: none"> <li>Does the Council have the expertise to manage projects</li> </ul>	
38 – Reduce the contribution of the Council to GwE by 1%	1	<ul style="list-style-type: none"> <li>Needs to ensure that this service is bilingual</li> </ul>	
41 - Reduce the frequency of cleaning in some areas within schools by reducing hours by 1.7%	1	<ul style="list-style-type: none"> <li>Children's health should not be put at risk by breaking the cleaning budget.</li> </ul>	
45 – Reduce the budget for the Traffic Orders unit by 33%	1	<ul style="list-style-type: none"> <li>Any reduction to the budget of this unit would have an effect on traffic control</li> </ul>	
46 – Reduce seasonal employment within the Tax and Benefits Service by 50%	1	<ul style="list-style-type: none"> <li>This reduction in service would result in delay when helping the people of Gwynedd to pay rent or make a necessary adjustment to their Council Tax accounts.</li> </ul>	

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Proposal reference number	Number of comments	Reasons given for not wanting the proposal to be implemented	Comments regarding the impact of the proposal on one or more of the equality feature groups (number of comments)
47 - Remove a vacant post within the Business Support Service (a reduction of 25% in the number of staff)	1	<ul style="list-style-type: none"> <li>Businesses need more support and you need to attract new businesses and not less in order to strengthen the economy.</li> </ul>	
48 – Review parking fees and operational arrangements at Storiel	1	<ul style="list-style-type: none"> <li>Saving is too little to justify compared to the loss for the public.</li> </ul>	
58 – Waste calendars in electronic form only	1	<ul style="list-style-type: none"> <li>Not everybody has/wants access to the internet – especially older people</li> </ul>	
64 – Reduce resource within the Legal Unit to support the work of other departments	1	<ul style="list-style-type: none"> <li>This is sure to be on the expense of the Council legal work</li> </ul>	

## Appendix B: Comments on specific proposals by all of the respondents

Proposal	Comments	Total comments
<b>Proposal 10 : End free Christmas parking from 2019 onwards / Increase parking fees</b>	<ul style="list-style-type: none"> <li>Free parking over Christmas should not be stopped – attracts people to the streets (8)</li> <li>Parking fees should not be risen at all (5)</li> <li>Need to look at parking fees e.g. Charge £1 for two hours parking etc (3)</li> </ul>	19
	<ul style="list-style-type: none"> <li>Agree there shouldn't be a free parking period over Christmas (3)</li> </ul>	
<b>Proposal 59 : Barmouth Bridge – stopping payment to Network Rail for the right of way over the bridge.</b>	<ul style="list-style-type: none"> <li>Not paying Network Rail for the right of way should not be considered – crucial for tourism and local people wellbeing. (9)</li> <li>Charging a toll to cross Barmouth Bridge would make more sense (1)</li> </ul>	11
	<ul style="list-style-type: none"> <li>Shouldn't listen to the minority – Network Rail should not be paid (1)</li> </ul>	
<b>Proposal 25 : Codi ffi am ail gyflenwi biniau sydd wedi'u difrodi gan drigolion</b>	<ul style="list-style-type: none"> <li>How will you prove who is damaging the brown bins. The bins are of poor quality and are easy to damage (10)</li> </ul>	10
<b>Proposal 24 : Garden Waste: more income or reduce costs</b>	<ul style="list-style-type: none"> <li>Cuts should not be made to the garden waste service as it could cause other problems such as people burning the waste, the Council missing recycling targets. (5)</li> </ul>	9
	<ul style="list-style-type: none"> <li>Reducing brown bins collection to 9 months would be a good idea (4)</li> </ul>	

## Appendix B: Comments on specific proposals by all of the respondents

Proposal	Comments	Total comments
<b>Proposal 54 : Reduce the strategic grants budget for the arts by 20%</b>	<ul style="list-style-type: none"> <li>The arts have had enough cuts already – this has a negative effect on the child and young people development and on local businesses (8)</li> </ul>	8
<b>Proposal 1 : Provide electric car charging points in car parks</b>	<ul style="list-style-type: none"> <li>Need to look at charging points in the longterm as means to create income (2)</li> <li>No need to provide electric car charging points – not enough demand in Gwynedd (2)</li> <li>Will these charging points be available across the county? (1)</li> <li>Agree that we need charging points but don't feel that it's the Council's duty to provide them (1)</li> </ul>	7
<b>Proposal 36 : Transfer some public toilets to others</b>	<ul style="list-style-type: none"> <li>Reducing the numbers of public toilets would have an effect on the older generation who depend on them when going out. (6)</li> <li>Agree that transferring the toilets to others that can is a good idea (1)</li> </ul>	7
<b>Proposal 2 : Invest in improvements that would make Neuadd Dwyfor more efficient, and prepare to look at alternative model for future management of the facility</b>	<ul style="list-style-type: none"> <li>The Council should not continue to run Neuadd Dwyfor as it doesn't run any other facility of its type in any other part of the county (4)</li> <li>Like going to Neuadd Dwyfor but not enough use of the place (1)</li> <li>Closing Neuadd Dwyfor would mean less opportunities for local schools/college to perform (1)</li> </ul>	6
<b>Proposal 7 : Increase the fee for the before school care club from £0.80 to £1</b>	<ul style="list-style-type: none"> <li>Free breakfast should not be offered in schools (3)</li> <li>A larger fee should be charged for the free school breakfast club (3)</li> </ul>	6

## Appendix B: Comments on specific proposals by all of the respondents

Proposal	Comments	Total comments
<b>Proposal 43 : Reduce the budget for maintaining public footpaths</b>	<ul style="list-style-type: none"> <li>Less older people will use the Public footpaths if they aren't maintained regularly (5)</li> <li>Public footpaths – question the worth of the saving compared to the economic worth (1)</li> </ul>	6
<b>Proposal 49 : Reduce the mobile library service – visiting less locations and less often</b>	<ul style="list-style-type: none"> <li>Worry about the negative effect on disabled children/adults if the mobile library service stops (5)</li> <li>You should get rid of the mobile library service (1)</li> </ul>	6
<b>Proposal 21 : Charge schools more for the use of the archives service.</b>	<ul style="list-style-type: none"> <li>Fees should not be charged on schools – effects on children's education in the long run (3)</li> </ul>	3
<b>Proposal 37 : Transfer play areas to others</b>	<ul style="list-style-type: none"> <li>Worry about children's play areas closing – is this going against the Play Strategy</li> </ul>	3
<b>Proposal 41 : Reduce the frequency of cleaning in some areas within schools by reducing hours by 1.7%</b>	<ul style="list-style-type: none"> <li>Don't agree with the cuts to school cleaning hours – children should be able to learn in a clean environment (3)</li> </ul>	3
<b>Proposal 58 : Waste collection calendars in electronic form only</b>	<ul style="list-style-type: none"> <li>Everyone doesn't have access to a computer/the internet to be able to receive an electronic calendar (3)</li> </ul>	3

## Appendix B: Comments on specific proposals by all of the respondents

Proposal	Comments	Total comments
<b>Proposal 6 : Install LED lamps to the remainder of the county's street lights</b>	<ul style="list-style-type: none"> <li>LED street lights don't produce enough light – can't see properly with them during the night</li> </ul>	2
<b>Proposal 19 : Charge parking fees at Dinas Dinlle</b>	<ul style="list-style-type: none"> <li>Charging a parking fee at Dinas Dinlle and Llanberis will affect the number of visitors visiting the area (2)</li> </ul>	2
<b>Proposal 20 : Increase launching fees across the beaches of Gwynedd from £10 to £15</b>	<ul style="list-style-type: none"> <li>Increase the launching fees on beaches – maybe charge an even larger fee</li> </ul>	2
<b>Proposal 23 : Increase the income from street enforcement by fining more individuals who litter</b>	<ul style="list-style-type: none"> <li>Agree that individuals who litter need to be fined – but this needs to be consistent across the county</li> </ul>	2
<b>Proposal 29 : Charge a fee for disposing DIY materials (e.g. Rubble at £3 per bag or £30 per trailer)</b>	<ul style="list-style-type: none"> <li>Agree that a fee should be charged for disposing materials in Recycling Centres (1)</li> </ul>	2
	<ul style="list-style-type: none"> <li>Charging a fee for disposing waste in Recycling Centres is a stupid idea – would result in increased fly tipping (1)</li> </ul>	

## Appendix B: Comments on specific proposals by all of the respondents

Proposal	Comments	Total comments
<b>Proposal 56 : Review physical disability care packages and look to achieve objectives through alternative ways</b>	<ul style="list-style-type: none"> <li>Physical disabilities care packages – collaboration is important but hard to predict financial cuts or savings without doing the research first (2)</li> </ul>	2
<b>Proposal 61 : Reduce the advocacy budget by 6%</b>	<ul style="list-style-type: none"> <li>The Social Services Wellbeing Act will increase the number eligible for the advocacy service therefore its premature to reduce this budget and result in a negative effect on the children and young people’s experiences. (2)</li> </ul>	2
<b>Proposal 63 : Reduce the Council's contribution to the Youth Justice Service by 7%.</b>	<ul style="list-style-type: none"> <li>Reducing the Youth Justice budget would effect a group of vulnerable children (2)</li> </ul>	2
<b>Proposal 3 : Create a new Respite Care Unit at Tan y Marian, Pwllheli which will reduce costs of having to pay for external placements</b>	<ul style="list-style-type: none"> <li>Need to conduct a consultation on the new Respite Care Unit – ensure that the care is of the same standard or better than at curent (1)</li> </ul>	1

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Proposal	Comments	Total comments
<b>Proposal 56 : Review physical disability care packages and look to achieve objectives through alternative ways</b>	<ul style="list-style-type: none"> <li>Physical disabilities care packages – collaboration is important but hard to predict financial cuts or savings without doing the research first (2)</li> </ul>	2
<b>Proposal 61 : Reduce the advocacy budget by 6%</b>	<ul style="list-style-type: none"> <li>The Social Services Wellbeing Act will increase the number eligible for the advocacy service therefore its premature to reduce this budget and result in a negative effect on the children and young people’s experiences. (2)</li> </ul>	2
<b>Proposal 63 : Reduce the Council’s contribution to the Youth Justice Service by 7%.</b>	<ul style="list-style-type: none"> <li>Reducing the Youth Justice budget would effect a group of vulnerable children (2)</li> </ul>	2
<b>Proposal 3 : Create a new Respite Care Unit at Tan y Marian, Pwllheli which will reduce costs of having to pay for external placements</b>	<ul style="list-style-type: none"> <li>Need to conduct a consultation on the new Respite Care Unit – ensure that the care is of the same standard or better than at curent (1)</li> </ul>	1

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Proposal	Comments	Total comments
<b>Proposal 56 : Review physical disability care packages and look to achieve objectives through alternative ways</b>	<ul style="list-style-type: none"> <li>Physical disabilities care packages – collaboration is important but hard to predict financial cuts or savings without doing the research first (2)</li> </ul>	2
<b>Proposal 61 : Reduce the advocacy budget by 6%</b>	<ul style="list-style-type: none"> <li>The Social Services Wellbeing Act will increase the number eligible for the advocacy service therefore its premature to reduce this budget and result in a negative effect on the children and young people’s experiences. (2)</li> </ul>	2
<b>Proposal 63 : Reduce the Council’s contribution to the Youth Justice Service by 7%.</b>	<ul style="list-style-type: none"> <li>Reducing the Youth Justice budget would effect a group of vulnerable children (2)</li> </ul>	2
<b>Proposal 3 : Create a new Respite Care Unit at Tan y Marian, Pwllheli which will reduce costs of having to pay for external placements</b>	<ul style="list-style-type: none"> <li>Need to conduct a consultation on the new Respite Care Unit – ensure that the care is of the same standard or better than at curent (1)</li> </ul>	1

## Appendix C: General comments by all respondents

Comment	Number of respondents that have noted this
The Council Tax should not be raised	19
There needs to be a reduction in the Council's main officers' wages	19
Services for vulnerable, elderly people should not be cut	15
People on low income find it hard to pay high Council Tax	14
Need to reduce the number of councillors / councillor allowance	13
The Council has too much staff / Need to get rid of inefficient staff	12
Need to look for more efficiency savings before cutting back on services	11
Council staff have work terms that are too good – too many benefits	8
The additional 50% tax on second home owners has meant that they have been able to pay less by registering their property as a business	7
Need to charge more tax on second home owners	7
Not enough information presented on the possible effect of these proposals on different groups	7
Need for a thorough impact assessment on all of these proposals	6
Councils should collaborate to create saving	6
This questionnaire is a waste – Council not going to listen to the views of residents	5
Need to make better use of volunteers to undertake some duties	5
Gwynedd Council puts too much emphasis on the Welsh language – additional costs by being bilingual	4
The area's wages are too low	4
Green bin collection should be changed to every 4 weeks	3
Glad to see the proposals to increase income rather than cut services	3
There needs to be a Council Tax increase in order to save services	3
They should look at how much is spent on maintaining roads	3

## Appendix C: General comments by all respondents

Comment	Number of respondents that have noted this
Need to look at local Council Tax that reflects the people's means of paying e.g. household income	3
The Council Tax should reflect the standard of services received	3
The results of this questionnaire will not reflect the true opinion of the people of Gwynedd as there wasn't an option to reject the cuts and not to raise the Council Tax rate	3
There needs to be more effort to get money for Local Government	2
Need to turn street lights off between 1am and 5am	2
The leisure service should not be cut	2
The Council offices should be made more energy efficient	2
Council offices should be closed over Christmas	2
Agree that charging fees is a fair way to reduce the effects of cuts	2
Too much money wasted on external consultants	2
These service cuts are going to have a negative impact on disabled people	2
These service cuts are going to have an adverse effect on rural communities	2
Too much support for those who aren't working	2
There needs to be a Council Tax on static caravans	2
Irrelevant comment	2
An effort should be made to fill empty social housing much quicker	1
Lessons need to be learnt from "Her Gwynedd" – give publicity to the decisions made and when they will happen	1
The Council shouldn't run Doc Fictoria and Marina Pwllheli	1
Glad to see that Care and Education are protected	1
It's completely shameful that there's no need for you to be fluent in Welsh to be a police officer in North Wales – attracting non-Welsh speakers into the area	1
Need to ensure that there are signs/information available to tourists	1

## Appendix C: General comments by all respondents

Comment	Number of respondents that have noted this
Welcome the fact that the Council is investing to create savings	1
Need to stop spending on preferred education and school transport	1
Need to ensure that each parking fine is collected	1
Need to reduce the number of road inspectors	1
Multi tenancy owners should pay some sort of tax	1
I'd like to see private care homes managed by the Council	1
There needs to be less Councils in Wales	1
Harsh cutting back on services will create a problem in the future	1
Tourism tax should be considered	1
Waste collection staff that drop rubbish on the roads when collecting rubbish	1
I have never agreed that we should pay tax for the Police Commissioner	1
The county's houses need to be re-banded for Council Tax purposes	1
Teachers should go on courses during school holidays – this would save paying for expensive supply teachers	1
There's no need to support the arts to such extent	1
There should be an additional charge to park vehicles that take more than one parking space e.g. caravans	1
There should be a financial penalty for those caught feeding seagulls / not picking up dog waste	1
Too many of the Education Department's staff attracted to work for GWE	1
Too many staff in small schools	1
The current Council Tax rate should be reduced	1
People on low income should receive a public transport travel card	1
You should go after those who don't pay Council Tax	1
The Language Centres should not be closed on any account	1

## Appendix C: General comments by all respondents

Comment	Number of respondents that have noted this
Worry about the disabled people/pram access to cemeteries if they aren't maintained regularly	1
Make more cuts to "ring fenced" services such as Care and Education	1
Welcome the Council's honesty regarding the cuts	1
I have faith in the Council's wisdom to make a decision on the expenditure for the year to come.	1
Why is there a need to ask the equality questions?	1
A child membership fee should be in place in Leisure Centres	1
The additional 50% Council Tax on second homes is very unfair – paying more for less services as we don't live here for the majority of the year	1
Getting rid of Newyddion Gwynedd would result in a saving	1
More correspondence / forms should be available electronically	1
The effect of these cuts on the Welsh language should be considered	1
Service cuts could have a negative effect on transsexual people	1
Service cuts could have a negative effect on pregnant women	1

## Appendix Ch: Comments by businesses / organisations

Name of business / organisation	Comments on the Financial Strategy	Effect on one or more of the equality feature groups
<b>Derwen Children's Integrated Services for Children with Disabilities</b>	The advocacy service for Children -especially those with disabilities are depleted enough as it is. It is imperative that the voice of the child is heard as reiterated in the Social service Well being ACT 2014 and the Unite Nations 'Every Child's right to be heard'	A reduced advocacy service would mean that Children with disabilities wouldn't have the opportunity to have their voice heard!
<b>Pontio, Prifysgol Bangor</b>	Byddai gostwng neu ddileu arian strategol celfyddydol yn effeithio ar ansawdd bywyd a llesiant pobl anabl, o wahanol oedran ac o wahanol ryw	
<b>Plas Glyn y Weddw</b>	Mae torri y gyllideb celf ymhellach yn mynd i gael effaith negyddol ar y nifer o brosiectau celf yn y sir ac o ganlyniad yn mynd i effeithio ar ansawdd y gweithgareddau celf yn y dyfodol.	Pob sector o gymdeithas yn mynd i gael ei effeithio
<b>Dawns i Bawb</b>	Rydym yn deall y penderfyniadau anodd sydd yn gorfod cael eu gwneud. Mae popeth yn mynd i gael rhyw fath o effaith ar drigolion, gwasanaethau a busnesau lleol fel ein cwmni ni. Dydy Dawns i Bawb, na'r sector celfyddydau, ddim yn derbyn llawer iawn o bres gan y Cyngor. Roeddwn wedi colli 50% o'n grant blwyddyn diwethaf ac oedd rhaid gwneud tipyn o newidiadau i'n darpariaeth Gwynedd mewn ymateb i hyn. Roedd yr effaith yn heriol ond llwyddwyd i gadw'n rhaglen yn mynd. Mae 20% ar ben hwn bron yn amhosib i gynllunio. Mae DiB yn darparu rhaglen ddawns i bobl o bob oedran a gallu dros y Sir cyfan ac yn llwyddo darparu gweithgareddau dawnns i dros 13,000 o bobl yng Ngwynedd pob blwyddyn. Mae'ch cyfraniad chi yn hanfodol i ni gallu gwneud hyn. A da ni'n ddim ond un esiampl. Mae na llwyth o sefydliadau a chwmnïau eraill sy'n gwneud gwaith debyg gyda'ch cefnogaeth ariannol. Rydym yn rhwydwaith cryf gydag arweiniad gan Gwynedd Greadigol ac yn y sector celfyddydol dros Gymru, mae Gwynedd yn un o'r rhai mwyaf addawol achos y ffordd mae Gwynedd Greadigol yn cyd-weithio gyda'r cwmnïau a theatrau. Mae Gwynedd Greadigol wedi derbyn llythyron gan bobl lleol ac ysgolion sy'n sôn am bwysigrwydd cwmnïau fel Dawns i Bawb a sut mae'r celfyddydau yn ymateb mewn ffordd positif i iechyd a lles pobl o bob oedran, i addysg ein plant, i'r iaith Cymraeg ac i'r Ddeddf Llesiant Cenedlaethau'r Dyfodol. Mae gan y celfyddydau lle pwysig yn ein byd a mae partneriaeth sydd newydd cael ei datblygu rhwng Cyngor Celfyddydau Cymru a'r NHS yn tystiolaeth o hwn. Mae'r wlad yn wynebu	

	amser caled iawn. Mae celfyddydau'n rhoi cyfle i bobl gael llais, dweud eu dweud, teimlo'n grymus fel unigolyn a chymunedau, rhannu, cymdeithasu a theimlo'n positif. Yn yr amser ansicr hwn, da ni'n angen y celfyddydau mwy nag erioed.	
<b>BCUHB</b>	Cyfuniad o'r ddau yn gwneud synnwyr	Effeithio pob grŵp nodwedd
<b>Sustrans Cymru</b>	Item 59 - Barmouth Bridge – stopping payment to Network Rail for the right of way over the bridge. The right of way across the bridge is an important link for local communities, the National Cycle Network (NCN) and for the Wales Coast Path. The removal of this link would effect a large number of people (over 100,000 people use the Mawddach Trail / NCN 8 each year) in terms of their accessibility, their health and well-being and also the local economy. Every effort should be made to keep this vital link open and accessible all year round.	Any closure would effect the community as a whole but could have an extra negative effect on disabled people and / or people of different age groups
<b>Ysgol Pendalar</b>	Fe hanerwyd y gyllideb yma yn ystod proses arbedion Her Gwynedd. Byddai gweithredu'r cynllun yma yn golygu y byddai'r Cyngor yn gorfod ystyried lefel y cymorth y gellid ei roi i'r 11 prif gwmni celfyddydol yng Ngwynedd. Mae cyd-weithio gyda'r cwmnïau celfyddydol rhain yn cynnig gwerth aruthrol i ddisgyblion yn yr ysgol arbennig. Mae'r cyfle i weithio gyda artistiaid proffesiynol ar brosiectau arloesol yn codi dyheadau, hunan hyder a hunan ddelwedd disgyblion ac yn ennyn diddordeb a mwynhad y celfyddydau ynddynt.	
<b>Theatr y Ddraig</b>	We depend on the small amount of money (just £3,000) we receive from the Gwynedd Arts Fund to attract more funding and to generate further business. Although we are an arts organisation we are also a business and we contribute to the economy - employing people, using local contractors and buying local produce. I think it's unfair to shave 20% off our funding - we have already been cut by 50% and have been hit hard by this. Also it is unfair that people who live near Pwllheli have £100,000 spent on their theatre/cinema but the people who live in Barmouth have nothing spent on theirs. People from remote geographical communities are being discriminated against by these cuts.	
<b>Cwmni'r Tebot</b>	Fel cwmni theatr sydd yn dechrau arni ac yn cynnig cyfleoedd i unigolion ifanc, lleol, bydd torri'r arian sydd ar gael i'r celfyddydau yn drychinebus i ni. Nid yn unig gan ein bod yn gobeithio elwa o'r gronfa ond hefyd am ein bod yn cyd-weithio gyda chwmnïau eraill yng Ngwynedd ac yn elwa o'u profiad a'u harbenigedd ac y byddant hwythau yn dioddef o dan law y toriadau hyn. Cwmni theatr cymunedol sydd a'n bryd ar wasanaethu cymunedau bychain sydd yn aml yn cael eu anghofio ydym ni a byddai toriad fel hyn, wrth i ni ddatblygu yn gnoc. Mae cyfraniad celfyddydol Gwynedd yn un sydd i'w deimlo drwy Gymru a thu hwnt ac mae o'n 'fffenest siop' dda i'r Cyngor am eu bod yn galluogi cwmnïau a mudiadau i wneud gwaith da.	

