



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

AUDIT AND GOVERNANCE COMMITTEE

Date and Time

10.00 am, THURSDAY, 13TH FEBRUARY, 2020

Location

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

Contact Point

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(DISTRIBUTED 06/02/20)

AUDIT AND GOVERNANCE COMMITTEE

MEMBERSHIP (19)

Plaid Cymru (10)

Councillors

Aled Ll. Evans
Huw Gruffydd Wyn Jones
W. Gareth Roberts
Vacant Seat - Plaid Cymru

Aled Wyn Jones
Berwyn Parry Jones
Paul John Rowlinson

Charles Wyn Jones
Peredur Jenkins
Gethin Glyn Williams

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)

Councillor
Vacant Seat - Gwynedd United Independents

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 - 12

The Chairman shall propose that the minutes of the meeting of this committee, held on 28th November 2019, be signed as a true record.

5. BUDGET 2020/21

13 - 59

To submit the report of the Head of Finance.

6. CAPITAL STRATEGY 2020/21 (TO INCLUDE INVESTMENT AND BORROWING STRATEGY)

60 - 97

To submit the report of the Head of Finance.

7. REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW

98 - 122

To submit the report of the Head of Finance.

8. CAPITAL PROGRAMME 2019/20 - END OF NOVEMBER REVIEW

123 - 132

To submit the report of the Head of Finance.

9. SAVINGS OVERVIEW 2019/2020 - PROGRESS ON REALISING SCHEMES

133 - 144

To submit the report of the Head of Finance.

10. OUTPUT OF THE INTERNAL AUDIT SECTION

145 - 173

To submit the report of the Audit Manager.

11. INTERNAL AUDIT PLAN 2019/20

174 - 179

To submit the report of the Audit Manager on the progress made on the 2019/20 Internal Audit Plan.

- 12. DRAFT INTERNAL AUDIT PLAN 2020/21** 180 - 186
- To submit the Draft Internal Audit Plan for the year 1 April 2020 – 31 March 2021.
- 13. REVIEW POLLING DISTRICTS AND POLLING PLACES** 187 - 194
- To submit the report of the Head of Legal.

AUDIT AND GOVERNANCE COMMITTEE 28/11/19

Present: Councillor John Brynmor Hughes (Chair)
Councillor Angela Russell (Vice-chair)

Councillors: Aled Ll. Evans, Alwyn Gruffydd, R. Medwyn Hughes, Peredur Jenkins, Aled Wyn Jones, Berwyn Parry Jones, Dewi Wyn Roberts, John Pughe Roberts, W. Gareth Roberts, Paul Rowlinson and Gethin Glyn Williams.

Lay Member: Sharon Warnes

Others invited: Councillor Ioan Thomas (Cabinet Member – Finance)

Officers: Dafydd Edwards (Head of Finance Department), Ffion Madog Evans (Senior Finance Manager), Dewi Morgan (Assistant Head - Revenue and Risk), Luned Fôn Jones (Audit Manager), Bethan Adams (Scrutiny Advisor) and Lowri Haf Evans (Democratic Services Officer).

Also in Attendance:

In relation to item 5 on the agenda: Geraint Owen (Head of Corporate Support department) and Vera Jones (Democracy and Language Manager)

In relation to item 6 on the agenda: Geraint Owen (Head of Corporate Support Department), Dilwyn Williams (Chief Executive) and Iwan Evans (Head of Legal Services/Monitoring Officer).

In relation to item 9 on the agenda: Delyth Jones-Thomas (Investment Manager)

In relation to item 10 on the agenda: Dewi Wyn Jones (The Council's Business Support Service Manager) and Bethan Richardson (Business Support Officer)

1. APOLOGIES:

Apologies were received from Councillor Huw G. Wyn Jones

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note

4. MINUTES

The Chair signed the minutes of the previous meeting of this Committee, that took place on 17 October 2019, as a true record.

5. A REVIEW OF SCRUTINY ARRANGEMENTS

A report was submitted by the Head of Democratic Services and the Democracy and Language Services Manager, outlining the results of a recent review of the Council's scrutiny arrangements. It was explained that a working group had been set up which consisted of

Members and Officers, in order to review the existing scrutiny arrangements following observations that scrutiny did not add value, that the arrangements were slow in achieving results, and a feeling that things could be done better. It was reiterated that striving for continuous improvement through reviewing and challenging the system contributed to driving improvement in services to the people of Gwynedd.

Originally, the Working Group drew up three options, and following consultation work with members and the Scrutiny Forum, these options were amended for the consideration of the Committee.

- Three Scrutiny Committees (minor amendments to the current arrangements)
- One Principal Scrutiny Committee
- Two Scrutiny Committees

The options were discussed, and reference was made to the advantages and disadvantages of each individual option. The Committee was asked to consider whether one option predominated and to submit the preferred option as a recommendation to the Full Council on 19.12.19.

Observations arising from the ensuing discussion from individual Members:

- One Member did not have the capacity to chair one Committee - a concern that this would be too much responsibility for one Chair
- The need to review the system was acknowledged
- Concern that matters on a specific subject would not be recorded in informal meetings / information sharing
- There was a need to consider how information would be submitted
- There was a need to look at items more strategically, rather than at general matters across the County.
- Whichever system or option that was selected, it did not mean that scrutiny would improve
 - needed to refine arrangements and priorities better
- The option of One Committee excluded too many Members
- The option of One Committee - this gave the opportunity for some Members to develop expertise through leadership
- Was it scrutiny that was defective, or a failure on members' part to identify their role? Needed to consider educating Councillors of their responsibilities

In response to an observation with regard to who would Chair the Scrutiny Committee should the option of One Scrutiny Committee predominate, the Monitoring Officer expressed that a statutory formula was in place to determine this in the context of the political balance. The formula would also be used if the option of Two Scrutiny Committees predominated.

Option 1 was proposed and seconded, namely Three Scrutiny Committees.

A request was also made for the Committee to consider which scrutiny committee should scrutinise matters of the Housing and Property Department following the reorganisation of the Adults, Health and Well-being Department. It was highlighted that discussions had been held in the Scrutiny Forum, in the informal meeting of the Care Scrutiny Committee and with the Chairs and Vice-chairs of the Communities and Care Scrutiny Committees. It was concluded in these discussions that the best place to scrutinise housing and property matters was the Care Scrutiny Committee as health and social matters were now connected to housing.

Observations arising from the ensuing discussion by individual Members:

- That there was a clear connection between Housing/Housing Quality and Health
- That the relationship between Social Services and Health was developing
- That the Communities Scrutiny Committee had the capacity to discuss housing matters

- That there was a clear link between Planning (which was a Communities scrutiny matter) and Housing and Property in the context of grants, building more houses and Housing Associations

It was proposed to discuss Housing and Property in the Communities Scrutiny Committee. Nobody seconded this proposal and, due to the shortcoming, Housing and Property would be discussed in the Care Scrutiny Committee.

RESOLVED,

- a) To welcome the review and accept the report
- b) To propose Option 1 - Three Scrutiny Committees with some amendments, as a recommendation to the Full Council 19.12.19
- c) That Housing and Property (under option 1) would be discussed in the Care Scrutiny Committee

6. THE SAVINGS PROPOSALS OF THE CORPORATE SUPPORT DEPARTMENT, THE FINANCE DEPARTMENT AND THE CORPORATE MANAGEMENT AND LEGAL TEAM TO COPE WITH THEIR SHARE OF THE POTENTIAL £2M DEFICIT IN THE 2020-21 BUDGET

A report was submitted, detailing the savings proposals that would contribute towards the potential financial deficit in the 2020/21 budget. The Members were reminded of the fact that the annual grant received from Welsh Government had not been sufficient for the past 12 years and, consequently, had led to a situation where the Council had had to plan to fill the financial deficit. For 2020/21, it was decided to plan for a £2m deficit, requesting that all Departments find their share of the sum. The Committee was asked to consider the proposals of the Corporate Support Department, Finance Department and the Corporate Management Team and Legal as well as the implications.

The Cabinet Member and Heads of Department expanded on the content of the report, and also responded to questions/observations by the Members.

Savings of the Corporate Support Department

In response to a comment regarding a reduction in expenditure for printing corporate documents and the suggestion that Councillors should be going paperless, it was reported that savings had already been made by issuing Councillors with information technology equipment, but that more could have been done. It was reiterated that there was a need to better promote the use of technology, raise confidence in its use and address the problems of using video conferencing / remote attendance.

In response to a comment that the Department had been underspending historically and the need for a realistic budget in future, it was expressed that the Department was planning and preparing in advance for cuts/savings and that this was mainly responsible for any underspend from one year to the next.

Savings of the Finance Department

In response to an observation with regard to attracting income through new agreements as a host / lead authority, it was noted that this was something to take pride in due to the trust of other authorities in the quality of Gwynedd Council's work.

Savings of the Corporate Management Team and Legal

In response to a question regarding coping with two members of the Management Team rather than three, it was expressed that the post was currently being kept vacant, and the situation was being monitored in terms of its impact. It was reiterated that should the savings scheme go ahead, it would be possible to consider the post as a saving for the future.

General observations:

- That the sum should be estimated to the nearest hundred rather than to the pound
- It was welcomed that the savings did not create an impact on the residents of Gwynedd
- That the proposals were sensible

RESOLVED to accept the report and approve the proposals of the Departments to meet their share of relevant savings

7. 2018 - 2019 ANNUAL AUDIT LETTER BY THE EXTERNAL AUDITORS

The Head of Finance Department submitted a report which summarised the main key messages deriving from the statutory responsibilities of the Auditor under the Public Audit (Wales) Act 2004 and the reporting responsibilities under the Code of Audit Practice. In September 2019, the Auditor General issued an unqualified audit opinion on Gwynedd Council's 2018/2019 accounting statements, confirming that they gave an accurate and fair illustration of the Council's financial situation and transactions.

The Cabinet Member for Finance highlighted that the content of the letter was positive. All staff were thanked and congratulated for their work.

RESOLVED to accept the Audit Letter for 2018 - 2019

8. FINANCIAL STRATEGY - REMIT OF THE 2020-2021 BUDGET

The Head of Finance Department submitted a report outlining the process of drawing up a budget for the year 2020/2021, in accordance with the Committee's forward work programme. It was highlighted that planning the budget had been challenging as Welsh Government's budget had not been announced, and that there was no intention to do so until the UK general election (the announcement date of the 2020/21 draft settlement was 16.12.19). Consequently, as the details of the settlement were unavailable, savings of £2m were estimated when planning the budget, however it was forewarned that this could change.

The Cabinet Member highlighted that Budget Seminars for Members were being organised in January to share and discuss the information in more detail, and he emphasised the need for all Members to attend. In response to a question, it was confirmed that the invite was also open to the lay member.

RESOLVED to accept the timetable for the 2020/21 financial planning

9. TREASURY MANAGEMENT – MID YEAR REVIEW 2019-2020

The Head of Finance Department submitted a report, detailing the Council's actual Treasury Management activity in the current financial year. It was explained that between 1 April and 30 September 2019, the Council's borrowing activity remained within the constraints originally set. There were no banks where the Council had deposited money that had failed

to repay and it was estimated that the Council's actual investment income would exceed the expected income in the 2019/20 budget.

Reference was made to the Borrowing Strategy, as well as providing a brief update on the certainty rates of the Public Works Loan Board (PWLB). It was noted that in October 2019, the standard interest rate had increased by 1% and the Council did not currently anticipate any need for PWLB borrowing. In referring to the investment activities, it was highlighted that the Council invested in pooled funds where short-term security and liquidity was less of a consideration, and rather, the aims were regular revenue income and long-term price stability. In the context of compliance, it was confirmed that all activities of the treasury management that were held during the period fully complied with the CIPFA code of practice as well as the Council's Treasury Management Strategy Statement.

In terms of forecasts for the rest of 2019/20, it was noted that the growth in the market was slowing down in light of the uncertainty with Brexit. Nevertheless, no significant impact was anticipated.

Gratitude was expressed for the accurate and positive report.

In response to a question regarding where to borrow if needed, the Head of Finance Department noted that although the interest rate had increased in October, the Treasury advisors did not anticipate interest rates increasing any further. The Council was not currently in a position to need to borrow.

In response to a suggestion that the Council could be in a position to offer mortgages / loan money to buy a house, it was noted that the Council was currently supporting a number of Housing schemes. One plan was to allocate the Council's premium tax funds for a range of opportunities and plans to bring vacant houses back into use. It was reiterated that running mortgages was not currently a priority.

RESOLVED to accept the information.

10. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS

The Head of Corporate Support Department submitted a report, highlighting the actions created in response to realising the recommendations of audit reports. The Members were reminded that they had a responsibility to consider external audit reports (national, and local to Gwynedd), the recommendations included in them, and the implications of these to governance, managing risk or management. The Committee had to satisfy itself that arrangements and processes were in operation in order to ensure that the improvement proposals were considered and implemented.

Observations arising from the ensuing discussion on the improvement proposals of the reports of the external auditors 2013 - 19 (part 1)

- There was a need to consider a more effective format to report on the recommendations in future - more details were included in some reports
- A request to expose bias
- There was a need to cross-reference reports and decisions that had been taken to other Committees (e.g. Scrutiny Committees)
- There was too much information about processes - needed to focus on the outputs and what had been completed
- A suggestion to set a timetable and to highlight the main milestones
- There was a need to focus on progress

Each of the improvement proposals were discussed in turn, and some of the conclusions were challenged.

- It was proposed to amend the conclusion of the 'Annual Performance Appraisal of the Care and Social Services Inspectorate for Wales (CSSIW) 2013/14' to 'in progress' rather than 'completed' as it was noted that 'performance had deteriorated due to failing to reach all requirements within the statutory timetables'.
- It was proposed to amend the conclusion of 'Asset Management [Land and Buildings]' to 'in progress' rather than 'completed' as it was noted that 'there was a need to reopen discussions with local and regional partners with regard to developing a systematic method of jointly planning assets...'

Subject to the above proposals, the Committee was satisfied with the conclusions of the improvement proposals of local or regional reports that assessed the work of Gwynedd Council (part 1)

In the context of national or general reports that were relevant to Local Government (part 2), an observation was made with regard to the 'Good Scrutiny? Good Question!' report and, given Gwynedd Council's current review on Scrutiny arrangements, should the audit be noted as 'in progress'? It was noted that the 'Good Scrutiny? Good Question!' report was now outdated and the work had transferred to a report called 'Scrutiny Overview' and therefore, it was agreed that the conclusion 'completed' was acceptable.

RESOLVED to accept the report. The Committee was satisfied that the actions created in response to the recommendations were correct, subject to the amendments proposed to the conclusions of the Annual Performance Appraisal of the Care and Social Services Inspectorate for Wales (CSSIW) 2013/14 and 'Asset Management [Land and Buildings]'.

11. ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS

A report was submitted by the Assistant Head of Finance (Revenue and Risk) that updated the Committee on the Council's anti-fraud and anti-corruption arrangements, progress on the work programme for the next three years, together with national developments in the context of fraud against the public sector. The Members were reminded of the fact that Gwynedd Council's Anti-fraud, Anti-corruption and Anti-bribery Strategy 2019 - 2022 work programme had been adopted by the Committee on 14 February 2019.

It was emphasised that Council officers were not currently investigating allegations of fraud against it. Nevertheless, since 1 April 2019, it was reported that the Benefits Service had referred 22 Housing Benefit cases to the Department of Work and Pensions (UK Government) for further investigation. It was noted that the Department for Work and Pensions did not investigate any Council Tax Relief fraud, and therefore definite steps had been taken to develop skills internally to investigate this fraud. It was reiterated that three benefits officers and three taxation officers were currently working on the CIPFA *Accredited Counter Fraud Technician* qualification, which was a significant investment for the Council's fraud prevention processes.

In the context of data use, reference was made to the act of assessing the possibility of improved use of data in order to identify and investigate fraud. It was reiterated that the current plan to identify and investigate fraud was the Taxation Service's practice to review some of the discounts and exceptions permitted to the County's Council Tax accounts. In a research investigation, it was highlighted that the third most common type of fraud committed by adults in Wales was false claims for a Single Person Discount. It was noted that 18,000 Gwynedd homes received a Council Tax single person discount and, in order to ensure that

every exception and discount granted was accurate, Gwynedd Council would work with the Datatank company to review discount claimants. If inaccurate claims were discovered, the Council would terminate the claims, write to the tax-payers and attempt to recover the discount.

Attention was drawn to the report of the Auditor General which was published in June 2019, which provided an illustration of the types of fraud that could be committed against the public sector in Wales. It was noted that the report was provided at the request of the National Assembly's Public Accounts Committee, so that it was possible to report on the arrangements in place within the different types of public bodies. The Auditor General's proposal to carry out a further review (stage 2) to investigate how effective fraud prevention arrangements were in practice was approved, as well as making recommendations for improvement. It was reported that it was intended to publish stage 2 of the review in June 2020, with a suggestion that the Committee should receive a report on the outcome of the work and any matters that were specific to Gwynedd.

In response to a question regarding fraud relating to the transfer of self-serviced property out of the Council Tax System, it was noted that it was the responsibility of the Valuer's Office to gather information and come to a decision on such fraud matters. In an observation with regard to the need to verify the work and decision of the valuer, it was noted that government officers could be contacted to make further enquiries.

RESOLVED to accept the report as well as to note the timetable of the Wales Audit Office to report on stage 2 results of the Auditor General's review.

12. OUTPUT OF THE INTERNAL AUDIT SECTION

The report of the Audit Manager was submitted for information, which provided the Committee with an update on the internal audit work for the period between 7 October and 15 November 2019. It was noted that eight of the plan's audits had been completed. Attention was drawn to the relevant assurance level of the plan's audits, and it was noted that the outcomes were positive, and that they all fell into the two highest categories, namely satisfactory (controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks) and high (certainty of propriety can be stated as internal controls can be relied upon to achieve objectives).

Reference was made to the Section 106 Agreement Plan - adequate assurance level. An audit was carried out on suitable arrangements that were in place when imposing section 106 planning obligations in order to mitigate the negative impacts of developments. A sample of financial obligations and contributions for e.g. educational provision, open spaces and transportation were selected, as well as a sample where there had been no financial contributions. It was highlighted that in some situations, funds received for many developments had not been spent despite the efforts of the Planning Authority to encourage organisations such as Community Councils to spend it. It was reiterated that this could create a risk of having to repay money to the developer with interest.

Reference was made to the Bed and Breakfast Costs Plan - adequate assurance level. The purpose of the audit was to ensure that suitable arrangements were in place to administrate homelessness applications where applicants were placed in bed and breakfast accommodation. It was reported that there had been a 36% increase in the demand for the service since 2014/15, and more recently the side effect of universal credit. It was noted that the budget had reduced in the past three years due to cuts within the Council to save money,

as well as losing staff, specifically in Arfon, the area with the largest percentage of applicants and a lack of available locations.

Reference was made to the Plan of the Plas Pengwaith, Bryn Blodau and Llys Cadfan homes - adequate assurance level. The purpose of the audits was to ensure that the management and maintenance arrangements of the homes were appropriate and in accordance with relevant regulations and standards. It was noted that the homes had committed to implement the steps to mitigate the risks highlighted by the Auditors.

In response to an observation regarding the need to ensure that the Homes were being managed effectively, it was expressed that there had been an improvement in the management, with measures in place for improvement. It was noted that work was being done to ensure that evidence and records were available on matters such as staff training. It was reiterated that the situation was still being monitored, and if there was no progress, 'lack of action' could be noted.

RESOLVED to accept the report and support the actions that have already been agreed with the relevant services.

13. INTERNAL AUDIT PLAN 2019/20

The report of the Audit Manager was submitted, providing an update on the current situation in terms of completing the 2019/20 internal audit plan. It was noted that 18 schemes out of the 54 audits included in the plan had been released in a final version. In order to reflect the impact on further amendments and additions to the plan, the work was prioritised on a risk basis, and a conclusion was reached to cancel seven further audits. In accordance with a request made in a meeting in October 2019, brief logic was provided for the decision for each cancelled audit.

In response to an observation that the number of audits that were cancelled appeared high, it was noted that the entire procedure and the annual plan had been considered in conjunction with the Assistant Head - Revenue and Risk. It was added that the 14 audits would not 'drop out' of the medium-term plan, as they would be a priority within the 2020/21 Internal Audit plan. It was also noted that 40 days' work had been allocated for Byw'n Iach and that this was an additional requirement that would, in due course, create an impact on the number of audits held for Gwynedd Council.

RESOLVED to accept the report.

The meeting commenced at 10.00am and concluded at 1.00pm.

CHAIR

MEETING: **AUDIT & GOVERNANCE COMMITTEE**

DATE: **13 FEBRUARY 2020**

TITLE: **2020/21 BUDGET**

PURPOSE: **To submit the budget which the Cabinet intends to recommend to the Council for scrutiny by the Audit and Governance Committee**

ACTION REQUIRED: **To scrutinise the information before the Cabinet recommends the 2020/21 budget to the full Council**

CABINET MEMBER: **COUNCILLOR IOAN THOMAS**

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

1. At its meeting on 18 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 2020/21 (see the decision sought on the front of the attached Cabinet report).
2. Following thorough consideration in a 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. A number of the financial risks, and relevant actions to ensure that the budget estimates are robust, are considered in Appendix 10.
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 is hereby given the opportunity to consider the financial propriety of the proposals and relevant risks, and to submit comments to the Cabinet on the options.

Appendix:
2020/21 Budget (Cabinet report 18/02/2020)

Meeting: Cabinet
Date: 18 February 2020
Cabinet Member: Councillor Ioan Thomas, Cabinet Member for Finance
Subject: 2020/21 Budget
Contact Officer: Dafydd L Edwards, Head of Finance

2020/21 BUDGET

Decision sought

- (a)** Recommend to the Council (in its meeting on 5 March 2020) that:
1. A budget of £261,837,750 should be set for 2020/21, to be funded by £187,579,040 of Government Grant and £74,258,710 Council Tax income, with an increase of 3.9%.
 2. Establish a capital programme of £44,247,260 in 2020/21 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.
-

1. INTRODUCTION

- 1.1 The Council has to set a balanced budget for 2020/21.
- 1.2 This year, the Council has received a more favourable grant settlement than in previous years. Nevertheless, some decisions must be made to combine achieving additional savings and increasing the Tax by 3.9%.
- 1.3 It is recommended that the Tax is increased by 3.9% in 2020/21 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 members in a series of workshops in January, and with the Audit and Governance Committee (13 February), it is a matter for the Cabinet to recommend an appropriate budget to the Council for 2020/21.
- 1.5 By 2020/21, we would need to increase our expenditure by £15.8m in order to “stand still” (details in part 3 below), including £4.3m to meet pressures on the services’ budgets (details of individual ‘bids’ are in Appendix 2).
- 1.6 In order to address the financial gap, £1.9m 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 3.9% (details in part 5 below, and in Appendix 6).
- 1.7 Last year, there was a thorough review of the Asset Strategy, and this year we propose establishing a capital programme worth £44,247,260 in 2020/21, as set out in Appendix 4.

- 1.8 It is intended to model the Medium Term Financial Strategy (for 2020/21 – 2022/23) during the summer of 2020, following the UK Chancellor’s Budget, etc, in case anything fundamental changes in the Government’s operations. It is possible that flexible procedures will be required in order to realise more savings in subsequent years, but it is intended to consider that after receiving more information.
- 1.9 The 2020/21 budget attempts to protect the services the Council provides for the people of Gwynedd, and recommends a 3.9% Council Tax increase in order to achieve that aim this year. By selecting savings, we will be achieving them in those areas which will have the least effect upon our citizens, but this will be more challenging by 2021/22 and beyond should there be unfavourable grant settlements, as in previous years.
- 1.10 It is a matter for the full Council to consider the budget and set the Council Tax for 2020/21 on the basis of the issues noted in the following report. The detailed report notes the factors that influence the proposed revenue budget for 2020/21, and outlines the main changes since 2019/20.

2. WELSH GOVERNMENT GRANT

- 2.1 The Welsh Government has announced the indicative settlement to finance local authorities for 2020/21. The details, as announced officially ‘like-for-like’ by Welsh Government, are noted in the table below, together with the real “cash” figures:

Revenue Support Grant 2019/20 – 2020/21	Total Welsh Authorities £	Gwynedd Council official £	Gwynedd Council “cash” £
2019/20 Government Grant	4,290,612,000	179,374,740	176,551,790
2020/21 Government Grant	4,474,443,600	187,579,040	187,579,040
Increase £	183,831,600	8,204,300	11,027,250
Increase %	+4.3%	+4.6%	-

Further details are available here –

https://gov.wales/local-government-revenue-and-capital-settlement-provisional-2020-2021?_ga=2.183251429.297550458.1580053366-1435204194.1547569279

- 2.2 It can be seen from the Welsh Government’s official figures which are in the above table notionally that Gwynedd Council receives an increase in the grant of £8.2m by next year (after amending the 2019/20 figure to reflect the transfers into the settlement), which is 4.6%, with the average increase across Wales being 4.3%.
- 2.3 A number of factors feed the local government grant allocation formula, such as the number of pupils, number of income support claimants, etc. and the refuse collection factor has gone in our favour this year (reflecting higher collection costs in a rural area).
- 2.4 Also, as well as the Welsh Government’s “like for like” official figures (above), quite a significant increase 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 (compensating 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.

- 2.5 The Welsh Government is expected to publish the final grant settlement for local authorities on 25 February, together with the Welsh Government's own final budget, but no significant change is expected to the 'indicative' grant figures.

3. COUNCIL REVENUE EXPENDITURE - 2020/21

- 3.1 The table below shows the increase in the expenditure required in order to "stand still" in 2020/21.

Additional Expenditure Requirements

	£	£
Base Budget		248,013,890
Staff Salary Inflation	4,535,220	
Teachers' Pensions	1,193,180	
Other Pensions	-1,684,170	
Other Inflation (suppliers)	2,865,940	
Levies (Fire & NRW)	148,310	
Demography	821,440	
Transfers to the Settlement	2,062,350	
Discontinuation of Specific Grant	500,000	
Bids – Pressures on Services	4,336,690	
Capital Bids	1,004,000	
Collective Agreement Adjustment	380,000	
Various Budget Adjustments	-48,850	
Borrowing Costs / Interest on Balances	-304,850	
Net total of increases		<u>15,809,260</u>
Total 2020/21 expenditure requirements before savings		<u>263,823,150</u>

3.2 Base Budget 2019/20

Although £248m is the net 2019/20 expenditure, it is important to note that the Council's true expenditure is £418m as we receive a multitude of specific grants worth £110m and raise nearly £60m for services which we provide.

3.3 Salary inflation £4.5m

Provision has been made for a salary increase of over 2% for Council staff, in line with our projection of the national agreement, which will be effective from April 2020. Also, provision has been made for a 2.75% salary increase for Gwynedd's school teachers for the period April – August 2020, and 2% from September 2020 – March 2021.