<b>Inigo Jones</b>	<p>Mae'r cynnig i dorri un swydd yn yr adran twristiaeth yn annoeth ac yn ein arwain i fethu yn ein ymdrechion i gryfhau'r diwydiant.</p> <p>Os caiff ei weithredu ni fydd y lefelau staffio yn ddigonol i roi cynigion ymlaen i ennill cyllid o ffynonellau allanol sydd wedi bod yn y gorffennol, ag all fod eto yn y dyfodol, yn fuddiol i sicrhau incwm sydd gymaint ei angen ag all ddarparu enillion sylweddol ar fuddsoddiad.</p> <p>Byddai swyddogaethau pwysig eraill yr adran Dwristiaeth hefyd yn cael eu heffeithio yn ddifrifol.</p> <p>Mae Twristiaeth yng Ngwynedd yn gwbl bwysig i'r economi leol, ac mae gwneud toriadau mewn adran dwristiaeth sydd yn barod ar ei gliniau yn gyrru'r neges gwbl anghywir, yn enwedig pan mae'r cyngor yn gofyn i'r diwydiant dwristiaeth am gefnogaeth i ddarganfod ffyrdd gwahanol o godi cyllid ar gyfer y ddiwydiant yn y dyfodol</p>	
<b>Awdurdod Parc Cenedlaethol Eryri</b>	Mae Awdurdod Parc Cenedlaethol Eryri yn dymuno nodi'r angen am ystyriaeth i flaenoriaethau'r Bwrdd Gwasanaethau Cyhoeddus.	
<b>Cyngor Cymdeithas Botwnnog</b>	<p>Cynlluniau i fuddsoddi er mwyn creu arbediad:</p> <p>25 - Ni chytunwn â hyn gan fod llawer o'r biniau sydd yn cael eu difrodi yn malu wrth gael eu gwagio gan weithwyr y lorïau sbwriel</p> <p>36 a 37 - yn anffodus nid yw cyfanswm yr arian sydd gennym yn ein Cyngor Cymuned yn ddigon i ni gymeryd drosodd a'u rhedeg.</p> <p>51 - Byddai'n golled fawr iawn i drigolion Llyn pe byddai Cyngor Gwynedd yn methu cefnogi 'O Ddrws i Ddrws' - colled i bobl hyn a phobl anabl sy'n methu gyrru ac heb fod yn berchen ar fodur i'w cludo i'r feddygfa, i'r ysbyty ayyb.</p>	
<b>Cyngor Cymuned Brynchrug</b>	Pryder ynglŷn ag effaith y toriadau ar drigolion. Dylid ceisio sicrhau nad yw'r gwasanaethau y mae'r cyhoedd yn eu defnyddio o ddydd i ddydd yn cael eu colli e.e. torri gwair, ysgubo ffyrdd	
<b>Cyngor Cymuned Arthog</b>	Gweler llythyr yn Atodiad D	
<b>Canolfan Gerdd William Mathias, Galeri, Caernarfon</b>	<p>Mae'n destun pryder i ni bod awgrym i dorri y grantiau strategol i'r celfyddydau o 20% yn arbennig gan bod y gronfa eisoes wedi cael ei thorri yn ei hanner yn dilyn ymgynhorïad Her Gwynedd. Carwn gynnig ychydig sylwadau ar bwysigrwydd y gronfa hon :</p> <p>Ers cael ein derbyn fel aelod newydd o'r portffolio grantiau strategol yn 2011, rydym ni (Canolfan Gerdd William Mathias) wedi gallu sicrhau parhad a datblygiad nifer o brosiectau pwysig megis Doniau Cudd</p>	

(ein prosiect cerdd creadigol i oedolion sydd ag anableddau dysgu), Camau Cerdd (sesiynau cerdd i blant o 6mis i 7oed), cyngherddau cymunedol, gwaith gyda phobl hŷn a threfnu Gwyliau cerdd o statws rhyngwladol. Mae'r gweithgareddau rhain yn dod a budd sylweddol i Wynedd ar sawl lefel :

- Darparu profiadau celfyddydol safonol i drigolion Gwynedd o 0 – 100+ oed yn cynnwys henoed, yr anabl, plant a theuluoedd gan hybu iechyd a lles.
  - Darparu gwaith i gerddorion hunan-gyflogedig sy'n ymdrechu i gynnal bywoliaeth ym maes y Celfyddydau yng Ngwynedd.
  - Denu pobl o'r tu allan i'r Sir a Chymru i Gaernarfon gan gyfrannu at yr economi leol.
- Creu partneriaethau gyda chwmnïau eraill ac adrannau eraill o fewn y Cyngor megis y Gwasanaethau Cymdeithasol.

Mae gallu dangos cefnogaeth gan y Cyngor Sir hefyd yn gymorth mawr wrth ymgeisio am grantiau o ffynnonellau eraill o Gymru a'r tu hwnt. Enghraifft ddiweddar o hynny yw ein llwyddiant i sicrhau grant o £198,189 o Gronfa Spirit of 2012 fel rhan o'u Music Challenge Fund. Nód y Gronfa hon yw cefnogi prosiectau sy'n dod a phobl abl ac anabl ynghyd i gymryd rhan mewn cerddoriaeth gan wella iechyd meddwl a lles. Heb os roedd ein 'track record' o gynnal Doniau Cudd gan gydweithio gyda Tim Anableddau Dysgu Cyngor Gwynedd a gyda chefnogaeth ariannol y Gronfa Strategol yn gryfder mawr yn y cais ac yn gymorth i sicrhau'r buddsoddiad sylweddol yma. Bydd y prosiect yn dod a budd i drigolion Gwynedd trwy'r sesiynau rheolaidd fydd yn cael eu cynnal yn Harlech, Caernarfon a Phyllheli dros y 3 mlynedd nesaf. Bydd hefyd yn darparu gwaith i nifer o gerddorion llawrydd o'r Sir, yn cynnwys sawl un sydd wedi datblygu sgiliau ym maes iechyd a lles trwy weithio ar rai o'r prosiectau a arianwyd trwy'r grant strategol yn y blynyddoedd diwethaf. Yn ogystal mae un swydd ran amser Rheolwr Prosiect yn cael ei chreu.

Yn yr un modd mae Gwyliau Rhyngwladol a drefnir gennym yn dod a budd economaidd sylweddol i'r ardal. Daeth Gŵyl 2018 á thelynorion a'u teuluoedd o 24 gwlad i Gaernarfon am wythnos lawn o weithgareddau gan ddod a budd sylweddol i westai, bwytai, siopau ac atyniadau twristiaid lleol. Mae rhai prosiectau y bu i ni eu sefydlu gyda chymorth y gronfa bellach yn cynhyrchu incwm digonol a ddim yn dibynnu ar gyfraniad o'r gronfa strategol felly mae'r elfen o 'seed funding' yn holl bwysig hefyd.

	<p>Mae'r gronfa hefyd yn helpu i ddenu buddsoddiad pellach yn y celfyddydau gan drigolion y Sir e.e. yn ddiweddar trwy ein grant bu i ni gynnig gwers flasu un i un am ddim i hyd at 15 o bobl dros 55oed. Mae 13 wedi mynychu gwers flasu hyd yma a 8 ohonynt wedi penderfynu parhau i dderbyn gwersi ar eu costau eu hunain gan gyfrannu at gyflogaeth tiwtoriaid cerdd lleol a'n incwm ninnau.</p> <p>Dim ond ambell enghraifft yw'r rhai uchod o sut mae'r gronfa nid yn unig yn cyfrannu at sicrhau profiadau celfyddydol o safon i drigolion Gwynedd ond yn cyfrannu at economi a chyflogaeth y Sir, iechyd a lles ei thrigolion ac yn hyrwyddo'r Sir i bob cwr o'r byd. Mae sawl enghraifft arall ymhlith y cwmnïau eraill sy'n elwa o'r gronfa strategol yn sicr.</p> <p>Mawr obeithiwn yn dilyn y toriad sylweddol o 50% a wnaethpwyd eisoes y bydd y Cynghorwyr yn penderfynu yn erbyn gwneud unrhyw doriadau pellach.</p> <p>O'n safbwynt ni fel cwmni mae'r prosiectau rydym yn gofyn am gefnogaeth ar eu cyfer yn cynnwys prosiectau sy'n darparu cyfleoedd i grwpiau sy'n amal wedi eu tangynrychioli yn cynnwys: Doniau Cudd - sy'n darparu sesiynau cerdd i oedolion sydd ag anabledau dysgu. Camau Cerdd sy'n darparu profiadau cerddorol i deuluoedd ifanc yn cynnwys mamau sydd ar gyfnod mamoaeth.</p> <p>Cyngherddau cymunedol rhad ac am ddim mewn ardaloedd gwledig o'r Sir. Ein cynllun Atgofion ar Gân mewn partneriaeth gyda Adran Celfyddydau Cymunedol Cyngor Gwynedd sy'n anelu at daclo unigrwydd ymhlith bobl hŷn Gwynedd.</p> <p>Mae'r sefydliadau eraill sy'n elwa o'r gronfa hefyd yn darparu ar gyfer sawl un o'r grwpiau a nodir. Er bod cwmnïau yn ymdrechu i fwyafu incwm lle bo'n bosibl o werthiant tocynnau / ffioedd cofrestru ag ati, mae'n hanfodol os am ddarparu yn eang a cheisio cyrraedd pawb bod rhai gweithgareddau yn cael eu sybsideiddio. Un o effeithiau posibl toriadau yw y bydd costau cymryd rhan yn y celfyddydau yn cynyddu gyda'r peryg o fod allan o gyrraedd rhai o'r trigolion mwyaf bregus sy'n elwa gymaint o'r ddarpariaeth. Sgil effaith posibl hynny wedyn yw dirywiad mewn lles.</p>	
<p><b>Heb nodi pa sefydliad – “Classified”</b></p>	<p>Having just read it, think you need to consult with local businesses first. Most proposals would lead to people (source funding) avoiding Pwllheli and local areas. Cutting down on services should be a no go. Stopping free parking at Christmas: that hasn't been thought through has it.</p>	
<p><b>Môr Wyn Guest House, Abermaw</b></p>	<p>Dim Sylwad</p>	

<b>First Light, Abersoch</b>	Dim Sylwad	
<b>Ysgol Bro Hedd Wyn, Trawsfynydd</b>	Dim Sylwad	
<b>Cwmni Fran Wen</b>	Dim Sylwad	
<b>Cimera C.B.C</b>	Dim Sylwad	

Appendix D: Arthog Community Council correspondence

ARTHOG

CYNGOR  
CYMUNED

COMMUNITY  
COUNCIL

Clerc/Clerk - ANGELA THOMAS  
TAIR TREM, PENRHYN DRIVE NORTH, FAIRBOURNE LL38 2DJ  
Ffon/Phone 07831 697611  
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14<sup>TH</sup> January 2019

:01:19  
Dilwyn Williams  
Chief Executive  
Gwynedd Council  
Council Offices  
Shirehall Street  
Caernarfon  
LL55 1SH

Dear Sir

**COMMENTS REGARDING THE PROPOSED 5.5% RISE IN COUNCIL TAX AND OTHER MEASURES PROPOSED TO INCREASE REVENUE**

Reference to Gwynedd Council increase in 2019 rates and cut in general services

Arthog Community Council, while understanding that Government funding has been cut to the local authority, feel honour bound on behalf of the residents within the Community Council area, to voice major concerns at proposals yet again to increase council rates to local residents.

Gwynedd Council quote that their funding has been cut repeatedly from the national government for over a decade which has put severe strain on the authority's finances with regards to future services. It has to be pointed out, that this exact same problem is being endured by local residents who repeatedly see their annual council tax rise for less and less service, but often well above national inflation.

Gwynedd has one of the lowest overall incomes per person in the UK, said to be in the bottom ten of the national UK league table. Yet, persistently, Gwynedd Council seem to think that ordinary people struggling to make ends meet on these low and often static wages, can repeatedly find more money for this declining service. This is not the case and we, as councillors, are finding local people telling us they are suffering extreme hardship as a result of this continual annual rate rise. These are often people who are in the divide line of working full-time, but not being in a position to claim benefits. Old age pensioners are also often in the same position with a negligible increase in their yearly income not proportionable to the council rate increases. Clearly, Gwynedd Council must acknowledge that pushing the problem on to the residents of Gwynedd is not a solution, in either short or long term. It might be the easy solution from the Council's viewpoint, but it is not acceptable, nor practical, to the Gwynedd residents who have to fund this and see a continual decline in their living standards.

The UK inflation rate at the time of writing falls somewhere between 2.4% and 3%, yet Gwynedd Council are quoting a possible Council Rates increase of 5.5%. With low wages and high inflation, it is clear to see that Gwynedd families will fall yet further behind financially as a result of this out of proportion increase.

Arthog Community Council sympathise with Gwynedd Council's predicament, but at the same time it is clear that the cash cow that is the public are now bled dry and alternative funding must be found, whatever that may be, to make up the shortfall of council funds. We, Arthog Community Council, would be grateful of an explanation from Gwynedd Council as to how said council expects the low earning public of Gwynedd to keep funding these extra fees?

We would also like to raise the issue of Gwynedd Council looking to charge for the repair or replacement of waste bins. It has come to our attention that the green waste bins provided, and the brown garden waste bins, have been fitted with type of wheel axle which, over time, especially in coastal communities where salt air is evident, rusts, rots and breaks down. This then requires the resident to contact the council to initiate a replacement axle. Would it not have been more financially prudent to have fitted axles that don't rot (stainless steel) to avoid this unnecessary expense in the first place? It seems whomever initiated these receptacles did not think the problem through sufficiently, thus incurring additional cost that could be put to better use.

What's more, a majority of damage to bins is caused by the bin collectors themselves who have repeatedly smashed the cantilever access lids on the recycling bins, smashed bin lids on the large waste bins, and snapped the handles off the small brown food bins used for waste food collection. It also brings in to question whether the bins are actually fit for purpose? This suggests to us that Gwynedd Council are not actually in tune with the reality of the actual situation and need to do some research before trying to apply costs to residents who probably have not damaged the bin themselves in the first place. In the majority of cases, the only contact a resident has with their bins is when filling them and taking them to the roadside pick-up point, hardly heavy-duty abuse. It's obvious, at least it is to our councillors, that the greater likelihood of damage is when the bins are being man-handled by the refuse collectors themselves and vehicle hydraulics. Our local residents often complain to us that their bins are literally thrown on the floor and often scattered loosely and are often left encroaching in to the road after the refuse collectors have been. Working people cannot be expected to be home after bin pick-up to retrieve their bins, so some common sense by both Gwynedd Council and the refuse collectors on this point is needed.

Another issue with bins is that in many areas high winds will blow even full bins over. Many residents put a weight on the bin lid to keep the bins in place. The refuse collectors do not put the weights back and the empty bins then blow off down the street. Alternatively, you would expect the refuse collectors to apply common sense and lay the bins on the floor to avoid them blowing away. It needs to be pointed out here, that residents have done what is expected of them and applied common sense to keep their bins in situ, yet the council representatives do not, and it is they that cause many of the issues associated with broken and lost bins. It appears to many residents, and rightly so, that Gwynedd Council are somewhat detached from the reality of this situation regards bin damage and this needs to be addressed.

Again, Arthog Community Council would be grateful to hear Gwynedd Councils response to the above issues regards bin and refuse collection and as to how it aims to alleviate these issues instead of simply assuming the general public are to blame.

It also has to be said that when major businesses suffer hardship, jobs are lost. It is a hard fact of life, but maybe Gwynedd Council needs to look closer to home when it comes to raising rates etc and see if cuts to office premises and even staff might be more appropriate to generate new funds.

We hope that Gwynedd Council will take these constructive comments in the spirit that they are intended. Gwynedd Council asked for comment and Arthog Community Council has replied.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Angela Thomas', written in a cursive style.

ANGELA THOMAS - CLERK  
For and on behalf of Arthog Community Council

Cc: Dafydd Edwards  
Liz Saville-Roberts







## APPENDIX 12

### ALTERNATIVE DECISIONS

Of the options raised in the small workshops on savings for the Members (18 – 28 January 2019), or raised by a substantial number of the public as part of the public consultation, these are the five savings schemes identified in the big workshop on savings for the Members on 5 February 2019 requiring further consideration.

Scheme	% Council Tax	2019/20	2020/21 onwards	Scheme Total
<b>Majority of the Members in favour of raising Council Tax to avoid implementing the saving</b>				
<b>Ref. 6.22</b> Reduce the Women's Aid budget by 20%	<i>0.01%</i>	£8,080	£2,690	£10,770
<b>Ref. 6.25</b> Reduce the Council's contribution to the Youth Justice Service by 7%	<i>0.02%</i>	£12,390	£1,770	£14,160
<b>Substantial proportion of the Members in favour of raising Council Tax to avoid implementing the saving or have abstained from voting</b>				
<b>Ref. 4.19</b> Charge a fee for supplying bins that have been damaged by residents	<i>0.01%</i>	£6,250	£18,750	£25,000
<b>Ref. 4.4</b> Free parking over Christmas	<i>0.07%</i>	£45,000	£0	£45,000
<b>Ref. 6.16</b> Reduce the strategic grants to the arts by 20%	<i>0.00%</i>	£0	£18,000	£18,000
<b>Total of the 5 Schemes</b>	<b><i>0.11%</i></b>	<b>£71,720</b>	<b>£41,210</b>	<b>£112,930</b>

## APPENDIX 13

### ROBUSTNESS OF ESTIMATES

1. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of budget estimates and the adequacy of the proposed financial reserves. Appendix 7 outlines the position of the balances and reserves, while this appendix confirms the robustness of the budgetary estimates which are the basis of the budget.
2. Budget estimates are based on assumptions of future expenditure and income and contain an element of assumption risk. The impact of this risk can be mitigated through contingency plans, contingency budgets and financial reserves.
3. The robustness of budget estimates is not simply a question of whether they are correctly calculated. In practice, many budgets are based on estimates or forecasts, and there will be an element of risk as to whether plans will be delivered and targets achieved. Different risks to the budget are considered below:
4. **Inflation Risk** – This is the risk that actual inflation could turn out to be significantly different to the assumption made in the budget. For 2019/20, inflation has been allowed based on the latest information about pay awards and prices, but there is a risk that inflation will rise again during 2019/20, and uncertainty over the probable rise (apart from salary and pensions inflation which has already been agreed). A rise in inflation may add to the Council's costs, but that could be funded through the use of reserves, if necessary.
5. **Interest Rate Risk** - Interest rates may affect the budget through the interest earned - i.e. an interest rate rise would increase income. In accordance with the Council's Treasury Management Strategy, the budget is not reliant on high investment returns. Interest rates continue at a historical low and are not likely to begin increasing until at least 2020/21. Therefore, the interest rate risk is considered low and this is a compensating risk for inflation risk because if one increases the other is likely to increase also.
6. **Specific Grants Risk** - There are risks attached to the large number of specific grants from Welsh Government, Europe or other bodies which support a proportion of Council expenditure. Some of these could be reduced, or be cut altogether, and we don't have a complete picture as the financial year begins. When the grant ceases, so must the associated expenditure, but contract terms may mean that expenditure cannot be cut as quickly as the grant, or severance costs may need to be funded. Further, the activity funded may be so important to the delivery of the Council's own Priorities that the Council decides to continue with the expenditure. We will mitigate this risk by ensuring that we have the best information available on each grant, but the funding bodies (Government, etc) control this position.
7. **Income Risks** – The budget is based on securing a specific increase in fees which is equal in value to the increase in the relevant service costs. If demand for Council Services falls, and income targets are not achieved, that may cause overspending on service budgets. The actual budget position will require careful monitoring during the year and, if necessary, spending may need to be cut back to match reduced income. This will not be possible with some large corporate budgets, where estimated income must be set at a prudent level.

8. **Savings Risks** – One significant risk in current circumstances is that the Council is over-optimistic regarding the savings that will be achieved. If these projects should run into difficulties and fail to achieve the savings taken out of the budget, significant overspendings could occur. We will mitigate this risk by ensuring that savings schemes are owned by departments and Cabinet members, and by monitoring relevant progress regularly.
9. **Staff Redundancy Costs** – Some services restructure their staff in order to achieve savings, with staff being released through redundancy. Where appropriate, the cost of redundancies is funded from a central contingency reserve, and an appropriate sum has been earmarked for this purpose, which mitigates the risk.
10. **Council Tax Premium** – When deciding on the Tax Base, a prudent assessment was made of the number of second homes and empty properties to include in the calculation. There is a risk that the number of properties subject to the premium have been over estimated and that the income collected is lower than the amount estimated (due to properties transferring to the business rates list). We are managing this risk by employing inspectors who check the facts, and by not committing all of the tax yield from the Premium until the position becomes clearer.
11. **The Statutory Finance Officer's Opinion** – Having considered all the risks noted above and the mitigating actions, the Head of Finance (Section 151 Officer) is of the opinion that the budgets are robust, sufficient and achievable.

# Agenda Item 9

MEETING:	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE:	<b>14 FEBRUARY 2019</b>
TITLE:	<b>CAPITAL STRATEGY REPORT 2019/20</b>
PURPOSE:	<b>TO EXPLAIN AND SCRUTINISE THE PROPOSED STRATEGY FOR 2019/20</b>
ACTION:	<b>Receive the information, consider any risks arising from the strategy before it is presented to the Full Council for adoption.</b>
CONTACT OFFICER:	<b>DAFYDD L EDWARDS, HEAD OF FINANCE</b>
CABINET MEMBER:	<b>COUNCILLOR PEREDUR JENKINS</b>

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## **INTRODUCTION**

1. This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

## **CAPITAL EXPENDITURE AND FINANCING**

2. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, with some low value assets charged to revenue in year. All assets and schemes are assessed and charged on their own merits.
  - Further explanation of the Council's policy on capitalisation can be seen in the Policy Notes of the Council's Statement of Accounts for 2017/18, see:  
<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Gwynedd-Council.aspx>
3. In 2019/20, the Council is planning capital expenditure of £35m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions*

	<b>2017/18 Actual £m</b>	<b>2018/19 Forecast £m</b>	<b>2019/20 Budget £m</b>	<b>2020/21 Budget £m</b>	<b>2021/22 Budget £m</b>
General Fund Services	23.4	28.5	35.0	18.8	9.3

4. The main General Fund capital projects in 2019/20 include:
  - Asset Management Plan (to be allocated) - £11.7 m
  - Highways Refurbishment- £2.7 m
  - Housing Strategy - £2.7 m
  - 21<sup>st</sup> Century Schools - £8.7 m
  
5. **Governance:** The Council has a 10 year Asset Strategy, a plan of the Council's capital spending priorities based on the requirements of departments. Part of the strategy includes an unallocated sum. From this amount departments are able to bid annually for funding for capital schemes. Bids are collated by the Finance Department. The Cabinet appraises all bids based on priorities and makes recommendations. The capital bids and asset strategy are presented to Cabinet and to full Council annually.
  - For full details of the Council's capital programme, refer to **Appendix A**.
  
6. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative(PFI)). The planned financing of the above expenditure is as follows:

*Table 2: Capital Financing in £ millions*

	<b>2017/18 Actual £m</b>	<b>2018/19 Forecast £m</b>	<b>2019/20 Budget £m</b>	<b>2020/21 Budget £m</b>	<b>2021/22 Budget £m</b>
External Sources	11.1	15.4	15.2	6.4	2.5
Own Resources	4.5	7.1	14.3	7.5	2.7
Debt	7.8	6.0	5.5	4.9	4.1
<b>TOTAL</b>	<b>23.4</b>	<b>28.5</b>	<b>35.0</b>	<b>18.8</b>	<b>9.3</b>

7. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

*Table 3: Replacement of Debt Finance in £ millions*

	<b>2017/18 Actual £m</b>	<b>2018/19 Forecast £m</b>	<b>2019/20 Budget £m</b>	<b>2020/21 Budget £m</b>	<b>2021/22 Budget £m</b>
Own Resources	7.8	7.7	7.6	7.7	7.7

- The Council's full Minimum Revenue Provision Statement is available in **Appendix B** to the Capital Strategy Statement.
8. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to decrease by £2.1m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>31.3.2018 Actual £m</b>	<b>31.3.2019 Forecast £m</b>	<b>31.3.2020 Budget £m</b>	<b>31.3.2021 Budget £m</b>	<b>31.3.2022 Budget £m</b>
General Fund Services	177.0	177.6	175.5	172.7	169.1

9. **Asset Management:** To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed. As part of the procedure to establishing the new strategy, Departments were asked to consider their capital requirements to enable them to run their services. A series of workshops were held for members to express opinion and prioritise capital schemes. The Cabinet in the committee on 19/02/2019 will be submitting its formal recommendations to the full Council for approval on 07/03/2019.

10. **Asset Disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive capital receipts as indicated in the table below:

*Table 5: Capital Receipts in £ millions*

	<b>2017/18 Actual £m</b>	<b>2018/19 Forecast £m</b>	<b>2019/20 Budget £m</b>	<b>2020/21 Budget £m</b>	<b>2021/22 Budget £m</b>
Asset Sales	0.2	0.4	0.0	0.0	0.8

## **TREASURY MANAGEMENT**

11. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
12. Due to decisions taken in the past, the Council currently has £106m borrowing at an average interest rate of 5.6% and £34m treasury investments at an average rate of 0.67%.
13. **Borrowing Strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0% to 3.0%).
14. Projected levels of the Council's total outstanding debt (which comprises borrowing and PFI liabilities) are shown below, compared with the capital financing requirement (see above).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2018 Actual £m</b>	<b>31.3.2019 Forecast £m</b>	<b>31.3.2020 Budget £m</b>	<b>31.3.2021 Budget £m</b>	<b>31.3.2022 Budget £m</b>
Debt (incl. PFI & leases)	106.4	106.4	104.4	103.1	101.8
Capital Financing Requirement	177.0	177.6	175.5	172.7	169.1

15. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
16. **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year-end. This benchmark is currently £118m and is forecast to fall to £109m over the next three years.

*Table 7: Borrowing and the Liability Benchmark in £ millions*

	<b>31.3.2018 Actual £m</b>	<b>31.3.2019 Forecast £m</b>	<b>31.3.2020 Budget £m</b>	<b>31.3.2021 Budget £m</b>	<b>31.3.2022 Budget £m</b>
Outstanding Borrowing	106.4	106.4	104.4	103.1	101.8
Liability Benchmark	109.9	109.6	107.4	105.8	104.2

17. The table shows that the Council expects to remain borrowed below its liability benchmark. This is because cash outflows to date have been lower than expected due to the negative working capital position. If the position changes any loans required will be short term.

18. **Affordable Borrowing Limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

*Table 8: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt in £m*

	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>	<b>2020/21 Limit £m</b>	<b>2021/22 Limit £m</b>
Authorised Limit – total external debt	190	190	200	200
Operational Boundary – total external debt	180	180	190	190

- Further details on borrowing are in the Treasury Management Strategy in **Appendix C.**
19. **Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
20. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury Management Investments in £millions

	<b>31.3.2018</b> <b>Actual</b> <b>£m</b>	<b>31.3.2019</b> <b>Forecast</b> <b>£m</b>	<b>31.3.2020</b> <b>Budget</b> <b>£m</b>	<b>31.3.2021</b> <b>Budget</b> <b>£m</b>	<b>31.3.2022</b> <b>Budget</b> <b>£m</b>
Near-Term Investments	47	10	10	10	10
Longer-Term Investments	0	10	10	10	10
<b>TOTAL</b>	<b>47</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

- Further details on treasury investments are in the Treasury Management Strategy in **Appendix C**.

21. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the Treasury Management Strategy approved by Full Council. Half year and full year reports on treasury management activity are presented to the Audit and Governance Committee. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

### **INVESTMENTS FOR SERVICE PURPOSES**

22. The Council can make investments to assist local public services, including making loans to local small businesses to promote economic growth and to support the housing strategy. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.
23. **Governance:** Decisions on service investments are made by the relevant Head of service in consultation with the Head of Finance. Most loans are capital expenditure and would therefore also be approved as part of the capital programme.

### **LIABILITIES**

24. In addition to debt of £109m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £227m). It has also set aside £8m to cover risks of provisions, of which 98% relate to Waste Sites. The Council is also at risk of having to pay for contingent liabilities relating to the capping and aftercare requirements for the Authority's landfill Sites, and also a

potential insurance liability relating to the insurance arrangements of its predecessor authorities and the closure of the Municipal Mutual Insurance (MMI) Fund. In accordance with the accounting requirements, no money has been set aside for such contingent liabilities.

25. **Governance:** Decisions on incurring new discretionary liabilities are taken by Heads of Services in consultation with the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Department. New material liabilities are reported to the Audit and Governance Committee.

- Further details on liabilities are on page 11 of the 2017/18 Statement of Accounts <https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Performance-and-spending/Statement-of-Accounts-17-18/Statement-of-Accounts-2017-18.pdf>

## REVENUE BUDGET IMPLICATIONS

26. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, National Non-Domestic Rates and general government grants.

*Table 10: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream*

	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Budget</b>	<b>2020/21 Budget</b>	<b>2021/22 Budget</b>
Financing Costs (£m)	£13.7m	£13.4m	£13.3m	£13.3m	£13.3m
Proportion of Net Revenue Stream(%)	5.9%	5.5%	5.4%	5.3%	5.3%

- Further details on the revenue implications of capital expenditure are included in the 2019/20 Budget. <https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?cid=136&mid=2503&ver=4>

27. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for 50 years and over into the future. The Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable in the long term.

## **KNOWLEDGE AND SKILLS**

28. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance is a qualified accountant with a number of years' experience, and the Senior Property Manager is a chartered surveyor and member of the Royal Institute of Chartered Surveyors. The Council has qualified staff and pays for junior staff to study towards relevant professional qualifications including CIPFA, ACCA and AAT.
29. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
30. The relevant staff attend CIPFA and Arlingclose training events to ensure that we are aware of the latest developments, and that knowledge and skills are kept up to date.

**CAPITAL**

1. Whilst local authority revenue budgets face constraints, capital budgets are also under pressure, and there are revenue implications for capital expenditure which is not funded by specific grants.
2. In light of the revenue financial constraints we face and the fact that our previous Asset Strategy included a significant element of prudential borrowing (which places pressure on the revenue budget to pay for the borrowing costs), a thorough review of the next Asset Strategy is underway.
3. A proposed programme for schemes for the next three years is set out below:

<b>CAPITAL PROGRAMME</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>New Schemes</b>			
Asset Management Plan to be Allocated	11,728	7,535	6,610
Highways Refurbishment	2,650	1,325	0
Childcare	1,238	1,113	0
Housing Strategy	2,700	2,700	2,700
	<b>18,316</b>	<b>12,673</b>	<b>9,310</b>
<b>Approved Schemes - Already a part of the Programme</b>	<b>16,675</b>	<b>6,129</b>	<b>0</b>
<b>PROGRAMME TOTAL</b>	<b>34,991</b>	<b>18,802</b>	<b>9,310</b>

4. We will be funding the programme as follows:

<b>CAPITAL PROGRAMME FUNDING</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>New Schemes</b>			
Capital Provision in the Settlement	7,995	7,535	6,610
Grants and Contributions	2,563	2,438	0
Renewals and Other Funds	7,758	2,700	2,700
	<b>18,316</b>	<b>12,673</b>	<b>9,310</b>
<b>Approved Schemes - Already a part of the Programme</b>			
Other Borrowing	1,393	777	0
Grants and Contributions	8,753	525	0
Capital Receipts	98	750	0
Departmental and Corporate Revenue	265	0	0
Capital Fund	1,435	0	0
Renewals and Other Funds	4,731	4,077	0
	<b>16,675</b>	<b>6,129</b>	<b>0</b>
<b>PROGRAMME FUNDING TOTAL</b>	<b>34,991</b>	<b>18,802</b>	<b>9,310</b>

5. It is intended to establish a new asset strategy from 2019/20 going forward, in accordance with the report presented to Cabinet early in 2019. The new asset strategy will be operational for the period from 2019/20 to 2028/29.
6. The procedure for establishing the next strategy was approved by the Cabinet on 16 January 2018 and in the following months all Council members were asked to prioritise the schemes put forward by departments. A report on the detailed schemes will be presented for approval early enough for the 2019/20 financial year.
7. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2019/20 to 2021/22 budget, whilst the individual scheme details will be established by the Council in the new 10 year asset strategy.
8. Therefore, the full Council is asked to add £18,316,130 to the capital programme to be spent in 2019/20, in order to establish a total programme worth £34,991,250 by 2019/20, to be funded from the sources noted in the table under part 4 above.

**ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2019/20**

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.
2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The WG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
  - For capital expenditure incurred before 1<sup>st</sup> April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31<sup>st</sup> March 2008, incorporating an "Adjustment A" of £1.9m.
  - For unsupported capital expenditure incurred after 31<sup>st</sup> March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
  - For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
  - For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the Capital Financing Requirement (CFR) instead. In years where

there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

4. Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.
5. Based on the Council's latest estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2019, the budget for MRP has been set as follows:

	<b>31.03.2019 Estimated CFR £m</b>	<b>2019/20 Estimated MRP £m</b>
Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008	134.8	5.3
Unsupported capital expenditure after 31.03.2008	39.6	2.0
Finance leases and Private Finance Initiative	3.2	0.3
<b>Total General Fund</b>	<b>177.6</b>	<b>7.6</b>

## Treasury Management Strategy Statement 2019/20

### 1. Introduction

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3 In accordance with the WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance.

### 2. External Context

#### 2.1 Economic background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2% - 2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

## **2.2 Credit outlook**

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non-ring-fenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

### 2.3 Interest rate forecast

Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid December). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix 1**.

- 2.4** For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.88%, and that the Council will not need any new long-term loans will be required in 2019/20

### 3. Local Context

- 3.1 On 31<sup>st</sup> December 2018, the Council held £106m of borrowing and £34m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

**Table 1: Balance sheet summary and forecast**

	<b>31.3.18 Actual £m</b>	<b>31.3.19 Estimate £m</b>	<b>31.3.20 Forecast £m</b>	<b>31.3.21 Forecast £m</b>	<b>31.3.22 Forecast £m</b>
<b>CFR</b>	<b>177.0</b>	<b>177.6</b>	<b>175.5</b>	<b>172.7</b>	<b>169.1</b>
Less: Other debt liabilities *	(3.5)	(3.2)	(3.0)	(2.7)	(2.4)
<b>Loans CFR</b>	<b>173.5</b>	<b>174.4</b>	<b>172.5</b>	<b>170.0</b>	<b>166.7</b>
Less: External borrowing **	(106.4)	(106.4)	(104.4)	(103.1)	(101.8)
<b>Internal borrowing</b>	<b>67.1</b>	<b>68.0</b>	<b>68.1</b>	<b>66.9</b>	<b>64.9</b>
Less: Usable reserves	(56.2)	(41.2)	(39.2)	(35.2)	(33.2)
Less: Working capital	(48.0)	(48.0)	(48.0)	(48.0)	(48.0)
<b>Investments</b>	<b>(37.1)</b>	<b>(21.2)</b>	<b>(19.1)</b>	<b>(16.3)</b>	<b>(16.3)</b>

\*PFI liabilities

\*\*shows only loans to which the Council is committed and excludes optional refinancing

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 Table 1 shows that the Council will need to borrow during the next three years. If this is the case, short term borrowing will be used to reduce the interest rate.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2019/20.

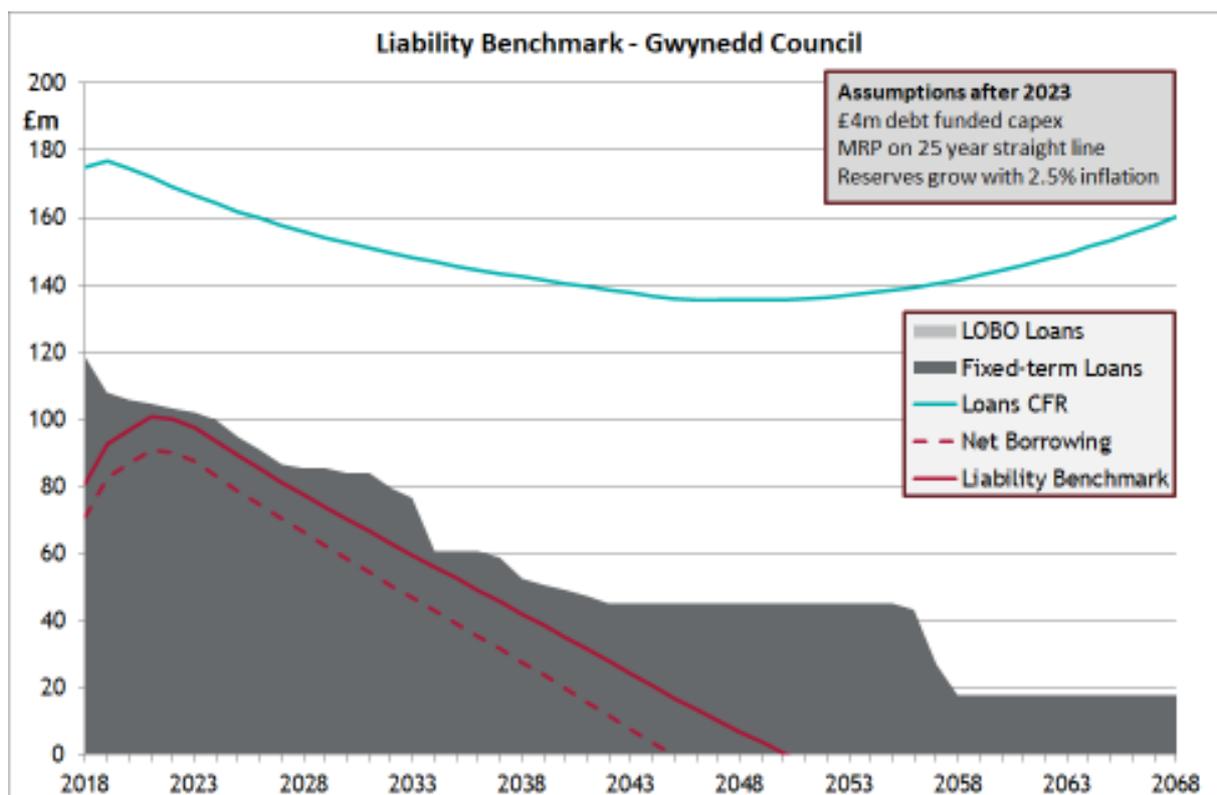
### 4. Liability benchmark

- 4.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain sufficient liquidity but minimise credit risk.

**Table 2: Liability Benchmark**

	<b>31.3.18 Actual £m</b>	<b>31.3.19 Forecast £m</b>	<b>31.3.20 Forecast £m</b>	<b>31.3.21 Forecast £m</b>	<b>31.3.22 Forecast £m</b>
CFR	<b>177.0</b>	<b>177.6</b>	<b>175.5</b>	<b>172.7</b>	<b>169.1</b>
Less: Usable reserves	(56.2)	(41.2)	(39.2)	(35.2)	(33.2)
Less: Working capital	(48.0)	(48.0)	(48.0)	(48.0)	(48.0)
Plus: Minimum investments	(37.1)	(21.2)	(19.1)	(16.3)	(16.3)
<b>Liability Benchmark</b>	<b>109.9</b>	<b>109.6</b>	<b>107.4</b>	<b>105.8</b>	<b>104.2</b>

**4.2** Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £4m a year, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below:



The chart shows that borrowing is much lower than the CFR and that the Council has funds to invest. On the assumptions noted above this is likely to continue to be the position in the long term.

## **5. Borrowing Strategy**

**5.1** The Council currently holds £106 million of loans, the same level as at the end of the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow long term in 2019/20 but may need to borrow short term for cash flow reasons. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £190 million.

### **5.2 Objectives**

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

### **5.3 Strategy**

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and/or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

#### **5.4 Sources of borrowing**

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Gwynedd Pension Fund)
- Capital market investors
- Special purpose companies created to enable local authority bond issues

#### **5.5 Other sources of debt finance**

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

#### **5.6 Short-term and variable rate loans**

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

#### **5.7 Debt rescheduling**

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## **6. Investment Strategy**

- 6.1** The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £79.4 and £17.6 million, and similar levels are expected to be maintained in the forthcoming year.

This includes the cash balances of Gwynedd Pension Fund which are pooled with the Council's funds for investment purposes. The Pension Fund requests this annually as the returns received are improved and the risks reduced by combining the cash with the Council's funds. The Pensions Committee will approve the relevant elements of this Strategy Statement and request the continuation of the pooling arrangements for 2019/20 at its meeting on 14 March 2019.

### **6.2 Objectives**

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

### **6.3 Negative interest rates**

If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

### **6.4 Strategy**

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will represent a continuation of the strategy adopted in 2015/16.