3.4 Teachers' Pensions - £1.2m

The Westminster Government has increased the employers pension contribution rate for the Teachers' Pensions Scheme from 16.5% to 23.6% from September 2019, and 7% of the value of costs for Gwynedd school teachers' salaries for 5 months is £1.2m (with £1.7m in 2019/20, the cost of this for a full year is nearly £3m).

3.5 **Other Pensions -£1.68m**

The results of Gwynedd Pension Fund's triennial actuarial valuation concluded that the whole fund was funded 108% on 31/03/19 and Gwynedd Council's element as an employer was funded 109%. This was mainly due to better than expected returns from investing on the stock market since 2016.

As a result, the Fund's actuary has allowed us to reduce Gwynedd Council's pension contribution as an employer from 21.9% to 20.4%, which will save £1,833,170 a year in employment costs. In the midst of all the pressures to spend more in the above list, this £1.8m saving is a substantial relief for the Council's position, and other employees in the Gwynedd Fund have benefitted similarly.

Contrary to the above saving of £1.8m, we are providing an additional £149k for more Council staff joining the pension scheme, via 'auto-enrolment'.

3.6 **Other Inflation £2.9m**

Net amount which includes provision for the effect of the 'living wage' (minimum pay) on the costs and fees of our private suppliers (including £643k for independent residential care homes), together with a significant increase in inflation on fuel and energy budgets (£472k).

3.7 **Levies £148k**

In December 2019, North Wales Fire Authority decided to raise the levy on constituent authorities by 2%, which increases the requirement from Gwynedd Council by £137k, while there was an increase of £11k in the special drainage levy to 'Natural Resources Wales', but no increase in the Snowdonia National Park Authority levy.

3.8 **Demography £821k**

Total amount which reflects +£300k due to a net increase in the number of pupils in schools, +£510k for the Adult Care Department to address the increasing number of people who will need care in 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 +£300k for schools hides different positions in different sectors, namely secondary +£452k and primary -£152k.

3.9 **Transfers to the settlement £2.06m**

Responsibility and resources for teachers' pensions (£1.5m) and salary (£470k) (7/12 element September 2019 – March 2020) will transfer into the Welsh Government's grant settlement for the Council by 2020/21, together with a smaller amount (£87k) for Nursing Care. The budgets that will transfer to the Council's budget, together with the relevant responsibilities, will be allocated to the relevant departments.

Therefore, there will be an increase of approximately £2m in the Education Department's budget and an increase of £87k in the Adults, Health and Wellbeing Department's budget to reflect the relevant expenditure requirements.

3.10 **Discontinuation of Specific Grant £500k**

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

In the 2019/20 budget, specific grants were used to fund the additional cost of teachers' pensions and teachers' salary inflation, and these transfer into the general grant settlement by 2020/21 (see below).

Also, a specific grant of £0.5m was used last year in order to fund some bids for preventative services in the Children's Care Department. Unfortunately, the Welsh Government has decided that the specific grant to 'prevent children from being taken into care' will not continue into 2020/21, and will not transfer into the settlement either.

Therefore the Council must provide £500k now in order to fund the Children's Department's 2019/20 preventative bids, which are by now funding essential jobs and services.

3.11 Pressures on Services £5.34m

Unavoidable 'bids' – refer to Appendix 2 for details of each individual 'bid', including £4.34m revenue and £1m capital. It is recommended to approve applications ("bids") worth £5.34m by the Council's departments for permanent additional resources to meet the unavoidable pressures on their services.

It is also recommended to approve one-off bids worth £311,500 after a sum had been earmarked with this in mind in the November 2019/20 budget review approved by Cabinet on 21 January 2020.

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 in the "bids" in Appendix 2 are unavoidable commitments that the departments are facing now.

Every department is given the opportunity to identify any expenditure which the Council must fulfil in order to ensure the continuation of basic services. This heading is not for desirable new developments, but rather for continuation of current basic services.

Of course, an element of these bids are revealed whilst reviewing the current 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 20-27 January 2020, where Council members reached a consensus that the expenditure was unavoidable.

3.12 Collective Agreement Adjustment £380k

During 2012, the Council had a funding gap of £32m in its medium term financial strategy, and employees were asked to accept a package which was equivalent to them giving a day and a half unpaid to the authority per year.

In a difficult financial period, the employees agreed that they needed to sacrifice a day and a half's wages, in order to protect services and minimise the number of redundancies.

The salary deduction was reduced from a day and a half to one day in 2018. At that time, the Council was committed to removing the one remaining day as soon as practically possible.

In the context of the Council's grant settlement for 2020/21 which is better than expected, we believe that there is an opportunity this year to remove the one remaining day. Although the grant settlement is counterbalanced by additional costs, the position is more favourable than in any year since 2008.

A budget provision of £380k will enable us to give back the day's pay to the Council's staff, i.e. remove the current salary deduction from April 2020 onwards.

3.13 Various Budget Adjustments -£49k

A total which reflects a significant number of adjustments to different budgets across the Council, but mainly to return unused bids.

3.14 Borrowing Costs and Interest on Balances -£305k

Projection of a reduction (£85k) in interest payable on loans in 2020/21, as old long-term loans come to an end, together with an increase (£220k) in returns from investing the Council's balances and cash flow.

4. SAVINGS

4.1 The Medium Term Financial Strategy presented to the Cabinet on 23 July 2019 forecasted a funding gap of between £1.7m and £7.3m in 2020/21 (with a tax increase of 3.5%).

4.2 Therefore, it was decided to ask departments to discover their share of £2m to identify savings for 2020/21, asking the Scrutiny Committees to consider all 'possible' schemes presented by the departments (and schools). The Cabinet members (in the meeting on 17 December 2019) completed the task of selecting the schemes presented here in Appendix 3 (worth £1m), and disregarding options where the effect on services for the people of Gwynedd would be unacceptable.

4.3 Having identified the probable 2020/21 funding gap in the context of the Welsh Government's indicative 'settlement' for local authorities, the budget position was explained to Council members in a series of 'Budget Workshops' on 20-27 January 2020.

4.4 Having listened to members' supportive feedback in the 'Budget Workshops', the Cabinet Member for Finance is presenting the selection of savings worth £1,062,320 to partly address the gap, together with £923,080 of approved savings schemes from previous years, while the increase in Council Tax must address the residual gap.

4.5 Therefore, should the Council approve implementing the proposed schemes presented in Appendix 3, we would harvest £1m worth of further savings in 2020/21.

4.6 Also, in order to address the funding gap, we can harvest £0.9m of savings which have already been approved for 2020/21.

Savings to address the 2020/21 Funding Gap	
	£
Previously Approved Savings	923,080
Further Efficiency Savings	<u>1,062,320</u>
Total Savings to close the Gap	<u>1,985,400</u>

- 4.7 As a result, a total of £1.9m savings can be used to reduce the funding gap.
- 4.8 All the proposed savings schemes which need to be approved are presented here in Appendix 3, as presented to the relevant scrutiny committees in November and then to the Cabinet on 17 December 2019.

5. 2020/21 FUNDING GAP AND THE COUNCIL TAX

- 5.1 It can be seen from part 2 above, that the Council’s expenditure requirements (before deducting savings) for 2020/21 are £263.8m. It is noted in part 2 above that the Welsh Government’s grant will be £187.6m.
- 5.2 As explained in part 4 above, a total of £1.9m of savings to be used to reduce the funding gap.

Establishing the 2020/21 Budget	
	£
2019/20 Base Budget	248,013,890
Additional Expenditure Requirements	<u>15,809,260</u>
2020/21 Expenditure Requirements before Savings	263,823,150
less Welsh Government Revenue Grant Income	-187,579,040
less Total Savings to close the Gap	<u>-1,985,400</u>
Funding Gap from Council Tax	<u>74,258,710</u>

- 5.3 This means that there is a remaining gap of £74.3m, and it is recommended to meet that gap with Council Tax. The Tax would need to be raised by 3.9% in order to produce sufficient income.
- 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 / 2020/21 BUDGET

- 6.1 This report and the appendices set out the factors that should be considered when establishing the 2020/21 budget and, despite a more favourable grant settlement this year, confirms that savings must continue to be harvested in order to address the financial position facing the Council.
- 6.2 It is recommended to address a revenue expenditure requirement of £261.8m, having added £15.8m, which includes providing £5.3m in order to meet the demand for services.
- 6.3 After receiving a grant of £187.6m from Welsh Government and depending on £1.9m of savings, the level of Council Tax will need to increase 3.9% to yield £74.3m of income in order to close the 2020/21 funding gap.

Balanced budget for 2020/21	
	£
2020/21 Expenditure Requirements before Savings	263,823,150
2020/21 Savings Total	<u>-1,985,400</u>
2020/21 Budget	<u>261,837,750</u>
To be funded from -	
Grant Income	187,579,040
Council Tax (yield after raising 3.9%)	<u>74,258,710</u>
2020/21 Budget	<u>261,837,750</u>

6.4 This will mean setting a net budget of £261,837,750. An analysis of the budget per service is given in Appendix 1.

7. CAPITAL

7.1 The 2019/20 – 2028/29 asset strategy was established by the full Council on 7 March 2019 and Cabinet on 2 April 2019, and we are adding to it for 2020/21. Details are in Appendix 4.

7.2 It is recommended to add £1m of revenue to the capital programme to be spent in 2020/21, in order to establish a total programme for 2020/21 worth £44,247,260 to be funded from the sources analysed in Appendix 4.

8. LONGER TERM STRATEGY

8.1 Usually, the Medium Term Financial Strategy is included with the budget report. This year, there is more uncertainty about the future in advance of the Westminster Government Chancellor's budget on 11 March 2020.

8.2 Welsh local authorities must also forecast Welsh Government's policy/intent. As Julie James AM, the Local Government Minister, states in a letter to north Wales local authority Leaders on 30 January:

"The Welsh Government's ambition is always to provide as much early certainty as possible to our partners and stakeholders regarding spending plans and multi-year settlements, however, this must be balanced with realistic and sensible planning assumptions. Coupled with the ongoing position around Brexit, the lack of clarity in relation to the UK's fiscal prospects creates an unprecedented challenge for us in developing our spending plans for the future. In these uncertain times ..."

"... we do recognise and are sympathetic to the calls from our public sector partners for budgeting over a longer period in order to support forward financial planning. The next UK Budget on March 11 will bring some clarity to the Welsh Government's finances in the short term, and any future funding will need to be considered within the context of the UK Comprehensive Spending Review later this year."

8.3 It is as yet unclear when we may get an indication of the results of the Spending Review.

8.4 Therefore, I will be presenting the Medium Term Financial Strategy to a subsequent meeting of the Cabinet during the summer term, in order to consider a savings strategy for the future.

9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS

9.1 The current level of general balances, i.e. £7.5m, is considered appropriate and this budget does not recommend the use of the balances which we are retaining 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' fair budget 'deal' 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, the standard assessment has been prepared for the savings schemes. Appendix 8 deals specifically with the duty, and also includes the statutory finance officer's comments on the whole budget from an equality perspective.

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 9.

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 10.

Opinion of local member

Not a local matter

Views of the Statutory Officers

Monitoring Officer:

Although it is a matter for the Full Council to make a final decision on the budget, it is important that the Cabinet gives them a clear recommendation regarding its expenditure plans and the draft budget, and this report achieves that. Once the Council has agreed on the financing sources, then the Cabinet will be responsible for the expenditure and the priorities within that budget.

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 10 to the report, and the actions taken in mitigation, I am of the opinion that the Council's Budget for 2020/21 is robust, sufficient, and achievable.

APPENDICES

- 1 Proposed Budgets
- 2 Bids Summary
 - 2a Permanent Revenue Bids
 - 2b One-off Revenue Bids
 - 2c Capital Bids
- 3 Savings
 - 3a Savings List
- 4 Capital
- 5 Dealing with the Schools' Budget in 2020/21
- 6 Council Tax
- 7 Balances
- 8 Equality Impact Assessment
- 9 Wellbeing of Future Generations (Wales) Act 2015
- 10 Robustness of Estimates

	Bid Title	Permanent (£)	One-off (£)	Capital (£)
	Education Department			
Bid 1	School Taxis Transport	150,000		
Bid 2	School Buses Transport	184,000		
One-off 1	Core fieldwork for Meirionnydd Secondary School provision		21,000	
One-off 2	Band B Departmental Support		42,500	
	Children and Supporting Families Department			
Bid 3	Placement of Children in Care	1,780,000		
Bid 4	Children Support Services	55,000		
One-off 3	Fostering Families Support Officer		150,000	
	Environment Department			
Cap 1	Provision of public vehicle charging points			456,000
	Economy and Community Department			
Cap 2	Voluntary Development Fund (CIST Gwynedd)			50,000
Cap 3	Aberdyfi Bridge			50,000
	Housing and Property Department			
Bid 5	Homeless Services	57,560		
Bid 6	Temporary accommodation	265,000		
Cap 4	Improve security at Cae Penarlâg and Ffordd y Cob offices			30,000
	Highways and Municipal Department			
Cap 5	Washing facilities for gritting vehicles Arfon			65,000
Cap 6	Build new bridge over Rhyd-Hir River (Bodfel Bridge in Boduan)			1,200,000
One-off 4	Ash Die Back		98,000	
	Adults, Health and Well-being Department			
Bid 7	Supported Housing - Learning Disabilities	877,220		
Bid 8	Transfer Age - Young adults with learning difficulties	389,200		
Bid 9	Ceasing of Housing and Support contracts	110,410		
Bid 10	Address staffing needs for higher level of care in two Residential Homes	395,300		
Bid 11	Care costs of Private Residential and Nursing Homes	73,000		
Cap 7	Wi-fi for Council Residential Homes			94,360
Cap 8	RITA - Digital memory therapy system in Residential Homes			58,860

*Note - Capital Bids
£1m already in the Capital Programme,
with £1m additional in 20/21*

PERMANENT REVENUE BIDS 2020/21

	Bid Title	Details of Bid	Recommended Sum (£)
	EDUCATION		
Bid 1	School Taxis Transport	Latest contracts based on 187 days (number of days in the financial year 2020/21) showing expenditure of £2.474m, against a budget of £2.164m - a deficit of £310k. The overspend is linked to a deficit of £150k in a bid submitted for the financial year 2019/20 (bid of £550k submitted and £400k received). Note that the budget has also been permanently reduced by £170k since 2019/20 as a result of the re-tendering of contracts in April 2019.	150,000
Bid 2	School Buses Transport	The Environment Department is completing a strategic review of the public transport service which will assess and prioritize the most important services. Latest projections show an overspend of £39k on the 'School Bus' budget which includes a one-off bid of £145k in 2019/20. Therefore this bid requests £184k on a worst case basis.	184,000
	CHILDREN AND SUPPORTING FAMILIES		
Bid 3	Placement of Children in Care	Increased number of foster placements with families, demand for agency foster placements due to lack of in-house capacity with complex and intense cases making out-of-county residential placement unavoidable. Funding - Out of County placements £1.030m, Agent Fostering Placements £300k and Internal Fostering Placements £450k.	1,780,000
Bid 4	Children Support Services	The Support service provides a contact supervision service between looked after children and their parents. Promoting contact is a statutory responsibility. As the number of looked after children has steadily increased over time, the number of supervised contact arrangements has also increased. To fund 2 Support Officers and travel costs as the number of looked after children has increased.	55,000
	HOUSING AND PROPERTY		
Bid 5	Homeless Services	Council receives grant from Welsh Government to fund three key homeless projects. Since 2015/16 the Government has stopped adding annual inflation to the amount allocated to the Council. This has created a budget shortfall.	57,560
Bid 6	Temporary accomodation	Following changes to the Housing (Wales) Act 2014, Local Authorities have a duty to provide support to any homeless person. This has created more demand as the department tries to cope with an increase of 36% since the Act was implemented.	265,000

ADULTS, HEALTH AND WELL-BEING			
Bid 7	Supported Housing - Learning Disabilities	The needs of the individuals we support is becoming more complex, with a higher number of individuals receiving support in Gwynedd. The numbers living in supported housing have increased and this has led to an overspend in the Learning Disability service during 2019/20 with a further increase anticipated over the coming years.	877,220
Bid 8	Transfer Age - Young adults with Learning Difficulties	11 individuals who have received services from the Children and Supporting Families Department will begin receiving services from the Adult, Health and Well-being Department during 2020/21. The needs of individuals and their families will need to be met in accordance with their needs assessment, in order to meet specific well-being outputs.	389,200
Bid 9	Ceasing of Housing and Support contracts	In the Housing and Support field, we commission companies from the private sector to support our residents with Learning Disabilities. One of the main companies used is Allied Healthcare. This company has recently undergone a CVA (Company Voluntary Arrangement) process and the company has stated that 3 of the agreements we have with them are not sustainable based on the unit cost paid. So all three contracts had to be re-tendered. These have now been received and there are additional costs of providing the service. The cost of maintaining the support in the three houses in question was £283k based on the old unit cost. Following the tender process, the cost will now be £394k. The bid of £110k will therefore fund this shortfall and allow the department to continue to maintain a high quality service for individuals with Learning Disabilities in accordance with their needs assessment.	110,410
Bid 10	Address staffing needs for higher level of care in two Residential Homes - Hafod Mawddach and Cefn Rodyn	Providing more intensive care in 2 of the Council's residential homes, Cefn Rodyn and Hafod Mawddach. The aim is to provide services to enhance users' lives, support their complex care and promote independence.	395,300
Bid 11	Care costs of Private Residential and Nursing Homes	The Council currently has a standard fee arrangement for the placement of individuals in private residential and nursing homes. An increasing number of homes reject the standard Council fee stating that it is not sufficient, and demand a higher price for the placement. If the Council is unable to find another suitable location, within the standard Council fee, they will have no choice but to pay the fee the home requires.	73,000
TOTAL PERMANENT REVENUE BIDS			4,336,690

ONE-OFF REVENUE BIDS 2020/21

	Bid Title	Details of Bid	Recommended Sum (£)
	EDUCATION		
One-off 1	Core fieldwork for Meirionnydd Secondary School provision	Fund 3 external consultants to look in detail at the challenges that have arisen in seeking to improve strategic collaboration between the Authority and Meirionnydd Secondary Schools.	21,000
One-off 2	Band B Departmental Support	To fund specialist support for Band B of the 21st Century Schools Program which includes key strategic investment for improving the educational requirements across the County.	42,500
	CHILDREN AND SUPPORTING FAMILIES		
One-off 3	Fostering Families Support Officer	Family foster placements can be complex to support, which in turn has an impact on the teams time to support general foster carers. To fund 2 Fostering Family Support Officers for a period of two years.	150,000
	HIGHWAYS AND MUNICIPAL		
One-off 4	Ash Die Back	Ash Die Back is the biggest disease to affect the UK. It will result in changes to our landscape and tree population, changes to biodiversity, landscape character and possibly increased flood-like effects. Bid to employ 2.5 posts to assess and collate data on the Ash Die Back disease. The impact on our organisation needs to be assessed i.e how many ash trees we have and how many have been affected by the disease.	98,000
	TOTAL ONE-OFF REVENUE BIDS		311,500

CAPITAL BIDS 2020/21

	Bid Title	Details of Bid	Recommended Sum (£)
	ENVIRONMENT		
Cap 1	Provision of public vehicle charging points	<p>We intend to apply for capital funding from the British Government to fund an increase in public charging points for electric vehicles. But the Government will not fund 100% of the project - Only long stay car parks are eligible. The grant also does not fund 100% of the costs at the eligible sites.</p> <p><u>Car Parks not eligible for grant:</u></p> <ul style="list-style-type: none"> • Intec, Bangor • Byw'n Iach - Bala, Bangor, Bethesda, Porthmadog, Caernarfon, Dolgellau, Pwllheli, Tywyn • Car Park - Glanrafon (Bangor), Glan-y-Môr Uchaf (Caernarfon), Gilfach Ddu (Llanberis), Ffordd y Cob (Pwllheli) <p><u>Car Parks eligible for grant</u></p> <ul style="list-style-type: none"> • Aberdyfi • Barmouth • Shell Site, Caernarfon • Llyn Bach, Porthmadog • Kyffin Square, Bangor • Balacrafon Road, Caernarfon • Ger-y-Llyn, Llanberis • Bron-y-Graig Uchaf, Harlech 	456,000
Cap 2	Voluntary Development Fund - Capital (CIST Gwynedd)	CIST Gwynedd provides revenue and capital grants to voluntary groups across the county to develop and deliver community projects. A bid for £70k was presented in 2019/20 and £50k was approved with the funding allocated to support 6 projects.	50,000
Cap 3	Aberdyfi Bridge	The condition of Aberdyfi Bridge has deteriorated and has come to the end of its life. The estimated cost of building a new bridge is £100k. The bid is presented on the basis that the Outward Bound (OB) charity would meet 50% of the cost of the scheme. A bid was presented in 2018/19 for a sum of £114k. To re-present the bid reflecting OB's contribution and some savings from reviewing the bridge design.	50,000

HOUSING AND PROPERTY			
Cap 4	Improve security at Cae Penarlâg and Ffordd y Cob offices	To fund an Access Card system (AIT Door Access System) to Ffordd y Cob and Cae Penarlâg offices.	30,000
HIGHWAYS AND MUNICIPAL			
Cap 5	Washing facilities for gritting vehicles (Arfon)	There is a need for a dedicated washing area at the Cibyn Salt Store to ensure that the gritters and loading vehicle are cleaned at the end of each operation. The current system does not meet the requirements or comply with contaminated water regulations.	65,000
Cap 6	Build new bridge over Rhyd-Hir River (Bodfel Bridge in Boduan)	There has been discussions with Cadw and the Council's Conservation officers about widening the old bridge whilst carrying out the maintenance work, but this was not acceptable. We have therefore considered building a new bridge on the temporary bridge site in response to safety concerns as it is narrow and only one lane of traffic width. This option will also reduce our expenditure on having to lift out the soil within the old bridge and replacing it with concrete.	1,200,000
ADULTS, HEALTH AND WELL-BEING			
Cap 7	Wi-fi for Council Residential Homes	Help the residents become more independent and less isolated. Enable employees within the home to order goods, undertake training etc. online. Enable social workers / care workers to assess and supervise cases within the homes and record on the spot. Ensure that individuals can "see" specialists in hospitals where there is a lack of transport to attend appointments.	94,360
Cap 8	RITA - Digital memory therapy system in Residential Homes	A system that would enrich the lives of individuals living with Dementia in our residential homes. It can support and facilitate daily life, support meaningful activities and for effective use of staff capacity in the workplace.	58,860
TOTAL CAPITAL BIDS			2,004,220

APPENDIX 3

SAVINGS

The savings chosen for the purpose of meeting an element of the additional demands on the Council's services when setting the 2020/21 budget.

1. On 23 July 2019, the Cabinet considered a report which attempted to forecast the financial position we would be facing in 2020/21.
2. At the time, it was noted that as the grant we had received from the Welsh Government over the past 12 years had not been sufficient to cover the costs of inflation, and as the demand in various services such as adult care and children's services had also increased, we had been in a continuous circle of having to find savings.
3. As a result, whilst there would be some limited opportunities to try and find further efficiency savings we had now reached a situation whereby any need for substantial further savings would more than likely mean cuts to services.
4. In addition, as we did not know the level of pay awards that would be agreed for the workforce nor the grant settlement from the Government for 2020/21, it was extremely challenging to forecast with confidence the likely financial shortfall we would face in 2020/21.
5. The Medium Term Financial Strategy presented to the Cabinet on 23 July 2019 forecasted a funding gap of between £1.7m and £7.3m in 2020/21 (with a tax increase of 3.5%).
6. Therefore, it was decided to ask departments to discover their share of £2m to identify savings for 2020/21, asking the Scrutiny Committees to consider all 'possible' schemes presented by the departments (and schools).
7. All the departments had reported on their proposals to the scrutiny committees, and in the meeting on 17 December 2019, the Cabinet members fulfilled the task of selecting the schemes presented here in the following list (worth £1m) with the least impact on residents in the individual areas.
8. In general, the scrutiny committees were content that the proposals met that criteria, but with some exceptions.

9. Having identified the probable funding gap for 2020/21 due to the better than expected Welsh Government settlement for local authorities, the Cabinet supported the views of the scrutiny committees in deciding to abstain from using the following savings –
 - Proposals from the Children and Families’ Department and the Economy and Community Department relating to discretionary services worth a total of **£31,000**;
 - Proposal worth **£112,530** within Education to reduce the central ALN budget following a reduction in relevant spending (£110,000 already being utilised to rectify a deficit in another savings scheme that is not being achieved);
 - Proposals worth a total of **£331,000** within Adults services which were likely to have an impact on front line services;
 - Proposal to reduce schools’ general budget allocation of **£463,900**.
10. After listening to the members’ supportive feedback in the ‘Budget Workshops’ on 20-27 January, the Cabinet Member for Finance presents the following list of savings worth a total of £1,062,320 to be realised in 2020/21.
11. These “efficiency” savings should not have a significant impact on the residents of Gwynedd.
12. Also, in order to meet the 2020/21 funding gap, it is estimated that £923,080 worth of savings schemes already approved in previous years could be realised (therefore not the subject of this year's decision).
13. 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.
14. The proposals noted in the following list would generate savings of £1,062,320 in 2020/21.

Amount £	Budget Heading and Proposals	Impact on Residents
-------------	------------------------------	---------------------

Children and Supporting Families

£53,000	Various - adjust inflation rates.	No impact on residents. The service has recently undergone a process of restructuring duties. There was a vacant post in the service and there was a way to reallocate the work across the teams without a negative impact on the direct provision of services.
£30,000	Staffing - delete one post in the Youth Justice Service.	No impact on residents. The service has recently undergone a process of restructuring duties. There was a vacant post in the service and there was a way to reallocate the work across the teams without a negative impact on the direct provision of services to young people and their families.
£83,000	Total	

Adults, Health and Wellbeing

£43,850	No inflationary rise - i. No inflation (CPI approximately 1.5%) on various budgets but excluding budgets for the commissioning of 3rd Sector Services where there are staffing costs.	This would provide an element of additional pressure on a wide range of budgets but due to their nature this should not have a significant impact on residents. The elements that have staffing costs could have some impact on schemes where the 3rd sector supports work in the community.
£7,550	ii. No inflation (CPI about 1.5%) for the commissioning of 3rd Sector Services where there are staffing costs.	
£16,660	iii. No contract inflation for 3rd sector organisations.	