## 6.5 Business models

Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

## 6.6 Approved counterparties

The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

**Table 3: Approved investment counterparties and limits**

<b>Credit rating</b>	<b>Banks unsecured</b>	<b>Banks secured</b>	<b>Government</b>	<b>Corporates</b>	<b>Registered Providers</b>
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	5% / £4m 5 years	10% / £8m 20 years	10% / £8m 50 years	5% / £4m 20 years	5% / £4m 20 years
AA+	5% / £4m 5 years	10% / £8m 10 years	10% / £8m 25 years	5% / £4m 10 years	5% / £4m 10 years
AA	5% / £4m 4 years	10% / £8m 5 years	10% / £8m 15 years	5% / £4m 5 years	5% / £4m 10 years
AA-	5% / £4m 3 years	10% / £8m 4 years	10% / £8m 10 years	5% / £4m 4 years	5% / £4m 10 years
A+	5% / £4m 2 years	10% / £8m 3 years	10% / £8m 5 years	5% / £4m 3 years	5% / £4m 5 years
A	5% / £4m 13 months	10% / £8m 2 years	10% / £8m 5 years	5% / £4m 2 years	5% / £4m 5 years
A-	5% / £4m 6 months	10% / £8m 13 months	10% / £8m 5 years	5% / £4m 13 months	5% / £4m 5 years
None	£1m 6 months	n/a	10% / £8m 25 years	£0.5m 5 years	5% / £4m 5 years
<b>Pooled funds and real estate investment trusts</b>	10% / £8m per fund or trust				

This table must be read in conjunction with the notes below.

## **6.7 Credit rating**

Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

## **6.8 Banks unsecured**

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

## **6.9 Banks secured**

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

## **6.10 Government**

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

## **6.11 Corporates**

Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £1 million per company as part of a diversified pool in order to spread the risk widely.

## **6.12 Registered providers**

Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

## **6.13 Pooled funds**

Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

## **6.14 Operational bank accounts**

The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £900,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

## **6.15 Risk assessment and credit ratings**

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

## **6.16 Other information on the security of investments**

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

## **6.17 Specified investments**

The Welsh Government Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Council defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

## **6.18 Non-specified investments**

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

**Table 3: Non-specified investment limits**

	<b>Cash limit</b>
Total long-term investments	£30m
Total investments without credit ratings or rated below A- (except the UK Government and UK local authorities)	£8m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£4m
Total non-specified investments	£24m

**6.19 Investment limits**

The Council's revenue reserves available to cover investment losses are forecast to be £41 million on 31<sup>st</sup> March 2019. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 4: Investment limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£8m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£8m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£40m per broker
Foreign countries	£8m per country
Registered providers and registered social landlords	£20m in total
Unsecured investments with building societies	£8m in total
Loans to unrated corporates	£8m in total
Money market funds	£40m in total
Real estate investment trusts	£20m in total

## 6.20 Liquidity management

The Council uses prudent cash flow forecasting techniques to determine the maximum period for which funds may prudently be committed. The forecast is compiled on the basis that short-term borrowing is used to cover its financial commitments if required. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

## 7. Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

### 7.1 Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit score	6.0

### 7.2 Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£10m

### 7.3 Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£761,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

#### 7.4 Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

#### 7.5 Principal sums invested for periods longer than a year

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£20m	£20m	£20m

### 8. Related Matters

8.1 The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

#### 8.2 Financial Derivatives

In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

#### 8.3 Markets in Financial Instruments Directive

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Finance believes this to be the most appropriate status.

## **9. Welsh Government Guidance**

### **9.1 Investment training**

The needs of the Council's treasury management staff for training in investment management are assessed every year as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

### **9.2 Investment advisers**

The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is monitored by the Head of Finance and the Investment Manager on a regular basis.

### **9.3 Investment of money borrowed in advance of need**

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £190 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

## **10. Financial Implications**

- 10.1** The budget for investment income in 2019/20 is £0.2 million based on an average investment portfolio of £22 million at an interest rate of 0.88%. The budget for debt interest paid in 2019/20 is £6.0 million, based on an average debt portfolio of £106.6 million at an average interest rate of 5.62%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

## 11. Other Options Considered

11.1 The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## Appendix 1 – Arlingclose Economic & Interest Rate Forecast December 2018

### Underlying assumptions

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

## Forecast

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitionary period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
<b>Arlingclose Central Case</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.17</b>									
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
<b>3-mth money market rate</b>														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
<b>Arlingclose Central Case</b>	<b>0.80</b>	<b>1.00</b>	<b>1.10</b>	<b>1.20</b>	<b>1.30</b>	<b>1.30</b>	<b>1.25</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.17</b>
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
<b>1-yr money market rate</b>														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
<b>Arlingclose Central Case</b>	<b>1.05</b>	<b>1.25</b>	<b>1.35</b>	<b>1.40</b>	<b>1.50</b>	<b>1.45</b>	<b>1.40</b>	<b>1.37</b>						
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
<b>5-yr gilt yield</b>														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
<b>Arlingclose Central Case</b>	<b>1.15</b>	<b>1.20</b>	<b>1.25</b>	<b>1.35</b>	<b>1.40</b>	<b>1.40</b>	<b>1.35</b>	<b>1.35</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
<b>10-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
<b>Arlingclose Central Case</b>	<b>1.60</b>	<b>1.65</b>	<b>1.65</b>	<b>1.70</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>	<b>1.70</b>						
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
<b>20-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
<b>Arlingclose Central Case</b>	<b>1.90</b>	<b>1.95</b>	<b>1.95</b>	<b>2.00</b>	<b>1.98</b>									
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
<b>50-yr gilt yield</b>														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
<b>Arlingclose Central Case</b>	<b>1.80</b>	<b>1.85</b>	<b>1.85</b>	<b>1.90</b>	<b>1.88</b>									
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

# Agenda Item 10

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>14 FEBRUARY 2019</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 1 FEBRUARY 2019</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES</b>

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## **1. INTRODUCTION**

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 19 November 2018 to 1 February 2019.

## **2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following work was completed in the period to 1 February 2019:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	12
Grant Audits	1

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 1 February 2019, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Safeguarding Arrangements - Establishments	Corporate	-	Limited	Appendix 1
Information Management - Establishments	Corporate	-	Satisfactory	Appendix 2
General Data Protection Regulation	Corporate	-	Limited	Appendix 3
Welsh Church Fund	Corporate	-	Limited	Appendix 4
TRAC Project	Education	Across the department	High	Appendix 5
Recurring Billing	Environment	Council Land and Property	N/A	Appendix 6
Public Transport	Environment	Transport and Street Care	Satisfactory	Appendix 7
Systems – Patch Management	Finance	Across the department	High	Appendix 8
Lloyd George Museum Accounts	Economy and Community		High	Appendix 9
Houses into Homes Scheme	Adults, Health and Wellbeing	Private Sector Housing	High	Appendix 10
Flying Start Grant – Child Care	Children and Family Support	Children and Families	High	Appendix 11
Diesel Tanks and Diesel Management	Highways and Municipal	Fleet	Limited	Appendix 12

2.2.2 The general assurance levels of audits fall into one of four categories as shown in the table below.

<b>LEVEL OF ASSURANCE</b>	<b>HIGH</b>	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	<b>SATISFACTORY</b>	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	<b>LIMITED</b>	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	<b>NO ASSURANCE</b>	Controls in place are considered to be inadequate, with objectives failing to be achieved.

### 2.3 Post 16 Grant

2.3.1 There is a requirement for local authorities to provide 'evidence of appropriate expenditure' of the allocations in respect of sixth forms and adult continuing education. The 'Local Authority Audit Guidance for Welsh Government Funding' states that on an annual basis, the Local Authority will provide to the Welsh Government the following information:

- a) a list of all internal audit reports completed in that year that involve any school or community learning where all or part of the costs are covered by Welsh Government grants;
- b) for those reports, the main audit opinion is to be given together with any significant weaknesses identified plus the action plan / management comments to address those weaknesses;
- c) a copy of the Head of Internal Audit's (or equivalent) annual report; and
- d) a copy of the external audit management letter relating to the particular financial year after it has been presented to the Council

2.3.2 The above information and the related checklists were sent to the Welsh Government on within the deadline for submission which was 31 January 2019.

### 3. FOLLOW-UP WORK

3.1 New arrangements have been established for follow-up audits. In 2017/18, a total of 163 actions were agreed to be undertaken before 31 March 2019. Following a request made to the Units/Services for information and evidence on progress agreed actions, as at 1 February 2019, there was acceptable implementation on **71.17%** of the agreed actions, i.e. 116 out of 163.

#### **4. WORK IN PROGRESS**

4.1 The following work was in progress as at 1 February 2019:

- Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Proactive Prevention of Fraud and Corruption (*Corporate*)
- Managing the Risk of Fraud and Corruption (*Corporate*)
- National Fraud Initiative (*Corporate*)
- Awareness of Whistleblowing Policy – Primary and Secondary (*Education*)
- Employment Status IR35 (*Education*)
- GwE – Employment Status IR35 (*GwE*)
- Purchasing Equipment through the School (*Education*)
- Schools - General (*Education*)
- Pest Control (*Environment*)
- Licensing Arrangements (*Environment*)
- Property Repair and Maintenance (*Environment*)
- Contributions from Employers (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Disposal of IT Equipment (*Finance*)
- Cybersecurity (*Finance*)
- IT Disaster Recovery Arrangements (*Finance*)
- Employment Status IR35 (*Economy and Community*)
- Caernarfon Waterfront and Town Centre Regeneration Initiative – Governance Arrangements (*Economy and Community*)
- On-call and Emergency Arrangements (*Adults, Health and Wellbeing*)
- Social Services Annual Report (*Adults, Health and Wellbeing*)
- Children – Out of County Placements (*Children and Family Support*)
- Care and Support Plans (Children) under Part 4 Social Services and Wellbeing Act (Wales) 2014 (*Children and Family Support*)
- Flood Management (*Gwynedd Consultancy*)

#### **5. RECOMMENDATION**

5.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 19 November 2018 to 1 February 2019, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

## SAFEGUARDING ARRANGEMENTS - ESTABLISHMENTS CORPORATE

### 1. Background

- 1.1 One of Gwynedd Council's main priorities is to ensure that robust arrangements and procedures are in place to ensure that residents are protected from abuse, neglect, radicalisation, slavery, domestic violence and exploitation. Every member of staff is responsible to report on concerns or suspicion that individuals are being abused.
- 1.2 A number of posters together with pamphlets and contact cards have been produced to raise staff awareness of issues and safeguarding arrangements. In addition, e-learning modules are available to employees who have access to a computer and self-service for field workers.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that organisations outside the Council's main offices were aware of their responsibility to direct concerns about safeguarding children and adults appropriately.
- 2.2 The audit covered discussions with Managers and observed that a safeguarding poster was displayed in establishments outside the main offices. This included Gwynedd Council's residential homes, leisure centres, beaches and harbours that Internal Audit visited as part of the 2018-19 Internal Audit Plan.

### 3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	0
<b>LOW</b>	0

## 5. Main Findings

5.1 It was generally seen that there was awareness of safeguarding issues, but there was scope to improve awareness further. As part of the 2018-19 audit plan a sample of the Council's leisure centres, residential homes, beaches and harbours were audited. Within the audit program, the safeguarding arrangements such as safeguarding policies, training and Disclosure and Barring Service (DBS) disclosures were examined. Below is a summary of the findings.

### 5.2 Leisure Centres

5.2.1 Each centre followed the Council's corporate policy. Safeguarding is included as part of every new member of staff's induction, and training is held over the Christmas period while the centres are closed to the public. Two of the centres did not have corporate safeguarding posters but it was arranged that posters were sent to them following the visits.

5.2.2 The e-learning modules' training records were checked for all of the centres' staff. In one centre, 9 members of staff from a sample of 10 had completed the 'Safeguarding Adults', 'Child Protection and Safeguarding' and 'Domestic Abuse' modules in the last two years. Whilst a small number of staff from the other centres had completed the safeguarding modules. One Duty Manager explained that this training was under way and that the intention was to get the workers to complete the training in the coming weeks.

5.2.3 A sample of officers from the four centres were selected and each was found to have current DBS disclosures except two who were in the process of renewing them. In addition, each centre displayed posters notifying individuals not to take public photos, as a dedicated form must be completed if this is to be done. Leisure centre staff are aware of the arrangements and actions to take if such a case occurs.

### 5.3 Residential Homes

5.3.1 Each home followed the Council's corporate policy. It was found that a policy dated July 2013 was used in one Home, although the policy had been reviewed in September 2017. The Manager has ensured that the current policy is now available to the employees. Safeguarding posters were seen in every home.

5.3.2 Not all staff had received safeguarding of vulnerable adults training, and cases were identified where it was necessary for the training to be renewed. Employees should receive classroom training for safeguarding every 3 years. The training of several staff dated back more than the 3 year period with some dating back to 2010. The Manager was aware of the situation and it was found that she had organised safeguarding training for 13 members of staff during the year to come.

5.3.3 E-learning training records including 'Domestic Abuse', 'Safeguarding Adults' and 'Child Protection and Safeguarding' modules were checked, a small number of staff had completed these modules at the time of the audit. Managers were aware of the need to complete these modules, one of them identified the difficulties they have had to get access to all staff and also the need to ensure a supply of staff on duty while others complete the modules. It is not necessary for staff to complete the safeguarding modules as they already receive face to face training but in terms of the 'Domestic Abuse' module it is necessary for all Council staff to complete the module.

5.3.4 A sample of officers from the four homes were selected and each was found to have a current DBS disclosure.

#### 5.4 Beaches and Harbours

- 5.4.1 A safeguarding poster was visible in one of the harbours and one of the beaches visited. The workers, mostly seasonal, were asked about corporate training messages and opportunities such as 'Domestic Abuse' and safeguarding but they expressed that they were not aware of e-learning and the statutory need to complete the 'Domestic Abuse' module.

#### 6. Actions

**The Chair of the Safeguarding Operational Panel has committed to implementing the following steps to mitigate the risks highlighted.**

- **Continue to raise awareness of the Council's employees of corporate safeguarding arrangements.**

## INFORMATION MANAGEMENT - ESTABLISHMENTS CORPORATE

### 1. Background

- 1.1 The Council makes considerable use of personal information in all its areas of work. As part of its employment with Gwynedd Council, all staff are expected to be familiar with their Data Protection responsibilities and deal with personal information in a manner that complies with the Data Protection Act and the General Data Protection Regulation (GDPR).
- 1.2 Both the GDPR and the Data Protection Act 2018 came into force on May 25, 2018. This means that organisations will have to comply with the GDPR together with the new Data Protection Act.
- 1.3 The changes mean that there is a need to explain much more clearly to the public and staff how personal information is used. Individuals will have many more rights and a clear proof of consent will be required to use information. It will be necessary to report nationally if information goes missing or to the wrong place and you will need to know what personal information you have, where it is stored, with whom it is shared and how long it will be kept.
- 1.4 An audit was carried out recently on the Council's arrangements following the GDPR coming into force. The purpose of the audit was to ensure that suitable arrangements were in place to begin to comply with the GDPR. The results can be found within the Internal Audit report of the 'General Data Protection Regulation' dated December 2018.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the Audit was to ensure that information held by the Council is kept securely and in compliance with the principles of the GDPR and the new Act. The audit encompassed observation of information protection arrangements when visiting Council establishments that are outside the main buildings. This included Leisure Centres, Residential Homes and a Harbour which Internal Audit visited as part of this year's Internal Audit plan.

### 3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

#### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

#### 5. Main Findings

5.1 It was generally seen that there was an awareness of information management issues and the principles of the Data Protection Act, but there was scope to further improve awareness. Below is a summary of the findings of the organisations visited during 2018-19.

##### 5.2 Leisure Centres

5.2.1 There was a good understanding of the safety of information in the sample of leisure centres visited during the year 2018-19, but only two of the sample were aware of the Information Management team and the support they offer.

5.2.2 Elements of information security are included in the centres staff induction e.g. how to deal with a direct debit package and not share telephone numbers over the phone. New staff receive a copy of the Integrated Management System (IMS) guidelines to read. In addition, the GDPR e-learning module is available for them to complete.

5.2.3 It was asked about retention periods and it was noted that staff are aware of them. It was found that the Business and Systems Support Officer had recorded dates of disposal on boxes in one centre. Each centre used shredders for the disposal of confidential information, one centre also made use of the red sacks. They were aware of the need to keep confidential information locked e.g. The center's copy of the direct debit form is kept locked.

5.2.4 It was inquired as to whether guidance was given to staff not to discuss matters outside work and it was noted that staff were urged not to. It was seen that computer screens were locked when they were not used on the days of the visits and passwords were not seen on screens during the visits.

5.2.5 Each Centre displays posters informing individuals not to take public photographs, as a dedicated form must be completed if this is to be done. Leisure centre staff are aware of the arrangements and actions to take if such a case occurs.

5.2.6 CCTV was installed at all leisure centres and there were signs to notify the public of this. Specific officers are responsible for managing the system and passwords are used to access the software. Checking that the CCTV works is part of one of the Duty Managers daily checks. Data retention ranges from one centre to another from two weeks to a month, once this period expires the data will be deleted. Copies can be made if an application is made by completing the appropriate form.

### 5.3 Residential Homes

5.3.1 One of the two Residential Home queried was aware of the Information Management team, however they had a good understanding of the rules. They kept a clear desk policy, were aware of the retention periods and made use of shredders and red sacks.

5.3.2 Staff have completed a confidentiality form as part of the application pack and are therefore aware of the need not to discuss issues outside the work. They have arrangements to check who is on the phone and do not share confidential information over the phone.

### 5.4 Porthmadog Harbour

5.4.1 Harbour officers were aware of the Information Management team. Passwords were not seen on the screens and were locked when not in use. They did not have paper files to be kept locked as everything is kept on iGwynedd, although, they do have a shredder if they ever need to dispose of confidential information. They were aware of the risk of others hearing personal information over the phone and had a procedure of not ringing while customers were there. In addition, a back office is available if confidential issues need to be discussed.

5.4.2 CCTV was installed in the harbour and there was a sign to inform the public on the building. All harbour workers are aware of how to use the CCTV system, however the Harbour Master deals with any enquiries from the Police. In these cases, a data protection form needs to be completed.

## 6. Actions

**The Research and Information Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Continue to raise awareness of Council employees of information management arrangements including the GDPR.**

## **GENERAL DATA PROTECTION REGULATION CORPORATE**

### **1. Background**

- 1.1 The General Data Protection Regulation (GDPR) came to force on 25 May 2018. The regulation has a direct impact on all EU Member States. In addition to the GDPR, a new data protection law, the Data Protection Act 2018, applies to the U.K. The government has confirmed that the UK will largely follow the EU regulation when the UK leaves the EU. This means that organisations will have to comply with the GDPR along with the new Data Protection Act.
- 1.2 The Council has a legal obligation to ensure that the personal data collected is dealt with in compliance with GDPR and the new data protection act, as well as being able to demonstrate compliance. Non-compliance puts the Council at risk of receiving a fine from the Information Commissioner, up to 20 million euros for failure to protect personal data and possibly, legal action and damage to the Council's reputation. In addition, under the GDPR the scope of activities for which the Council can receive a fine has been broadened.
- 1.3 According to information received from the Information Manager and from attending GDPR conferences, the Information Commissioner did not envisage that any council would be fully compliant when GDPR came into force (25 May 2018). However, it is essential that the Council is able to demonstrate to the Information Commissioner that reasonable steps have been taken towards compliance to ensure a low likelihood of the Council receiving a fine.

### **2. Purpose and Scope of the Audit**

- 2.1 The aim of the audit was to ensure that suitable arrangements were in place to commence compliance with the General Data Protection Regulation. In order to achieve this, the audit covered ensuring that an action plan was in place for implementing the changes across the Council. It also covered obtaining evidence to ensure that appropriate arrangements were in place for gathering information to be audited should the Information Commissioner conduct an audit of the Council. The following are the key activities where the Council was expected to have implemented and where the audit provided assurance over.
  - Identifying where personal information has been retained, within the Council and what is shared with other partners/contractors, as well as identifying controls for ensuring compliance.
  - Ensure that appropriate governance arrangements are in place i.e. that a Data Protection Officer is responsible for information and communication/reporting to Cabinet.
  - Review and/or implement transparency notices issued and presented to the public and ensure that they are appropriate under the new regulation.

### 3. Audit Assurance Level

3.1 The controls for mitigating risks were checked. The auditor's assessment concludes that the assurance level of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, there is a need to improve compliance with the controls and/or introduce new controls to minimise the risks to which the service is exposed *.</b>

*\* Note that the assurance level is a reflection of the current corporate position, i.e. based on the volume of work that departments need to complete to ensure full compliance. It is not a reflection on the progress that some departments have made since the regulation came into force.*

### 4. Current Risk Score

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>2</b>
<b>MEDIUM</b>	<b>5</b>
<b>LOW</b>	<b>0</b>

### 5. Main Findings

5.1 The report is given a 'limited' level of assurance as it is the auditor's opinion that the Council is exposed to risks of reputational damage, financial losses and possibly legal proceedings arising from breaches of personal data and/or the Council receives a fine due to non-compliance. However, the service considers the impact to be lower than substantial. At present there is no test of how the Information Commissioner will fine under the new regime - it is this uncertainty that maximizes the risk.

5.1.1 It was found that the foundation for planning and dissemination of information on the General Data Protection Regulation had been established by the Council. A Data Protection Officer has been appointed, a corporate action plan and work program for departments have been established. It was also seen that staff awareness training was run and the service has distributed all the information/guidance as well as the current data protection policy to staff. However, many activities appear to be in progress and not implemented within the timescale set, with only one activity within the implementation target set for December 2018.

5.1.2 It was found that the Data Protection Policy had been updated and presented on the 'Canolfan Bolisi' with emails having gone out to all staff informing them of the changes. However, there are no robust arrangements in place to ensure that all Council staff read and understand the data protection policy, as well as being able to act on the changes that cover the new law and regulation.

- 5.1.3 The asset register appears to have not been completed in full. There was a lack of services being able to identify whether personal data contracts were required and/or identify the legal basis of their data processing activities. Following our inquiries, a number of staff appear to be unsure of the requirements, including whether or not they rely on consent as a legal basis for processing data (and also consent from children), and whether contracts need to be established and/or reviewed.
- 5.1.4 It was noted that guidelines for completing a Data Protection Impact Assessment (DPIA) have been established including Screening Questions and DPIA template. However, there were no controls to identify projects to ensure that each have completed the screening questions as well as the DPIA form.
- 5.1.5 The Corporate Data Protection Officer reported that there was currently a lack of resources to carry out compliance checks as part of her job and that there was a lack of resource within the team to conduct audits which is a risk to the Council.
- 5.1.6 Services that had carried out reviews of their privacy notices were identified. Out of the sample of services queried, it was found that some were completed but the majority were in progress.
- 5.1.7 There was no confirmation of any automatic profiling and decision-making work carried out within GDPR compliance.

## **6. Actions to be implemented**

**The Service is committed to implementing the following steps to mitigate the risks highlighted:**

- **Consider the options for how to ensure that all staff complete statutory training together with the Council's policies.**
- **Review the dates on the implementation program and ensure that an update to the asset register is completed within the target date, following any further directions from the Data Protection Officer.**
- **Ensure that there is a monitoring column on the asset register so that the Data Protection Officer can monitor progress. Ensure that monitoring is a standing item on the Information Management Group work program.**
- **Create a contact with the Equalities Officer to agree a way to find out about projects where there is a need to consider if DPIA needs to be maintained.**
- **Inform the Department Managers of the need to implement and document the DPIA screening questions for new projects. Include reference to the need to maintain DPIA in training for managers on the project regime.**
- **Providing support to departments with many agreements in place. Members of the Information Management Group to identify any current contracts to ensure compliance with new legislation. The Procurement Team and the Category Teams as a back up to provide support and guidance with any adjustments as needed.**
- **Ensure that the departmental work program is monitored so that progress on implementation of the privacy notices and any other activities on the program is progressing.**
- **Raise the issue of identifying profiling work and automatic decision making on the Information Management Group's agenda to identify whether the topic is relevant within their departmental management teams and to add the information on to the asset register.**

**WELSH CHURCH FUND  
CORPORATE**

**1. Background**

- 1.1 The purpose of the Welsh Church Fund is to promote and support activities by registered charities. Organisations such as local eisteddfodau, activities within the arts, education, leisure and sports, conservation and charities that support disabled people can apply for a grant from the fund.
- 1.2 The fund currently encompasses Gwynedd, Conwy and Anglesey, where Gwynedd is the lead authority. The intention is to split the fund between the authorities but there has been a significant delay in implementing this as a result of a long term cross-border dispute regarding a piece of land, which included property and legal officer from the 3 Councils, although it seems that a recent solution has been made. The cash in hand value within the fund is £1.8 million with 44% owned by Gwynedd, and the interest is spent annually as grants made to charitable organisations. Grant applications for up to £3,000 are considered, and where a grant is awarded, further applications for support from the same body for the same project will not be approved for a period of 3 years from the date of the previous application.

**2. Purpose and Scope of Audit**

- 2.1 The purpose of the audit was to ensure that the Welsh Church Fund's grant awarding arrangements to registered charities in Gwynedd are appropriate. In order to achieve this, the audit encompassed the review of the controls involved by reviewing a sample of recent applications and grants and ensured that the organisations and projects were eligible for the grant and used it accordingly.

**3. Audit Level of Assurance**

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

**4. Current Score Risk**

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	0
<b>LOW</b>	0

## **5. Main Findings**

- 5.1 Although there is £1.8m of cash in the fund, it was necessary to sell the investments that used to earn significantly greater interest to the fund in order to comply with rules that came into force in December 2013. Since then, the money has been kept in an account that earns very low interest and although the money is intended to be reinvested, this has not happened due to the intention to split the fund between the three authorities. Unfortunately, as the grants allocated are based on the annual interest earned, the money available to allocate as grants has reduced. The fund has now used its historical underspend surplus, and since April 2018 it was decided not to accept new applications as there is not enough money. However, prior commitments to allocate money to local Eisteddfodau continue, and will likely exceed the expected interest income, so it is expected that the fund will overspend this year. Conwy and Anglesey authorities have already expressed concern over the income levels of the fund, and their budgets for allocating funds to the organisations within their counties.
- 5.2 The fund is expected to overspend approximately £3,000 in 2018/19, based on a commitment to donate £300 to 28 local Eisteddfodau (totaling £ 8,400), funded by an expected interest income of around £4,000 and use of historical underspend surplus (£1,500). However, following a recent solution to the long-term cross-border dispute regarding a piece of land, it is expected by the beginning of 2019 that Gwynedd's share of the cash in hand will have been invested and higher interest income will be received in order to re-start allocating grants.
- 5.3 From the sample of projects reviewed, all appear to be eligible for the grant. The Eisteddfodau, the only recipients this year, do not need to present as many documents as charities, but it was found that balance sheets and a program of the day are requested and received as proof that the Eisteddfod has taken place. For the sample of charities, although not all the expected documents were available for review during the audit, such as some constitutions and bank statements, taking into account the nature of the institutions that receive the grants, the amounts, and the number of grants allocated, then it is considered to be of low risk.

## **6. Actions**

**The Finance Department has committed to implement the following actions that will mitigate the risks noted:**

- **As a result of a recent resolution with the lands and the dismantling of the fund, progress can be made to implement the plans of investing the funds in order to earn a greater interest rate and thus maximising the number of grants available to charities annually.**

## TRAC PROJECT EDUCATION

### 1. Background

- 1.1 TRAC 11-24 scheme is an European Union funded project, supported by the European Social Fund Priority Axis 3: Youth Employment and Attainment and is being led by Denbighshire County Council working in partnership with North Wales County Councils, Grŵp Llandrillo Menai, Coleg Cambria and Careers Wales. The project is established to provide suitable skills and support to pupils and young people aged 11-24 who are at a risk of becoming NEET in North Wales.
- 1.2 The scheme aims to identify pupils who are eligible for the project early and provide them with a suitable curriculum and support. The project is delivered by a team across North Wales where different interventions are used to ensure that a participating young person takes advantage of welfare and health support and the ability to access an alternative curriculum which will enable them to take accredited qualifications linked to local labour market opportunities.
- 1.3 Up to July 2018, 465 pupils had received support, 229 had completed the TRAC scheme and 76% of pupils had gone on to further education, work or an apprenticeship. By July 2022, it is estimated that 1,120 will receive support, 90% of Year 11 pupils will go on to further education, work or apprenticeship and up to 336 pupils will attain a level 1 and 2 qualification (equivalent to a GCSE at level A\* i E)

### 2. Purpose and Scope of Audit

- 2.1 The aim of the audit was to ensure that suitable arrangements were in place to meet the goal to reduce the numbers of young people not in education, employment or training. In order to achieve this, the audit encompassed checking of a sample of pupils who had been identified as eligible for the project to ensure that pupil identification and the processing of a proposal for support had been properly implemented and that appropriate performance measurement arrangements are in place.

### 3. Audit Level of Assurance

- 3.1 The risk mitigation controls were checked. The auditor's assessment concludes that the assurance of the audit is as follows -

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal Controls can be relied upon to achieve objectives.</b>

#### **4. Main findings**

- 4.1 It was observed that strong internal controls were in place for delivering service through the TRAC project and that the TRAC team at Gwynedd follows the guidelines set by the European Union and Denbighshire County Council in detail. A random sample of 17 pupils who are at present receiving support through the project or has previously benefited from the project has been selected to ensure that project operations have been carried out in an appropriate manner.
  - 4.1.1 From the sample of pupils checked, all appeared to be eligible to receive the support and appropriate evidence was seen for each file. All pupils on the scheme had an LPT score above the threshold of 31, which was set by the Welsh European Funding Office (WEFO) July 2017.
  - 4.1.2 Following WEFO's guidance, a parental consent form, an individual's form and a referral form are required to be completed before a TRAC file is opened for the pupil. The sample was checked for this, and some inconsistencies such as a privacy notice and/or parental consent forms were found to be missing. The TRAC project manager confirmed that they have received guidance from Denbighshire County Council that they are able to work without parental permission if the support received is only on the school site. As a privacy notice had not been received for some pupils, the TRAC manager confirmed that these pupils will not be added for the purposes of WEFO under any circumstances and it will not be possible to share their information. Following the re-profiling which took place in the summer, a quality monitoring and control officer has been appointed to ensure that these controls will be followed.
  - 4.1.3 A sample of claims were checked when looking at the A999 LA79 expenditure code and were found to be accurate, complete and timely. In addition, it was observed that appropriate expenditure was being made with the money received from the Welsh European Union, such as expenditure on delivery of staff projects, project management, travel costs and training courses.
  - 4.1.4 The reported performance results were reviewed against the project and by receiving supporting evidence the results reported were seen to be of appropriate quality and accurately reported.
  - 4.1.5 It was seen that the service does not have any information on the Council's website to provide the public with information about the TRAC scheme. It was confirmed that arrangements are in hand and it is expected that a website would be available in the near future. This does not create a risk of eligible pupils missing out on the opportunity of employment as the early identification tool (EIT) is run through the School Information Management System (SIMS) for all schools in Gwynedd and then all pupils who are reinstated will be reported on the eligible report to receive TRAC intervention.

## **RECURRING BILLING ENVIRONMENT**

### **1. Background**

1.1 In the 2017/18 financial year, an audit on the Council's income from smallholdings was conducted. Smallholdings are relatively small units of land and property that are rented out to tenants for agricultural use. It was discovered that the Council creates invoices to the tenants' via recurring billing, which means that invoices are automatically and periodically generated for a given number of years - but it was limited within the financial system. Examples were found where some tenants were not invoiced once the scheduled periods of recurring billing were over, which was unbeknownst to officers. Following the audit, it was discovered that it was possible to extend the period of the recurring billing in the system well into the future, and this was undertaken in order to mitigate the risk of failing to bill a tenant. In addition, a reconciliation of all current contracts within the Property Units's new system, TF, with the Income Unit's records is planned in order to ensure that all contracts are invoiced.

### **2. Purpose and Scope of Audit**

2.1 The purpose of the audit was to ensure that all customers who received recurring bills were billed accordingly and on time. The audit encompassed widening the sample of the Smallholdings audit, dated 2017/18, by producing a ledger report on all recurring bills over the last 9 years, highlighting cases where recurring billing has expired, investigating the reason why, and identifying any financial losses to the Council.

### **3. Audit Level of Assurance**

3.1 The controls for risk mitigation were reviewed during the audit on the Council's smallholdings income, dated 2017/18. It is Audit's opinion that it is not appropriate to give an assurance level as the managerial weaknesses have already been identified and reported upon in a previous audit. The purpose of this audit was to review the impact of the control weakness that had already been identified.

### **4. Main Findings**

4.1 The ledger's report revealed that there were a number of examples where income receipts through recurring billing arrangement had expired. It was discovered that in the vast majority of cases there were legitimate reasons for these expirations, for example, a business that paid rent to the Council leaving the property. In addition, it was sometimes seen that a recurring billing arrangement had expired before restarting again in the future, leaving a gap in the income stream. In these cases, however, it was found that a normal 'one-off' invoice had been raised which meant there were no financial losses. However, the cases where recurring billing arrangements came to an end without any action from the Council are expanded upon below.

- 4.1.1 A company (supplier number 140100) has been paying an annual rent of £2,500 to the Maritime Service by recurring billing. The billings appears to have ended in 2014, and an invoice was not raised in 2015/16, 2016/17 nor 2017/18. Following inquiries, the Service confirmed that the amounts were, in fact, owed and so an invoice was sent for £7,500 in backpay (now paid), and a further payment to cover the 2018/19 rent until their departure date in September.
- 4.1.2 Customer 010776 had been paying an annual rent of £112 to the Housing Service through a recurring billing arrangement. However, the recurring billing seems to have ended in 2014 and an invoice was not raised in 2015/16, 2016/17 nor 2017/18. In addition, customer 012548 had been paying an annual rent of £30 to the Education Department through a recurring billing arrangement, and the billing seems to have ended in 2014. An invoice was not raised in 2015/16, 2016/17 nor 2017/18. No explanation was received from the Property Service as to whether or not the customers remain in the property nor if rent is due to the Council.

## PUBLIC TRANSPORT ENVIRONMENT

### 1. Background

- 1.1 Gwynedd Council is responsible for arranging a number of public bus routes across the County. The work formerly taken on by Express Motors was put to tender following the company losing their PSV (Public Service Vehicle) license.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the administration and awarding of tender to bus companies. In order to achieve this, the audit encompassed reviewing a sample of recent tenders for bus companies and ensuring that the payments and arrangements in place were appropriate.

### 3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Risk Score

- 4.1 The audit's risk are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

- 5.1 The 'itt\_64605' tender included all the routes formerly undertaken by Express Motors. Relevant information such as date posted, closing date and time, contract details and description were displayed on the website for applicants to view. In order to complete an application, applicants were required to complete 3 sections, qualification, technical and commercial. Since all applications were completed digitally, online via <http://www.sell2wales.gov.wales> there is no need for two officers to be present when tender applications are opened because all relevant data is securely stored on the website and cannot be accessed or changed before being opened.

- 5.2 A sample of 7 routes from 'itt\_64605' was selected for the audit; routes 301, 1BE, 1E, 35, 82, 83S and 85E. The applications received for each route were checked. 4 companies had applied for 5 routes and 5 applications had been received for the other 2 routes. Some companies attached additional documents to their applications offering alternative timetables and pricing. The correct company was selected for the routes in every case checked.
- 5.3 Arrangements are in place to check if applicants are financially viable. The Council received each applying company's accounts for the past 2 years. These accounts were checked by the Contracts Officer and the Category Manager – Corporate. These arrangements can be strengthened by using a service such as 'Creditsafe' or 'Dunn & Bradstreet', which give an opinion on the financial position of the companies, to carry out additional checks.
- 5.4 The Contracts Officer stated that services are regularly visited to evaluate the performance and safety requirements of the council such as CCTV and seatbelts etc. Ensuring that a service has a valid Operator's License from VOSA (Vehicles & Operator Services Agency) is part of the Council's checks before awarding a tender.
- 5.6 A document outlining the 'core routes and key journeys' was produced by the Council to ensure Transport to work, education, health and social requirements for the public. Many of the routes have been combined or extended to ensure adequate routes are operated.
- 5.7 The Council had to apply to the Welsh Government for additional funding following one operator losing their license. There was a difference between the prices in the bids for the tender and the prices paid to the previous company. It was expressed that this was possible due to the previous company operating some routes on a loss. There will be a significant increase in the Council's spending on this service but it is an unavoidable cost if the Council's public transport service is to maintain its standard.

## **6. Actions**

- 6.1 **The Transport Service has committed to implement the following steps to mitigate the risks highlighted.**
- **Ensure that additional checks are completed on accounts by procurement/accounting officers or through software such as 'Creditsafe' for future tenders.**

## PATCH MANAGEMENT FINANCE

### 1. Background

1.1 Patch management is defined as the processes implemented to improve, update and repair the weaknesses of systems and software that are discovered after elements of the infrastructure are released on the market. It is essential for the security of the Council's systems that suitable arrangements are in place.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place to control and distribute 'patch' updates. In order to achieve this, the audit covered checking the contents of the relevant policy, and also compliance with the policy, as well as reviewing arrangements for recently issued 'patch' updates. For the purposes of the audit, the audit was limited to the 'patch' updates on the corporate network only with the exception of the curriculum and public network segments that fall beyond the corporate IT security remit.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

- 4.1 The Council's Patch Management Policy was reviewed by the Security Engineer and approved by the IT Infrastructure Team in July 2018. The policy was seen to be comprehensive, clear and transparent, discussing the arrangements for updating devices, applications and servers with a timetable that showed the priority of installing the entries based on the risk category defined in the policy.
- 4.2 Appropriate arrangements were seen to be in place for managing patches on the different types of Council servers as well as there being accountable officers to manage them.
- 4.3 From the sample of systems checked, there were proven arrangements within the services for testing and releasing 'patch' updates to the systems.
- 4.4 The 'Desktop Central' system by 'ManageEngine' is used for checking and updating devices' patch status. This system was shown in operation and the Controls in place were found to be effective. Regular monitoring takes place through the 'Desktop Central' system. In addition, vulnerability scans are run regularly using the 'Nessus' program that is independent of 'Desktop Central'. Any weaknesses are highlighted by the scan and acted upon.
- 4.5 The process of updating weaknesses from the recent 'Nessus' scan was observed. The specific MSXML version found on nine of the Council's devices was unsupported, and a call to the IT Helpdesk was made to remove the version of MSXML off the machines

identified.

- 4.6 The testing procedure for patch updates that are released across the Council was checked. Around ten machines are used within the IT service to test patches when they are released. After a week of being on the ten machines, the patches were placed onto 50 to 100 test machines in different departments and locations across the Council for a two-week probationary period to ensure that any problems encountered were fixed before releasing the patch to all users.
- 4.7 The Patch Management Policy defines an 'emergency category risk' relating to patch as "an imminent threat to the organisation's infrastructure". IT staff stated that emergency events had risen relatively recently following the 'Wannacry', 'Meltdown' and 'Spectre' events. It was reported that the service had followed the guidelines outlined in the policy in these cases.
- 4.8 Arrangements for patch updates on servers were reviewed and it was found that the 'SenseLogix' system is ran on one of the Council's servers on the corporate network. The 'SenseLogix' system is an energy saving solution that controls and monitors special power strips that are in use across the Council. The sharing of information regarding the patching process of the 'SenseLogix' by the Maintenance and Energy Conservation Service was discovered to be lacking. The risks of not patching appropriately were highlighted during the audit. The lack of patching could lead to security vulnerabilities which could enable a party to control and turn off power to several computers and machines within the Council. During the audit, this risk was mitigated following a decision to cease further use of the 'SenseLogix' system. Arrangements will be made to disconnect all related equipment and the server from the network in the near future.

## LLOYD GEORGE MUSEUM ACCOUNTS ECONOMY AND COMMUNITY

### 1. Background

1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of Britain. The museum is administrated by Gwynedd Council with help from Friends of the Museum who support and assist with the development of the museum and it's educational use. Given the museum's status as a charity, that in 2017-18 exceeded the income threshold of £25,000 thanks to a grant from the Government, the trustees' account and annual report must be submitted to the Charities Commission, including an independent auditor's report of the accounts.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to complete the independent examiner's report on the museum's 2017-18 accounts, giving assurance that what is presented to the Charities Commission is correct. This was done by reconciling them with the Council's main accounting system, ensuring that all transactions were relevant to the museum.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 It was found that the accounts were appropriate and therefore the independent examiner's report was completed in order to declare that to the Charities Commission. An issue was raised with the Finance Unit in relation to a reserve within the end of year accounts, but no further attention was needed.

## HOUSES INTO HOMES SCHEME ADULTS, HEALTH AND WELL-BEING

### 1. Background

1.1 The Houses into Homes scheme was launched in April 2012 to provide homeowners with empty homes with interest free loans to renovate such houses for sale or letting. Short-term or medium-term interest-free loans are offered which will help owners, residents, landlords and qualified third sector organizations improve the condition of residential properties.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the objectives of the Housing into Homes Scheme were implemented. In order to achieve this, the audit included checking the internal controls in place by selecting a sample of applications to ensure that the administered loans have been processed in accordance with the Private Sector Housing Policy (2018).

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 It was found that there were appropriate arrangements in place for the administration of the Houses into Homes Scheme.

4.1.1 The Private Sector Housing Policy (2018) was established in January 2018, this policy replaces the previous policies published in 2007, 2012, 2014 and 2017. There are minor changes to this year's Houses into Homes Scheme, namely extending the repayment period if a property is let, now there is 5 years to repay the interest-free loan where earlier it was a 3 year period. The revised Policy is not currently available on the Gwynedd Council website as further adjustments made in October need to be completed as well as completing the translation of the Policy.

4.1.2 The Scheme's information booklet together with other informative documents such as a covering letter and document list that to accompanies the application were checked. It was seen that the Companies House fee varied in the documents, 2 of which stated £45 while the other document stated £40. It was confirmed that the successful candidates had been charged £40. However, Gwynedd's Vacant Homes Officer liaised with other North Wales Vacant Homes Officers and it was confirmed that £45 was the correct amount. The relevant documents have been adjusted so that they are consistent and £45 will be charged from now on.

- 4.1.3 Not all properties are eligible for assistance through the Scheme. The scheme is discussed with those who are interested and it is decided if they qualify or not. The property needs to have been vacant for at least 6 months to qualify for the loan, and approvals and/or permissions must be received (planning application, building regulations etc.) which are required to undertake the work. The property must either be sold or rented once the work has been completed, this Scheme is not for owner-occupiers. There is also a need for confirmation that the applicants have adequate funding to ensure that the works can be completed if the loan does not cover the full costs, and have the means to repay the loan.
- 4.1.4 It was found that all the relevant documents had been received for the sample of checked applications and that there were appropriate arrangements in place to monitor the repayments.