Amount £	Budget Heading and Proposals	Impact on Residents
£39,850	Budgets that underspend annually - a small number of budgets within the Department are underspending year on year. Instead of using the money to assist with budgets that overspend annually, it is proposed that these sums are harvesting as savings.	Although harvesting these funds would not impact on the budget headings it is possible that the services supported year on year would be placed under increased pressure with an increased risk of overspending from 2020/21 onwards. Any impact on residents would depend on succeeding in managing demand and expenditure in those budgets.
£49,360	Business Support - re-structuring the Business Service by reducing the support provided to the integrated community resource teams. To further adjust and reduce the business support provided to frontline teams of Adult and Children's Departments.	These teams have already been reduced in the last savings cycle. It is foreseen that this scheme will result in a significant reduction in performance across the Business Service in terms of expertise, workload and leadership and that the knock-on effect of that would have a negative impact on the ability of the Adults and Children's Departments to fulfil their purpose. This, together with the need to allocate a proportion of field staff time to undertake administrative duties, would impact on a broad cross section of individuals and families in receipt of support.
£157,270	Total	

Housing and Property

£35,000	Building Maintenance - internalise the statutory work of inspecting water systems in all Council buildings to protect users from Legionnaires Disease.	<p>None. This is an efficiency saving which will mean that the work will still be completed but in a cheaper way.</p> <p>Specialist external contractors currently do the work. We have been nurturing this expertise internally recently and, now, by appointing two additional officers, we can do this work ourselves at a lower cost than paying a private company to do it on our behalf.</p> <p>This will also mean that we can guarantee a Welsh-medium service from now on - this is not always true when using external contractors.</p>
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Amount £	Budget Heading and Proposals	Impact on Residents
£25,000	Building Maintenance - internalising electrical maintenance work in Council buildings.	<p>None. This is an efficiency saving which will mean that the work will still be completed but in a cheaper way.</p> <p>Traditionally, the Council has been appointing external contractors to complete all its building maintenance work. Overall, this works effectively but there are continued problems when trying to do small-scale work, worth a few hundred pounds at a time. The lead-in time for customers was long and the cost higher than what is acceptable.</p> <p>Over the past two years, we have appointed our own joiners and plumbers to do this type of work, and this has allowed us to reduce the lead-in time for our customers and has allowed us to ensure that we get better value for money. We have created a business case that shows that further savings could be realised by employing two electricians ourselves.</p> <p>This will also mean that we can guarantee a Welsh-medium service from now on - this is not always true when using external contractors.</p>
£60,000	Total	

Amount £	Budget Heading and Proposals	Impact on Residents
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Schools and Education

Schools

£31,620	Allowance per head - not to add inflation fully.	A relatively small reduction in the educational resources available to pupils, and thus a need for the schools to be more efficient in their use of resources.
£31,620	Sub-total	

Education Department

£17,630	Various - not to fully add inflation on non-staff resources.	No impact on residents based on the fact that officers will cope with the saving by being more efficient in their use of resources.
£55,900	A reduction in the annual contract cost of the Welsh Joint Education Committee (WJEC) - the cost reduction has already been achieved by a combination of joint efforts between WJEC, the Welsh Local Government Association and the Association of Directors of Education in Wales to identify financial efficiency savings.	No impact on residents.
£46,500	Reduce the development fund - the Education Department has a (relatively small) development fund, worth £89,710 prior to the implementation of this saving. The fund allows the Department to invest in one-off priorities in a timely manner outside of the Council Plan. Following an assessment of the Education Department's budget and a prioritisation exercise, the consensus is that it would be possible to reduce the development fund. However, it is emphasised that this will not be the option we turn to, should there be a need to identify further savings in the future.	Reduces the Education Department's ability to fund some priorities outside the Council Plan, which could lead to a relatively small impact on residents.
£120,030	Sub-total	
£151,650	Total	

Amount £	Budget Heading and Proposals	Impact on Residents
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Economy and Community

£17,530	Not to add inflation fully or partly on headings that can be managed - supplies and services headings mainly.	Marginal savings on the headings that can be managed - these savings are not expected to have an effect on Gwynedd's residents.
£8,290	Not to add inflation fully or partly on budgets that contribute to renewal funds. Maritime and Leisure Funds specifically.	Involves a reduction in the investment to renew equipment in the future that could impact on the quality of service and on income targets.
£1,920	Not to add inflation on the Arts Grants heading.	Involves a reduction in the grant we are able to distribute to partners to promote the arts in the future.
£12,820	Delete the Leisure Service's reserve budget. With the transfer of the management of the leisure service to Cwmni Byw'n lach on 1/4/19, a budget was set up for unexpected expenditure outside the Department's control. For example, this year urgent maintenance work was carried out at Glaslyn Centre as a result of a leaking water-pipe which has resulted in a higher than expected cost on the "water purchase" budget.	No direct impact on residents but this proposal means that the Department has no source to finance unexpected issues out of our control and will therefore result in overspend.
£2,650	Archives Service Savings - by using digital methods to reproduce photographs and promote events.	Efficiency savings therefore no effect on Gwynedd residents.
£7,200	Savings by deleting the Libraries Service Digital Co-ordinator post. This is a vacant post and as a result of the Ffordd Gwynedd review the service has reconsidered its priorities and is proposing to delete part of the post as a cut with no direct effect on the digital provision field.	Efficiency savings therefore no effect on Gwynedd residents.

Amount £	Budget Heading and Proposals	Impact on Residents
£4,000	Savings at Parc Padarn due to restructuring staffing arrangements undertaken following the efficiency savings target and the early retirement of the Park Manager back in 2014/15.	Efficiency savings therefore no effect on Gwynedd residents.
£500	Department's Management Savings - stop purchasing daily newspapers.	Efficiency savings therefore no effect on Gwynedd residents.
£2,000	Crown Estate leasehold savings in the Maritime Service. The Council is committed to a "composite lease" agreement with the Crown Estate for the Gwynedd coast. Discussions have begun to modify the Hafan lease to be based on current turnover rather than historical turnover. The current agreement commits the Council to expenditure of £144,990 at Hafan, Pwllheli. The current budget is £153,200 but there is no information yet on what is owed in the future. However it is envisaged that there is sufficient scope to put up £2,000 in savings.	Efficiency savings therefore no effect on Gwynedd residents.
£6,000	Reduce expenditure on several business support team headings including office, marketing, networking, subscription costs, etc.	Part of the cut will be an efficiency saving by changing the structure and consolidation of service units, but an element of the cut will reduce the Service's ability to engage with businesses by reducing the number of marketing campaigns and networking.
£3,000	Reduce the expenditure on several headings within the Tourism, Marketing and Events Service mainly specific budgets for marketing and external events.	There will be a reduction in the support available for local businesses with fewer marketing campaigns and sessions to engage with the sector.
£65,910	Total	

Amount £	Budget Heading and Proposals	Impact on Residents
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Corporate Support

£16,140	Not to add inflation to supplies and materials' budgets within the Department.	None - when considering other proposals to cut supplies and materials budgets, not adding inflation to those budgets in 2020/21 is considered as a step which would not affect the Department's ability to fulfil its function.
£7,200	Cease renewal of Customer Contact.	None - currently NDL software is used to directly transfer information from the Customer Contact Service to the Planning Service's APAS system. Changes to the operational process as from the 1 st April 2020 means that investing in this licence is not required in future.
£24,000	Reduce a variety of central budgets and specifically within the Business Support and Support Services.	None - this is a combination of smaller savings as a result of previous restructuring within the Department, a reduction in expenditure on printing corporate documents e.g. Council Plan, Performance Report, as well as reduce expenditure on supplies and materials.
£10,000	Attract additional income from new sources.	None - provide services to a new external establishment.
£4,000	Reduction in expenditure on salaries within the Customer Contact Service.	None - this saving emanates from the increasing use of the self-service provision along with a recent managerial re-structure within the Customer Contact Service.
£61,340	Total	

Finance

£14,000	Inflation - Various - Not to add inflation for 2020/21 on some budgets other than staff.	No impact on Gwynedd residents - the Department can continue to fulfill it's role whilst not putting inflation on some budget headings.
£14,000	Accountancy/Management - Attract additional income through new contracts.	No impact on Gwynedd residents - the income will come from providing services to a new external organisation.

Amount £	Budget Heading and Proposals	Impact on Residents
£11,000	Information Technology - Attract additional income, a combination of new deals and additional activities.	No impact on Gwynedd residents - more income from an external customer for a higher level of provision.
£12,000	Non-Domestic Rates - Attract additional income from the Business Improvement District (BID) scheme's administration fee.	No impact on Gwynedd residents - this 'new' income comes from an agreement that is now dependable.
£7,930	Modernisation - Reducing many budgets by implementing new ways of working across the department.	No impact on Gwynedd residents - when using online services, less will be spent on postage, statutory notices and on specialised services.
£58,930	Total	

Corporate Management Team and Legal

£5,000	Forego inflation on some budgetary headings in the Management Team, Legal, Electoral Registration and the Coroner.	No obvious effect. We should be able to cope with the budgets under consideration at their current levels.
£3,000	Management Team & Monitoring Officer - Reduce postage, furniture and equipment budgets.	None. As we have moved to greater use of technology we are spending much less on postage and it can be reduced substantially.
£3,390	Management Team - Reduce conference budgets.	None. In the light of the proposal to keep one Director post vacant we will have less ability to attend meetings on behalf of the Council and there will therefore be a lower associated costs.
£2,500	Cease Lexcel legal accreditation.	None. We intend to stop obtaining the external Lexcel accreditation but internal office management arrangements will continue to be undertaken in accordance with the principles.
£2,910	Legal - Income.	None. Over the years, in order to meet the savings targets the Legal Unit has been doing external work in order to generate income. Current levels of activity suggest that we are generating more than we anticipated.
£16,800	Total	

Amount £	Budget Heading and Proposals	Impact on Residents
Environment		
£9,580	Works - no inflationary rise.	No impact is foreseen on Gwynedd residents by not adding inflation for one year only as the amount is relatively small.
£4,000	Building Control - fees for providing advice in advance.	These fees are not currently being used, but a similar procedure exists in the Planning Service. Feedback from the recipients is extremely positive, with residents feeling that they receive much more useful advice and value for money.
£5,000	Reduce Training budget.	No significant impact is anticipated on Gwynedd residents. The Department will need to be more specific on what training is really needed to fill gaps in knowledge and to meet new requirements as well as staff development.
£15,000	Street Works - cut half a post.	Losing half a post can have a significant impact, but it is anticipated that the impact can be significantly reduced through better use of technology and closer collaboration with the Highways and Municipal Department.
£2,000	Office materials.	All of these savings measures are about buying cheaper, buying less, or not buying at all by making better use of technology (eg using less paper, printing less). The department is actually over-performing under the heading of 'Category Management' in their Departmental savings list. No impact envisaged on Gwynedd residents.
£8,000	Printing/photocopying.	
£5,000	Professional/technical Service.	
£7,420	Subscriptions.	
£25,000	Furniture and Equipment.	
£15,560	Savings through cheaper purchases (software).	
£96,560	Total	

Amount £	Budget Heading and Proposals	Impact on Residents
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Highways and Municipal

£15,000	Reduced electricity consumption in the Caernarfon Tunnel.	No impact on residents - Cost reduction following changes to the lighting and control system including the introduction of LED lamps.
£3,000	Crematorium Gas (usage).	No impact on residents - Reduced energy consumption following improved management/new systems.
£80,000	Cost of dealing with commercial waste.	No impact on residents - We now treat our residual waste at Parc Adfer which is a joint burning site with other North Wales Authorities. The fee structure has ensured a reduction in our costs.
£46,250	Inflation.	No impact on residents - Work within the current budget of 2019/20 and work closely with the Highways and Municipal Category Team.
£20,000	Inflation – general materials.	No impact on residents - Budget Adjustment - working within existing budgets for 2019/20, working more efficiently and more closely with the Highways and Municipal Category Team.
£7,000	Municipal On-duty.	No impact on residents - Establish one procedure for dealing with 'on-duty' across the Highways and Municipal Department.
£12,940	Various fleet expenditure.	No impact on residents - The recent work of the Category Team has identified opportunities for more efficient working.
£50,000	Restructure within the Department.	No impact on residents - Introduce a new structure within the Department to ensure greater efficiency/collaboration across services.

Amount £	Budget Heading and Proposals	Impact on Residents
£35,000	Cilgwyn Closure Plan.	No impact on residents - A Closure Plan is in place for the Cilgwyn site which has had quite stringent monitoring requirements. The site has now been closed for some time and the Department has opened discussions with Natural Resources Wales on the reduction of the requirements of the Closure Plan which has been agreed in principle. When the new plan is in place the monthly monitoring requirement will change to one quarterly which will see a reduction in all testing.
£12,000	Trees - no sorting.	No impact on residents - Previously some trees had to be separated to ensure we could count the waste towards recycling figures. Now as Parc Adfer is in action and being able to count the 'bottom ash' there is no requirement to sort the trees.
£281,190	Total	

Gwynedd Consultancy (YGC)

£7,260	By making adjustments to YGC's expenditure and budgets there is a net effect of a reduction in expenditure. This has partly been achieved by cutting back YGC's membership of organisations such as NSAN (National Skills Academy Nuclear) and also cutting expenditure on magazines and the like, as these are now available electronically or on the web.	No impact on residents.
£22,410	Increase resources within YGC Units which enables the Department to increase it's income. Recent Changes in Structure Forms have increased capacity within Cost and Ecology Consultancy fields.	No impact on residents.
£29,670	Total	

£1,062,320 Total

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. A proposed programme for schemes for the next three years is set out below:

CAPITAL PROGRAMME			
	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Council Asset Plan :			
21st Century Schools	1,521	1,895	995
Housing Schemes	2,100	2,525	2,225
Penygroes Health and Care Hub	750	1,750	1,000
Adults' Homes/Centres	1,476	650	450
Highways, Bridges and Municipal	745	776	1,145
Other Schemes	2,513	2,980	2,214
Capital Bids	1,000	500	500
Other Schemes:			
Schools' Repairs and Maintenance –from 19/20	1,975	0	0
Economic Support Stimulus – from 19/20	925	0	0
Capital Bids	1,004	0	0
Housing Strategy	4,150	2,700	2,700
Schemes already Approved	26,088	4,134	0
PROGRAMME TOTAL	44,247	17,910	11,229

3. We will be funding the programme as follows:

CAPITAL PROGRAMME FUNDING			
	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Supported Borrowing	4,053	4,053	4,053
Other Borrowing	3,563	2,567	0
Grants and Contributions	13,510	2,557	2,557
Capital Receipts	827	0	0
Corporate Revenue	1,004	0	0
Capital Fund	257	3,801	0
Renewals and Other Funds	21,033	4,932	4,619
PROGRAMME FUNDING TOTAL	44,247	17,910	11,229

4. The new asset strategy was approved by the Council on 7 March 2019. The new asset strategy will be operational for the periods 2019/20 to 2028/29. It is incorporated as part of the Capital Programme.

5. A three year profile from 2019/20 was set by the Cabinet on 2 April 2019, with the fourth year profiled in the 2022/23 capital programme.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2020/21 to 2022/23 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. Therefore, the full Council is asked to establish a total programme worth £44,247,260 for 2020/21, to be funded from the sources noted in the table under part 3 above.

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2020/21

1. Whilst developing a savings strategy and draft budget for 2020/21, a way ahead was agreed in order to avoid transferring a substantial savings target for Gwynedd schools again this year. The proposal includes one efficiency saving for the schools, worth £31k (0.04% of the delegated funding quantum) amongst £1.9m of savings the Council will realise by 2020/21. Of course, it was decided in the Cabinet on 17 December 2019 not to cut £464k from the teaching staff budget heading (a potential saving was in mind). Therefore, by 2020/21 there will be no change to the current pupil:teacher ratio in the school budget allocation formula.
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 2019 is used to calculate 2020/21 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 £300k, which includes a reduction -£152k primary and an increase +£452k secondary.
3. The Westminster Government have increased the Teachers' Pension Scheme employers' contribution rate from 16.5% to 23.6% from September 2019. This will cost £1.2m for the 5 months in 2020/21 which is a full year effect of £2.8m, with the £1.6m already added. It is 7% of the teachers' pay bill, but a 40% increase in employers' pension contributions.
4. It can be seen in the 'bids' part of this report (Appendix 2) that there is a recommendation to agree to fund bids worth £334k, towards the Education Department's transport budgets, which means that the cost of 'Education' increases again between 2019/20 and 2020/21. Certainly, having taken inflation of over £2.3m and teachers' pensions of £1.2m into consideration, the schools' budget will be much higher in 2020/21 than the 2019/20 level.
5. Whilst specific grants (worth £2m) for teachers' salaries and pensions have transferred into the settlement, a number of Welsh Government's specific grants continue in Education in 2020/21 on a similar level to 2019/20. Also, there will be a new grant for ALN which could be worth £280k for Education in Gwynedd.

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 2020/21. 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. For 2019/20, the Welsh Government's grant settlement was disappointing, and the tax had to be increased 5.8%.
3. This year, by 2020/21 it is recommended to increase the tax 3.9%, which would yield tax of £74.3m, including £2.7m of Premium yield and £2.8m of additional income towards the gap. This would equate to a Council Tax increase of £54.09 in a Band D property, or £1.04 a week. The tax raised by the community councils and the Police Authority would of course be additional to this.
4. Over 15.6% 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 £71,460. Therefore, 0.5% would mean adjusting the funding gap by around £357,310 whilst 1% would mean adjusting the funding gap by around £714,620.
5. The increase in Gwynedd's Council Tax, together with the average increase across Wales since 2014/15, is shown below.

Year	Gwynedd	Wales
2019/20	5.8%	6.2%
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 2014-20	25.8%	26.5%
Average 2014-20	4.3%	4.4%

In 2019/20, Gwynedd Council's Band D Council Tax level was £1,376, while the average level of tax for the counties in Wales was £1,294.

<https://gov.wales/sites/default/files/statistics-and-research/2019-03/council-tax-levels-in-wales-april-2019-march-2020-651.pdf>

6. We do not yet know what the exact average increase across Wales will be for 2020/21, but the latest information I have is that the average across Wales will be around 4.5%. Therefore, the proposal made here is going to be lower than the Wales average for 2020/21, and therefore will comply with our 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 the members' workshops, **a Council Tax increase of 3.9% is recommended, which would be a weekly increase of £1.04, or £54.09 annually, with a Band D tax of £1,430.31 for 2020/21.**

COUNCIL TAX PREMIUM YIELD ON EMPTY PROPERTIES AND SECOND HOMES

8. In the full Council meeting on 19 December 2019, 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 2020/21. It is estimated that the Council will receive £2.7m of additional income in 2020/21 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 2020/21 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 £7.5m at the end of this financial year, representing around 1.8% 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, with the increase in demand for care services, uncertainty due to Brexit and the Westminster Government's ongoing spending review, mean that the risk continues. Therefore, the need to ensure that we have appropriate balances to deal with any financial shocks is still relevant.
4. Having used £312k of the 2019/20 corporate underspend in order to finance the one-off bids, **it is recommended that we do not use general balances in 2020/21.**
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 21 May 2019 and also the Audit and Governance Committee on 13 June 2019, when it was approved to transfer £4m 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 2020**, 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" (2014), the **Wales Audit Office (WAO) 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."*

This message was echoed in a recent feedback meeting with WAO, and they are expected to report soon on Welsh local authorities' financial sustainability and resilience.

7. Also, on 10 January 2020, 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/sites/default/files/publications/2020-01/local-authority-reserves-2018-19.pdf>

8. I am convinced that the Council's use of specific funds (the Transformation Fund, etc) to finance one-off requirements (as they arise) is a totally appropriate action, and it is recommended that the Council's balances are not used to balance the 2020/21 budget.
9. Of course, the 2020/21 financial position could have been different. This year, the Council's balances have been a key instrument which allowed us to wait and see the grant settlement situation, before even considering any level of savings above the £2m. The existence of our balances 'bought time' and avoided 'scaremongering' about cuts which were not required for 2020/21. As we were not required to use balances this year to 'bridge' until additional savings schemes were approved and implemented, keeping the balances allows us to use the same logic again for the 2021/22 budget.

APPENDIX 8

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 the demand for services as well as inflation, 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 savings have proposed efficiency savings schemes rather than cuts. Also, the individual savings schemes have been the subject of appropriate impact assessments which support the financial decisions presented here. Where appropriate, in Appendix 3, there are relevant comments opposite the individual schemes.
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, we had attempted to identify how to make the best of every opportunity to improve equality as well as trying to avoid or mitigate any negative impacts to the best of our 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 analysed the impact of schemes on services, and monitored the impact appropriately.
5. 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).
6. Each service has the right to submit a bid 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 (over £4m) of the total sum of permanent revenue bids (£4.34m) is going to social care (including Homelessness, Adults' Care and Childrens' Care), and the majority of the remainder (£334k) will go towards school transport for pupils with special needs.

Assistance was received from Delyth Gadlys Williams, the Council's Policy and Equality Officer when completing this form.

EQUALITY IMPACT ASSESSMENT

The Council is required (under Equality Act 2010) to consider the impact of a change in any policy or procedure (or the creation of a new one) on people with protected equality characteristics. The Council also has additional general duties set out in part 2b. A timely equality impact assessment must therefore be made before making a decision on any relevant change (i.e. one that affects people with a specific protected characteristic).

1 Details

1.1 What is the name of the policy / service in question?

2020/21 Savings

1.2 What is the purpose of the policy / service that is being created or changed? What changes are being considered?

Savings to meet the funding gap that the Council faces in the 2020/21 Budget. Each Department had a target, originally of 0.78% of their gross budgets, which was a total of £2 million. This was reduced to £1.062 million following an assessment of the proposals, and not implementing those which could have an impact on residents.

1.3 Who is responsible for this assessment?

Dafydd L Edwards, Head of Finance

1.4 When did you begin the assessment? What version is this?

An informal assessment took place before the Cabinet on 17/12/19. This formal assessment began on 31 January 2020.

2) Implementation

2.1 Who are the partners that you will have to work with to carry out this assessment?

The Council's Departments
The people of Gwynedd
Members of the Scrutiny Committees and Audit & Governance Committee
The Cabinet
Elected Members in Budget Workshops

2.2. What steps have you taken to engage with people with protected characters?

During 2018 a consultation took place called “Which Services are Important to You?” to identify what the people of Gwynedd’s priorities were in order to make budgetary decisions for 2019-22. This consultation will be used for the three years.

For the purpose of the new savings for 2020/21 in this Budget, discussions were held in meetings of the Scrutiny Committees and the Audit & Governance Committee, in order to scrutinise all the Departments’ proposals (worth £2m).

4 Budget Seminars were held – 1 in Dolgellau, 1 in Pwllheli and 2 in Caernarfon to look at the budget, including the savings (worth £1.062m to be presented for decision).

2.3 What was the result of the engagement?

The consultation “Which Services are Important to You?” showed that the majority of the people of Gwynedd felt that Social Services and Education were the most important services to protect.

As a result of the scrutiny, it was decided to restrict the savings to £1.062m, being the proposals that should not have an impact on residents (see the Cabinet report of 17 December 2019 which includes a table from the Chief Executive which ranks the saving in terms of impact).

2.4 What other information informed the way you operate?

The 2020/21 Budget and savings plans are presented in the context of the Welsh Government's Grant Settlement to local authorities in Wales, which provides adequate additional resources to address inflation, but not enough to address the additional demand, mainly increased demands for social care, children and adult services.

Therefore, in order to give priority to the vulnerable people in Gwynedd who receive care services, savings must be prioritised and achieved in areas with less impact.

Council Departments' information – the Departments have a core knowledge of their services. They have looked carefully at their work and have identified further savings that will not have an impact, or have a small impact, on the residents of Gwynedd. They have been able to do this because of things like changes in technology, or better practices.

2.5 Are there any gaps in evidence that need to be gathered?

No

3) Identifying the Impact

3.1 The Council must give due regard to the impact any changes will have on people with equality characteristics. What impact will the new policy/service or the proposed changes have on these characteristics? You are welcome to add further characteristics if you wish.

Characteristics	What type of impact?	In what way? What is the evidence?
Race (including nationality)	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
The Welsh language	None	No impact has been identified with regard to the Welsh language, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
Disability	Negative	The Adults' Department has identified the possibility of an impact, but not a significant impact, on those who use their services. This Department will need to ensure that they mitigate any impacts.
Gender	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
Age	Negative	The Adults' Department has identified the possibility of an impact, but not a significant impact, on those who use their services. An impact, but not a significant impact, has also been identified with some of the Education Departments' proposals. The Departments will need to ensure that they mitigate any impacts.
Sexual orientation	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
Religion or belief (or lack of belief)	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
Gender reassignment	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.

Pregnancy and maternity	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.
Marriage and civil partnership	None	No impact has been identified on this characteristic, but it is necessary for the Departments to ensure they monitor and identify and mitigate any impacts which are highlighted during implementation.

3.2 It is the Council's duty, under the Equality Act 2010, to contribute positively to a fairer community by promoting equality and good relationships in their activities in the areas of age, gender, sexual orientation, religion, race, transgender, disability and pregnancy and maternity. The Council must give due regard to the way any change affects these duties.

General Duties of the Equality Act	Does the policy have an impact?	In what way? What is the evidence?
Remove illegal discrimination, harassment and victimisation	No	The impact mentioned in 3.1 is not thought to be sufficient to lead to discrimination, harassment or victimisation.
Promoting equal opportunities	Possibly	As an impact has been identified, careful action will have to be taken to ensure that the changes do not affect this duty.
Encouraging good relationships	Possibly	As an impact has been identified, careful action will have to be taken to ensure that the changes do not affect this duty.

4) Analysing the results

4.1 Is the policy therefore likely to have a significant, positive impact on any of the equality characteristics or the General Duties and what is the reason for this?

No significant, positive impacts have been identified as a result of implementing savings, but there will be a generally positive impact on the continuation of the services considered a priority for protection and funded to the level of additional demand.

4.2 Is the Plan therefore likely to have a substantial, negative impact on any of the equality characteristics or General Duties and what is the reason for this?

An impact has been identified, but it is not thought to be substantial, as these are efficiency savings rather than cuts.

4.3 What should be done?

Select one of the following:

Continue with the plan as it is robust	
Adapt the plan to remove any barriers	
Suspend and abolish the plan as the detrimental impacts are too large	
Continue with the plan as any detrimental impact can be justified	X

4.4 If continuing with the plan, what steps will you take to reduce or mitigate any negative impacts?

The Departments will work to ensure they will mitigate any negative impacts.

4.5 If you do not take further action to remove or reduce negative impacts, explain why here.

See above.

5) Monitoring

5.1 What steps will you take to monitor the impact and effectiveness of the plan (action plan)?

The savings will be challenged in the Performance Challenge Meetings 3 times per year and will be presented to Cabinet as part of the individual Cabinet Members' performance reports. Also, the Savings Overview report will be presented to the Cabinet and to the Audit & Governance Committee three times per year.

APPENDIX 9

WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

1. The work of planning and preparing the recommendations has taken place within the context of the above Act's requirements. Although the recommendations are derived from difficult financial choices, 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 providing sufficient resources in order to support an appropriate level of services.
2. 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.
 - 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 series of Members' Workshops have aided an understanding of the financial strategy.
 - Taking an integrated approach – Gwynedd Council's policies and budgeting practices, and this year's budget proposals have been considered from the perspective of all well-being goals.
 - Working in a collaborative way – Where better services can be provided by collaboration and working with partners, the budget process and savings strategy encourages this, internally and externally, where that is more sustainable.
 - Including the population in decisions – Part of the budget process and long-term savings strategy included engagement with residents, customers and partners.
3. Main conclusions for the 2020/21 budget regarding the 7 well-being goals:
 - Prosperous – Neutral (add to the resources of services which put an end to poverty)
 - Resilient - Positive (prudential long-term approach to funding services and enable the Council's Plan)
 - Healthier – Positive (funding Dementia Units, and other 'Care' requirements)
 - More Equal - Positive (taxing in order to fund 'welfare' services)
 - Cohesive Communities – Neutral (continue to fund services that protect people)
 - Culture and Language – Positive (by funding bilingual services)
 - Globally Responsible – Neutral (continue to fund digital, environmental and cooperative projects)
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 scrutiny committees organised to consider 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.