## FLYING START GRANT - CHILDCARE CHILDREN AND SUPPORTING FAMILIES

### 1. Background

- 1.1 Flying Start is part of the Early Years Program for families with children under the age of 4 who live in the most deprived areas of Wales. The aim of the grant is to improve children's skills in order to prepare them for school and for life in general, and also to offer extra help for parents. One of the core elements of Flying Start is free, high-quality childcare.
- 1.2 The Welsh Government awarded a Flying Start grant of over £2 million to Gwynedd during 2018-19.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure the propriety of the payments made to childcare providers whilst ensuring that they are in accordance with the grant objectives. In order to achieve this, the audit comprised of selecting a sample of payments to childcare providers, and ensuring that appropriate checks were made before and during a contract, in order to ensure that objectives are met.

### 3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

- 4.1 A sample of childcare payments was selected and it was seen that appropriate controls are in place to ensure that what is provided by the childcare providers are in accordance with the aims and terms of the Flying Start grant.
- 5.2 It was found that appropriate and periodic checks are carried out before and during the contract to ensure a quality of care that meets the objectives of the grant. From the sample of 8 providers out of the total of 13 that are a part of the scheme, they all appear to comply with the requirements of the grant. The Early Years Service visits the providers and monitor the children's progress, nursery policies, DBS checks, attendance registrars etc., and copies of these are kept on file.
- 5.3 An inconsistency was found between the Welsh Government grant offer letter and the Service Level Agreements between the Council and the providers. The grant offer letter states that the letter and all original documents relevant to the funding must be retained for a period of 10 years. However, section 2.2 of the Service Level Agreement states that the provider must maintain all relevant records for a period of only 7 years. The Temporary Data, Finance and Monitoring Officer stated that the Contracts Unit would be notified in order to update the document.

**6. Actions**

**The Temporary Data, Finance and Monitoring Officer has committed to implement the following steps to mitigate the risks highlighted:**

- **Notify the Contracts Unit in order to update the document retention periods in the Service Level Agreement, in order to be consistent with the grant offer letter.**

## DIESEL TANKS AND CONTROLLING DIESEL HIGHWAYS AND MUNICIPAL

### 1. Background

1.1 Various Council Highways and Municipal depots possess a stock of DERV (White Diesel) and Gasoil (Red Diesel) within tanks for Council vehicles such as waste collection vehicles, street cleaners, gritters, machines and vans. Diesel is mainly ordered by the Fleet Unit but 'All Star' cards are also used to buy fuel from local garages. Retaining a supply of diesel is cheaper than buying from local garages, and ensures that a supply is available should there be any fuel shortages. However, there are significant maintenance costs associated with the tanks. The Department has identified this area as high risk on the Corporate Risk Register.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the ordering and retention arrangements of new stock were suitable and that adequate equipment was in place to protect them. In order to achieve this, the audit covered visiting a sample of depots that provide diesel to the Council's vehicles and questioning the Site Manager about the arrangements and any developments on the recent recommendations by consultants.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>1</b>
<b>MEDIUM</b>	<b>3</b>
<b>LOW</b>	<b>0</b>

### 5. Main Findings

5.1 Following an inspection by BSI in November 2016, it was reported that Gwynedd did not comply with ISO14001 (Environmental Management) standards. In response, the Phoenix Forecourt Services (PFS) company was commissioned to carry out an assessment of all fuel tanks on Highways and Municipal sites during April and May 2017. The poor standard of tanks was highlighted in the report and noted recommendations for the Department to implement. So far, most of the recommendations do not appear to have been implemented and the staff on the sites appear to be unaware of who was responsible, or willing to accept responsibility.

- 5.1.1 During the visits, some of the tanks and equipment were in poor condition, such as volume readers and alarms, but when discussed with the staff it did not become clear who is responsible for maintaining them. There is no clear procedure for cleaning, attending to and maintaining the tanks and there appears to be no clear communication between the Services within the Department.
- 5.1.2 The Manager of one site expressed his concern about the condition of the tank and the drainage system on the site and he is not willing to accept responsibility as he has shared his concerns several times and has not received a satisfactory response. This was endorsed in a report on the condition of the fuel locations by the Fleet Manager in conjunction with the Assistant Environmental Quality Assurance Engineer. The report notes that a health and safety check of the Site in February 2008 recommended decommissioning the tank as soon as possible. However, the tank continues to be used.
- 5.1.3 Digital volume readers have been installed on all the tanks that are part of the system operated by the Fleet Service. The Service monitors the data collected by these readers and uses it to set a minimum stock (re-order level) and then order a new supply of fuel as necessary. Neither the sites nor their staff are part of this process. As a result, no checks are made when supplies arrive at the sites. When an invoice is received, the Fleet Service verifies the total indicated on it and compares it to the reading at the beginning of the day the supply was received. This gives a rough idea of the volume of fuel in the tank and space within it when checking that the supply indicated on the invoice is correct. Staff on the sites have raised concerns about the procedure, as no digital ticket is always provided by the supplier's driver to indicate the volume of supply in detail.
- 5.1.4 Many of the readers do not seem to provide accurate readings, the digital reader in Afonwen showed readings that rose and dropped by 100 litres during the visit, and the parallel analogue reader indicated a total of approximately 900 litres difference to what was correct. Site Managers were asked about this and stated that they did not have confidence in the readers and that the Ffridd Rasus tank had emptied on one occasion even though the reader indicated that there was still enough left inside.
- 5.1.5 The Fleet Manager has planned to introduce a new procedure when diesel is accepted on the sites, where a member of staff is expected to meet the provider's driver and follow specific actions and also completing a dedicated checklist.
- 5.1.6 A keyfob system is used for most fleet vehicles where the drivers scan a unique keyfob and enter the vehicle's odometer number. The Timeplan software that controls the system determines if the record is valid or not in order to release fuel. Some vehicles such as screened lorries and street cleaning vehicles (Sweepers) do not contain an odometer so the control is not so reliable for these vehicles. In theory, the system is adequate in terms of regulation but there cannot be full assurance because of the reliance on staff to commit to correct implementation of the keyfobs and the odometer records.
- 5.1.7 It was found that 'Spill Kits' were present at each site but that the equipment was kept in storage at the Depot at Afonwen rather than in a practical location near the side of the tank. The tanks within the other sites contain an area protected against the weather where the pump and electrical components are located, the 'Spill Kit' is also kept in this area. The Cibyn site was found to have rubbish in the container holding the 'kit'.

6. **Actions**

The Fleet Service has committed to implementing the following steps to mitigate the risks highlighted.

- Operate on the tanks' errors or decommission and replace them if it is something that will provide better value for money in the future.
- Establish a procedure where stock checks are carried out when supply is received on the sites.
- Establish a new system of cleaning and maintaining the condition of the tanks and their surrounding areas.
- Remind staff of the importance of using the fobkeys correctly and giving a detailed reading of the odometer on the Timeplan system to prevent future troubles.

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>14 FEBRUARY 2019</b>
TITLE	<b>INTERNAL AUDIT PLAN 2018/19</b>
PURPOSE OF REPORT	<b>TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2018/19 AUDIT PLAN</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>FOR INFORMATION</b>

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**1. INTRODUCTION**

1.1 This report is a progress report on completion of the 2018/19 Internal Audit Plan.

**2. SUMMARY OF PROGRESS AGAINST THE PLAN**

2.1 The 2018/19 internal audit plan is included in Appendix 1 with the status of the work as at 1 February 2019 noted, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

<b>Audit Status</b>	<b>Number</b>
Planned	3
Field Work Started	17
Manager Review	2
Draft Report	3
Final Report Issued	35
<b>Total</b>	<b>60</b>
Cancelled	4

2.2 The service aims to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2019. The quarterly profile of this indicator is as follows:

End of quarter 1	8%
End of quarter 2	20%
End of quarter 3	50%
End of quarter 4	95%

2.3 As seen from the table above, Internal Audit’s actual achievement up to 1 February 2019 was **58.33%** - out of **60** individual audits contained in the 2018/19 plan, **35** had been released in a finalised version.

### **3. AMENDMENTS TO THE PLAN**

3.1 The following audits have been added to the plan:

- Managing the Risk of Fraud and Corruption – 25 days
- Lloyd George Museum Accounts – 5 days

To undertake these audits, it was decided to cancel the audit of “Commissioning Arrangements” (30 days). This audit was selected to be cancelled as there has been no progress made in relation to pooled budgets.

3.2 Fifteen days had been allocated to the audit of the “North Wales Growth Board” (now identified as the North Wales Economic Ambition Board). It was decided to transfer this audit to the 2019/20 plan and transfer the days to conduct an audit of “Employment Status IR35 – Economy and Community”.

3.3 The provision for undertaking the audit of the “Welsh Church Fund” has been increased from three to eight days. The original provision was to undertake an independent check if the fund’s income exceeded £25,000. However, an independent check was not required but it was decided to undertake a review to ensure that the arrangements for awarding grants to registered charities in Gwynedd were appropriate.

3.4 It was decided to transfer six days from the provision for “Proactive Prevention of Fraud and Corruption” to undertake an audit of “Recurring Billing” following weaknesses identified when undertaking an audit of “Smallholdings”.

### **4. RECOMMENDATION**

4.1 The Committee is asked to note the contents of this report as an update on progress against the 2018/19 audit plan, and offer comments thereon and accept the report.



# Internal Audit Plan 2018/19

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
<b>CORPORATE</b>						
1-CORFF-09/2019	Supporting Ffordd Gwynedd Reviews	20.00	0.00	20.00	8.09	Planned
1-CORFF-19/2019/001	Safeguarding Arrangements - Domestic Abuse	15.00	0.00	15.00	9.34	Final Report Issued
1-CORFF-19/2019/002	Safeguarding Arrangements – Establishments	4.00	0.00	4.00	4.60	Final Report Issued
1-CPGV-02/2019	Proactive Prevention of Fraud and Corruption	20.00	-6.00	14.00	3.58	Field Work Started
1-CPGV-03/2019	Managing the Risk of Fraud and Corruption	0.00	25.00	25.00	13.65	Field Work Started
2-ADN-CGC-DPA/2019cy	Information Management - Establishments	6.00	0.00	6.00	5.99	Final Report Issued
2-ADN-CGC-DPA/2019dp	General Data Protection Regulations	15.00	0.00	15.00	22.34	Final Report Issued
AO-ARL-05/2019	National Fraud Initiative	40.00	0.00	40.00	15.86	Field Work Started
EADDZ-01/2019	Welsh Church Fund	3.00	5.00	8.00	8.72	Final Report Issued
<b>EDUCATION</b>						
<b>Resources</b>						
4-DAT-X-ADD/2019/gy	School Uniform Grant	0.00	6.00	6.00	6.11	Final Report Issued
4-DAT-Y-ADD/2019GAD	Pupil Development Grant	10.00	0.00	10.00	9.95	Final Report Issued
4-DAT-Z-ADD/2019GGA	Education Improvement Grant for Schools	15.00	0.00	15.00	14.70	Final Report Issued
4-DAT-X-ADD/2019ol16	Post-16 provision in Schools Grant	3.00	0.00	3.00	3.05	Final Report Issued
EADDA03/2019/001	Awareness of the Whistleblowing Policy – Primary and Secondary	25.00	0.00	25.00	7.76	Field Work Started
EADDA03/2019/002	School Admissions	15.00	0.00	15.00	14.24	Final Report Issued
EADDA04/2019/IR35	Employment Status IR35	30.00	0.00	30.00	17.04	Draft Report Issued
<b>Across the department</b>						
EADDA06/2019	TRAC Project	15.00	0.00	15.00	18.58	Final Report Issued
<b>GwE</b>						
4-GWE/2019/IR35	GwE - Employment Status IR35	30.00	0.00	30.00	22.77	Draft Report Issued
<b>Schools</b>						
EADDA32/2019	Purchasing Equipment through the School	0.00	15.00	15.00	8.58	Field Work Started
EADDA35/2019	Schools - General	10.00	0.00	10.00	4.26	Field Work Started

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
<b>ENVIRONMENT</b>						
<b>Public Protection</b>						
2ADN-GGYC-GYC/2019dp	Pest Control	12.00	0.00	12.00	5.26	Field Work Started
BB-YSG-11/2019	Licensing Arrangements	8.00	0.00	8.00	8.08	Manager Review
<b>Council Land and Property</b>						
BA-EID-02/2019	Property Repair and Maintenance	15.00	0.00	15.00	19.93	Draft Report Issued
BA-EID-04/2019/bil	Recurring Billing	0.00	6.00	6.00	4.61	Final Report Issued
<b>Transportation and Street Care</b>						
DDAT-CC-01/2019	Public Transport	12.00	0.00	12.00	12.72	Final Report Issued
<b>FINANCE</b>						
<b>Across the department</b>						
AW-TG-12/2019	Systems - Patch Management	12.00	0.00	12.00	15.73	Final Report Issued
<b>Accountancy</b>						
AN-AY-02/2019	Interfaces with the Financial Ledger	20.00	0.00	20.00	20.03	Final Report Issued
<b>Pensions and Payroll</b>						
AP-PAY-07/2019	Contribution from Employers	25.00	0.00	25.00	17.71	Field Work Started
<b>Revenue</b>						
AB-BD-01/2019kc	Benefits – Review of Key Controls	12.00	0.00	12.00	14.91	Manager Review
AC-TR-01/2019	Council Tax System - One Digital Portal	10.00	-10.00	0.00	0.54	Cancelled
AC-TR-01/Ad/2019	Council Tax - Refunds	0.00	10.00	10.00	12.31	Final Report Issued
AC-TR-07/2019	Council Tax Debt Suspension and Write-Off	10.00	0.00	10.00	11.57	Final Report Issued
AC-TR-11/2019	Business Rates – Valuation List	6.00	0.00	6.00	5.73	Final Report Issued
<b>Information Technology</b>						
AW-TG-05/2019	Disposal of IT Equipment	8.00	0.00	8.00	4.14	Field Work Started
AW-TG-06/2019/001	Cybersecurity	0.00	10.00	10.00	8.95	Field Work Started
AW-TG-08/2019	IT Disaster Recovery Arrangements	10.00	0.00	10.00	5.93	Field Work Started
AW-TG-17/2019	Management of Software Licences	10.00	-10.00	0.00	0.41	Cancelled

**ECONOMY AND COMMUNITY**

**Across the department**

<b>Audit Code</b>	<b>Audit Name</b>	<b>Original Plan</b>	<b>Adjustment</b>	<b>Revised Plan</b>	<b>Actual Days</b>	<b>Audit Status</b>
DGW-01/2019/001	Employment Status IR35 - Economy and Community	0.00	15.00	<b>15.00</b>	<b>7.03</b>	Planned
<b>Record offices, museums and the arts</b>						
EDIW-MU-01/2019/001	Lloyd George Musesum Accounts	0.00	5.00	<b>5.00</b>	<b>4.70</b>	Final Report Issued
<b>Leisure</b>						
EHAMAC6401/2019	Arfon Leisure Centre	0.00	10.00	<b>10.00</b>	<b>10.50</b>	Final Report Issued
EHAMAC6406/2019	Plas Ffrancon Leisure Centre	0.00	10.00	<b>10.00</b>	<b>9.97</b>	Final Report Issued
EHAMAC6421/2019	Glaslyn Leisure Centre	0.00	10.00	<b>10.00</b>	<b>10.01</b>	Final Report Issued
EHAMAC6442/2019	Penllyn Leisure Centre	0.00	10.00	<b>10.00</b>	<b>11.14</b>	Final Report Issued
<b>Maritime and country parks</b>						
EHAMT-01/2019	Income Collection - Beaches and Country Parks	10.00	0.00	<b>10.00</b>	<b>10.08</b>	Final Report Issued
EHAZ-01/2019/001	Glynllifon - Income	0.00	6.00	<b>6.00</b>	<b>6.55</b>	Final Report Issued
<b>Strategy and development Programmes</b>						
DDAT-AD-02/2019	Caernarfon Waterfront and Town Centre Regeneration Initiative – Governance Arrangements	15.00	0.00	<b>15.00</b>	<b>13.66</b>	Field Work Started
DDAT-AD-05/2019	North Wales Growth Board	15.00	-15.00	<b>0.00</b>		Cancelled
<b>ADULTS, HEALTH AND WELLBEING</b>						
<b>Across the department</b>						
5-GOF-SCY-ARALW/2019	On-call and Emergency Arrangements	15.00	0.00	<b>15.00</b>	<b>6.08</b>	Field Work Started
GRH-GW01/2019ab	Social Services Annual Report	8.00	0.00	<b>8.00</b>	<b>8.24</b>	Field Work Started
<b>Business</b>						
GRH-CD01/2019	Commissioning Arrangements	30.00	-30.00	<b>0.00</b>		Cancelled
<b>Supporting People</b>						
GDAPR-SP01/2019	Adult Placement Scheme (Shared Lives Scheme)	15.00	0.00	<b>15.00</b>	<b>10.46</b>	Final Report Issued
<b>Community Care</b>						
GDAPR-GC04/2019	Home Care - Travelling Costs	15.00	0.00	<b>15.00</b>	<b>14.23</b>	Final Report Issued
<b>Residential and Day</b>						
5-GOF-CART1341/2019	Plas y Don	12.00	0.00	<b>12.00</b>	<b>11.49</b>	Final Report Issued
5-GOF-CART1345/2019	Plas Hedd	12.00	0.00	<b>12.00</b>	<b>12.58</b>	Final Report Issued
5-GOF-CART1350/2019	Hafod Mawddach	12.00	0.00	<b>12.00</b>	<b>12.14</b>	Final Report Issued
5-GOF-CART1356/2019	Cefn Rodyn	12.00	0.00	<b>12.00</b>	<b>12.27</b>	Final Report Issued

<b>Audit Code</b>	<b>Audit Name</b>	<b>Original Plan</b>	<b>Adjustment</b>	<b>Revised Plan</b>	<b>Actual Days</b>	<b>Audit Status</b>
<b>Private Sector Housing</b>						
T-TAI-G06/2019	Disabled Facilities Grant	15.00	0.00	<b>15.00</b>	<b>11.61</b>	Final Report Issued
T-TAI-G10/2019	Houses into Homes Scheme	12.00	0.00	<b>12.00</b>	<b>12.31</b>	Final Report Issued
<b>CHILDREN AND FAMILY SUPPORT</b>						
<b>Children and Families</b>						
5-GOF-X-PL/2019/003	Flying Start Grant - Child Care	0.00	8.00	<b>8.00</b>	<b>8.34</b>	Final Report Issued
GGWAS-PLANT3/2019	Children- Out of County Placements	0.00	12.00	<b>12.00</b>	<b>4.54</b>	Field Work Started
GGWAS-PLANT8/2019	Care and Support Plans (Children) under Part 4 – Social Services and Wellbeing Act (Wales) 2014	20.00	0.00	<b>20.00</b>	<b>5.20</b>	Field Work Started
<b>HIGHWAYS AND MUNICIPAL</b>						
<b>Fleet</b>						
PGW-TR-02/2019	Diesel Tanks and Disel Management	15.00	0.00	<b>15.00</b>	<b>16.51</b>	Final Report Issued
<b>Waste Management and Streets</b>						
3-AMG-GORF/2019	Street Enforcement	12.00	0.00	<b>12.00</b>	<b>0.95</b>	Planned
<b>GWYNEDD CONSULTANCY</b>						
<b>Cross the department</b>						
PYMS-CON/2019	Flood Management	15.00	0.00	<b>15.00</b>	<b>6.01</b>	Field Work Started

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>14 FEBRUARY 2019</b>
TITLE	<b>DRAFT INTERNAL AUDIT PLAN 2019/20</b>
PURPOSE OF THE REPORT	<b>TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2019 – 31 MARCH 2020</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO APPROVE THE PLAN IN THE APPENDIX</b>

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## **1. INTRODUCTION**

- 1.1 The draft work plan for Internal Audit for the financial year 2019/20 is presented to the Audit and Governance Committee for comment and approval.
- 1.2 This report explains the factors that were considered and the process used to produce the plan that is presented to the Committee.

## **2. INTERNAL AUDIT'S PURPOSE**

- 2.1 The purpose of the Internal Audit service is:

***To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Audit and Governance Committee***

- 2.2 When preparing this plan, therefore, consideration was given to what the service needs to do in order to achieve this purpose.
- 2.3 The Unit only has limited resources; the staffing resource of the Unit is 7 full-time posts, and two temporary auditors to cover maternity leave and additional resources were provided by the Head of Finance as three officers are training at the same time. This makes it increasingly important that the service is directing its resources to the right place.
- 2.4 Therefore, in order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register and to departmental risk registers. This is to ensure that the Council's key controls in order to deal with its main risks are addressed. In that regard, we have worked closely with the Insurance and Risk Unit, which as part of their role ensure that these registers are updated regularly.

2.5 The result of this was to prepare an initial draft plan, which has been discussed with each Head of Department (or departmental management team in some cases). This was an opportunity to refine the plan further, before preparing the draft plan that is presented to the Audit and Governance Committee.

2.6 During 2019/20, Internal Audit will also give appropriate consideration to the following:

- Ensuring that the service contributes to Ffordd Gwynedd reviews, as the need arises, in order to ensure the success of the Council's culture change.
- Will be aware at all times of the potential occurrence of fraud or corruption. We will therefore take advantage of the National Fraud Initiative, and undertake proactive fraud prevention work.
- Continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit review.

This has been reflected in the plan.

### **3. RESOURCES AVAILABLE**

3.1 It is projected that approximately 766 days of audit resources will be available to complete the 2019/20 audit plan. This is on the basis of analysis of the staffing resources available, including reasonable allowances for “unproductive” work such as holidays, illness, training, management and meetings and after considering the following provisions:

	2019/20	2018/19
Provision for advising on controls and propriety	55 days	55 days
Provision for responsive work	40 days	30 days
Provision for follow-up	50 days	50 days

### **4. RECOMMENDATION**

4.1 The Committee is requested to approve the draft audit plan for the period 1 April 2019 to 31 March 2020.

## DRAFT INTERNAL AUDIT PLAN 2018/19

<b>Audit</b>	<b>Reason</b>	<b>Days</b>
<b>CORFFORAETHOL</b>		
Supporting Ffordd Gwynedd Reviews	To provide advice and support to staff and managers on issues regarding risk management and internal control. (A "Ffordd Gwynedd" approach will be taken towards all Internal Audit work)	20
Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	Work is to be undertaken to ensure that robust arrangements are in place for dealing with the risks of fraud and corruption and the National Fraud Initiative which is run by the Wales Audit Office.	40
Value for Money	A value for money review in a specific area.	20
Safeguarding Arrangements	A review of the training arrangements on the range of safeguarding modules.	15
Safeguarding of Children and Vulnerable Adults – Establishments	Provision for conducting "Safeguarding" reviews when visiting establishments.	4
Culture and Ethics	The findings of the audit will denote if the Ffordd Gwynedd principles have permeated through the establishment.	15
Information Management – Establishments	Provision for conducting "Information Management" reviews when visiting establishments.	6
Women in Leadership	One of the Council's main improvement priorities – the review will focus on which projects are in progress.	5
Overtime	Verify that overtime payments are paid at the correct rate and that they are appropriate.	25
Travelling Expenses – Self-service	A review of monitoring arrangements.	5
<b>EDUCATION</b>		
<b>Resources</b>		
Post-16 provision in Schools Grant	Requirement under the financial terms and conditions.	3
Post – 16 Budgeting Arrangements	The review is included at the request of the Head of Education.	10
Pupil Development Grant	The PDG has not been incorporated in the Education Improvement Grant; therefore it will be necessary to carry out a separate audit.	10

<b>Audit</b>	<b>Reason</b>	<b>Days</b>
Education Improvement Grant for Schools	The grant is an amalgamation of many grants previously awarded from the Welsh Government.	15
School Trust Funds	A review of trust funds including the administrative arrangements.	5
<b>Schools</b>		
Ysgol Hafod Lon	The school has a substantial budget.	12
Ysgol Pendalar	The school has a substantial budget.	12
Appointment and Cost of Supply Teachers – Secondary	A review of the current arrangements	25
School Funds	A review of Gwynedd schools' funds.	20
Schools - General	Annual provision for work involving providing advice and support.	5
<b>GwE</b>		
Value for Money	A review of payments and value for money.	20
<b>ENVIRONMENT</b>		
<b>Environment</b>		
AONB Grant	Verify the management arrangements to ensure that the Management Plan is accomplished.	10
<b>Planning</b>		
Section 106 Agreements	Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as S106 Agreements, are a mechanism which make a development proposal acceptable, that would not otherwise be acceptable.	15
<b>Transportation and Street Care</b>		
Road Safety Unit	The Unit is subjects to cuts, therefore a review to determine the effect on Service provision.	8
Transport – Post-16 Travelling Costs	A review of the current arrangements.	12
<b>Council Land and Property</b>		
Smallholdings	A review of the new management arrangements that came into force in 2018-19.	15
Category Management	A review of the arrangement for the procurement of asbestos contractors and PAT (Portable Appliance Testing) testers	15

<b>Audit</b>	<b>Reason</b>	<b>Days</b>
<b>NORTH AND MID WALES TRUNK ROAD AGENCY</b>		
<i>Across the department</i>		
Accreditations	Ensure that adequate arrangements are in place to monitor compliance with the expected standards.	15
<b>CORPPORATE SUPPORT</b>		
<i>Customer Contact and Registration</i>		
Use and Control of Social Media	A review of the arrangements to create accounts and monitor their contents.	8
Customer Relationship Monitoring	Review the arrangements for responding to complaints.	10
<i>Learning and Organisational Development</i>		
Staff Development Module (MoDS)	The Internal Audit Service will review the use of MoDS across the Council in 2019/20 as stated in the original report.	8
<b>FINANCE</b>		
<i>Across the department/corporate</i>		
IT System Security	It is intended to carry out checks on specific issues in Information Technology.	30
<i>Financial</i>		
Payments System – Change in Standing Data	It is vital that arrangements are in place to prevent an attempt for fraudulent payment.	10
<i>Accountancy</i>		
Bank Reconciliation	This area is vital for the timely closure of the accounts.	20
<i>Revenue</i>		
Benefits – Review of Key Controls	It is expected that the review will be of assistance to the external auditors when conducting their review of the Housing Benefit Subsidy claim.	12
Council Tax Self-service	Slippage from the 2018/19 plan due to a lack of IT resources to undertake the project.	10
Universal Credit	This has been identifies as an area of high risk in the Corporate Risk Register.	15

<b>Audit</b>	<b>Reason</b>	<b>Days</b>
<b>ECONOMIY AND COMMUNITY</b>		
<b><i>Community Regeneration</i></b>		
Welsh Church Fund	An independent check will be needed if the fund's income is over £25,000.	3
<b><i>Record Offices, Museums and the Arts</i></b>		
Lloyd George Museum Accounts	A requirement in accordance with the Charity Commission's regulations.	5
<b><i>Maritime and Country Parks</i></b>		
Harbours – Health and Safety	This is a high risk area.	5
Safety Measures - Parc Padarn	This area has been identified on the Corporate Risk Register.	3
<b><i>Major Projects</i></b>		
ARFOR	Cyngor Gwynedd is the lead body and it is intended to review the governance arrangements and the arrangements to verify expenditure.	8
Llanbedr Project	A review of the arrangements for managing the projects on a plan worth approximately £25m.	15
STEM Gogledd	A review of specific projects.	8
<b><i>Strategy and Development</i></b>		
North Wales Economic Ambition Board	The Board Governance arrangements – a Local Authority Joint Committee with representatives of key partners such as the North Wales and Mersey Dee Business Council, universities and further education colleges.	15
<b>ADULTS, HEALTH AND WELLBEING</b>		
<b><i>Homelessness and Supported Housing</i></b>		
Syrian Refugees Relocation Plan	A review of the arrangements for issuing cash.	8
Bed and Breakfast Costs	A review of payments made to ensure their appropriateness.	10
<b><i>Supporting People</i></b>		
Supporting People Grant	Requirement under the terms of the grant.	15
<b><i>Residential and Day</i></b>		
Plas Gwilym, Penygroes	All Council homes to be audited within a 3 year cycle (2019/20 is the third of three).	12

<b>Audit</b>	<b>Reason</b>	<b>Days</b>
Plas Pengwaith, Llanberis	All Council homes to be audited within a 3 year cycle (2019/20 is the third of three).	12
Bryn Blodau, Blaenau Ffestiniog	All Council homes to be audited within a 3 year cycle (2019/20 is the third of three).	12
Llys Cadfan, Tywyn	All Council homes to be audited within a 3 year cycle (2019/20 is the third of three).	12
Day Centres – Learning Disabilities	A review of both financial and non-financial arrangements at the centres.	25
<b>CHILDREN AND SUPPORTING FAMILIES</b>		
<i>Children and Families</i>		
Hafan y Sêr	A short respite unit located on the site of Ysgol Hafod Lon which opened in April 2018.	12
Payments to Foster Carers	A substantial amount is paid in this area.	12
Youth Clubs Accounts	A review to ensure that the accounts have been closed properly and that any debit cards have been returned.	8
<b>HIGHWAYS AND MUNICIPAL</b>		
<i>Across the department</i>		
Business Continuity Plan	This is a matter that's been highlighted in the Corporate Risk Register and the audit will encompass verifying the plan and ensure that policies have been established for specific items, e.g. salt.	12
<i>Highways Works</i>		
Bridges – Work Programme	Verifying the arrangements for programming the repair and maintenance and that it has been recognised in the Asset Management Plan.	10
<i>Municipal Works</i>		
Repair and Maintenance of Playing Areas	Ensure that appropriate arrangements are in place to maintain playing areas to mitigate the health and safety risks to users.	12
Public Conveniences and Partnerships with Community and Town Councils	In accordance with the Public Health (Wales) Act 2017, it is a requirement that the Council formulates a Public Conveniences Strategy by May 2019.	12

Audit	Reason	Days
<b>GWYNEDD CONSULTANCY</b> <i>Across the department</i> Accreditations	Ensure that adequate arrangements are in place to monitor compliance with the expected standards.	15
<b>TOTAL DAYS</b>		<b>766</b>

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	14 FEBRUARY 2019
TITLE	<b>GWYNEDD COUNCIL'S ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY AND RESPONSE PLAN</b>
PURPOSE OF REPORT	<b>TO UPDATE THE COMMITTEE ON THE COUNCIL'S ANTI-FRAUD AND ANTI-CORRUPTION WORK, AND TO PRESENT A WORK PROGRAMME FOR THE NEXT THREE YEARS</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER REVENUES AND RISK</b>
ACTION	<b>TO ADOPT THE STRATEGY AND PLAN AND DECLARE SUPPORT FOR THEIR CONTENTS</b>

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## Introduction

- 1 The “**Risk of Fraud, Bribery and/or Corruption**” has been identified as one of the Council’s corporate risks. Currently, this is considered to be of a **low risk** (score of 4) within the context of the Council’s governance framework because of an **Impact score of 2** (A **significant** effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a **visible** effect on many residents), and a **Likelihood score of 2** (the likelihood of it happening is low – but is still there). It is believed that the likelihood is low because internal controls are generally robust; this is confirmed by the work of Internal Audit.
- 2 Despite this, we remain aware of the risk, and the Council has been the victim of major frauds in the past. Therefore, it is noted in the corporate risk register that an Anti-Fraud and Anti-Corruption Strategy for 2019 – 2022 would be presented to the Audit and Governance Committee in its February 2019 meeting.
- 3 Further, in the workshop held on 5 November 2018 to review its effectiveness, members of the Audit and Governance Committee noted that more reports should be presented to the Committee on anti-fraud and anti-corruption work within Gwynedd Council.
- 4 Gwynedd Council, like any other public organisation that deals with a substantial amount of money, could be subject to attempts to defraud or to influence officers and / or members in a corrupt manner. This can be undertaken or attempted by individuals from outside the Council, by staff, by members or by a combination of these conspiring with each other.

## Strategy

- 5 The Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy forms a key part of the authority’s governance framework, and its adoption, its promotion and its implementation are essential steps in gaining the confidence of the public with regards to protecting taxpayers’ money. It reflects the Council’s determination to protect itself from fraud and corruption and its intention is to ensure high standards of public accountability.

- 6 The Strategy provides an overview of the Council's policy towards fraud and corruption and those who perpetrate, or seek to perpetrate, fraud and corruption against Gwynedd Council and the taxpayer. It is designed to:
- Explain what the Council means by fraud, bribery and corruption;
  - Set out the standards that the Council expects from its Elected Members and employees;
  - Encourage fraud prevention;
  - Promote fraud detection;
  - Show how the Council will investigate fraud, bribery and corruption;
  - Promote fraud awareness.
- 7 In accordance with the aspiration expressed in the workshop in November 2018, the Audit and Governance Committee will receive regular reports (every approximately 6 months), on the Council's anti-fraud, anti-bribery and anti-corruption efforts.

### **Response Plan**

- 8 In addition to the Strategy, the long-established Fraud and Corruption Response Plan is to be read in conjunction with the Strategy, and sets out what staff and/or managers should do when they suspect that fraud or corruption is occurring, and the practical steps that the Council shall follow to deal with the matter. This document was last reviewed formally in 2013 therefore it is timely for it to be reviewed now. Apart from amendments to reflect staffing structure, there are no significant changes.
- 9 The document sets out what the following should do when discovering or suspecting fraud, bribery or corruption:
- Staff
  - Managers
  - Auditors
- 10 The plan has been developed to give due attention and consideration to a number of other policies and working practices within the Council in order to ensure consistency, including:
- The local conditions of service
  - Disclosure Policy ("Whistleblowing")
  - Disciplinary Policy
  - Financial Procedure Rules
  - Internal Audit Charter.
- 11 The Response Plan explains how the Council will act in order to investigate allegations of fraud, bribery or corruption, including how this connects with the Authority's Disciplinary Policy.
- 12 The plan also outlines how the Council will act and the options which must be considered, when sufficient evidence has been collected to support the allegation of fraud, bribery or corruption, including internal discipline and/or criminal or civil prosecution, or a combination of these.

### **Recommendation**

- 13 **The Audit and Governance Committee is asked to receive this report as an explanation of the Council's arrangements for investigating and preventing fraud and corruption within the organisation.**
- 14 **The Audit and Governance Committee is asked to approve the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy and the Fraud and Corruption Response Plan.**

**GWYNEDD COUNCIL**  
**ANTI-FRAUD, ANTI-BRIBERY AND ANTI-CORRUPTION STRATEGY**  
**2019 – 2022**

**1. PURPOSE**

The purpose of this document is to explain what the Council will do in 2019 – 2022 in order to minimise the risk of fraud and corruption, to investigate suspicions, and the steps we will take in response.

This document:

- Explains what the Council means by fraud, bribery and corruption;
- Sets out the standards that the Council expects from its Elected Members and employees;
- Encourages fraud prevention;
- Promotes fraud detection;
- Shows how the Council will investigate fraud, bribery and corruption;
- Promotes fraud awareness.

**2. INTRODUCTION**

In carrying out its functions and responsibilities, the Council has always adopted a culture of openness and fairness. The Council expects that Elected Members, employees, consultants, suppliers, contractors and other partner organisations will adopt the highest standards of propriety and accountability.

**Gwynedd Council will continue with a zero-tolerance attitude to Fraud, Bribery and Corruption.**

### 3. DEFINITIONS

#### Fraud

The Fraud Act 2006 outlines a general offence of fraud and three ways of committing it:

- **Fraud by false representation** – where an individual dishonestly and knowingly makes a representation that is untrue or misleading.
- **Fraud by wrongfully failing to disclose information** – where an individual wrongfully and dishonestly fails to disclose information to another person when they have a legal duty to disclose it, or where the information is of a kind that they are trusted to disclose it, or they would be reasonably expected to disclose it.
- **Fraud by abuse of position** – where an individual who has been given a position in which they are expected to safeguard another person's financial interests dishonestly and secretly abuses that position of trust without the other person's knowledge.

Common types of fraud to which the Council could fall victim would include (the lists are not exhaustive):

#### **Fraud by false representation:**

- false or exaggerated travel claims or overtime claims,
- invoices presented for services not received,
- having alternative employment when "signed off" work by a GP,
- recording incorrect hours on the flexible hours scheme.

#### **Fraud by wrongfully failing to disclose information**

- Failure to disclose a relevant or unspent criminal conviction on an application form for a job,
- Contractors failing to disclose Health and Safety prosecutions on tender documents,
- Understating the value of Council assets before disposal to family, friends or one's self.

#### **Fraud by abuse of position**

- Where individuals within the organisation are entrusted with the care of public money, and their position within the organisation has facilitated the offence. Particular offences under this section would include theft from home care clients by their carers, or fraudulently awarding contracts to friends and / or family members.

In all of the above, the Fraud Act outlines two basic requirements which must be met before any of the above can be charged: the defendant’s conduct must be dishonest and his/her intention must be to make a gain or cause a loss (or the risk of a loss) to another. Therefore, in terms of the behaviour that is pertinent to this Strategy:

- No loss or gains need to materialise – an intent to make a gain or cause a loss will be construed as an act of fraud
- A gain does not have to be for the person committing the act of fraud – it could be for another
- “Gain” and “loss” are as defined by Section 5 of the Fraud Act – it could be money or other property (whether real or personal, tangible or intangible), it could be permanent or temporary and:

a “gain” includes a gain by keeping what one has, as well as gain by getting what one does not have, and a “loss” includes a loss by not getting what one might get, as well as a loss by parting with what one has.

### **Internal and External Fraud**

In this strategy, “Internal Fraud” is defined as fraud perpetrated by the Council’s own employees or members, with an intention of causing a loss to Gwynedd Council, and where the fraud has been perpetrated or facilitated as a result of an individual’s or group of individuals’ position within the organisation. “External fraud” is defined as fraud committed by individuals from outside the organisation, or from outside an employee’s normal area of work, with a view to causing a loss to the Council.

In most cases, any fraudulent act would be easily identifiable as “internal” or “external” fraud, but in some cases the situation may be more ambiguous since an employee or member of the Council can commit external fraud as well as internal fraud against the authority. For example, a Council employee making a claim for a means-tested grant but deliberately withholding certain information that would affect the amounts of grant paid would be viewed as an “external fraud”. However, should a member of staff who plays a part in the process of administering the grant take advantage of their employment to fraudulently divert grant monies to themselves, this would be seen as an “internal fraud”.

<b>Action:</b>	<b>Hold regular workshops of relevant officers to discuss matters arising, emerging risks and share good practice</b>
<b>Reason:</b>	Whether fraud is internal, external or a combination of both, the types of fraud that are attempted, and the method of doing this, will develop over time. Workshops will provide an opportunity to identify what needs to be done to respond to this.

### **Benefit and Council Tax Reduction Fraud**

<b>Action:</b>	<b>Collaboration with the Department for work and pensions to develop the work of investigating fraud Council tax reduction</b>
<b>Reason:</b>	Since 2014, responsibility for investigating offences relating to Housing Benefit fraud has transferred from the Council to the Fraud and Error Service within the Department for Work and Pensions. However, that service does not investigate and prosecute offences relating to the Council Tax Reduction Scheme. The Finance Department had concluded that further work can be done in this area to improve effectiveness.

## Corruption and Bribery

Corruption is defined as “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

Under the Bribery Act 2010, the following are offences:

- **Active bribery:** offering, promising or giving a bribe (Section 1).
- **Passive bribery:** requesting, accepting or agreeing to accept a bribe (Section 2).
- **Bribing a foreign public official** (Section 6).
- **Corporate offence of failing to prevent bribery:** commercial organisations which fail to prevent persons associated with them from bribing on their behalf (Section 7).

To be able to fully defend this offence, the Council puts procedures in place to prevent persons associated with it from bribing on its behalf.

The six principles of the procedures which should be in place are as follows:

1. **Proportionate procedures:** the procedures that are introduced should be proportionate to the bribery risks faced and to the nature, scale and complexity of the Council’s activities. These procedures should also be clear, practical, accessible, effectively implemented and enforced.
2. **Top level commitment:** the Council and Cabinet should be committed to preventing bribery by persons associated with the Council. A culture in which bribery is never acceptable should be fostered.
3. **Risk assessment:** The nature and extent of exposure to potential external and internal risks of bribery is assessed. This assessment should be periodic, informed and documented.
4. **Due diligence:** due diligence procedures are applied in a proportionate and risk-based method, in respect of persons who perform or will perform services for, or on behalf of the Council to mitigate identified bribery risks.
5. **Communication (including training):** seek to ensure bribery prevention policies and procedures are embedded and understood throughout the Council.
6. **Monitoring and review:** procedures designated to prevent bribery are monitored and reviewed with improvements made where necessary.

## **Proceeds of Crime**

The Proceeds of Crime Act 2002 provides for the confiscation or civil recovery of the proceeds from crime, which requires payment from the convicted individual based on the benefit obtained from their crimes. The Act allows the confiscation of money, material assets and hidden assets.

Examples of where this Act can be used by the Council are as follows:

- Planning enforcement.
- Environmental Health – fly tipping, illegal dumping of tyres.
- Housing – false claims from landlords.
- Animal Health – dog breeding licence.
- Trading standards – selling of fake goods.
- Staff – expenses fraud.

In order to proceed with a case under the Proceeds of Crime Act 2002, an individual (or group of individuals) must have been found guilty of an offence in court. Consideration must then be made on the ability of the individual to pay and the amount concerned.

#### 4. CULTURE

The Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption. There is an expectation and requirement that individuals and organisations associated in whatever way with the Council will act with integrity and that elected members and employees at all levels will lead by example.

Action:	<b>Continue to subscribe to the CIPFA Counter Fraud Centre and make use of the facility, including the source identifying fraud risks, to ensure access to good practice</b>
Reason:	This service is a valuable source of good practice and relations with other bodies working in the field.

#### Various Codes of Conduct

“The Code of Conduct (Qualifying Local Government Employees) (Wales) Order 2001” sets out an approach to work that is both honest and fair. Employees must act in line with the code at all times which includes:

- General Principles;
- Accountability;
- Political Neutrality;
- Relations with Members, the Public and Other Employees;
- Equality;
- Stewardship;
- Personal Interests;
- Whistleblowing;
- Treatment of Information;
- Appointment of Staff;
- Investigations by Monitoring Officers.