APPENDIX 10

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 2020/21, 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 2020/21, and uncertainty over the probable rise. A rise in inflation may add to the Council's costs, but that could be alleviated through the use of a contingency budget, 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 Investment Strategy (a subsequent item on this meetings' agenda), the budget is not dependent on excessively high returns. Interest rates continue at a historical low and are not likely to increase until at least 2021/22. Therefore, the interest rate risk is considered low and would compensate for the risk of inflation as one is likely to increase with the other.
6. **Specific Grants Risk** - There are risks attached to the large number of specific grants from Welsh Government, and 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 (such as the £500k Children's grant for 2020/21). We will mitigate this risk by ensuring that we have the best information available about grants, 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. In accordance with normal practice, we will mitigate this risk by ensuring that savings schemes are owned by departments and Cabinet members, and by monitoring relevant progress regularly. Also, by 2020/21, we have made a prudent estimate of the value (£0.9m) of previous years' approved savings that we will be able to harvest.
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 possible 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 6

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	13 FEBRUARY 2020
SUBJECT:	CAPITAL STRATEGY 2020/21 (INCLUDES INVESTMENT AND BORROWING STRATEGIES)
PURPOSE:	TO EXPLAIN AND SCRUITINISE THE PROPOSED CAPITAL STRATEGY FOR 2020/21
ACTION:	Receive the information, consider any risks arising from the strategy before it is presented to the Full Council for adoption.
RESOLUTION SOUGHT:	Due to relevant national regulations, a decision by the full Council on the annual Capital Strategy is required. Further to the presentation by officers from Arlingclose, the Council's Treasury Management Consultants, members of the Audit and Governance Committee are asked to receive the report, note the relevant information and risks, and support the Cabinet Member for Finance's intention to submit the strategy to full Council for approval.
CONTACT OFFICER:	DAFYDD L EDWARDS, HEAD OF FINANCE
CABINET MEMBER:	COUNCILLOR IOAN THOMAS, FINANCE CABINET MEMBER

INTRODUCTION

1. This capital strategy report for 2020/21, gives 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.
2. Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

CAPITAL EXPENDITURE AND FINANCING

3. 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 2018/19, see: <https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Gwynedd-Council.aspx>

4. In 2020/21, the Council is planning capital expenditure of £49m as summarised below:

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

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
General Fund Services	22.8	31.8	44.2	17.9	11.2
General Fund Leasing *	n/a	n/a	5.0	0.0	0.0
TOTAL	22.8	31.8	49.2	17.9	11.2

* Capital Expenditure for 2020/21 includes £5m due to a change in the accounting for leases.

5. The main General Fund capital projects in 2020/21 include:

- Capital Bids (to be approved) - £2.0m
- Residential Homes - £1.5m
- Housing Strategy - £4.2m
- 21st Century Schools - £1.5m

6. **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**.

7. 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

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
External Sources	10.5	16.9	13.5	2.6	2.6
Own Resources	4.4	8.5	23.1	8.7	4.6
Debt *	7.9	6.4	12.6	6.6	4.0
TOTAL	22.8	31.8	49.2	17.9	11.2

* Debt for 2020/21 includes £5m due to a change in the accounting for leases.

8. 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

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
Own Resources	7.7	7.5	8.6	8.4	8.4

- The Council’s full Minimum Revenue Provision Statement is available in **Appendix B** to the Capital Strategy Statement.

9. 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 increase by £4.0m during 2020/21. 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

	31.3.2019 Actual £m	31.3.2020 Forecast £m	31.3.2021 Budget £m	31.3.2022 Budget £m	31.3.2023 Budget £m
General Fund Services *	177.8	176.7	180.7	178.9	174.6

* The Capital Financing Requirement for 2020/21 and subsequent years includes a £5m increase due to a change in the accounting for leases.

10. **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 and was approved by the full Council on 07/03/2019, see Item 11 on the agenda :

<https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?cid=130&mid=2457&ver=4>

11. **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

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
Asset Sales	0.7	0.0	0.0	0.8	0.0

TREASURY MANAGEMENT

12. 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.

13. Due to decisions taken in the past, the Council currently has £104m borrowing at an average interest rate of 5.7% and £44m treasury investments at an average rate of 1.36%.
14. **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%).
15. Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

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

	31.3.2019 Actual £m	31.3.2020 Forecast £m	31.3.2021 Budget £m	31.3.2022 Budget £m	31.3.2023 Budget £m
Debt (incl. PFI & leases)	109.6	107.1	110.1	107.9	105.7
Capital Financing Requirement	177.8	176.7	180.7	178.9	174.6

16. 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.
17. **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 £110m and is forecast to fall to £106m over the next three years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2019 Actual £m	31.3.2020 Forecast £m	31.3.2021 Budget £m	31.3.2022 Budget £m	31.3.2023 Budget £m
Outstanding Borrowing	106.4	104.2	103.1	101.8	100.5
Liability Benchmark	109.6	107.1	110.1	107.9	105.7

18. The table shows that the Council expects its borrowing to remain 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.
19. **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

	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m
Authorised Limit – total external debt	200	200	200	200
Operational Boundary – total external debt	190	190	190	190

The authorised Limit and Operational Boundary for 2020/21 and subsequent years include a £6m increase due to a change in the accounting for leases.

- Further details on borrowing are in the Treasury Management Strategy in **Appendix C**.
20. **Treasury 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.
21. 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

	31.3.2019 Actual £m	31.3.2020 Forecast £m	31.3.2021 Budget £m	31.3.2022 Budget £m	31.3.2023 Budget £m
Near-Term Investments	25	10	10	10	10
Longer-Term Investments	10	10	10	10	10
TOTAL	35	20	20	20	20

- Further details on treasury investments are in the Treasury Management Strategy in **Appendix C**.
22. **Risk Management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
23. **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. An annual seminar is held for the members of the Audit and Scrutiny Committee by Arlingclose, our investment advisors and was held on 15 January 2020 for the 2020/21 financial year.

INVESTMENTS FOR SERVICE PURPOSES

24. 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.
25. **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

26. In addition to debt of £106m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £299m). It has also set aside £8m to cover risks of provisions, of which 99% 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.
27. **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 2018/19 Statement of Accounts
<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Gwynedd-Council.aspx>

REVENUE BUDGET IMPLICATIONS

28. 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

	2018/19 Actual	2019/20 Forecast	2020/21 Budget	2021/22 Budget	2022/23 Budget
Financing Costs * (£m)	£13.4m	£13.2m	£14.2m	£14.1m	£13.9m
Proportion of Net Revenue Stream(%)	5.5%	5.3%	5.4%	5.3%	5.2%

* Financing costs for 2020/21 and subsequent years includes a £0.7m increase due to a change in the accounting for leases.

- Further details on the revenue implications of capital expenditure are included in the 2020/21 Budget :
<https://democracy.gwynedd.llyw.cymru/ieListDocuments.aspx?CId=136&MId=2813&Ver=4>

29. **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

30. 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 Head of Housing and Property 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.
31. 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.
32. 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. A proposed programme for schemes for the next three years is set out below:

CAPITAL PROGRAMME			
	2020/21 £'000	2021/22 £'000	2022/23 £'000
Council Asset Plan :			
21st Century Schools	1,521	1,895	995
Housing Schemes	2,100	2,525	2,225
Penygroes Health and Care Hub	750	1,750	1,000
Adults' Homes/Centres	1,476	650	450
Highways, Bridges and Municipal	745	776	1,145
Other Schemes	2,513	2,980	2,214
Capital Bids	1,000	500	500
Other Schemes:			
Schools' Repairs and Maintenance –from 19/20	1,975	0	0
Economic Support Stimulus – from 19/20	925	0	0
Capital Bids	1,004	0	0
Housing Strategy	4,150	2,700	2,700
Schemes already Approved	26,088	4,134	0
PROGRAMME TOTAL	44,247	17,910	11,229

3. We will be funding the programme as follows:

CAPITAL PROGRAMME FUNDING			
	2020/21 £'000	2021/22 £'000	2022/23 £'000
Supported Borrowing	4,053	4,053	4,053
Other Borrowing	3,563	2,567	0
Grants and Contributions	13,510	2,557	2,557
Capital Receipts	827	0	0
Corporate Revenue	1,004	0	0
Capital Fund	257	3,801	0
Renewals and Other Funds	21,033	4,932	4,619
PROGRAMME FUNDING TOTAL	44,247	17,910	11,229

4. The new asset strategy was approved by the Council on 7 March 2019. The new asset strategy will be operational for the periods 2019/20 to 2028/29. It is incorporated as part of the Capital Programme.

5. A three year profile from 2019/20 was set by the Cabinet on 2 April 2019, with the fourth year profiled in the 2022/23 capital programme.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2020/21 to 2022/23 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. Therefore, the full Council is asked to establish a total programme worth £44,247,260 for 2020/21, to be funded from the sources noted in the table under part 3 above.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2020/21

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 1st 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 31st March 2008, incorporating an "Adjustment A" of £1.9m.
 - For unsupported capital expenditure incurred after 31st 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 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.

4. Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.
5. Based on the Council's latest estimate of its Capital Financing Requirement (CFR) on 31st March 2020, the budget for MRP has been set as follows:

	31.03.2020 Estimated CFR £m	2020/21 Estimated MRP £m
Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008	133.5	5.3
Unsupported capital expenditure after 31.03.2008	40.3	2.4
Leases and Private Finance Initiative	2.9	0.9
Total General Fund	176.7	8.6

Treasury Management Strategy Statement 2020/21

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 November 2019 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, change in the Council's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

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 2020/21.

UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate increased to 3.9% while the employment rate was 75.9%, just below recent record-

breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.

GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.

In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back on of the ongoing trade war with China. At its last meeting the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.

2.2 Credit outlook

Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

2.3 Interest rate forecast

The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

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 treasury management investments will be made at an average rate of 2.00%, and that the Council will not need any new long-term loans in 2020/21.

3. Local Context

3.1 On 31st December 2019, the Council held £104m of borrowing and £44m of investments. This is set out in further detail at **Appendix 2**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.19 Actual £m	31.3.20 Forecast £m	31.3.21 Budget £m	31.3.22 Budget £m	31.3.23 Budget £m
CFR	177.8	176.7	180.7	178.9	174.6
Less: Other debt liabilities *	(3.2)	(2.9)	(7.0)	(6.1)	(5.2)
Loans CFR	174.6	173.8	173.7	172.8	169.4
Less: External borrowing **	(106.4)	(104.2)	(103.1)	(101.8)	(100.5)
Internal borrowing	68.2	69.6	70.6	71.0	68.9
Less: Usable reserves	(73.0)	(70.2)	(60.0)	(55.4)	(51.3)
Less: Working capital	(29.4)	(29.4)	(29.4)	(29.4)	(29.4)
Investments	(34.2)	(30.0)	(18.8)	(13.8)	(11.8)

*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 2020/21.

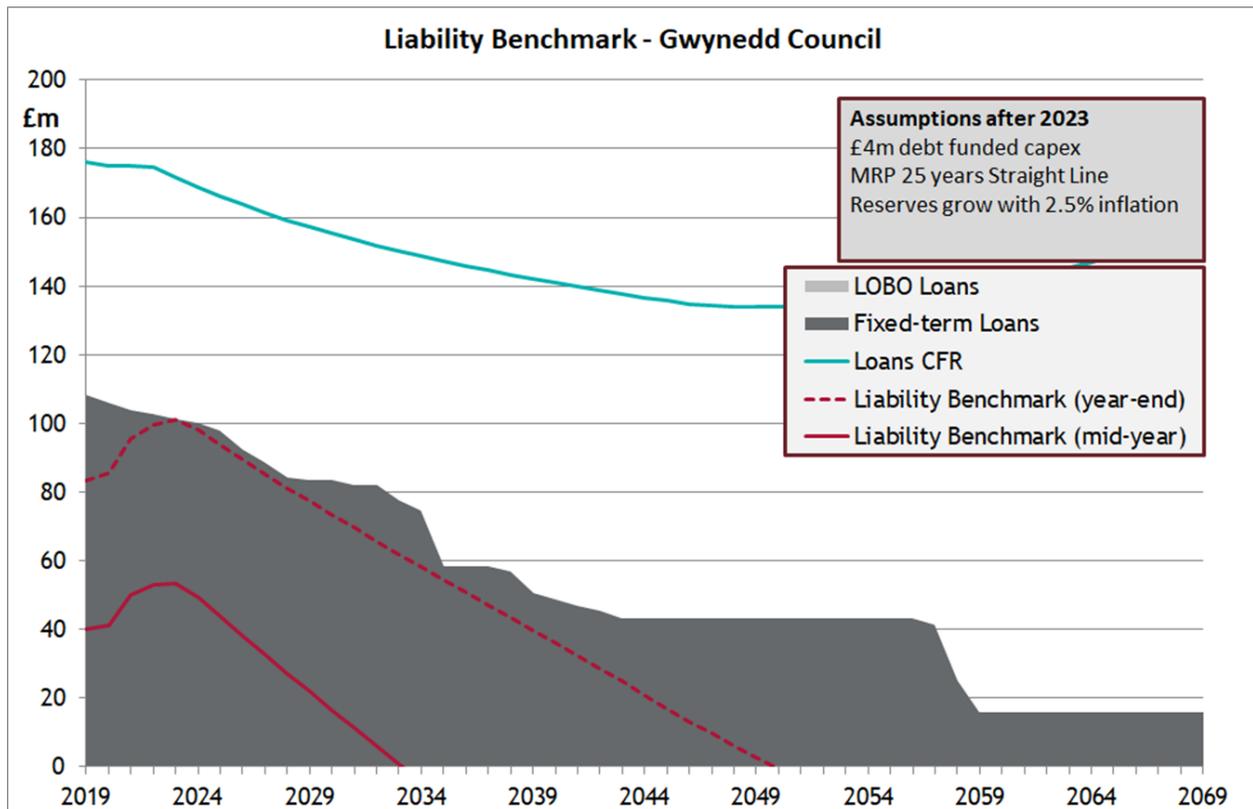
4. Liability benchmark

- 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

	31.3.19 Actual £m	31.3.20 Forecast £m	31.3.21 Budget £m	31.3.22 Budget £m	31.3.23 Budget £m
CFR	177.8	176.7	180.7	178.9	174.6
Less: Usable reserves	(73.0)	(70.2)	(60.0)	(55.4)	(51.3)
Less: Working capital	(29.4)	(29.4)	(29.4)	(29.4)	(29.4)
Plus: Minimum investments	34.2	30.0	18.8	13.8	11.8
Liability Benchmark	109.6	107.1	110.1	107.9	105.7

- 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 following chart:



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 £104 million of loans 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 2020/21 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 £200 million.

5.2 Objectives

The Council's main 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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Council will now look to borrow any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Alternatively, the Council may arrange forward starting loans during 2020/21, 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
- UK Municipal Bonds Agency plc and other 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.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

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. Treasury 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 £30.9 and £71.2 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 2020/21 at its meeting on 12 March 2020.

Loans to organisation providing local public services and purchases of investment property are not normally considered to be treasury investments, and therefore these are covered separately in Appendix 3.

6.2 Objectives

Both the CIPFA Code and the WG Guidance require the Council to invest its treasury 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 2020/21, 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 2020/21. 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 new 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

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
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	5% / £4m 5 years	5% / £4m 3 years	5% / £4m 5 years
A	5% / £4m 13 months	10% / £8m 2 years	5% / £4m 5 years	5% / £4m 2 years	5% / £4m 5 years
A-	5% / £4m 6 months	10% / £8m 13 months	5% / £4m 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
Pooled funds and real estate investment trusts	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 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.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

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 Investment limits

The Council's revenue reserves available to cover investment losses are forecast to be £50 million on 31st March 2020. In order that no more than 16% 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

	Cash limit
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

6.18 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	£324,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£23,000

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	2020/21	2021/22	2022/23
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

Further matter required by the Welsh Government Guidance are included in Appendix 3.

10. Financial Implications

- 10.1** The budget for investment income in 2020/21 is £0.6 million based on an average investment portfolio of £30 million at an interest rate of 2.0%. The budget for debt interest paid in 2020/21 is £5.8 million, based on an average debt portfolio of £104.2 million at an average interest rate of 5.54%. 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.

Alternative	Impact on income and expenditure	Impact on risk management
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 November 2019

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix 2- Existing Investment & Debt Portfolio Position

	31.12.2019 Actual Portfolio £m	31.12.2019 Average Rate %
External Borrowing:		
Public Works Loan Board	88.2	5.91
Other loans	16.2	4.22
Total external borrowing	104.4	5.65
Other long- term liabilities:		
Leases	1.7	0.0
Total other long-term liabilities	1.7	0.0
Total gross external debt	106.1	5.65
Treasury investments:		
Banks and Building societies (unsecured)	7.3	0.77
Government (incl. Local authorities)	5.5	0.82
Money Market Fund	21.5	0.72
Pooled funds	10.0	3.46
Total treasure investments	44.3	1.36
Net debt	61.8	

Appendix 3 – Additional requirements of Welsh Government Investment Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Council's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Council's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Council, and
- investment property provides a net financial surplus that is reinvested into local public services.

Climate change: The Council's investment decisions consider long-term climate risks to support a low carbon economy to the extent that if a low carbon investment equivalent is available with the same return, then the low carbon investment would be preferred by the Council.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- 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.

Loans: The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

The Council can demonstrate that its financial exposure to loans to local enterprises, local charities, wholly owned companies and joint ventures is proportionate by setting the limits

in table 3a. These ensure that the total exposure is no more than 20% of the Council's usable reserves. The Council's loan book is currently within these self-assessed limits.

Table 3a: Loan limits

Borrower	Cash limit
Local enterprises and local charities	£3m
Wholly owned companies and joint ventures	£3m
Car and bike loans to employees	£3m
Treasury management investments meeting the definition of a loan	Unlimited

The Council uses an allowed 'expected credit loss' model for loans and receivables as set out in International Financial Reporting Standard 9: Financial Instruments as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Council has appropriate credit control arrangements to recover overdue repayments in place.

Non-specified investments: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table 3b; the Council confirms that its current non-specified investments remain within these limits.

Table 3b: Non-specified investment limits

	Cash limit
Units in pooled funds without credit ratings or rated below A-	£20m
Shares in real estate investment trusts	£10m
Total non-specified investments	£30m

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2019, the Council consider that the scale of its non-financial investments as not significant.

Liquidity: For financial investments that are not treasury management investments, or loans, the Council has procedures in place to ensure that the funds are prudently committed for a maximum period of time. Isio mwy fan hyn.

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.

Borrow 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 £200 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.

Commercial deals: In the event of a commercial deal, the individuals making the deal are aware of the core principles of the prudential framework and of the regulatory regime within which the Council operates.

Capacity, skills and corporate governance: Elected members and officers were invited to a presentation by Arlingclose on 15th January 2020. The information and discussion at the presentation ensures that the members have the appropriate skills and information to enable them to:

- Take informed decisions as to whether to enter into a specific investment.
- To assess individual assessments in the context of the strategic objectives and risk profile of the Council
- Understand how the quantum of these decisions have changed the overall risk exposure of the local authority

Officers also regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, ACA and other appropriate organisations.

Agenda Item 7

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	13 FEBRUARY 2020
TITLE:	REVENUE BUDGET 2019/20 – END OF NOVEMBER 2019 REVIEW
PURPOSE:	Monitoring Report on the Latest Financial Position
ACTION:	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.
CABINET MEMBER:	COUNCILLOR IOAN THOMAS
CONTACT OFFICER:	FFION MADOG EVANS, SENIOR FINANCE MANAGER

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 2019/20 – End of November 2019 Review) was submitted to the Cabinet on 21 January 2020.
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 21/01/2020

Cabinet report 21/01/2020: Revenue Budget 2019/20 – End of November 2019 Review

**GWYNEDD COUNCIL
CABINET DECISION NOTICE**

Date of Cabinet Meeting:	21 January 2020
Date decision will come into force and implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution.	5 February 2020

SUBJECT

Item 8: REVENUE BUDGET 2019-20 - END OF NOVEMBER REVIEW

DECISION

Resolved to:

- Accept the report on the end of November 2019 review of the Revenue Budget and consider the latest financial situation regarding the budgets of each department/service.
- Note that there is a significant overspend by the Adults, Health and Well-being Department this year, and as complex details need to be clarified in this picture in Adults care, the Chief Executive has already called a meeting of the relevant officers and commissioned work in order to gain a better understanding and a clear response programme. To attempt to meet the overspend in future, an additional resource is allocated as part of the bidding system for the 2020/21 budget.
- To note that the Children's Budget Taskforce has been commissioned by the Chief Executive to address serious financial matters within the Children and Families Department so that it is possible to get to the root of the Department's overspend, with the intention of submitting a report to the Cabinet that will detail on the response plan. To attempt to meet the overspend in future, an additional resource is allocated as part of the bidding system for the 2020/21 budget.
- On Corporate budgets, that:
 - (£198k) of additional tax yield on the Council's Tax Premium is added to the £2.7 million that has already been allocated in 2019/20 to be considered for the Housing Strategy.
 - (£75k) relating to capital costs allocated to a capital programme fund.
 - (£500k) of Corporate underspend is allocated to fund a lack of grants in the field of sustainable social services.
 - (£312k) to be spent to fund one-off bids that have been submitted by the Departments for expenditure in 2020/21.
 - The remainder (£502k) would go towards the Council's general balances

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).

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET

21 JANUARY 2020

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Revenue Budget 2019/20 – End Of November 2019 Review

Contact Officer: Ffion Madog Evans, Senior Finance Manager

1. The decision sought

The Cabinet is requested to:

- Accept the report on the end of November 2019 review of the Revenue Budget, and consider the latest financial position in respect of the budgets of every department / service.
- Note that there is a significant overspend by the Adults, Health and Well-being Department this year, as complex details need to be clarified in Adult care, the Chief Executive has already called a meeting of the relevant officers and commissioned work in order to get a better understanding and a clear response programme. To try and address this overspend in the future, additional resource has been allocated as part of the bidding process for the 2020/21 budget.
- Note that a Children's Budget Task Force has been commissioned by the Chief Executive to address the complex financial issues of the Children and Families Department in order to get to the root of the overspend, with the intention of reporting to the Cabinet detailing the response plan. To try and address this overspend in the future, additional resource has been allocated as part of the bidding process for the 2020/21 budget.
- On Corporate Budgets, that:
 - (£198k) yield on Council Tax Premium added to the £2.7 million that has already been allocated in 2019/20 be considered for the Housing Strategy.
 - (£75k) relating to capital costs be allocated to the capital program fund.
 - (£500k) of Corporate underspend be allocated to fund the lack of grant in the sustainable social services field.
 - (£312k) be used to fund one off bids that have been presented by the departments for the purpose of 2020/21 expenditure.
 - the balance of (£502k) goes to the Council's general 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 2019/20, and a summary of the position by Department is outlined in **Appendix 1**. This report reflects the latest structure following the establishment of the Housing and Property Department on 1 September 2019 with services transferring from the Environment Department and the Adults, Health and Wellbeing Department.

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.

There are signs that some difficulties in realising savings are being highlighted this year, as we are trying to minimise the impact on Gwynedd residents by achieving efficiency savings, it is much more difficult than cutting services.

Clearly there are significant difficulties in some departments this year:

2.1 Adults, Health and Wellbeing Department

Latest forecasts suggest over £1.8 million of overspend, which is partly alleviated to £658k following the receipt of a grant and the use of one-off funding. The overspend is a combination of a number of factors including failure to realise a number of savings schemes worth nearly one million. Increasing pressure on the Supported Accommodation budget in Older People and Learning Disability, with the overspend from the Provider Service continuing.

2.2 Children and Families Department

Increasing pressures on the services with the number of children in care at its highest level in comparison to previous years, following this, the Children and Families Department's overspending has intensified this year to £3.2 million, with forecasts of over £2.6 million of overspends in the placement area, with the majority of the overspend in the out-of-county placements. A Children's Budget Task Force has been established to focus on this area's complex financial situation.

2.3 Highways and Municipal Department

Overspend problems in waste collection and disposal continue this year, transitional costs before moving to new arrangements have led to a higher overspend this year.

2.4 Environment

As part of the end of August Review the Environment Department received the Cabinet's approval to earmark £220k of their underspend this year towards costs following a judicial review relating to the entrance road in Llanbedr. As the underspend forecast isn't as favourable by now, following the decline in the parking income forecast, the underspend is no longer sufficient to fund the full amount but it would be wiser to wait until the end of the financial year for confirmation of the exact position.

2.5 Corporate

Favourable forecasts of additional Council Tax yields, but continued trend of backdating transfers from Council Tax to Non Domestic Rates reduces income on Council Tax Premium. Take-up of Council Tax Reductions is at its lowest level for the fourth year running, which is consistent with the trend across North and Mid Wales Councils.

Net underspend on Corporate budgets which includes capital costs, returned bids, grant receipts and the needs aren't as intense in comparison to what was anticipated when setting the budget

It is recommended that the underspend on the Council Tax Premium is considered for the Housing Strategy and the underspend relating to capital costs be allocated to the capital program fund. The first priority on the general Corporate underspend is to finance the £500k lack of Sustainable Social Services grant, (£312k) be used to fund one off bids that have been presented by the departments for the purpose of 2020/21 expenditure with the balance of (£502k) going to the Council's general funds.

3. General

The end of November review on the budgets show a mixed picture with acceptable level of financial management by a number of the Council's departments. The pressure on departments is evident this year, with departments struggling to cope with this additional demand. A combination of specific implementation steps is recommended for the Adults, Health and Well-being Department and for the Children and Families Department.

4. Next steps and timetable

Implement the presented recommendations and present a subsequent report on the situation at the end of the financial year 2019/20, to the Cabinet mid May 2020.

Local member's views

Not relevant

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.