The Council has a Code of Conduct for Members that sets out the following principles:

- Selflessness
- Honesty
- Integrity and Propriety
- Duty to Uphold the Law
- Stewardship
- Objectivity in Decision-making
- Equality and Respect
- Openness
- Accountability
- Leadership

together with the duty to disclose and register interests.

All Elected Members and staff are required to declare any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Council in accordance with the Code of Conduct regarding Gifts and Hospitality which has been adopted by the Council.

## Keeping an Overview

<b>Action:</b>	<b>Include an item on counter fraud work on the Audit and Governance Committee agenda twice a year</b>
<b>Reason:</b>	As "those charged with governance", the Audit and Governance Committee is required to maintain an overview of what is being done to deal with fraud and corruption. To that end, it is proposed to report twice a year, or more frequently as required, on the authority's anti-fraud activities.

## Whistleblowing Policy

Employees have an important role to play in dealing with fraud and corruption and the Council will encourage staff to warn and provide information if they suspect a case of fraud or corruption. Staff can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Reporting procedures are outlined in the Council's Whistleblowing Policy. This scheme gives staff a safe and reliable method for reporting honestly any concerns regarding illegal, fraudulent or corrupt behaviour, financial malpractice, endangering the public or the environment, abuse of clients, etc. Whilst the areas covered by the Council's Whistleblowing Policy will be far wider than fraud, bribery and corruption, the encouragement to report such behaviour is an essential part of this policy.

Members and the general public are also encouraged to report concerns of fraudulent or corrupt behaviour by contacting the Senior Manager Revenues & Risk or the Audit Manager.

## Systems of Internal Controls

In order to safeguard public funds, it is essential that employees comply with internal controls and systems that have been put in place by management to prevent fraud and corruption. When fraud or corruption has occurred due to weakness in the Council's systems and procedures, Heads of Department will ensure appropriate controls are implemented to prevent recurrence. In most cases, Internal Audit will review such controls as part of its overall assurance review, and should be given the support and co-operation of all managers and staff.

Managers have an additional responsibility for:

- Ensuring that staff for whom they are responsible are aware of the risk of fraud and corruption.
- Taking steps to prevent fraud and corruption through the use of appropriate internal controls and monitoring.
- Implementing agreed Internal Audit recommendations.
- Encouraging staff to report suspected fraud, bribery and corruption as directed in the Council's Whistleblowing Policy.

## Being Proactive

<b>Action:</b>	<b>Assess the possibility of using data better in order to identify and investigate fraud</b>
<b>Reason:</b>	Internal audit has set time aside in its annual audit plan in order to undertake proactive anti-fraud work. However, it is incumbent on all who carry out services to be alert to the risk of fraud. We will look into the possibility of units, either in conjunction with Internal Audit or separately, using the data they have – within the law – to search for suspicious patterns.

## Co-operation with Investigators

All elected members and employees are expected to provide investigators with all assistance requested, and will provide a statement to the Police should they be required to do so.

## 5. PREVENTION OF FRAUD, BRIBERY AND CORRUPTION

The Council seeks to prevent fraud, bribery and corruption by:

- Raising awareness of the risk of fraud, bribery and corruption;
- Making Members and employees aware of their roles and responsibilities;
- Working with other agencies and bodies.
- Creating a culture where corruption and fraudulent behaviour is unacceptable behaviour.
- Seeking, where appropriate and in a proper manner, to publicise cases of fraud, bribery or corruption perpetrated against the authority

All Members and employees should be aware of the possibility that fraud, bribery, corruption and theft may exist in the workplace and be able to share their concerns with the appropriate people.

It is essential that the policies and procedures for raising concerns are clearly set out and made available to Members, employees and the public. The Council must regularly review and update these policies and procedures.

Both Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Examples of such situations would include:

- Externalisation of services;
- Internal tendering;
- Planning; and
- Land issues.

<b>Action:</b>	<b>The Council will be alert to the risk of fraud with new developments within the Council</b>
<b>Reason:</b>	New developments, possibly, create new risks in terms of fraud. Where appropriate, the risk of fraud to be part of major projects risk assessment.

## **Internal Controls and Audit Assurance**

Managing the risk of fraud, bribery and corruption is the responsibility of management, who must make sure that suitable levels of internal check are included in working procedures, in particular financial procedures. It is essential (where practically possible) that duties are specified and segregated, so that individuals cannot carry out a complete transaction without input and/or verification by another appropriate officer.

The Audit Manager is to be notified of all suspected or detected fraud, bribery, corruption or impropriety, to inform her opinion on the internal control environment and Internal Audit's work programme as well as to allow her to ensure appropriate action is taken.

Internal auditors are alert in all their work to minimise risks and exposures that could allow fraud, bribery or corruption to occur. Internal auditors are also alert to any indications that fraud, bribery or corruption may have been occurring and will advise the appropriate officers accordingly. However, audit procedures alone, even when performed with due professional care, cannot guarantee that fraud, bribery or corruption will be detected.

## **Recruitment**

The Council must follow safe recruitment procedures when employing new staff or agency staff. This includes reviewing the previous employment records of potential staff with regard to their propriety, integrity and identity. This applies to both temporary and permanent staff. This may be done by the use of references from previous employers and review of qualification.

## **Inter-agency Co-operation**

The Council is also committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the Council will be prepared to develop and encourage the exchange of information (on national and local fraud and corruption activity) with other local authorities and external agencies, such as the Police, inter-authority audit officer groups, the Wales Audit Office and Government departments (including the Department of Work and Pensions). A leading example of this is the National Fraud Initiative (NFI) exercise that occurs every 2 years.

Due care in protecting the integrity and confidentiality of data is particularly important when exchanging information. Internal Audit will control and help exchanges of information.

## 6. DETECTION AND INVESTIGATION OF FRAUD, BRIBERY AND CORRUPTION

Under the Code of Conduct for Employees<sup>1</sup> and the Council's Financial Procedure Rules<sup>2</sup> employees must report any suspected cases of fraud or corruption to the Head of Finance, Senior Manager Revenues & Risk or the Audit Manager, either directly or through their line manager. Reporting cases in this way is essential to the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy and makes sure that:

- Suspected cases of fraud, bribery and corruption are investigated properly;
- The Fraud, Bribery and Corruption Response Plan is carried out properly;
- There is a standard process for dealing with all suspected cases of fraud, bribery and corruption;
- The public and the Council's interests are protected;
- Any possible sanction (criminal, civil, disciplinary or a combination of all three) is not compromised.

In order to maintain compliance with both the Internal Audit Code of Practice and the Council's Financial Procedure Rules, Gwynedd Council's strategy for investigating suspected fraud, bribery and corruption is that all cases are to be referred to Internal Audit for investigation. The Audit Manager will work with management and other agencies to decide on the type and course of investigation. All investigations will be conducted pursuant to the Fraud and Corruption Response Plan.

The investigation will be undertaken in compliance with the Council's Disciplinary Policy and Procedure. Whereas the policy states that a formal investigation is not necessary for what the relevant line manager considers to be minor offences, no manager will view fraud, bribery, corruption or financial impropriety as a minor offence. Further, the Disciplinary Policy and Procedure also states that "how detailed the investigation is will be entirely dependent on the seriousness of the allegations". There will always be a presumption of formal action in cases of alleged fraud, bribery and corruption, and they will always be deemed as being sufficiently serious to warrant an official Internal Audit investigation.

The Disciplinary Policy and Procedure gives the following as examples of acts that constitute gross misconduct:

- Theft from the Council or any of the Council's clients.
- Serious fraud that would make the employee unsuitable to work with for the Council.
- Deliberate falsification of any records.
- A serious breach of confidence.

Steps under the Proceeds of Crime Act 2002 will also be considered where applicable.

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<sup>1</sup> **Paragraph 20.8:** In the event that a qualifying employee becomes aware of activities which that employee believes to be illegal, improper, unethical or otherwise inconsistent with this Code, the employee should report the matter, acting in accordance with the employee's rights under the Public Interest Disclosure Act 1998, and with the relevant authority's confidential reporting procedure, or any other procedure designed for this purpose.

<sup>2</sup> **Rule 16.14.6:** Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or any arrangement to claim an inappropriate payment from the Council, or other property of the Council, the Head of Service or other officer making the discovery shall comply with the Council's Anti-fraud and Corruption Strategy and immediately notify the Head of Finance and Senior Manager Audit & Risk, who shall take such steps as he/she considers necessary by way of investigation and report.

## 7. TRAINING

The Council recognises that the continuing success of this Strategy and its general credibility will depend, in part, on the effectiveness of programmed training and responsiveness of employees throughout the organisation.

During the lifetime of the Strategy, training and events will be held that have been specifically tailored to increase staff awareness and understanding on the characteristics of fraud, bribery and corruption within their areas of work, and their responsibilities when dealing with suspicions.

<b>Action:</b>	<b>Establish a team Task and Finish Group to identify ways of raising awareness of fraud across the Council</b>
<b>Reason:</b>	Before arranging training, must invest time to consider what will work. It is assumed that the most efficient way to do this would be with a small team of officials.

The Council is also committed to training and developing employees who are involved in investigating fraud, bribery and corruption, and will provide suitable training.

<b>Action:</b>	<b>Being proactive by attending training events provided by professional bodies, and/or provide training jointly with other authorities in order to maximise effectiveness</b>
<b>Reason:</b>	It is essential that the skills of key officials are maintained, so that they are aware of the new risks, and investigate correctly.

## 8. CONCLUSION

Gwynedd Council is committed to tackling fraud, bribery and corruption; its response will be effective, organised and based on the principles included in this document.

The Council shall continue to review its rules and procedures, therefore it is essential that this Strategy is regularly reviewed to maintain its effectiveness and continued compliance with legislation.

**GWYNEDD COUNCIL**  
**FRAUD, BRIBERY AND CORRUPTION RESPONSE PLAN**

**1. INTRODUCTION**

Gwynedd Council is committed to sound corporate governance and to protecting the public funds with which it has been entrusted. However, the determined perpetrator will sometimes find a way around systems and procedures. Minimising any losses to fraud is an essential part of ensuring that the Council's resources are used for the purposes they are intended. To this end, the Council's Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy has been developed and maintained.

All managers need to be aware of what is required in the event of being notified of a suspected fraud. This Fraud Response Plan should be read in conjunction with the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy which sets out the process for staff who wish to notify any suspicions and notes how the Council's officers should respond. This Plan provides guidance on the action to be taken when a fraud is suspected or discovered and covers areas such as: to whom the fraud will be reported, responsibilities for actions, who will investigate the incident and how employees under suspicion will be dealt with.

It is vitally important that the Plan is followed by all concerned in order to ensure that the situation is handled professionally and to safeguard against the case being compromised. The use of the Plan may enable the Council to:

- prevent further loss,
- establish and secure evidence necessary for criminal and disciplinary action,
- notify the relevant authority, funding body and the Police,
- minimise and recover losses,
- take disciplinary action against those involved,
- review the reasons for the incident, the measures taken to prevent a recurrence and implement actions needed to strengthen procedures.

Further, this Plan aims to ensure that any investigation complies with the following Council policies and procedure:

- The Council's Staff Code of Conduct,
- The Council's Financial Procedure Rules,
- The Council's Whistleblowing Policy,
- The Council's Disciplinary Procedures.

**Definitions**

The definitions of "Fraud", "Internal and External Fraud", "Benefit Fraud" and "Corruption" are as found in the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy

**Benefit Fraud**

This Plan is not relevant to Benefit Fraud (as defined in the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy), for which separate procedures exist.

## 2. REPORTING A SUSPECTED FRAUD

### Actions by Staff

Suspected fraud can be discovered in a number of ways. Examples are:

- A Council employee, by virtue of their post within the Council, becoming suspicious of time sheets, expenses claims, grant certificates, invoices etc presented for payment.
- A Council employee becoming suspicious of the activities of one or more of their colleagues.
- Irregularities discovered by an internal or external auditor during routine audit work.
- A Council member or employee being informed of an alleged fraud by external agencies or members of the public.

In all cases, it is important that staff feel able to report their concerns and that they are aware of the means by which they are able to do so. Suspicion of fraud will be treated seriously and will be reviewed and analysed in accordance with relevant legislation and the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy.

All staff should be aware that the Staff Code of Conduct and the Financial Procedure Rules (both of which are part of Gwynedd Council's Constitution) between them place an obligation on all employees to report suspected cases of fraud, corruption and irregularities to the Head of Finance, the Senior Manager Revenues & Risk and/or the Audit Manager:

**Staff Code of Conduct, Paragraph 20.8:** In the event that a qualifying employee becomes aware of activities which that employee believes to be illegal, improper, unethical or otherwise inconsistent with this Code, the employee should report the matter, acting in accordance with the employee's rights under the Public Interest Disclosure Act 1998, and with the relevant authority's confidential reporting procedure, or any other procedure designed for this purpose.

**Financial Procedure Rule 16.14.6:** Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or any arrangement to claim an inappropriate payment from the Council, or other property of the Council, the Head of Service or other officer making the discovery shall comply with the Council's Anti-fraud and Corruption Strategy and immediately notify the Head of Finance and/or Senior Manager Audit & Risk, who shall take such steps as he/she considers necessary by way of investigation and report.

However, the Council is fully aware that reporting these suspicions can be extremely stressful and traumatic (especially if the person under suspicion is the employee's line manager, or a colleague with whom they work on a daily basis, and/or with whom they share an office). As a result, a number of measures are in place in order to protect employees who report genuine concerns. In particular, the Public Interest Disclosure Act encourages people to raise concerns about malpractice in the workplace and helps ensure that organisations respond by:

- addressing the message rather than the messenger; and
- resisting the temptation to cover up serious malpractice.

Further guidance can be found in the Council's Whistleblowing Policy, which outlines the way in which any employee can report suspicions. However, the Whistleblowing Policy covers a far wider range of malpractice than fraud, corruption and financial irregularities. These other matters must be dealt with on their own merits and reported to the most appropriate place – usually to the relevant Senior Manager or Head of Department.

Any initial concerns and discussions that an employee may have will be treated sensitively and in complete confidence, and no-one should be afraid to raise them. There may be an innocent explanation for whatever the employee is concerned about - if this proves to be the case, then no further action will be needed and at least the concerns will have been aired.

A member of staff may choose to report their concerns anonymously and such anonymity will be respected. It should be noted that, if the report suggests criminal activity, and the case is to be pursued by police, the identity of the person reporting the details will be needed at a later date if criminal proceedings are to be pursued effectively; identification is preferred and will assist the investigation.

**If anyone becomes aware of a suspected fraud or irregularity, their concerns should be written down as soon as is practically possible. A note should be made of all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved. The matter should be reported immediately either:**

- **to their own Line Manager, Head of Service or Strategic Director who will contact the Head of Finance, the Senior Manager Revenues & Risk and/or the Audit Manager, or**
- **direct to the Head of Finance, the Senior Manager Revenues & Risk and/or the Audit Manager.**

When reporting their concerns, staff should arrange to hand over any notes they may have taken and any evidence gathered to the appropriate investigator. Confidentiality for all parties will be maintained in respect of reports made in good faith which cannot be substantiated following investigation.

Staff must not do any of the following:

- contact the suspected perpetrator in an effort to determine facts or demand restitution,
- discuss the case facts, suspicions, or allegations with anyone outside of Gwynedd Council (including the Press) unless specifically asked to do so by the Audit Manager,
- discuss the case with anyone within the Council other than their own Line Manager, Head of Service, Strategic Director, Head of Finance, the Senior Manager Revenues & Risk or the Audit Manager,
- attempt to personally conduct investigations or interviews or question anyone, unless asked to do so by the Audit Manager (acting in accordance with relevant legislation and codes of practice).

### **Action by Managers**

If managers have reason to suspect fraud or corruption in their work area, they should do the following:

- Listen to the concerns of staff and treat every report received seriously and sensitively, making sure that all staff concerns are given a fair hearing. Managers should also reassure staff that they will not suffer because they have told them of their suspicions.
- Obtain as much information as possible from the member of staff, including any notes and any evidence they have that may support the allegation. Managers should not interfere with any evidence, and should and make sure it is kept in a safe place.
- Report the matter immediately to the H Head of Finance, the Senior Manager Revenues & Risk or the Audit Manager. They must not try to carry out an investigation themselves or ask an individual to covertly obtain further information, as this may compromise evidence (thus preventing appropriate disciplinary or criminal action in due course).

## Action by Auditors

If the council's internal auditors discover what they suspect to be fraud, corruption or improper conduct during the course of an audit, they must secure all evidence and make detailed notes of all evidence collected. They should then report their suspicions immediately to their team leader, who must in turn inform the Audit Manager at the earliest possible opportunity. The investigation process (section 4 below) will follow.

### 3. MALICIOUS ALLEGATIONS

If an allegation is made frivolously, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

### 4. INVESTIGATION PROCESS

Internal Audit is responsible for initiating and overseeing all fraud investigations. Internal Audit will ensure that all investigations conform to the same standard and in accordance with legislation.

Under the Council's Disciplinary Policy and Procedure (Part 7.3 of the Local Conditions of Work), all alleged breaches of the Council's rules and standards will require an investigation to be held as soon as possible, unless the relevant line manager is of the opinion that the alleged offence is minor. However, in accordance with the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy, no manager should view allegations of fraud, corruption or financial irregularities as "minor offences", therefore an investigation will be held in all cases. The Disciplinary Policy and Procedure gives the following as examples of acts that constitute gross misconduct:

- theft from the Council or any of the Council's clients,
- serious fraud that would make the employee unsuitable for work with the Council,
- deliberate falsification of any records, or
- a serious breach of confidence.

Further, as outlined in the Strategy, a gain or loss does not have to materialise – an intent to defraud is sufficient to prompt an investigation.

The investigation procedure is **not** part of the disciplinary procedure; it is merely a process of gathering all of the facts related to the allegations, and this will be explicitly stated to any employee who is assisting the Council with such an investigation.

Investigation results will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect the Council from potential civil liability.

In cases where an individual is suspected of fraud which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation has revealed no wrongdoing.

Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position or length of service.

Once the investigation has been completed, Internal Audit will prepare a written report which states the facts discovered by the investigation. The report will avoid speculation and no statement shall be made that cannot be supported by the facts.

## **5. PROCEEDINGS**

Where evidence exists to support the allegation of fraud or corruption, consideration will be given to “triple-tracking” the enquiry. That is, whether the steps to be taken should be criminal, civil, disciplinary or a combination of all three.

### **Disciplinary Action**

Where evidence of fraud or corruption has been gathered, the Internal Audit report described above will always be used as a formal record of an investigation as defined in the Council’s Disciplinary Policy and Procedure. Disciplinary procedures will be conducted by the relevant line manager, who will use the Internal Audit investigation report as major evidence; the investigating auditor(s) should be required to present the evidence at a disciplinary hearing. However, Internal Audit investigators will not form part of a disciplinary panel.

### **Criminal Action**

In accordance with the Council’s Financial Procedure Rules where, on consideration of the Internal Audit investigation report, the Monitoring Officer is of opinion that there is a breach of the criminal law, at the discretion of the Head of Finance the matter shall be reported to the Police for further investigation.

If an employee is involved, disciplinary action shall be taken as a matter of urgency in accordance with the Council’s Disciplinary Procedures whether or not the matter is referred to the Police.

If the police decide that a formal investigation is necessary, all staff are expected to co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via Internal Audit.

### **Civil Action**

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) responsible for fraud.

As a first step the individual concerned will be asked to make good the loss. It may be appropriate to consider recovering the loss from any monies due to the individual on termination (if the perpetrator is an employee). The advice of the Head of Finance and Legal Services should be sought before attempting to make recovery.

Where an employee is a member of Gwynedd Council’s pension scheme, and is guilty of fraud, the Council may be able to recover the loss from the capital value of the individual’s accrued benefits in the Scheme, which are then reduced as advised by the actuary.

If the individual will not make good the loss, consideration should be given to taking civil action to recover the loss, subject to legal advice received. Since the misappropriated funds are taxpayer’s money, the civil recovery can be as important as a successful prosecution.

Civil remedies can be used even if a criminal case fails, or if criminal charges have not been pursued, due to the differing burden of proof.

As a last resort, if on the basis of legal advice a civil remedy action is not pursued, the Council’s Fidelity Guarantee Insurance Policy may be enacted to recover losses. However, in cases where fraud has occurred following particularly poor management or supervision the full amount may not be recovered. In any event, the Insurance & Risk Management Service must be kept informed from an early stages in the investigation in order to ensure that the insurance claims are dealt with as effectively and efficiently as possible.

## **Parallel Sanctions**

There is no legal reason why the three types of proceedings listed above should not proceed at the same time, or at least overlap. The general approach of the courts is not to give automatic precedence to criminal proceedings. Other forms of proceedings should not be postponed until after the conclusion of the criminal hearing unless there is a real – not merely notional – danger that the disclosure of the defence in the civil action would, or might, lead to a potential miscarriage of justice (by, for example, enabling prosecution witnesses to prepare a fabrication of evidence). For case law, see *Jefferson v Bhetcha* [1979] 1 WLR 898, 904 and *R v BBC, ex p. Lavelle* [1983] 1 WLR 23, 39.

## **6. LEARNING FROM EXPERIENCE**

Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. Where appropriate, Internal Audit will publish a “lesson learnt” report to highlight where there has been a failure of supervision, or a breakdown / absence of control. Such reports will provide recommendations to avoid further occurrences, both in the specific area where the fraud occurred and, where appropriate, within the wider context of the Council’s administration.