Appendices

Appendix 1 – Summary of net budget position for each department

Appendix 2 – Budget details and substantial variances

Revenue Budget 2019/20 - Summary of position by Department

	End of November Review				<i>Estimated Position End of August Review £'000</i>
	Proposed Budget 2019/20 £'000	Estimated Gross Over / (Under) spend 2019/20 £'000	Recommended Adjustments £'000	Estimated Adjusted Overspend / (Underspend) 2019/20 £'000	
Adults, Health and Wellbeing	51,347	658	0	658	1,575
Children and Supporting Families	14,406	3,161	0	3,161	2,909
Education	89,501	16	0	16	87
Economy and Community	5,170	14	0	14	(7)
Highways and Municipal	25,850	970	0	970	733
Environment	3,706	(105)	0	(105)	0
Gwynedd Consultancy	66	87	0	87	42
Housing and Property	5,296	30	0	30	24
Corporate Management Team and Legal	1,705	(77)	0	(77)	(117)
Finance (and Information Technology)	6,265	(75)	0	(75)	(61)
Corporate Support	7,405	(96)	0	(96)	(100)
Corporate Budgets <i>(Variances only)</i>	*	(1,087)	1,087	0	0
Totals (net)	210,717	3,496	1,087	4,583	5,085

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW

Adults, Health and Wellbeing Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adults Services</u>						
Older Peoples Services						
Residential and Nursing - Homes	13,447	13,522	75	0	75	645
Home Care	6,831	6,336	(495)	0	(495)	(461)
Other	199	1,404	1,205	0	1,205	905
	20,477	21,262	785	0	785	1,089
Physical Disability Services	2,350	2,298	(52)	0	(52)	(76)
Learning Disability Services	18,189	18,670	481	0	481	308
Mental Health Services	3,466	3,428	(38)	0	(38)	35
Other Services (Adults)	2,989	3,000	11	0	11	24
<u>Adults Services Total</u>	47,471	48,658	1,187	0	1,187	1,380
<u>Provider Services (showing net budget)</u>						
Residential Care	111	65	(46)	0	(46)	(59)
Day Care	64	359	295	0	295	314
Community Care	14	342	328	0	328	375
Other	16	(10)	(26)	0	(26)	32
<u>Total Provider Services</u>	205	756	551	0	551	662

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Adults, Health and Wellbeing Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Other Services</u>						
Departmental Central Services <i>(including the Department's savings schemes)</i>	3,671	3,782	111	0	111	182
Receipt of Additional Winter Pressure Grant	0	(542)	(542)	0	(542)	0
Use of specific reserve	0	(649)	(649)	0	(649)	(649)
<u>Total Other Services</u>	3,671	2,591	(1,080)	0	(1,080)	(467)
<u>Adults, Health and Wellbeing Total</u>	51,347	52,005	658	0	658	1,575

Adults, Health and Wellbeing

Older People's Services - numbers in residential and nursing care are up, with 28 new cases in 2018/19 and 35 further cases this year, grant receipt and reassessment of client income and demography funding reducing the forecasted overspend. Failure to realise £669k of savings within the 'Other' heading and an overspend of £431k on Supported Accommodation, with the costs of establishing the Hafod y Gest scheme accounting for a significant proportion of the overspend. Further reduction in demand for home care packages.

Physical Disability Services - the trend of a reduction in the number of home care packages continues, but an increase in the number of Residential and Nursing placements.

Learning Disability Services - the impact of increased demand on supported accommodation and day services is being reduced by an underspend on residential and nursing.

Provider Services - costs associated with staffing above budget level are issues in Day Care and Community Care, with homes having been in special measures, recommendations from Care Inspectorate Wales, and appointments over and above the budget.

Departmental Central Services - grant receipt, income and vacant posts reduces the impact of the slippage in realising £247k worth of savings schemes.

Since the last review the department has received an additional grant of £542k from the Welsh Government towards increased costs arising from winter pressures, this grant has helped to reduce the forecast overspend. The department is also making use of one-off funding of £457k, which is equivalent to a social services support grant received in 2017/18 together with £192k from the department's historical underspend fund to help alleviate part of the overspend this year.

Due to the significant overspend by the Adults, Health and Well-being Department this year, which is £1.8m before the additional grant receipt and use of the one-off funding the Chief Executive has already called a meeting of the relevant officers to gain a better understanding of the issues and a clear response program, so as to gain a better understanding of the intricate details of the situation in Adult care.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Children and Families Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Service Management	581	614	33	0	33	24
Operational	2,210	2,298	88	0	88	78
Placement						
Out of County Placements	1,628	3,149	1,521	0	1,521	1,618
Agency Fostering	911	1,396	485	0	485	388
Internal Fostering	1,706	2,251	545	0	545	482
Support Services and Other	1,668	1,773	105	0	105	36
	5,913	8,569	2,656	0	2,656	2,524
Post-16	1,035	1,155	120	0	120	44
Specialist/Derwen	1,814	2,151	337	0	337	332
Youth Justice	280	236	(44)	0	(44)	(44)
Early Years	153	80	(73)	0	(73)	(50)
Youth	857	788	(69)	0	(69)	(102)
Other	1,563	1,676	113	0	113	103
Children and Families Total	14,406	17,567	3,161	0	3,161	2,909

Children and Families

Operational - continues to overspend despite receiving an additional resource of £100k for 2019/20 onwards, with staff costs over and above the budget level plus an increase in the number of children in care but not in more expensive placements.

Placements - demand for the range of services intensifying, much of the overspend stemming from 5 new out-of-county placement cases this year, together with the full year impact of 8 cases that started during 2018/19. In Agency Fostering, there are 9 new cases this year and the full year impact of 4 cases initiated in 2018/19. There is also a further increase in the number of in-house fostering placements. Following a review of the out-of-county commitments, it became clear that the type of cases had changed over recent years, and therefore the associated costs and at the same time, there was also a reduction in Health contributions. In addition, £370k worth of savings within placements are yet to be realised.

Post 16 - high initial support costs arising from 2 new cases that have transferred from out-of-county placements.

Specialist/Derwen - overspend of £337k mainly on support schemes with increased demand for service and specialist support.

Early Years - the receipt of grants in childcare is responsible for the growing underspend.

Youth - the receipt of grants against expenditure together with an underspend following the recent remodeling of the Youth Service.

Others - higher demands on the commitment on the North Wales advocacy service, overspend on statutory reviews, professional fees and the out of hours service.

Given the growing overspend trend of the department, a Children's Budget Task Force has been commissioned by the Chief Executive to address the complex financial issues of the department.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Education Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Delegated Schools	74,862	74,862	0	0	0	0
Schools Quality Services	(429)	(678)	(249)	0	(249)	(244)
Infrastructure and Support Services						
Transport	4,919	5,147	228	0	228	188
Supplementary Service	481	740	259	0	259	247
Other	2,979	2,632	(347)	0	(347)	(318)
	8,379	8,519	140	0	140	117
Leadership and Management	2,263	2,238	(25)	0	(25)	0
Additional Learning Needs and Inclusion	4,426	4,576	150	0	150	214
Education Total	89,501	89,517	16	0	16	87

Education

School Quality Services - a combination of savings in advance, staff turnover, reduced spending and the use of grants are responsible for the favorable position.

Transport - following the overspend in this field over recent years, additional funding of £400k has been allocated for 2019/20. Nevertheless, the growing overspend continues, with latest estimates suggesting £228k, with £65k on School Buses, £41k income shortfall on Post 16 Transport and a projected overspend of £122k on School Taxi Transport.

Transport has been the subject of a review in an attempt to control the increase in expenditure. The £400k allocated this year was a partial solution with the need for further work from the Education Department and the Environment Department continuing, so that efficiency opportunities could be exploited.

Infrastructure and Support Services - Ancillary Service - lack of income for the care element of the breakfast and school meals scheme together with an overspend deriving from staffing matters and sickness in School Catering, Cleaning and Caretaking.

Infrastructure and Support Services - Other - reduced demand on various budgets including the Integration budget.

Additional Learning Needs and Inclusion - the overspend relating to circumstances in one particular center continues to account for a large part of the overspend, with a further one-off overspend arising from the transition period of the Pre-school Early Years Education Units and Education other than in Schools.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Economy and Community Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	352	352	0	0	0	0
Regeneration Programs and Community Support	390	400	10	0	10	(29)
Maritime and Country Parks	82	46	(36)	0	(36)	(14)
Leisure Contracts	1,430	1,498	68	0	68	33
Sports Programs	105	57	(48)	0	(48)	(25)
Economic Development Programs	49	9	(40)	0	(40)	(21)
Marketing and Events	308	308	0	0	0	0
Gwynedd Libraries	1,593	1,584	(9)	0	(9)	(11)
Gwynedd Museums, Arts and Archives	861	930	69	0	69	60
Economy and Community Total	5,170	5,184	14	0	14	(7)

Economy and Community

Maritime and Country Parks - staff turnover is responsible for an underspend by Parc Glynllifon and Parc Padarn. Forecasts have improved since reporting at the end of August with a reduction in the beaches income deficit. Latest figures suggest a balanced position from the Harbours and Hafan, Pwllheli following the reduction in income target this year, but which has been problematic in recent years.

Leisure Contracts - leisure provision transferred to Cwmni Byw'n Iach on 1 April 2019, the overspend is projected to increase to £68k mainly due to one-off running costs of the Leisure Centers.

Sports Programs and Economic Development Programs - vacant posts and reduced expenditure are responsible for the underspend on these headings.

Gwynedd Museums, Arts and Archives - problems persist at Storiel with a forecast deficit of £71k, which is a combination of an overspend on staff costs and a shortfall in income. Underspend on the Arts helps some on the financial position.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Highways and Municipal Department (including Trunk Roads Agency)	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Highways Services (including Trunk Roads)	9,994	9,859	(135)	0	(135)	(6)
Engineering Services	386	441	55	0	55	54
Municipal Services						
Waste	11,413	12,409	996	0	996	721
Other	4,057	4,111	54	0	54	(36)
<u>Highways and Municipal Total</u>	25,850	26,820	970	0	970	733

Highways and Municipal (including Trunk Roads Agency)

Highways Services - external income forecast shows more promise as the year has progressed.

Engineering Services - delay in realising a savings scheme together with lack of income, but discussions continue to try and find a solution.

Waste - further increase in the overspend trend seen in 2018/19 in Waste to £996k. Projected overspend of £322k on the transitional waste handling and transport costs through the regional 'Energy from Waste' facility based in Deeside.

Although the department has taken steps to reduce costs by changing shifts and waste collection cycle arrangements, implementation has been delayed. The new arrangements have now come into effect in Dwyfor, and more recently in Arfon with Meirionnydd to follow early 2020, but associated transitional costs and sickness costs account for £276k of the overspend.

Increased operating and transport costs, lack of grant and income on waste and recycling materials.

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 this year.

Other Municipal Services - staffing costs and costs associated with sickness are higher, an increase in costs associated with materials to be disposed and a delay in realising savings schemes.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Environment Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Department Management	409	356	(53)	0	(53)	(58)
Planning Services	402	539	137	0	137	145
Street Works and Transport Services						
Network Management (Transport)	605	555	(50)	0	(50)	(57)
Parking and Parking Enforcement	(1,681)	(1,693)	(12)	0	(12)	(221)
Intergrated Transport	1,592	1,568	(24)	0	(24)	(1)
	516	430	(86)	0	(86)	(279)
Countryside and Access	738	759	21	0	21	12
Public Protection	1,641	1,517	(124)	0	(124)	(40)
End of August 2019 Review Adjustment				0	0	220
Environment Total	3,706	3,601	(105)	0	(105)	0

Environment

Management - general underspend and savings in advance have resulted in one-off savings on the Management heading.

Planning Service - the general trend of a shortfall in Development Control income continues again this year, but is reduced from underspends on services, supplies and transport.

Street Works and Transport Services - substantial decline since the previous review with regards to the forecast on Parking and Enforcement to a current lack of income being alleviated by vacant posts. Favourable income forecast within Traffic and Statutory Arrangements which form part of the department's savings scheme for the next few years.

Integrated Transport - a one-off underspend on staff costs and a surpass of income reduces the impact of the additional costs on bus contracts. The department also makes use of a ring-fenced fund set up for such purposes, to meet the increased costs. The department is in the process of conducting a review of public transport and has commissioned research work from the University to review the provision.

Public Protection - an increase in the underspend since the last review as a result of favourable income in the area of Licensing, Taxis and Trading Standards together with staff turnover and lower expenditure on water sampling materials and supplies and services.

As part of the end of August Review the Environment Department received the Cabinet's approval to earmark £220k of their underspend this year towards costs following a judicial review relating to the entrance road at Llanbedr. As the underspend forecast isn't as favourable by now, following a significant decline in parking income forecasts, the underspend is no longer sufficient to fund, but it is better to wait until the end of the financial year to get clarity on the exact situation.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Consultancy Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Roads and Engineering Services	(637)	(612)	25	0	25	17
Sustainable Drainage Systems (SuDS) Unit	37	37	0	0	0	0
Flood Risk Management Unit	572	573	1	0	1	1
Building Control	94	155	61	0	61	24
Consultancy Total	66	153	87	0	87	42

Consultancy

Roads and Engineering Services - latest forecast suggests a £25k income shortfall, but the service continues to bid for work on various schemes from external organisations, such as other Councils and the Welsh Government, in order to gain extra income.

Sustainable Drainage Systems Unit (SuDS) - forecasts of income shortage during the establishment of this new unit are alleviated by an underspend on staff costs.

Building Control - lack of income along with one-off costs to buy a system is responsible for the predicted increase in overspending.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW

Housing and Property Department	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	73	176	103	0	103	83
Housing Services						
Homelessness	1,071	1,231	160	0	160	170
Private Sector Housing	409	340	(69)	0	(69)	(110)
Other	242	184	(58)	0	(58)	(40)
	1,722	1,755	33	0	33	20
Property Services						
Property	3,474	3,367	(107)	0	(107)	(80)
Caretaking, Catering and Cleaning	27	28	1	0	1	1
	3,501	3,395	(106)	0	(106)	(79)
Housing and Property Total	5,296	5,326	30	0	30	24

Housing and Property

Management - savings scheme yet to be realised predominantly responsible for the overspend. The department is looking for an alternative scheme to supersede the current scheme.

Housing Services - pressure on temporary housing and homelessness budget, therefore overspend of £225k. Private Sector Housing excelling on income, underspend on staff costs as well as on supplies and services, with Other heading also underspending on staff costs, therefore contributing to alleviate the overspend.

Property - vacant posts and secondments primarily responsible for the anticipated underspend.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Central Departments	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	1,705	1,628	(77)	0	(77)	(117)
Finance (& Information Technology)	6,265	6,190	(75)	0	(75)	(61)
Corporate Support	7,405	7,309	(96)	0	(96)	(100)
Central Departments Total	15,375	15,127	(248)	0	(248)	(278)

Central Departments

Corporate Management Team and Legal - reduction in the underspend reported due to a portion of the underspend from the vacant Corporate Director post being diverted to finance better wellbeing provisions in the Council offices. Extra income received by the Legal Team has contributed towards the favourable situation but being reduced as a result of higher staffing costs.

Finance (and Information Technology) - underspend due to a combination of reasons including a one-off underspend on staff turnover, secondments and receipt of additional income and grants in many areas. Additional income from various sources, including the Welsh Government for the administration of non-domestic rate relief and an additional grant from the Department for Work and Pensions (DWP) for the transitional period in the Benefits service. Furthermore, the department has achieved savings in advance this year and diverted them for Corporate purposes.

Corporate Support - the underspend mainly due to the receipt of external income that is above the budget level in a number of areas across the department including Human Resources Advisory Service, Translation, Registration and Democracy Service. Vacant posts and secondments also contribute towards the favourable position, in preparation for savings in the coming years, as there is no call on the savings this year the department has already transferred part of its savings in advance for Corporate purposes.

REVENUE BUDGET 2019/20 - END OF NOVEMBER REVIEW						
Corporate (Only reflecting the variances)	Proposed Budget 2019/20	Estimated Final Position 2019/20	Estimated Gross Overspend / (Underspend) 2019/20	Use of Other Sources or Other Recommended Adjustments	Adjusted Estimated Overspend / (Underspend) 2019/20	Net Overspend / (Underspend) August 2019 Review
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax	*	*	(32)	32	0	0
Premium Council Tax	*	*	(198)	198	0	0
Council Tax Reduction	*	*	(213)	213	0	0
Capital Costs	*	*	(75)	75	0	0
Bids and Budgets Returned by the Departments	*	*	(359)	359	0	0
Sustainable Social Services Support Grant Income Target	*	*	500	(500)	0	0
Other	*	*	(710)	710	0	0
Corporate Total	*	*	(1,087)	1,087	0	0

Corporate

Council Tax and Council Tax Premium - favourable additional tax position of (£32k) on Council Tax and (£198k) on Council Tax Premium, with the Valuer's Office having already allowed for 255 properties to be transferred from Council Tax to the Non-Domestic Rates list up to the end of November, (453 full year in 2018/19, 282 in 2017/18, and 199 in 2016/17). We are awaiting a response from Welsh Government and the Valuer's Office relating to Gwynedd's campaign to prevent owners of second homes from evading the tax.

Council Tax Reductions - projected underspend of (£213k) as the overall Council Tax Reduction (Benefits) scheme applications are at their lowest level for the fourth year running across North and Mid Wales. In Gwynedd there has been a reduction of almost 10% over the period.

Capital Costs - unexpected increase in the rate of borrowing earlier this year meaning that we won't be borrowing, which therefore releases £75k, it is suggested that the underspend should be moved into a fund to be used to support the funding of the capital programme.

Budgets and Bids returned by Departments - a combination of budgets returned following the receipt of grants, bids returned along with other matters where the needs are not as intense in comparison to what was anticipated when setting the budget.

Income Target From the Sustainable Social Services Support Grant - 2019/20 budget was set on the assumption that a grant of £500k would be receivable, unfortunately based on recent forecast this is now unlikely, therefore the sum is to be financed from the Council's funds.

Other - the pressure on a number of budgets are not as intense as predicted and therefore underspending.

It is **recommended** that the extra yield of (£198k) on Council Tax Premium is added to the £2.7 million that has already been allocated in 2019/20 to be considered for the Housing Strategy. (£75k) relating to capital costs be allocated to the capital program fund. (£500k) of Corporate underspend be allocated to fund the lack of grant in the sustainable social services field, (£312k) be used to fund one off bids that have been presented by the departments for the purpose of 2020/21 expenditure with the balance of (£502k) going to the Council's general funds.

Agenda Item 8

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	13 FEBRUARY 2020
TITLE:	CAPITAL PROGRAMME 2019/20 – END OF NOVEMBER 2019 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
CABINET MEMBER:	COUNCILLOR IOAN THOMAS
CONTACT OFFICER:	FFION MADOG EVANS, SENIOR FINANCE MANAGER

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 2019/20 – End of November 2019 Review) was presented to the Cabinet on 21 January 2020 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 21/01/2020

Cabinet report 21/01/2020: Capital Programme 2019/20 – End of November 2019 Review

**GWYNEDD COUNCIL CABINET
DECISION NOTICE**

Date of Cabinet Meeting:	21 January 2020
Date decision will come into force and implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution.	5 February 2020

SUBJECT

Item 9: CAPITAL PROGRAMME 2019/20 – END OF NOVEMBER REVIEW

DECISION

To accept the report on the end of November review (30 November 2019 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £50,000 decrease in the use of loans
 - £1,072,000 increase in the use of grants and contributions
 - £114,000 increase in the use of capital receipts
 - £23,000 decrease in the use of revenue contributions
 - No change in the use of the capital reserve
 - £228,000 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).

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET
21 JANUARY 2020

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2019/20 –
End of November Review (30 November 2019 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought / Purpose of the report

To accept the report on the end of November review (30 November 2019 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £50,000 decrease in the use of borrowing
 - £1,072,000 increase in the use of grants and contributions
 - £114,000 increase in the use of capital receipts
 - £23,000 decrease in the use of revenue contributions
 - No change in the use of the capital reserve
 - £228,000 increase in the use of renewal and other reserves
-

1. Introduction / Summary

This technical report is presented as part of the 2019/20 budget review 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 recommendations in part 6:

Part 3: Analysis by Department of the £89.135m capital programme for the 3 years 2019/20 – 2021/22.

Part 4: The sources of finance for the net increase of approximately £1.341m since the previous review.

Part 5: Detail on additional grants since the previous review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed 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 2019/20 to 2020/21
- Appendix C: First 8 months' expenditure in 2019/20

2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £31.8m in 2019/20 on capital projects, with £13.0m (41%) of it being financed by attracting specific grants.
- An additional £9.2m of proposed expenditure has been re-profiled from 2019/20 to 2020/21, but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2019/20 to 2021/22

See below the revised proposed capital programme as at the end of November 2019. The figures are shown based on the Council's revised departmental structure.

DEPARTMENT	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2019/20	2020/21	2021/22	TOTAL	
	£'000	£'000	£'000	£'000	
Education	7,570	10,123	1,895	19,588	542
Environment	1,642	2,637	178	4,457	425
Corporate Support	-	119	-	119	-
Finance	713	481	1,237	2,431	-
Economy and Community	1,215	1,876	330	3,421	256
Housing and Property	6,534	9,484	4,528	20,546	(183)
Adults, Health and Wellbeing	1,756	3,123	2,400	7,279	278
Children and Supporting Families	1,344	1,113	250	2,707	-
Highways and Municipal	10,293	5,564	2,257	18,114	22
Consultancy	686	3,539	3,410	7,635	1
Corporate	-	2,153	685	2,838	-
TOTAL	31,753	40,212	17,170	89,135	1,341

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £1.341m since the previous review. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2019/20	2020/21	2021/22	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	7,995	7,535	6,610	22,140	-
Other Borrowing	2,289	3,563	2,567	8,419	(50)
Grants and Contributions	13,037	9,447	-	22,484	1,072
Capital Receipts	467	828	-	1,295	114
Departmental & Corporate Revenue	1,244	-	-	1,244	(23)
Capital Fund	1,448	837	3,801	6,086	-
Renewals & Other Funds	5,273	18,002	4,192	27,467	228
TOTAL	31,753	40,212	17,170	89,135	1,341

5. Additional Grants

Since the previous review the Council has succeeded in attracting the following additional net grants totalling £1,072k (see Appendix A for more information) :

- £541k Expansion of 21st Century Schools Grant to include Childcare and Reducing Infant Classes Grant Schemes
- £286k Welsh Government grant towards the Llŷn Land and Sea Project
- £128k European Rural Development Fund (ERDF) Grant to develop Plas Heli
- £120k Local Transport Fund Grant from Welsh Government towards several different schemes
- £58k Welsh Government grant towards the Llŷn Area of Outstanding Natural Beauty
- £29k Welsh Government Grant towards Free Swimming Schemes

6. Recommendations

The Cabinet is asked to:

- accept the 2019/20 to 2021/22 revised programme, and
- approve the relevant sources of finance (part 4 above).

7. 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 2019/20 – 2021/22 capital schemes.

8. 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.

9. Next Steps and Timetable

To implement the recommendations to finance the programme.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Monitoring Officer:

No observations 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.

Appendix

Appendices A, B and C.

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 :

	2019/20	2020/21- 2021/22
	£'000	£'000
Grants and Contributions		
<ul style="list-style-type: none"> Expansion of 21st Century Schools Grant to include Childcare and Reducing Infant Classes Grant Schemes (<i>Education Department</i>). 	541	
<ul style="list-style-type: none"> Local Transport Fund Grant from Welsh Government towards several different schemes (<i>Environment Department</i>). 	120	
<ul style="list-style-type: none"> Welsh Government grant towards the Llŷn Area of Outstanding Natural Beauty (<i>Environment Department</i>). 	58	
<ul style="list-style-type: none"> Welsh Government grant towards the Llŷn Land and Sea Project (<i>Environment Department</i>). 	196	90
<ul style="list-style-type: none"> Correction of Targeted Regeneration Investment Grant (TRIP) as this amount was utilised in 18/19 (<i>Housing and Property Department</i>). 	(98)	
<ul style="list-style-type: none"> European Rural Development Fund (ERDF) Grant to develop Plas Heli (<i>Economy and Community Department</i>). 	128	
<ul style="list-style-type: none"> Welsh Government Grant towards Free Swimming Schemes (<i>Economy and Community Department</i>). 	29	
Other Borrowing		
<ul style="list-style-type: none"> Recycling and Municipal Vehicles (<i>Highways and Municipal Department</i>). 	(49)	
Capital Receipts		
<ul style="list-style-type: none"> Additional housing work in Blaenau Ffestiniog (<i>Housing and Property Department</i>). 	100	
Departmental Revenue		
<ul style="list-style-type: none"> Correction of Discretionary Loans – to be financed from reserves rather than revenue as previously noted (<i>Housing and Property Department</i>). 	(50)	
<ul style="list-style-type: none"> Scheme to improve staff welfare facilities in the reception area, Headquarters (<i>Housing and Property Department</i>). 	20	

Renewals and Other Funds

- | | | |
|---|----|----|
| • Correction of Discretionary Loans – to be financed from reserves rather than revenue as previously noted (Housing and Property Department). | 50 | |
| • Correction to the funding for Fuel Tanks Renewal Scheme (<i>Highways and Municipal Department</i>). | 27 | |
| • Waste Management Schemes e.g. skips, recycling carts (<i>Highways and Municipal Department</i>). | 35 | |
| • Scheme to improve staff welfare facilities in the reception area, Headquarters (<i>Housing and Property Department</i>). | | 60 |
| • Match funding towards the European Rural Development Fund (ERDF) Grant scheme to develop Plas Heli (<i>Economy and Community Department</i>). | 32 | |
| • Utilising the Departmental Reserve for the Renewal of Leisure Equipment (<i>Economy and Community Department</i>). | 61 | |

Budget Re-profiling – Main Schemes

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

	2019/20 £'000	2020/21 £'000
Asset Plan Resources not allocated until 2020/21 (<i>Corporate</i>)	(1,123)	1,123
Schools' Schemes (21 st Century and Other) (<i>Education Department</i>)	(5,257)	5,257
Health and Safety Schemes (<i>Corporate Support Department</i>)	(106)	106
Adults establishments' schemes (<i>Adults, Health and Wellbeing Department</i>)	(1,253)	1,253
Penygroes Health and Care Hub (<i>Adults, Health and Wellbeing Department</i>)	(250)	250
Segontium Day Service Relocation Scheme (<i>Adults, Health and Wellbeing Department</i>)	(171)	171
Flood Alleviation Schemes (<i>Consultancy Department</i>)	(181)	181
Vehicles Renewals (<i>Highways and Municipal Department and Environment Department</i>)	(857)	857
Transport Schemes (<i>Environment Department</i>)	(2,190)	2,190
Car Park Resurfacing (<i>Environment Department</i>)	(219)	219
Adaptation Schemes, Repairs and Maintenance etc on Council Buildings (<i>Housing and Property Department</i>)	(2,176)	2,176
Council's Carbon Management Schemes (<i>Housing and Property Department</i>)	(1,099)	1,099
Housing Strategy Schemes (<i>Housing and Property Department</i>)	(1,450)	1,450
TRIP Grant Schemes (<i>Housing and Property Department</i>)	300	(300)
Caernarfon and Bangor Regeneration and Renewal Schemes (<i>Economy and Community Department</i>)	(766)	766
Maritime and Leisure Schemes (<i>Economy and Community Department</i>)	(230)	230

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.

Capital Expenditure First 8 Months 2019/20

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed November) 2019/20 £'000	ACTUAL EXPENDITURE FOR THE 8 MONTHS TO 30/11/2019 £'000
Education	7,570	5,152
Environment	1,642	284
Corporate Support	-	-
Finance (and Information Technology)	713	286
Economy and Community	1,215	323
Housing and Property	6,534	3,434
Adults, Health and Wellbeing	1,756	478
Children and Supporting Families	1,344	230
Highways and Municipal	10,293	5,744
Consultancy	686	405
Corporate	-	-
TOTAL	31,753	16,336

Note:

The percentage that has been spent this year (51%) is higher than the position this time last year (amount spent in 8 months in 2018/19 was 47%).

Agenda Item 9

MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: 13 FEBRUARY 2020

TITLE: SAVINGS OVERVIEW:
PROGRESS REGARDING REALISING SCHEMES

PURPOSE: Report on the Latest Position

ACTION: Receive the information, consider the general risks arising from slippages, and scrutinise the Cabinet's decisions regarding the Savings Overview

CABINET MEMBER: COUNCILLOR IOAN THOMAS

CONTACT OFFICER: FFION MADOG EVANS, SENIOR FINANCE MANAGER

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 28 January 2020.
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 28/01/2020

Cabinet report 28/01/2020: Savings Overview: Progress report on realising savings schemes

**GWYNEDD COUNCIL CABINET
DECISION NOTICE**

Date of Cabinet Meeting:	28 January 2020
Date decision will come into force and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution	12 February 2020

SUBJECT

Item 11: SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES

DECISION

To accept the information in the report and to note the encouraging progress towards realising the savings schemes for 2019/20 and previous years.

REASONS FOR THE DECISION

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 full picture.

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET

Date	28 January 2020
Cabinet Member	Councillor Ioan Thomas, Finance Cabinet Member
Subject	Savings Overview: Progress Report on Realising Savings Schemes
Contact Officer	Ffion Madog Evans, Senior Finance Manager

DECISION SOUGHT

To accept the information within the report and note the encouraging progress towards realising the 2019/20 and previous years savings schemes.

1. INTRODUCTION / BACKGROUND

This report is a regular overview report on the savings position following the individual Cabinet Members' performance reports presented in January.

In the Council's financial strategy since 2015/16, £32m worth of savings have been approved to be realised during the period 2015/16 to 2019/20. Reported here are the 2019/20 savings to the value of £5,156,430 together with the savings yet to be realised from 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 - 2018/19

2.1 **Appendix 1** summarises the achievement of each department against the savings target set for them from 2015/16 - 2018/19, totalling nearly £27m. It is encouraging for me to report that nearly £26m, or 97%, of these schemes have been realised, and there is only a slight slippage with the remainder.

2.2 This slippage is mainly on some of the 2017/18 schemes. Progress has been made recently with some of the schemes but the challenge of completing others remain.

- 2.3 There are two schemes namely *Reduce time and/or raise a fee for the child care element of the free breakfast scheme* worth £100k and part of the *Reduce time and/or charge for the child minding element within the free breakfast scheme* worth £10k in the Education Department is a subject of concern (refer also to part 3.2 of the report below). These savings are not being realised and an alternative scheme *Use of 'Integration - UDP / Statements' contingency fund* worth £110k is being proposed by the Department to replace the savings. The Cabinet Member for Education will present the recommendation as part of his Performance Report to Cabinet on 28 January 2020.
- 2.4 Risks are envisaged with achieving the remaining savings on three of the Adults, Health and Well-being Department's schemes namely *Automating the Department's financial processes*, *Improving the efficiency of field workers* and also *Prudent Commissioning in the Mental Health Service*. The remaining target on the three schemes to the end of 2018/19 is £142k. The Head of Department and the Cabinet Member will need to consider offering alternative savings schemes.
- 2.5 There are significant risks to achieving the savings for 2018/19 and subsequent years on one of the Children and Supporting Families Department's schemes namely, the *End to End Review*. The scheme has been subject to review and the original assumptions of the 'End to End' model has been revisited as financial savings from the scheme appear to have been too ambitious due to the current climate change in the children's field. With the change in the population profile of looked after children, the average cost increase of residential placements and the complexity of cases. There is a high financial cost to the Council to fund children's out-of-county residential placements because of their complex and acute needs, and it is not possible to identify placements to meet their needs locally, in each case. A Children's Budget Task Group has been commissioned which addresses the Department's financial issues including this field.
- 2.6 There are risks in realising the savings of the *Review the existing structures and locations of the Housing Department* scheme worth £89k. The Department is looking to find an alternative saving scheme.

3. DEPARTMENTAL SCHEMES 2019/20

- 3.1 **Appendix 2** summarises the position regarding the delivery of the 2019/20 savings schemes. Of the 121 profiled schemes for the year, 81 (worth nearly £2.5m or 48%) have been realised and a further 17 (worth £1.2m or 23%) are on track to be fully achieved and on time by the end of the financial year. There are 22 schemes either slipping or with some risks of delivering and 2 schemes that have yet to receive Cabinet approval.
- 3.2 *Increasing the fee of school breakfast care club from £0.80 to £1* scheme in the Education Department, is not materialising at the level the Department had forecasted, with the latest forecast suggesting a shortfall of around £10k in income. An alternative savings scheme is being proposed to replace the £10k (refer also section 2.3 above).

- 3.3 The Environment Department anticipates some risks in achieving savings in the *Increasing the number of pay and display car parks and increasing parking fees* scheme worth £37.5k in 2019/20. A Task Group has been established which will report to the Communities Scrutiny Committee in April 2020 and then to the Leadership Team in June.
- 3.4 The Adults, Health and Well-being Department has £1m worth of schemes that are slipping and have some risks to deliver. There has been a delay with 4 of the schemes worth £250k, but they are now progressing. The Department anticipates some risks to achieve the savings of two schemes namely the *Integration and transformation of Older People's Services* (£510k) and *Extending the principles of the Alltwn Pilot Scheme across the service* (£133.5k). Additional resources has been allocated in 3 areas and are hoping to make further appointments using the Health Board and Integrated Care Fund resource, to support and strengthen this work. Steps are also being taken to change the culture and ways of working which are core to achieving the savings.

In addition there are significant risks to achieving the savings of the *Improving the efficiency of Fieldworkers* scheme (£75k) and there is a significant challenge to achieve the savings on the *Prudent Commissioning in the Mental Health Service* scheme (£60k). Despite efforts to support individuals and families more effectively, the demand for support services is increasing. At present it seems unlikely that these two schemes will deliver the savings in the near future and if at all.

- 3.5 One scheme the Highways and Municipal Department has that is at risk of achieving the savings is *Increasing street enforcement income by fining more people who drop litter*, worth £10k in 2019/20. Further work is required to implement the scheme.
- 3.6 Generally, the progress made in realising the 2019/20 savings schemes is acceptable, however there are signs being highlighted of some difficulties in delivering. As we are trying to affect Gwynedd residents as little as possible by achieving efficiency savings, it is much harder than cutting services.

4. DEPARTMENTAL SCHEMES 2020/21 ONWARDS

- 4.1 For information purposes, the savings schemes for 2020/21 onwards are listed per Department in **Appendix 3**. The individual schemes will be monitored during the year, but is too early to report at present.

5. CONCLUSION

5.1 Although some departments have realised all of their savings schemes, it is inevitable that realising almost £28.4m of savings since April 2015 has been challenging. Some schemes require 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.

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

View of the Local Member

Not relevant

View of the Statutory Officers

Monitoring Officer:

No comments 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 - 2018/19 Savings Schemes Overview by Department

Appendix 2 - 2019/20 Savings Schemes Overview by Department

Appendix 3 - 2020/21 Onwards Savings Schemes Overview by Department

OVERVIEW OF SAVINGS SCHEMES 2015/16 TO 2018/19 BY DEPARTMENT

Department	Total Savings	Realised Schemes	Schemes being implemented, but with slippage		Schemes with some risks of achieving		Schemes yet to receive approval from the Cabinet		Comments by the Head of Finance
	£	£	£ - number		£ - number		£ - number		
Education	1,207,310	1,078,629	28,681	1	100,000	1	-	-	A bid has been submitted for additional resources to accelerate the work on <i>Ffordd Gwynedd - Pay and Contracts Unit</i> , but in the meantime the Department is bridging the deficit of (£28,681). The savings from the scheme to <i>Reduce time and/or charge for the child minding element within the free breakfast scheme for primary school children</i> has not been realised, and therefore overspending. An alternative scheme is being proposed by the Department to replace the £100k savings that are unlikely to materialise. The Cabinet Member for Education will present the information as part of the Performance Report to Cabinet on 28 January 2020.
Schools	4,037,000	4,037,000	-	-	-	-	-	-	All the schemes for the period have been realised.
Environment	2,217,903	2,217,903	-	-	-	-	-	-	All the schemes for the period have been realised.
Corporate Support	1,707,178	1,707,178	-	-	-	-	-	-	All the schemes for the period have been realised.
Finance	1,027,256	1,027,256	-	-	-	-	-	-	All the schemes for the period have been realised.
Economy and Community	2,394,432	2,394,432	-	-	-	-	-	-	All the schemes for the period have been realised.

OVERVIEW OF SAVINGS SCHEMES 2015/16 TO 2018/19 BY DEPARTMENT

Department	Total Savings £	Realised Schemes £	Schemes being implemented, but with slippage £ - number	Schemes with some risks of achieving £ - number	Schemes yet to receive approval from the Cabinet £ - number	Comments by the Head of Finance
Adults, Health and Wellbeing Page 140	5,449,141	5,307,141	-	142,000 3	-	The <i>Automation of the Department's financial processes</i> scheme has been partially realised and in order to meet the deficit of £64k, consideration needs to be given as to whether the savings can be achieved through alternative means. In terms of the <i>Improve efficiency of Field Workers</i> scheme, worth £113k in total (£38k in 2017/18), has significant risks of realising the savings, and a decision has been made to retain staff in order to realise wider savings. There are significant risks of realising the savings of the <i>Prudent Commissioning in the Mental Health Service</i> scheme, worth a total of £100k (£40k in 2018/19). It is intended to review the situation when the Department will consider re-profiling or introducing alternative methods of delivery.
Children and Supporting Families	2,301,798	2,051,518	-	250,280 1	-	The <i>End to End</i> scheme has been subject to review. There has been a change in recent years in the type of cases and therefore the needs, and a reduction in health contributions, as the types of cases are not eligible. These factors have led to an increase in the net cost for the Council. There has been a reduction in the number of children in overnight care which is in line with forecasts up to the end of 2017/18. But since 2018/19 there has been an increase in the trend along with a change in the nature of needs and therefore there are significant risks in achieving savings for 2018/19 onwards. A Children's Budget Task Force has been commissioned to address the Department's financial issues which includes this field.
Highways and Municipal	5,044,250	4,926,250	33,000 1		85,000 1	One scheme is slipping, but an alternative scheme of restructuring and the Closed Circuit Television (CCTV) service will address the difference. The <i>Fleet Arrangements</i> scheme worth £85k, is yet to be approved by Cabinet.

OVERVIEW OF SAVINGS SCHEMES 2015/16 TO 2018/19 BY DEPARTMENT

Department	Total Savings £	Realised Schemes £	Schemes being implemented, but with slippage £ - number	Schemes with some risks of achieving £ - number	Schemes yet to receive approval from the Cabinet £ - number	Comments by the Head of Finance
Consultancy	387,000	387,000	-	-	-	All the schemes for the period have been realised.
Corporate Management Team and Legal	179,070	165,270	13,800 1	-	-	There is slippage on the <i>Coroner's budget savings</i> scheme worth £13.8k as it is based on a projection made some years ago, but has not happened yet.
Housing and Property	246,420	157,420		89,000 1		There are risks in realising savings related to the <i>Review the existing structures and locations of the Housing Department</i> scheme worth £89k. The Department is looking to find an alternative saving scheme.
Sub-total	26,198,758	25,456,997	75,481 3	581,280 6	85,000 1	
Cross-departmental	434,960	434,960	-	-	-	All the schemes for the period have been realised.
TOTAL	26,633,718	25,891,957	75,481 3	581,280 6	85,000 1	In financial terms (£), 97% of the savings schemes for 2015/16 - 2018/19 have been realised.

2019/20 SAVINGS SCHEME OVERVIEW BY DEPARTMENT

Department	Total Savings 2019/20		Realised Schemes		Schemes being implemented, but with slippage		Schemes with slippage and risks to achieve		Schemes yet to receive approval from the Cabinet		Comments by the Head of Finance
	£ - number		£ - number		£ - number		£ - number		£ - number		
Education	314,840	4	271,840	3	-		43,000	1	-		The scheme to <i>Increase the fee for the pre-school care club from £0.80 to £1</i> worth £43k, is not realising the savings at the level the Department had anticipated, with the latest forecasts suggesting a shortfall of approximately £10k in income. An alternative scheme is proposed by the Department to replace £10k of the savings that are unlikely to materialise.
Environment	249,880	13	59,380	9	153,000	3	37,500	1	-		The Department anticipates risks in realising the savings of the <i>Increase in the number of pay and display car parks and increase parking fees</i> scheme, worth £37.5k in 2019/20. The <i>Gwynedd Council Staff Travel</i> scheme received Cabinet approval on 5/11/19 and it was agreed to adopt an alternative scheme which reduces the savings amount from £130k to £118k.
Corporate Support	405,450	13	375,450	12	-		-		30,000	1	The savings schemes profiled for 2019/20 have already been realised with the <i>Merger of the Learning and Development Unit and Workforce Development Unit</i> scheme, worth £30k, yet to receive approval from the Cabinet .
Finance	558,650	19	480,560	16	74,340	2	3,750	1	-		The majority of the Department's schemes have either been realised or are on track to deliver by the end of the financial year with one scheme <i>Electronic payslips for everybody</i> , worth £3.75k moving forward.
Economy and Community	318,580	12	211,080	6	45,000	1	62,500	5	-		A range of the Department's schemes have either been realised or are on track to achieve a timely delivery before the end of the financial year. The 5 remaining schemes, namely 3 schemes relating to parking (<i>Reconciling fees to new sites, establishing fees at Dinas Dinlle and also reviewing fees and arrangements at Storiol</i>), <i>Increase the fees to school for the Archives service</i> and also <i>Remove one post from the Tourism and Marketing Service</i> , are moving forward.

2019/20 SAVINGS SCHEME OVERVIEW BY DEPARTMENT

Department	Total Savings 2019/20		Realised Schemes		Schemes being implemented, but with slippage		Schemes with slippage and risks to achieve		Schemes yet to receive approval from the Cabinet		Comments by the Head of Finance
	£ - number		£ - number		£ - number		£ - number		£ - number		
Adults, Health and Wellbeing	1,465,000	15 *	335,000	4	51,500	2	1,078,500	10	-	-	There has been a delay with 4 of the schemes worth £250k, but they are now progressing. The Department anticipates some risks to achieving the savings of two schemes namely the <i>Integration and transformation of Older People's Services</i> (£510k), <i>Extending the principles of the Alltwen Pilot Scheme across the service</i> (£133.5k), <i>Work with the third sector to secure a new day care provider in Criccieth and Blaenau Ffestiniog</i> (£25k) and <i>Review physical disability packages by achieving objectives through alternative ways</i> (£25k). There are also significant risks to achieving the savings of the <i>Improving the efficiency of Fieldworkers</i> scheme (£75k) and the <i>Prudent Commissioning in Mental Health Service</i> scheme (£60k).
Children and Supporting Families	272,790	9	146,820	6	6,150	2	119,820	1	-	-	There are 2 schemes that are on track to achieve a timely delivery. The <i>End to End</i> scheme is slipping, and a Children's Budget Task Force has been commissioned by the Chief Executive to address the Department's financial issues and this savings scheme will be reviewed as part of the process.
Highways and Muinicipal	301,350	13	100,000	5	113,350	4	40,000	3	48,000	1	Slippage in realising the savings of 2 schemes but they are now moving forward and hoping to realise fully by the end of the financial year, with significant risks in achieving savings on the <i>Increasing street enforcement income by fining more individuals who drop litter</i> scheme, worth £10k in 2019/20. Income target is ambitious, and it may be necessary to look at a different scheme. The <i>Fleet Arrangements</i> scheme worth £48k, is yet to receive approval from the Cabinet.
Consultancy	126,500	7	126,500	7	-	-	-	-	-	-	All the schemes for the period have been realised.
Corporate Management Team and Legal	188,310	8	188,310	8	-	-	-	-	-	-	All the schemes for the period have been realised.
Housing and Property	189,680	5	189,680	5	-	-	-	-	-	-	All the schemes for the period have been realised.
Management Savings	765,400	3	-	-	765,400	3	-	-	-	-	Savings on track to achieve a timely delivery.
TOTAL	5,156,430	121	2,484,620	81	1,208,740	17	1,385,070	22	78,000	2	In financial terms (£), 48% of the 2019/20 savings schemes have been realised and a further 23% on track to be completed in full by the end of the financial year.

* one scheme partially realised in one financial year but yet to be fully realised.

SAVINGS SCHEME OVERVIEW 2020/21 ONWARDS BY DEPARTMENT

Department	Total Savings 2020/21 onwards £ - number			Profile							
				2020/21 £ - number		2021/22 £ - number		2022/23 £ - number		2023/24 £ - number	
Education	280,560	2	*	215,560	2	65,000	1	-		-	
Environment	273,120	12	*	186,870	11	73,750	4	12,500	1	-	
Corporate Support	413,250	8	*	195,500	7	117,750	3	100,000	1	-	
Finance	236,800	7	*	111,800	6	100,000	3	25,000	1	-	
Economy and Community	372,500	9	*	167,500	8	166,250	2	38,750	1	-	
Adults, Health and Wellbeing	1,307,000	10	*	928,250	9	178,750	3	200,000	1	-	
Children and Supporting Families	1,113,520	3	*	326,310	3	483,620	2	279,750	1	23,840	1
Highways and Municipal	1,309,500	18	*	510,750	15	611,250	7	187,500	4	-	
Consultancy	59,500	3		59,500	3	-		-		-	
Housing and Property	296,340	9	*	145,080	6	151,260	4				
Corporate Management Team and Legal	19,060	3		19,060	3	-		-		-	
TOTAL	5,681,150	84		2,866,180	73	1,947,630	29	843,500	10	23,840	1

* some plans profiled over the years 2020/21 to 2023/24

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	13 FEBRUARY 2020
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 JANUARY 2020
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

- 1.1 The following report summarises the work of Internal Audit for the period from 18 November 2019 to 31 January 2020.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 31 January 2020:

Description	Number
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 31 January 2020, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Arrangements for	Corporate	-	Limited	Appendix 1
Appointment and Cost of Supply Teachers - Secondary	Education	Schools	Satisfactory	Appendix 2
Trust Funds	Education	Schools	Satisfactory	Appendix 3
Ysgol Pendalar	Education	Schools	Satisfactory	Appendix 4
Ysgol Hafod Lon	Adults, Health and Wellbeing	Homelessness and Supported Housing	High	Appendix 5
Welsh Church Fund	Economy and Community	Community Regeneration	High	Appendix 6
Harbours – Health and Safety	Economy and Community	Maritime and Country Parks	Satisfactory	Appendix 7
Parc Padarn – Safety Measures	Economy and Community	Maritime and Country Parks	Satisfactory	Appendix 8
Absence Management	Adults, Health and Wellbeing	Across the Department	N/A	Appendix 9
Youth Club Accounts	Children and Family Support	Children and Families	Satisfactory	Appendix 10
Payments to Foster Carers	Children and Family Support	Children and Families	Satisfactory	Appendix 11
Repair and Maintenance of Playing Areas	Highways and Municipal	Municipal Works	Satisfactory	Appendix 12

2.2.2 The general assurance levels of audits fall into one of four categories as shown in the table below.

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	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.
	NO ASSURANCE	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 2020.

3. FOLLOW-UP WORK

3.1 New arrangements have been established for follow-up audits. In 2017/18, a total of 88 actions were agreed to be undertaken before 31 March 2020. Following a request made to the Units/Services for information and evidence on progress against agreed actions, as at 31 January 2020, there was acceptable implementation on **64%** of the agreed actions to mitigate high/very high risks, i.e. 7 out of 11, and **70%** of the agreed actions to mitigate medium risks, i.e. 54 out of 77.

4. WORK IN PROGRESS

4.1 The following work was in progress as at 31 January 2020:

- Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Women in Leadership (*Corporate*)
- Overtime (*Corporate*)
- The 5 Ways of Working (*Corporate*)
- Safeguarding Arrangements – Establishments (*Corporate*)
- Culture and Ethics (*Corporate*)
- Proactive Prevention of Fraud and Corruption and the National Fraud Initiative (*Corporate*)
- Information Management – Establishments (*Corporate*)
- GwE – Travelling Costs (*Education*)
- Schools –General (*Education*)
- Road Safety Unit (*Environment*)
- Bank Reconciliation (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Welsh Church Fund (*Economy and Community*)
- ARFOR (*Economy and Community*)
- Use of P6 Forms (*Adults, Health and Wellbeing*)
- Absence Management (*Social Services*)
- Plas Gwilym (*Adults, Health and Wellbeing*)
- Hafan y Sêr (*Children and Supporting Families*)
- Municipal Vehicles (*Highways and Municipal*)
- Bridges – Work Programme (*Highways and Municipal*)

5. RECOMMENDATION

5.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 18 November 2019 to 31 January 2020, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

ARRANGEMENTS FOR RETURNING EQUIPMENT

1. Background

1.1 Numerous devices and equipment are distributed to Council staff, including laptops, mobile phones, building keys, ID cards, parking passes, and more. It is essential that this equipment is returned to the Council when a member of staff terminates their employment in order to mitigate the security risks and the associated risks of financial losses.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to ensure that Council property is returned when a member of staff terminates their employment. In order to achieve this, the audit encompassed selecting a sample of staff who have terminated their employment and checking the arrangements in place to ensure that Council property, e.g. mobile phone, laptop, ID cards, parking pass etc. are returned.

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
LIMITED	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.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	1
MEDIUM	1
LOW	0

5. Main Findings

5.1 Council staff receive ID cards to be able to access Council buildings and rooms. The CardExchange system manages the production of staff ID cards and is used in conjunction with the SALTO electronic lock system to control staff access to various buildings and rooms. A sample of 14 members of staff who left between 01/06/2019 and 01/09/2019 was checked. Sufficient evidence was received from the SALTO system that these individuals' ID cards were no longer active. Appropriate controls are in place to ensure that staff ID cards do not operate on Council electronic locks for longer than is needed.

- 5.2 Although there is a register of active ID cards on CardExchange, there is no record of ID cards of staff that have left and whether they have been returned and destroyed or not. There is therefore no effective control in place to ensure that staff that leave return or destroy their ID cards. The ID cards of staff who have terminated their employment would not work on the Council's electronic locks but still pose physical security risks. An individual who is not a member of staff but has an official ID card could impersonate a member of staff to gain access to Council buildings, receive staff benefits, or gain access to residents' homes.
- 5.3 Parking passes are issued to eligible Council staff, with the relevant terms and conditions attached. Each pass issued to staff has a unique code and it is possible to identify the pass holder and whether or not they still work for the Council by cross-referencing this code with a dedicated spreadsheet used by the Housing and Property department. It is not practical for a parking officer to verify all passes' validity when visiting a car park using the aforementioned method. Although there is control here, no assurance can be given that parking tickets are not being misused by former staff.
- 5.4 The TOPdesk system is used to record IT assets. A report, dated 16/09/2019 of a sample of staff who had left between 01/06/2019 and 01/09/2019 was sourced. It showed that only 33% of IT Equipment was 'returned'. The IT Support Service Manager stated that there was a lack of communication, regarding IT assets, from managers when staff left. It is possible to change the member of staff responsible for different assets within the TOPdesk system. Managers could change this if they were given the appropriate rights and instructions.
- 5.5 A policy containing instructions for managers and other employees regarding employment termination arrangements would benefit the Council to achieve stronger controls. Relevant officers and the policy centre was checked for appropriate instructions or a policy regarding employment termination arrangements. The Recruitment and Appointment policy covers relevant issues when a member of staff commences their employment but did not have information about employment termination arrangements.

5. Actions

The Assistant Head – Revenue & Risk and the IT Support Service Manager have committed to implementing the following steps to mitigate the risks highlighted.

- **Amend clause 16.15.14 of the Council's Financial regulations to specify the equipment that should be returned when staff terminate their employment, and inform business unit managers of the requirements.**
- **Enable managers to update and change the status and ownership of IT assets on TOPdesk when a Recruitment, appointment and termination system is added to staff self-service.**

APPOINTMENT AND COST OF SUPPLY TEACHERS - SECONDARY

1. Background

- 1.1 The Contracts and Payroll Unit within the Education Department is responsible for administering the Authority's approved list of supply teachers. The Unit accepts applications from individuals to be on the list and completes the relevant checks to ensure that they are competent and suitable to work with children and young people.
- 1.2 At the time of the audit, up to 1 September 2019 there were 13 Secondary Schools in Gwynedd. There are now 12 Secondary Schools in Gwynedd, Y Berwyn High School has closed and Ysgol Godre'r Berwyn has been established for 3-19 year olds on the site.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for appointing secondary school supply teachers to the Council's approved list, as well as ensuring that only teachers from the approved list are appointed for secondary school supply work.
- 2.2 In order to achieve this, the audit encompassed ensuring that the appropriate documentation for the supply teachers on the approved list had been obtained, as well as checking the administrative arrangements involved in the process. As well as checking the payments made to supply teachers ensuring their accuracy and validity.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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	2
LOW	0

5. Main Findings

- 5.1 It was seen that appropriate arrangements are in place for appointing supply teachers to the Council's approved list, as well as ensuring that only teachers from the approved list are appointed for supply cover in secondary schools. The findings are expanded upon below.

- 5.1.1 It is essential that teachers are registered with the Education Workforce Council for Wales before being included on the Authority's official list. A sample of supply teachers who have received a salary in 2019 were selected and it was confirmed that all are registered.
- 5.1.2 A sample of supply teachers was selected and checked for current disclosures from the Disclosure and Barring Service (DBS). Two teachers in the sample did not have current disclosures although they continue to work as supply teachers. The process of obtaining a current disclosure for both has now begun.
- 5.1.3 A sample of supply teacher personnel files were checked. It was verified that completed application forms and references had been received. Application forms were seen in all cases but only 2 had references. There is no procedure for receiving references in the cases where a teacher retires and completes an application in order to be added to the supply list and when teachers on part-time contracts undertake supply work and complete a timesheet. Another example is when schools employ individuals after completing the Postgraduate Certificate of Education course (PGCE) and that before the end of the summer term. Should these individuals receive further work from September onwards the Schools Payroll and Contracts Team would send for their references.
- 5.1.4 Secondary Schools were asked about their arrangements for appointing supply teachers, 11 responded. It was noted that they appointed supply teachers from the Council's official list. However, the Administration Officer at one of the schools commented that using the list can be very frustrating at times as it is out of date. Many schools also use teachers who already have part-time contracts at the school. Occasionally, if no one is available they would contact an agency for a supply teacher. The Schools Payroll and Contracts Unit provides an up-to-date list of supply teachers on request from the School only.
- 5.1.5 On checking a list of salaried supply teachers against the Authority's official supply list, it was found that only 22 out of 32 were on the list. There are cases where an individual is not on the official list and they are receiving supply work e.g. when the school appoints a supply teacher directly. On these occasions, the timesheets received are not processed until individuals complete a new supply teacher pack which includes an application form, DBS disclosure forms, and is registered with the Education Workforce Council. There is also the possibility of unqualified teachers being appointed by the Schools, the relevant checks are completed before the timesheet is processed but they are not added to the official list. Teachers on a part-time contract who complete supply work are not added to the supply list unless they complete an application.

5.1.6 The breakdown of supply teachers by school and pay scale for the period May to July 2019 is shown below.

5.1.7

	Supply Teachers Total Days	Salary Pay Scales		
		Unqualified (61-63)	Main Scale (21-26)	Post - threshold (71-73)
ARDUDWY	5.65	-	-	100%
BOTWNNOG	50.60	-	53%	47%
BRYNREFAIL	66.67	4%	78%	18%
DYFFRYN NANTLLE	134.98	-	59%	41%
DYFFRYN OGWEN	174.84	11%	47%	43%
EIFIONYDD	26.20	-	31%	69%
FRIARS	166.98	14%	15%	71%
GLAN Y MÔR	54.27	2.2%	63.5%	34.4%
SYR HUGH OWEN	50.78	-	19.7%	80.3%
TRYFAN	52.80	-	35.8%	64.2%
TYWYN	77.86	1.9%	-	98.1%
Y BERWYN	68.31	-	69.6%	30.4%
Y MOELWYN	15.63	-	-	100.0%

945.57

It is seen that supply teachers on the post-threshold scale (point 71-73) have received more working days than teachers on the main pay scale (points 21-26) and unqualified teachers (point 61-63). However, it is assumed that appointing supply teacher is dependent on experience in the subject / field and their availability on the day / period in question.

6. Actions

The relevant officers have committed to implementing the following steps to mitigate the risks highlighted.

- Ensure that all supply teachers own a current Disclosure and Barring Service (DBS) certificate.
- Establish a system of sending the current supply teacher lists to the relevant Secondary Schools periodically e.g. yearly.

TRUST FUNDS

1. Background

1.1 The Council administers over 150 education trust funds. The funds originated from historical financial donations from individuals, for purposes such as supporting children from a particular school or area to pursue a university course in a particular field. The Council invests the original donation and encourages schools to spend the interest received annually, in line with the purpose of the fund. Not all funds relate to schools, such as funds that provide grants to pregnant girls and the seriously ill.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place for the administration of the Education Department's trust funds. In order to achieve this, the audit encompassed reviewing the annual income received by schools, arrangements in relation to the funds' investments and to ensure that proper and correct use is made of the funds in accordance with any terms.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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	2
LOW	0

5. Main Findings

5.1 The Finance Department has a spreadsheet listing the purpose of the funds and the schools to which they apply, in addition to their financial performance for the year. However, in the absence of a number of the original documents setting out the purpose of the funds, it was not possible to confirm that the funds were being used for their original purposes. It was found that the purpose of the fund is not known in all cases, with some funds accruing interest without any expenditure as it is not known which school the fund relates to. It is for the school to decide how to spend their funds' income, but any expenditure that is deemed for the benefit of the school or its pupils is generally considered acceptable.

- 5.2 During the audit it was found that some funds had high cash balances. These balances are derived from accumulated interest earned but not spent by the School. Although this cash attracts interest through the Council's account, it could attract higher interest if invested with the capital element of the funds.
- 5.3 At present, all trust funds are separate investments. Due to the administration involved with the funds under the current system, plans are in place to merge all the investments, streamlining the administration and hopefully increasing interest. Under this arrangement, interest is apportioned pro rata to schools based on the value of the original trust funds. In addition, interest from funds where the relevant school is not known will be used to share with all schools in the county.

6. Actions

The Finance Department has committed to implementing the following steps to mitigate the risks highlighted.

- **Investing the funds' cash balances to attract better interest to the schools.**
- **Continue to explore the possibility of merging the funds into one investment.**

YSGOL PENDALAR

1. Background

- 1.1 Ysgol Pendalar special school is located in the town of Caernarfon. Nearly all pupils have a statement of special educational needs or individual education plans. The school caters for a wide range of additional learning needs, including severe learning difficulties, profound and multiple learning difficulties and autistic spectrum disorders.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the management and maintenance arrangements at Ysgol Pendalar were appropriate and in accordance with relevant regulations and standards. In order to achieve this the audit covered checking that the school's arrangements are adequate in terms of administration and staffing, procurement of goods and receipt of income, health and safety and performance monitoring.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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	2

5. Main Findings

- 5.1 It was seen that strong internal controls exist at Ysgol Pendalar, but that some aspects need to be tightened. The areas requiring attention are detailed below:

- 5.1.1 The school does not follow the official procedure when supply teachers are required. The Education Department maintains an official list of supply teachers and, at the request of the schools, contacts teachers from the list. The Deputy Head Teacher of Ysgol Pendalar confirmed that the school contacts teachers who have previously worked at the school, who are familiar with pupils and staff. During the audit, supply teachers timesheets for the months of June and July 2019 were checked. It was seen that one supply teacher was not on the Education Department's official list.

The Salaries and School Contracts Team confirmed that schools do not always use supply teachers off the list. However, when this happens, they are not paid until DBS checks have been carried out and confirmation received that they are registered with the Education Workforce Council.

- 5.1.2 It was seen that the school has been overspending against the budget for the last few years. The Senior Development Accountant confirmed that this was due to the restructuring and change of contracts within the school. She added that she was closely monitoring the salaries and the deficiency is expected to normalise in the coming years.
- 5.1.3 Fire tests, fire alarms, escape routes and fire extinguishers are not carried out as often as they should. The Deputy Head Teacher confirmed that he and the Caretaker are responsible for carrying out the tests and confirmation was received that he would arrange for these to be carried out on time from now on.
- 5.1.4 No current record is kept of staff training. It was observed that a variety of training is conducted within the school, such as fire training, paediatric manual handling, and child protection, as well as specialist training e.g. ELKLAN training. However, there is no record of when the training comes to an end and renewal is required. The Deputy Head Teacher confirmed that work had already started on the preparation of a spreadsheet, but that it would be some months before it would be completed considering the time required to gather all the information.
- 5.1.5 The school nurse is employed by the NHS, and therefore beyond the scope of this audit. The Deputy Head Teacher confirmed that the nurse is responsible for administering medication or treatment to pupils with complex needs, but some medication is administered by school staff. It was seen that a detailed record is kept of this, confirming the pupil's name, teacher's / assistant's name, name of medication, quantities etc.
- 5.1.6 The school's Financial Responsibilities and Delegation Policy does not specify any financial thresholds. The policy was accepted by the Chair of Governors on 11/05/2016, despite this it does not confirm the maximum amount the Head Teacher may spend / transfer without the consent of the Chair. The Deputy Head Teacher confirmed that any expenditure over £1,000 is discussed with the governors on each occasion. He added that the body's next meeting is in December 2019 and the policy would be updated at that time.

6. Actions

The Deputy Head Teacher has committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure all fire tests are carried out on time.**
- **Continue the process of recording and monitoring staff training.**
- **Ensure that the Financial Responsibilities and Delegation Policy is updated.**

YSGOL HAFOD LON

1. Background

- 1.1 Ysgol Hafod Lon special school is located on the outskirts of the village of Penrhyndeudraeth. Nearly all pupils have a statement of special educational needs or individual education plans. The school caters for a wide range of additional learning needs, including severe learning difficulties, profound and multiple learning difficulties and autistic spectrum disorders.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the management and maintenance arrangements at Ysgol Hafod Lon were appropriate and in accordance with relevant regulations and standards. In order to achieve this the audit covered checking that the school's arrangements are adequate in terms of administration and staffing, procurement of goods and receipt of income, health and safety and performance monitoring.

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
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 It was seen that strong internal controls exist at Ysgol Hafod Lon, but that some aspects need to be tightened. The areas requiring attention are detailed below:
- 4.1.1 The school does not follow the official procedure when supply teachers are required. The Education Department maintains an official list of supply teachers and, at the request of the schools, contacts teachers from the list. The Head Teacher of Ysgol Hafod Lon confirmed that the school contacts teachers who have previously worked at the school, who are familiar with pupils and staff. During the audit, supply teachers timesheets for the months of June and July 2019 were checked. It was seen that three supply teachers were not on the Education Department's official list. The Salaries and School Contracts Team confirmed that schools do not always use supply teachers off the list. However, when this happens, they are not paid until DBS checks have been carried out and confirmation received that they are registered with the Education Workforce Council.
- 4.1.2 Invoices are not checked as expected when being prepared for payment. A sample of 10 invoices were checked, with the TR252 sheet for each confirming that only the expenditure code had been checked. No checks were made on the arithmetic or price. The Clerical Assistant confirmed that he had not been instructed to do this, but would do so from now on.

- 4.1.3 A batch of duplicate invoices were received from the Payments Unit prior to visiting the school. It was seen that a large number of invoices for the school had been sent to be paid for the second time, some for thousands of pounds. The Clerical Assistant confirmed that she kept a copy of all invoices paid in a folder, checking them before paying any new invoices to avoid duplication. Similarly, he confirmed that the FMS system, the system for recording invoices, did not allow double entry of an invoice number, recognizing that it was a duplication. The Head Teacher suggested that there was an error on the system and that he would contact Cynnal to find out why this had happened.
- 4.1.4 The school nurse is employed by the NHS and therefore her work has not been audited. The Head Teacher confirmed that the nurse is only part time and therefore school staff are also responsible for administering medication to the pupils. It was seen that a detailed record is kept of this, confirming the pupil's name, teacher's / assistant's name, name of medication, quantities etc.

5. Actions

The Head Teacher has committed to implementing the following steps to mitigate the risks highlighted.

- **Inquire why the FMS system allows for the second entry of invoices, leading to duplication.**

WELSH CHURCH FUND

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 sick or disabled people can apply for a grant from the fund. Until recently, the fund encompassed Gwynedd, Conwy and Anglesey, with Gwynedd being the host Authority. The fund has now been split between the authorities.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to conduct an independent examination of the Welsh Church Fund statement of accounts in accordance with the requirements of the Charity Commission and the notes to the statement, as well as to conduct a follow-up audit of the weaknesses highlighted during the 2018/19 internal audit.

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
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 It was found that the Welsh Church Fund statement of accounts for the financial year 2018/19 were appropriate. Based on the tests carried out, it was found that an appropriate audit trail supports the figures in the statement.
- 4.2 An internal audit of the Welsh Church Fund was undertaken in February 2019, where a limited level of assurance was given, that is, the need to introduce new controls to reduce the risks to which the service is exposed. This was due to the fact that the fund's money had been kept in an account earning very low interest and although there was a commitment and effort to reinvest the money, this had not happened due to the delays involved in splitting the fund between the three authorities. As the grants allocated from the fund were based on the annual interest income, the funds available to allocate had reduced, and after using its historical underspend, it was decided in April 2018 not to accept new applications due to a lack of money.
- 4.3 It was now seen that the accounts has been split between the authorities and that the fund once again welcomes applications for financial assistance. Payments to date in 2019-20 are approximately £3.5k with the majority made of payments to local Eisteddfodau. The February 2019 audit was of the opinion that the grant allocation and progress monitoring arrangements were reasonable with regards to the risks involved and therefore these were not verified during this audit.

4.4 The investment of the fund's money to attract higher interest began in October 2019, with the remainder to be invested before the end of the financial year. The investments were split to reduce risk, on the advice of Arlingclose Limited. It is expected that this increased interest from the investments will allow more grants to be made available to charities.

HARBOURS HEALTH AND SAFETY

1. Background

1.1 Gwynedd Council is the Statutory Harbour Authority for the Ports of Pwllheli, Porthmadog, Barmouth and Aberdyfi. As a Statutory Harbour Authority, Gwynedd Council is committed to providing and operating its ports as safe and reliable ports for all users and staff.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate health and safety arrangements were in place in Gwynedd Council's harbours. The audit covered visiting the harbours and checking that health and safety arrangements were in place and being implemented.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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	4
LOW	1

5. Main Findings

5.1 The harbour's fire logbooks were checked. It was found that the fire tests were not being carried out to the expected timescale in all cases. The fire alarm system testing, fire extinguisher checks and escape route inspections appeared to be carried out on a monthly rather than weekly basis at one establishment. Fire alarm system testing was not carried out at all any other establishment.

5.2 The harbour's risk assessments were checked. It was seen that appropriate arrangements were in place for drawing them up and that they were reviewed annually or sooner. One Harbourmaster stated that many of the harbour risk assessments had been saved to his computer desktop and that he intended to upload them to iGwynedd so that they could be made available to other members of staff including the Harbour Assistant.

- 5.3 Risk assessments for hand-arm vibration control (HAV) were specifically checked. Although widely understood, risk assessments covering this risk were not seen at all sites. Guidance / information packs had been distributed by the Health, Safety and Well-being Unit and some officers had undertaken further research themselves for the specific tools they use. Personal logbooks are used for recording the use of hand-arm vibration machines and records were found to vary with some logbooks not being used, however it was noted that they understood the need to do so. Other examples were seen where the logbook was being used but not entirely accurate in terms of the time spent using the machines.
- 5.4 COSHH files are kept in all Harbours but one Harbourmaster noted that many of the sheets were old and no longer relevant.
- 5.5 Arrangements for ensuring that the equipment used was safe to use varied. Not all had arrangements for servicing the machines but it was noted that they would not use them if they thought they were dangerous. One Harbourmaster explained that he was piloting a new system of using powered tools with rechargeable batteries.
- 5.6 Robust arrangements were seen for conducting periodic inspections of the Harbours, such as slipways, ladders etc.
- 5.7 Not all Harbours kept an inventory, which can lead to a failure to identify the Council's property.

6. **Actions**

The appropriate officers are committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure that all fire logbook tests are carried out to the expected timescale.**
- **That Harbours identify where there is a risk of hand-arm vibration (HAV) and ensure that risk assessments incorporate this risk.**
- **Ensure that current risk assessments are readily available to all staff on iGwynedd or in a paper file.**
- **Officers use the dedicated logbook to record any work done using hand-arm vibration machines.**
- **Ensure that all staff are aware of who to contact if they need further guidance on and how to use the logbook.**
- **Ensure that only relevant and current COSHH sheets are stored in the hazardous substances file.**
- **That the Harbours produce a fit for purpose inventory (equipment and furniture list) and that there are arrangements for updating it as necessary and checking it annually.**

PADARN PARK SAFETY MEASURES

1. Background

1.1 Padarn Country Park is located in 800 acres within the Peris Valley on the edge of Snowdonia National Park.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable security measures have been established and are executed in order to ensure the safety of the Padarn Park site including Vivian Quarry. In order to achieve this, the audit covered checking what assessments have been carried out for the site with particular regard to the structures / buildings surrounding the Vivian quarry, the levels and slate banks of the Vivian Quarry as well as the trees on the site.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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 There are 4 full time employees and one seasonal employee working over 7 days a week at Padarn Country Park. Their daily functions include litter checks, vandalism etc. and maintenance. The day-to-day work depends on the circumstances i.e. the number of employees working that day.

5.2 The YGC Department (Gwynedd Consultancy) is conducting a review of the buildings / structures around the Park at the request of the Maritime and Country Parks Manager. The trigger for the application was concerns with the historic buildings which are deteriorating day by day. The review is expected to be completed by the end of December 2019.

5.3 A specialist company is employed to carry out a tree survey at Padarn Country Park. Audits have already been carried out on the three most popular sites in the Park and reports have been provided identifying deficiencies and the urgency needed to act on them. It was seen that all the work that needed to be implemented immediately had been completed.

Most of the work that needed to be completed within 3 months has also been completed and work has started on what remains of the defects, the aim is to complete the work as soon as possible and by the end of December 2019 at the latest. Inspections will be carried out on trees at 2 other sites within the Park in the coming months, with work aiming to be completed before the end of February 2020.

- 5.4 Zurich Risk Engineering (ZRE) were commissioned to undertake a review of the public liability risks and management controls for the Country Parks (the review includes Padarn and Glynllifon Country Parks). The report, 'Risk Engineering - Risk Assessment and Risk Improvement, Helping you to understand and mitigate your risks' was published in April 2019. The main findings of the review were:

“Overall the Country Parks demonstrated a proportionate and sensible approach to the management and Maintenance of the Parks, unfortunately this management system is not documented. Documentation of a management system including inspection and maintenance allows for a defence should a claim arise.”

- 5.5 The ZRE report recognises that Padarn Country Park receives a high number of visitors especially during peak seasons and weekends and elaborates that the level of management intervention is commensurate with this. The ZRE report identifies areas for improvement but there are no significant concerns. The areas for improvement have been identified as five advisory risk improvement actions, no actions have taken place yet.
- 5.6 No risk assessments were seen for the buildings / structures or for Vivian Quarry. The Chief Warden of Padarn Park stated that if work was to be carried out in these areas a risk assessment would be completed before commencing the work. Risk assessments were in place for tree pruning / tree clearance at specific sites around the Park but there was no overall risk assessment for trees.
- 5.7 The Park has an Emergency Plan, it was published in March 2005 and partially updated in January 2019. The Maritime and Country Parks Service does not consider this Emergency Plan to be viable anymore considering the size of the site and the fact that is open to the public 24 hours a day.

6. Actions

The relevant officers have committed to implementing the following steps to mitigate the risks highlighted.

- **Implement the risk improvement actions identified in the Zurich Risk Engineering report.**

MANAGING ABSENCES

1. Background

- 1.1 Following the departmental re-structuring of the Social Services department, administration of absences has remained under the control of the Workforce Support Manager. This arrangement has been in place for a number of years and the controls implemented to ensure accuracy and consistency across all services within the historical regions of Arfon, Meirionnydd and Dwyfor. Following a recent restructure and the resources available for administration, changes to the current arrangements are unavoidable.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate administrative arrangements are in place within the departments to manage staff absences in terms of annual leave, sickness and any other absences. To achieve this, the audit included a review of the current procedures and checking a sample of absences reported in different services to verify their appropriateness.

3. Main Findings

- 3.1 Stringent controls are in place to ensure accuracy and conformity with the departments' procedures and terms for managing absences. These arrangements are stricter than the Council's other departments, but were introduced to avoid errors and misuse of the system as had occurred in the past.
 - 3.1.1 These controls emanated from a lack of accountability among some of the managers that were not sufficiently fulfilling their duties when administering and recording absences. As a result, there were a number of instances where workers had taken more annual leave days than they were entitled to. Many of these examples were as a result of genuine mistakes but there were also instances where staff members had misreported on purpose in order to claim additional holiday/leave days.
 - 3.1.2 For the members of staff who conform to the rules, these controls result in some duplication. However it also ensures a record of all absences are kept centrally to ensure there are no errors or instances where absences are purposefully misreported. This is not an example of trusting in staff or their ability to manage effectively but these controls exist because of misuse and non-conformity with the Council's rules in the past.
 - 3.1.3 Every Manager/Team Leader receives a weekly e-mail from the Department's Workforce Support service asking for details of any absences from their teams' members during the previous week. This includes annual leave, sickness, leave as a result of 'flexible hours', medical appointments or any other absences or special leave. The procedure prior to the recent re-structure was that a manager or a team clerk would collect the details from their staff and send via e-mail to the area administrators. The administrators would keep a record of any absences by any members of staff and would input the details into Cyborg (Payroll System).

These administrators would also prepare annual leave cards for all members of staff with details of any terms and entitlements that they receive from Human Resources. Individual staff would receive a copy of the annual leave card in order for them to keep a record for themselves. The information that was collected weekly by the administrators was used to verify the absences and update the annual leave card. Any discrepancies or inconsistencies were shared with the staff members' manager.

- 3.1.4 Following the restructure, the historical areas of Arfon, Meirionnydd and Dwyfor as well as the administrative procedures have been changed. The Adult and Children Finance Team have been established in Caernarfon who are responsible for administration but their priority is any work in dealing with purchasing and financial transactions and it is likely that there will not be staff resources available to continue with the same procedures in terms of preparing and verifying annual leave cards centrally. The procedure to input absence details into Cyborg ended during the summer but the managers/team leaders continue to report weekly to the Adult and Children Finance team on absences/sickness. The Adult and Children Finance team collate this information on an Excel worksheet and send it to the Payroll service.

4. Conclusion

- 4.1 The current controls are robust and ensure accuracy when administering absences. However, tasks are being duplicated and the Departments must consider the level of risk and the resources that are utilised in order to control the risk. As is the case with every process, the relevant officers should continually review the procedures to ensure they are in line with Ffordd Gwynedd principles and any inefficient stages are recognised.

5. Actions

The departments have committed to implementing the following steps to mitigate the risks highlighted.

- **Consider if the risk level deriving from recording leave is appropriate with the available resources.**

YOUTH CLUB ACCOUNTS CHILDREN AND SUPPORTING FAMILIES

1. Background

1.1 The provision of Youth Support Services is a statutory requirement under the Skills and Learning Act 2000. A Review of the Youth Service was undertaken during 2015-2017 and it was found that the Service faces many challenges. 4 options were drawn up for Cabinet to consider for the future, with the Service favouring 'Option 3' namely,

“Provide in a different way, by a Programme of Activities and Projects that goes from location to location throughout the county. Commission additional activities from external partners.”

A public consultation and Equality Impact Assessment was undertaken based on this option. The County Youth Club model, 'Option 3', was approved at the Cabinet meeting on 13th March 2018.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for closing the accounts of Gwynedd's youth clubs. The audit covered examining the arrangements for returning debit cards and closing the club bank accounts, imprest money (if applicable), paying in any income and paying any outstanding invoices.

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
SATISFACTORY	Controls were in place to achieve the one-off objective of closing Youth Club accounts. Although financial losses appear to have been discovered, the service is now provided in a different way, so it is not appropriate to tighten the historical arrangements.

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 seen that there were sound arrangements in place for closing the accounts of Gwynedd youth clubs, and now all of the accounts proposed for closure have been closed and the remaining balances transferred to an appropriate account.

- 5.1.1 All bank accounts for Gwynedd youth clubs needed to be closed, with the account balances being transferred to the 'Gwynedd Activities Association' account. This money has been earmarked for Gwynedd youth activities and projects, some activities have already taken place. It was noted that Maesgeirchen youth club is not currently being closed as many activities and projects continue to be run there.
- 5.1.2 The communities / Community Councils have the right to apply for the money associated with the area to set up and run a new youth club. In these cases they must state what they intend to use the money for and it must be for the young people of the area. There is no set time to apply for this money, that is, there is no expiration date.
- 5.1.3 A sample of accounts were checked to ensure that income including imprest money had been paid into the account before it was closed. We found that one club's imprest money had not been paid back into the account and there were no records of what the money had been spent on.
- 5.1.4 It was ensured that the balances had been correctly transferred to the 'Gwynedd Activities Association' account and that the individual accounts had been closed. Final statements were seen for 7 of the accounts in a sample of 13. The correct amounts had been transferred for the whole sample.

PAYMENTS TO FOSTER CARERS

1. Background

- 1.1 Each foster carer receives a weekly fostering allowance which is designed to cover the cost of caring for a child being fostered. This includes food, clothing, toiletries, travel and all other expenses incurred. The Welsh government publishes minimum National subsistence allowances for foster carers, with the expectation that all fostering Services will meet these amounts.

2. Purpose and Scope of Audit

- 2.1 The aim of the audit was to ensure that suitable arrangements were in place for the implementation of payments to foster carers who are directly employed by the Authority, and that they were in line with the relevant guidance/regulations. In order to achieve this, the audit covered checking that responsible officers were acting on foster carer applications, that allowances and fees were formally issues to the public, that payments had been paid correctly and in a timely manner, in line with the payment scales, approved by appropriate officers and that there was evidence to support them.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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 From 1st April 2017, the Welsh Government requirement for all fostering Services in Wales to publicise their allowance rates and ensure that rates are recorded or accessed on the Children's Commissioning Support Resource (CCSR). The fostering team manager noted that information was recorded on the Children's Commissioning Support resource (CCSR) website. No information about the detail of scales and charges/allowances were seen published on the council's website.

- 5.2 It was discovered that all foster carers receive a package for allowances and fostering fees which sets out exactly the various guidelines relating to the payments. In addition, the foster carers receive claim forms and a payment schedule. It was observed that the allowances and fees were reviewed annually and fees charged by Gwynedd Council were found to be appropriate in comparison to the National minimum allowance as set by the Welsh Government. The Fostering Team Manager confirmed that the carers are informed when there are any changes to the allowances/fees.
- 5.3 A sample of 16 children who have been admitted to the fostering system in the year 2018/19 were checked and all applications were seen to have been made by social workers and the setting had been approved by a responsible officer, that the information had been correctly recorded on the system for each child in the sample and that all the children in the sample had been placed with approved foster carers on the list of placements.
- 5.4 A sample of 11 fostering payments, 10 other allowances such as 'Stay on scheme' and special allowances, and 10 'Pay for skills scheme' payments were checked. It was observed that there was supportive and relevant documentation for all payments, that every payment had been made to an approved foster carer off the system and the list of carers, that all payments had been made in respect of a child on the system and the children could be identified from the papers with the system, the period held is correct and the weekly amounts are correct for the whole sample where the payments are in line with the child's age and period of care. In addition, all payments were found to have been authorised by a responsible officer and correctly coded. The payments are calculated by the Finance administrative officers and then authorised by the Fostering Duties Officer.
- 5.5 The fostering payments were checked to ensure that they had been paid in a timely manner. All payments were seen to have been made on time, and the longest it took to pay foster carers from the sample was 3 days.
- 5.6 It was discovered that a payslip was sent out to all foster carers a few days before the payment was made. An example of these was seen and it was found that they do not describe in detail what is involved in the payment and are only paid as a lump sum which can make it difficult for foster carers to cross-reference payments with what is claimed. It was discovered that an analysis of payments was sent out at the end of the year as required but not automatically sent by the payments Unit.
- 5.7 It is set out in the fostering allowances package of all the conditions and arrangements in place for payments to foster carers. These additional payments fall into categories such as Christmas, Birthday presents, extra clothing, travel costs etc. A sample of 10 payments were selected from the ledger under expenditure codes 5902, 5903 and 5921 and all payments in the sample were paid correctly and under the correct conditions and guidelines.

6. **Actions**

The Fostering team has committed to implementing the following steps to mitigate the risks highlighted.

- **Take the necessary steps to ensure that current and prospective foster carers are aware of the rates by making the information available on the Council's website and advertising the allowance rates.**

REPAIR AND MAINTENANCE OF PLAYING AREAS

1. Background

- 1.1 The Highways and Municipal department is responsible for approximately 130 public playgrounds throughout the county. The department is responsible for ensuring that the fields and equipment are safe for the users by conducting regular inspections on e.g. play equipment, football and rugby goals, benches and gates etc.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate repair and maintenance arrangements are in place to ensure the safety of play area users in Gwynedd. In order to achieve this, the audit encompassed reviewing the inspection arrangements of playgrounds under the care of the Highways and Municipal department, ensuring that appropriate procedures are in place for installing equipment, identifying risks and defects, repairs are carried out and complaints are acted on. The audit did not encompass playing fields that are not in the care of the Highways and Municipal department, such as those on school grounds or those run by Town and Community Councils.

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
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

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 seen that appropriate arrangements are in place for inspecting and maintaining playing fields and equipment under the care of the Highways and Municipal department. Despite the ongoing pressures on the service's budget and the need to change their way of working following several recent retirements, regular inspections were made.
- 5.2 Each playground is visited monthly by a single qualified Playing Areas Inspector. This is a change from the historical arrangement of different inspectors in each area, with inconsistencies in the arrangements and inspections. When visiting each play area, a checklist is used to record and score the condition of the equipment and any actions required or completed at the time.

In addition, annual inspections of all the playing fields are conducted by the insurance company Zurich Municipal. The purpose of these inspections is to examine the play equipment against BS EN 1176 "Playground Equipment Standard" accreditation. The inspections include examining the equipment and the general area, and making suggestions (such as placing a sign with information that may include e.g. contact details for the Council, age restrictions, location of nearest toilets etc.). Inspections may also highlight defects that need to be acted upon within a time limit, but from the sample selected, only one case of this had been identified and it had already been highlighted in the Highways and Municipal Department's inspections. Zurich Municipal inspections help to ensure that play equipment meets the expected standard, which is an advantage from a safety point of view, and can also be beneficial if a claim needs to be defended.

- 5.3 A sample of recent inspections were reviewed and revealed that at times it is not clear what the deficiencies seen are or what work had been done. For example, a classification, or 'score' given to the condition of the equipment had improved, although no action had been noted to explain how the condition has improved. In addition, at times the inspections are incomplete and do not provide enough detail for an officer who was not present at the inspection to fully understand the situation. The Service is considering using an electronic tablet for recording future inspections. Not only will this be a more convenient way of recording and storing information, but also has the potential to transform the way the inspections are conducted, in to a more integrated way using specific apps and the ability to take and store photographs to support comments, improve communication etc.
- 5.4 In order to meet the Council's financial savings targets, it is hoped that external organisations, such as Community Councils or others will take ownership of playing fields and equipment. Play equipment is very expensive and funding for new equipment is extremely limited, so external organisations are considered better placed to attract grants, but of course they would also be responsible for the maintenance arrangements.
- 5.5 A number of playing fields and equipment on school grounds also come under the care of the Council, but not the Highways and Municipal department. It was identified that the inspection and maintenance arrangements of the Education department are not as rigorous as those of the Highways and Municipal department, and therefore given the risks identified, a specific audit will be included in the 2020/21 audit plan encompassing school arrangements for acquiring appropriate equipment, and their inspection and maintenance arrangements.

6. Actions

The Service has committed to implementing the following to mitigate the risks highlighted.

- **Investigate the possibility of using electronic devices to facilitate planning, inspecting, and recording visits and actions.**

Agenda Item 11

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	13 FEBRUARY 2020
TITLE	INTERNAL AUDIT PLAN 2019/20
PURPOSE OF REPORT	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2019/20 AUDIT PLAN
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

1.1 This report is a progress report on completion of the 2019/20 Internal Audit Plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2019/20 internal audit plan is included in Appendix 1 with the status of the work as at 31 January 2020 noted, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	3
Working Papers Created	1
Field Work Started	9
Field Work Completed	2
Awaiting Review	2
Draft Report	3
Final Report Issued	31
Total	51
Cancelled	17

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 2020. 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 31 January 2020 was **60.78%** - out of **51** individual audits contained in the 2019/20 plan, **18** had been released in a finalised version.

3. AMENDMENTS TO THE PLAN

3.1 It is inevitable to make adjustments to the plan to reflect long term sickness of a Senior Auditor and the time of a Senior Auditor in assisting Snowdonia National Park Authority to close the 2019/20 accounts and establishing budgets for 2020/21.

3.2 To reflect the above in the Annual Plan, it was decided to the following audits would be cancelled:

- Safeguarding Arrangements - 15 days – the services has recently been the subject of a review by Care Inspectorate Wales.
- School Funds – 20 days – following discussions with the Head of Education, it was agreed to increase the number of days for the audit of school funds which will be conducted in 2020/21.
- IT Systems – 15 days – one audit has already been conducted in 2019/20 and a provision of 30 days have been allocated in the 2020/21 plan.

4. RECOMMENDATION

4.1 The Committee is asked to note the contents of this report as an update on progress against the 2019/20 audit plan, and offer comments thereon and accept the report.



Internal Audit Plan 2019/2020

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CORPORATE						
1-CORFF-08/2020	Value for Money	20.00	0.00	20.00	1.95	Cancelled
1-CORFF-09/2020/001	Supporting Ffordd Gwynedd Reviews	20.00	0.00	20.00	4.88	Field Work Started
1-CORFF-09/2020/002	Women in Leadership	5.00	0.00	5.00	3.32	Field Work Complete
1-CORFF-09/2020/003	Staff Development Module	8.00	0.00	8.00		Cancelled
1-CORFF-11/2020	Overtime	25.00	0.00	25.00	18.19	Manager Review
1-CORFF-13/2020	Travelling Expenses - Self-service	5.00	0.00	5.00	4.96	Final Report Issued
1-CORFF-15/2020/001	The 5 Ways of Working	0.00	30.00	30.00	19.68	Field Work Started
1-CORFF-19/2020/001	Safeguarding Arrangements	15.00	0.00	15.00	0.54	Cancelled
1-CORFF-19/2020/002	Safeguarding Arrangements - Establishments	4.00	0.00	4.00	4.09	Draft Report Issued
1-CPGV-01/2020/001	Culture and Ethics	15.00	0.00	15.00	13.85	Manager Review
1-CPGV-01/2020/002	Customer Relationship Monitoring	10.00	0.00	10.00		Cancelled
1-CPGV-02/2020	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	40.00	0.00	40.00	12.45	Field Work Started
2-ADDDGC-DPA/2020cy	Information Management - Establishments	6.00	0.00	6.00	5.18	Draft Report Issued
AW-TG-12/2020/001	Arrangements for Returning Equipment	0.00	15.00	15.00	15.05	Final Report Issued
Communications						
BD-PW-03/2020	Use and Control of Social Media	8.00	0.00	8.00	11.54	Final Report Issued
EDUCATION						
Resources						
4-DAT-X-ADD/2020GDD	Pupil Development Grant	10.00	0.00	10.00	11.19	Final Report Issued
4-DAT-X-ADD/2020GGA	Regional Consortia School Improvement Grant	15.00	0.00	15.00	15.31	Final Report Issued
4-DAT-X-ADD/2020o16	Post-16 provision in Schools Grant	3.00	0.00	3.00	2.82	Final Report Issued
4-DAT-X-ADD/2020TC	Post-16 Budgeting Arrangements	10.00	0.00	10.00		Cancelled
GwE						
4-GWE/2020	GwE - Travelling Expenses	20.00	0.00	20.00	10.85	Field Work Started
Schools						
EADDA16/2020	Appointment and Cost of Supply Teachers - Secondary	25.00	0.00	25.00	25.05	Final Report Issued

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
EADDA18/2020	Trust Funds	5.00	0.00	5.00	5.18	Final Report Issued
EADDA32/2020	School Funds	20.00	0.00	20.00		Cancelled
EADDA35/2020	Schools - General	5.00	0.00	5.00	1.19	Field Work Started
EADDAY7002/2020	Ysgol Pendalar	12.00	0.00	12.00	12.05	Final Report Issued
EADDAY7010/2020	Ysgol Hafod Lon	12.00	0.00	12.00	12.18	Final Report Issued
ENVIRONMENT						
Planning						
DCYN-RD-01/2020	Section 106 Agreements	15.00	0.00	15.00	16.18	Final Report Issued
Council Land and Property						
BA-EID-04/2020	Smallholdings	15.00	0.00	15.00		Cancelled
BA-EID-05/2020	Category Management	15.00	0.00	15.00	2.20	Cancelled
Transportation and Street Care						
DDAT-CC-01/2020	Transport - Post-16 Travelling Costs	12.00	0.00	12.00		Cancelled
PPR-PS-03/2020	Road Safety Unit	8.00	0.00	8.00	9.24	Field Work Complete
Countyside and Access UNit						
4-AMGX-GRANT/2020	AONB Grant	10.00	0.00	10.00	10.26	Final Report Issued
NORTH AND MID WALES TRUNK ROAD AGENCY						
3-AMG-ACGC/2020	Accreditations	15.00	0.00	15.00		Cancelled
FINANCE						
Across the department						
AW-TG-12/2020	IT Systems	30.00	-15.00	15.00		Cancelled
Financial						
AE-TAL-01/2020	Payments System - Change in Standing Data	10.00	0.00	10.00	11.70	Final Report Issued
Accountancy						
AN-ACY-08/2020/001	Harbours Statement of Accounts 2018-19	0.00	4.00	4.00	3.82	Final Report Issued
AN-ACY-08/2020/002	Joint Planning Policy Committee Statement of Accounts 2018-19	0.00	4.00	4.00	4.07	Final Report Issued
AN-ACY-08/2020/003	North Wales Economic Ambition Board Statement of Accounts 2018-19	0.00	4.00	4.00	3.77	Final Report Issued
AN-ACY-13/2020	Banc Reconciliation	20.00	0.00	20.00	0.84	Planned

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
Revenue						
AB-BD-01/2020cc	Universal Credit	15.00	0.00	15.00	15.38	Final Report Issued
AB-BD-01/2020kc	Benefits – Review of Key Controls	12.00	0.00	12.00	11.97	Field Work Started
AC-TR-01/2020	Council Tax - Self-service	10.00	0.00	10.00		Cancelled
ECONOMY AND COMMUNITY						
Community Regeneration						
EADDZ-01/2020	Welsh Church Fund	3.00	0.00	3.00	3.20	Final Report Issued
Across the department						
DDAT-CON-01/2020	Llanbedr Project	15.00	0.00	15.00		Cancelled
Record offices, museums and the arts						
EDIW-MU-01/2020/001	Lloyd George Museum Accounts	5.00	0.00	5.00	5.07	Final Report Issued
Business support						
DDAT-AD-04/2020/001	ARFOR	8.00	0.00	8.00	5.22	Field Work Started
DDAT-AD-04/2020/002	STEM Gogledd	8.00	0.00	8.00		Cancelled
Maritime and country parks						
EHAMM-02/2020	Harbours - Health and Safety	5.00	0.00	5.00	7.19	Final Report Issued
EHAMZ-01/2020	Parc Padarn Safety Measures	3.00	0.00	3.00	3.26	Final Report Issued
Strategy and development Programmes						
DDAT-AD-05/2020	North Wales Economic Ambition Board	15.00	0.00	15.00		Cancelled
ADULTS, HEALTH AND WELLBEING						
Across the department						
5-GOF-GCY/2020/01	Use of P6 Forms	0.00	10.00	10.00	5.69	Draft Report Issued
5-GOF-GCY/2020/02	Absence Management	0.00	10.00	10.00	7.39	Final Report Issued
Supporting People						
GDAPR-SP01/2020	Supporting People Grant	15.00	0.00	15.00	14.95	Final Report Issued
Homelessness and Supported Housing						
T-TAI-D01/2020/001	Syrian Refugees Relocation Plan	8.00	0.00	8.00	11.54	Final Report Issued
T-TAI-D01/2020/002	Bed and Breakfast Costs	10.00	0.00	10.00	17.70	Final Report Issued
Residential and Day						

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
5-GOF-CART1340/2020	Plas Pengwaith	12.00	0.00	12.00	14.91	Final Report Issued
5-GOF-CART1344/2020	Plas Gwilym	12.00	0.00	12.00	8.51	Field Work Started
5-GOF-CART1355/2020	Bryn Blodau	12.00	0.00	12.00	13.00	Final Report Issued
5-GOF-CART1357/2020	Llys Cadfan	12.00	0.00	12.00	13.61	Final Report Issued
GGWAS-D04/2020	Learning Disabilities - Day Centres	25.00	0.00	25.00		Cancelled

CHILDREN AND FAMILY SUPPORT

Children and Families

EADDI01/2020clwb	Youth Club Accounts	8.00	0.00	8.00	7.97	Final Report Issued
GGWAS-P03/2020	Payments to Foster Carers	12.00	0.00	12.00	15.16	Final Report Issued
GGWAS-PLANT2/2020	Hafan y Sêr	12.00	0.00	12.00	7.26	WP Created

HIGHWAYS AND MUNICIPAL

Highways Maintenance and Municipal

PZ01/2020	Municipal Vehicles	12.00	0.00	12.00	1.15	Planned
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Municipal Works

M-GMS-C01/2020	Repair and Maintenance of Playing Areas	12.00	0.00	12.00	12.49	Final Report Issued
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Highways Works

PPR-CGN-01/2020	Bridges - Work Programme	10.00	0.00	10.00	6.80	Field Work Started
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Waste Management and Streets

3-AMG-TOI/2020	Public Conveniences	12.00	0.00	12.00		Cancelled
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GWYNEDD CONSULTANCY

Across the department

PYMG-CON/2020	Recording and Management of Annual Leave	15.00	0.00	15.00	1.15	Planned
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Agenda Item 12

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	13 FEBRUARY 2020
TITLE	DRAFT INTERNAL AUDIT PLAN 2020/21
PURPOSE OF THE REPORT	TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2020 – 31 MARCH 2021
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO APPROVE THE PLAN IN THE APPENDIX

1. INTRODUCTION

- 1.1 The draft work plan for Internal Audit for the financial year 2020/21 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 one temporary auditor.
- 2.4 Therefore, in order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register, Gwynedd Council's Strategic Plan along with any other significant developments. This is to ensure that the Council's key controls in order to deal with its main risks are addressed.
- 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 2020/21, 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 711 days of audit resources will be available to complete the 2020/21 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:

	2020/21	2019/20
Provision for advising on controls and propriety	55 days	55 days
Provision for responsive work	35 days	40 days
Provision for follow-up	45 days	50 days

4. RECOMMENDATION

4.1 The Committee is requested to approve the draft audit plan for the period 1 April 2020 to 31 March 2021.

DRAFT INTERNAL AUDIT PLAN 2020/21

Audit	Days	Reason
COROPORATE		
Supporting Ffordd Gwynedd Reviews	20	To provide advice and support when considering issues regarding internal controls during reviews.
Safeguarding Arrangements	15	A review of the training arrangements on the range of safeguarding modules. This area has been identified in the Corporate Risk Register.
Safeguarding Arrangements - Establishments	4	Provision for conducting "Safeguarding" reviews when visiting establishments
Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	40	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.
Value for Money	20	A value for money review in a specific area.
Information Management – Establishments	6	Provision for conducting "Information Management" reviews when visiting establishments.
Culture and Ethics	15	The findings of the audit will denote if the Ffordd Gwynedd principles have permeated through the establishment.
Brexit	20	This is been denoted as a "red" risk in the Corporate Risk Register (risk score 25).
Climate Change	20	The audit will focus on the arrangements the establishment has in place to combat climate change.
Financial Management Code	20	Local Authorities are required to apply the requirements of the FM Code with effect from 1 April 2020.

Audit	Days	Reason
EDUCATION		
<i>Resources</i>		
Pupil Development Grant	10	The PDG has not been incorporated in the Regional Consortia School Improvement Grant; therefore it will be necessary to carry out a separate audit.
Regional Consortia School Improvement Grant	15	The grant is an amalgamation of many grants previously awarded from the Welsh Government.
Post-16 Grant	3	Requirement under the financial terms and conditions.
<i>Schools</i>		
Health and Safety - Playing Fields	20	This is an area identified in 2019/20 when conducting a review of the repair and maintenance of playing fields of the Highways and Municipal Department.
School Funds	60	A review of Gwynedd schools' funds.
Schools – General	5	Annual provision for work involving providing advice and support.
ENVIRONMENT		
<i>Public Protection</i>		
Animal Health	15	The audit has been included at the request of the Head to ensure that adequate arrangements are in place to provide business continuity.
Enforcement	12	A review of the arrangements to ensure consistency within the county.
HOUSING AND PROPERTY		
<i>Property</i>		
Arrangements for procurement of PAT (Portable Appliance Testing)	15	A review of the arrangements for procuring PAT testers.
<i>Housing and Welfare</i>		
Bed and Breakfast Costs	15	The audit has been included at the request of the Head following an increase in costs as identified in an internal audit report published in 2019/20.

Audit	Days	Reason
CORPORATE SUPPORT		
<i>Developing the Establishment</i>		
Workforce Planning	12	A review to ensure appropriate plans are in place, e.g. succession plans etc.
<i>Central Support Unit</i>		
Employment Statements	8	It is now a requirement that employment statements include a clause in relation to undertaking statutory training, e.g. protection.
FINANCE		
<i>Across the department/corporate</i>		
IT Systems	30	It is intended to carry out checks on specific issues in Information Technology.
<i>Payroll</i>		
Change in Standing Data	12	Review data changes following the introduction of new arrangements through the self-service portal.
<i>Accountancy</i>		
Harbours Statement of Accounts 2019-20	4	This is a statutory requirement.
Joint Planning Policy Committee Statement of Accounts 2019-20	4	This is a statutory requirement.
North Wales Economic Ambition Board Statement of Accounts 2019-20	10	This is a statutory requirement.
<i>Pensions</i>		
New Starters	12	A review of the arrangements for establishing new starters.
<i>Revenue</i>		
Council Tax – Self-service	8	Slippage from the 2019-20 as the project was not as yet mature.
ECONOMY AND COMMUNITY		
<i>Community Regeneration</i>		
Welsh Church Fund	3	An independent check will be needed if the fund's income is over £25,000.

Audit	Days	Reason
<i>Record Offices, Museums and the Arts</i> Lloyd George Museum	6	The Council has a specific role as a trustee. A check will be carried out to ensure that these duties are being fulfilled.
Storiel	6	Storiel has received a risk score of 20 on the Corporate Risk Register.
<i>Maritime and Country Parks</i> Beach Management Plan	10	This is an area of high risk. (risk score 20)
Health and Safety Measures - Parc Glynllifon	5	This area has been identified on the Corporate Risk Register. (risk score 15)
<i>Major Projects</i> Llanbedr Plan	12	A review of the arrangements for managing the projects on a plan worth approximately £25m.
STEM Gogledd	8	A review of specific projects.
<i>Strategy and Development</i> North Wales Economic Ambition Board	15	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.
Business Units	12	This area has received a risk score of 20 on the Corporate Risk Register.
ADULTS, HEALTH AND WELLBEING		
<i>Across the Department</i>		
Debtors	20	A review of forms E33 - "Application for financial assistance to pay for residential or nursing care".
<i>Supporting People</i>		
Supporting People Grant	12	Requirement under the terms of the grant.
<i>Residential and Day</i>		
Private Care Home fees	30	A review of the payments made to private care homes with an emphasis on additional (top-up) fees.
Day Centres – Learning Disabilities	30	A review of both financial and non-financial arrangements at the centres.

Audit	Days	Reason
CHILDREN AND SUPPORTING FAMILIES		
<i>Children and Families</i>		
Risk Assessment Arrangements and Training Programme	12	This area has been identified in the Corporate Risk Register due to violence at work, lone working and caseloads.
Statutory Assessments (AMHP)	20	This is a requirement in accordance with the Mental Health Measure Wales.
HIGHWAYS AND MUNICIPAL		
<i>Across the Department</i>		
Business Continuity Plan	12	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.
Closed Circuit TV	8	This area has a risk score of 16 on the Corporate Risk Register.
Risk Assessments	25	Review the contents and appropriateness of the risk assessments.
GWYNEDD CONSULTANCY		
<i>Across the department</i>		
Budgeting and Expenditure	15	The review has been included at the request of the YGC Management Team.

COMMITTEE :	AUDIT AND GOVERNANCE COMMITTEE
DATE:	13 FEBRUARY 2020
TITLE:	REVIEW OF POLLING DISTRICTS AND POLLING PLACES
PURPOSE	TO APPROVE THE RESULTS OF THE REVIEW SO THAT THEY CAN BE PRESENTED TO THE FULL COUNCIL
AUTHOR:	IWAN EVANS – HEAD OF LEGAL SERVICES
CABINET MEMBER:	COUNCILLOR NIA JEFFREYS, CORPORATE SUPPORT, CORPORATE GOVERNANCE AND LEGAL SERVICES MEMBER

1. THE DECISION SOUGHT

1.1 To approve the results of the review of polling districts and polling places in the Arfon and Dwyfor Meirionnydd parliamentary constituencies following a consultation period, for submission to Full Council for a decision.

2. REASON FOR SEEKING A DECISION

2.1 Local Authorities are required to divide their areas into polling districts for parliamentary elections and to designate polling places for these polling districts. Under the Representation of the People Act 1983 and the Review of Polling Districts and Polling Places (Parliamentary Elections) Regulations 2006 the Council must also undertake a full review of these arrangements every five years.

3. Background

3.1 A Polling District is the area within the electoral area, ward or district within which a polling place can be designated, which is convenient for voters. A Polling Place is the building or area in which Polling Stations will be selected by the (Acting) Returning Officer.

3.2 As far as is reasonable and practicable the authority must designate places that are accessible to electors with disabilities. However, the authority must consider the needs of all electors and should not designate a place that is so far away from most electors in the polling district as to be inconvenient for them to reach it.

3.3 It should be noted that the review of polling places is a continuous process and that there is nothing to prevent changes being made at any time before the next statutory review. The situation will therefore continue to be monitored, and any changes will be made in consultation with the local member.

3.4 Members will be aware of the proposed changes to local government electoral arrangements following the recent review by the Local Democracy and

Boundary Commission for Wales. When these changes are implemented a further review of the polling arrangements will be required in advance of the 2022 Local Government Elections.

4. The Review

4.1 As part of the review, a public notice of the review was published, together with details of the current polling districts and polling stations, and copies were sent to potential interested parties, such as councillors, town and community councils, political parties and other stakeholders. The representations of the county's Access Groups were also sought, as persons with particular expertise in relation to access to premises or facilities for persons who have different forms of disability. When contacting these parties it was explained that it would be helpful, where concerns are expressed about a particular polling station, that suggestions are also made for an alternative venue.

4.2 The (Acting) Returning officer must comment during any review on the polling stations. These comments were included with the information published and sent out and can be seen in the Appendix.

5. RESPONSE TO THE CONSULTATION

5.1 Six responses were received to the consultation. Concerns were put forward in relation to two polling stations as they were not ideal from the point of view of access for disabled electors. These were the polling station at Tal-y Bont (Capel Bethlehem) and Ysgol Santes Helen, Caernarfon. However those who raised the concerns also acknowledged the current lack of suitable alternatives.

6. RECOMMENDATION

6.1 That the Committee considers the content of the report and notes whether it is willing to accept the results of the review as set out in the Appendix, and also whether it wishes to submit any observations on its content to the Council.



Adolygiad Gorsafod Pleidleisio Cyngor Gwynedd 2019 / Gwynedd Council Polling Station Review 2019

Cymuned / Community	Ward	Côd Cofrestr / Register Code	Gorsaf / Station	Nifer Etholwyr / Number of Electors	Sylwadau y Swyddog Canlyniadau / Returning Officer Comments
Aberdaron	DE ABERDARON	PA6	CANOLFAN DEUNANT ABERDARON, LL53 8BP	347	Dim newid / No change
	DE ABERDARON	PB6	CANOLFAN DEUNANT ABERDARON, LL53 8BP	5	Dim newid / No change
	GOGLEDD ABERDARON	PC6	NEUADD BENTREF RHOSHIRWAUN, LL53 8LA	197	Dim newid / No change
	DWYRAIN ABERDARON (RHIW)	PD6	NEUADD Y PENTREF RHIW, LL53 8AE	155	Dim newid / No change
Aberdyfi	DYFI	B1	YR INSTITIWT ABERDYFI INSTITUTE, ABERDYFI, LL35 0LN	545	Dim newid / No change
	ABERTAFOL	B2	YR INSTITIWT ABERDYFI INSTITUTE, ABERDYFI, LL35 0LN	59	Dim newid / No change
Abergwyngregyn	ABERGWYNGREGYN	P1A	CAFFI HENFELIN, ABERGWYNGREGYN, LLANFAIRFECHAN, LL33 0LP	168	Dim newid / No change
Abermaw	ABERMAW	AG2	THEATR Y DDRAIG / DRAGON THEATRE, JUBILEE ROAD, ABERMAW/BARMOUTH, LL42 1EF	32	Dim newid / No change
		E1	THEATR Y DDRAIG / DRAGON THEATRE, JUBILEE ROAD, ABERMAW/BARMOUTH, LL42 1EF	368	Dim newid / No change
		E3	THEATR Y DDRAIG / DRAGON THEATRE, JUBILEE ROAD, ABERMAW/BARMOUTH, LL42 1EF	568	Dim newid / No change
		E4	THEATR Y DDRAIG / DRAGON THEATRE, JUBILEE ROAD, ABERMAW/BARMOUTH, LL42 1EF	554	Dim newid / No change
Arthog	ISLAWRDREF	AB1	NEUADD Y PENTREF/VILLAGE HALL ARTHOG, ARTHOG, LL39 1AX	86	Dim newid / No change
	FRIOG	AB2	NEUADD Y PENTREF/VILLAGE HALL ARTHOG, ARTHOG, LL39 1AX	50	Dim newid / No change
	FRIOG	AR1	NEUADD/HALL FAIRBOURNE, LL38 2EQ	564	Dim newid / No change
	ISLAWRDREF	I5	NEUADD Y PENTREF/VILLAGE HALL ARTHOG, LL39 1AX	64	Dim newid / No change
Bala	BALA	D1	CANOLFAN BRO TEGID, Y BALA, LL23 7AG	1357	Dim newid / No change
Bangor	MENAI	T1A	CANOLFAN PENRALLT CENTRE, FFORDD CAERGYBI/HOLYHEAD ROAD, BANGOR, LL57 2EU	798	Dim newid / No change
	GARTH	T1B	CANOLFAN GYMUNEDOL Y GARTH COMMUNITY CENTRE, ALLT GARTH HILL, BANGOR, LL57 2SY	426	Dim newid / No change
	DEINIOL	T1C	NEUADD Y PENRHYN HALL, CITY COUNCIL OFFICES, FFORDD GWYNEDD, BANGOR, LL57 1DT	511	Dim newid / No change
	HENDRE	T1D	CLWB PENSIYNWYR GLANADDA PENSIONERS CLUB, FFORDD AINON ROAD, BANGOR, LL57 2UJ	861	Dim newid / No change
	MARCHOG	T1E	EGLWYS Y GROES, MAESGEIRCHEN, BANGOR, LL57 1UB	1521	Dim newid / No change
	HIRAEI	T1F	CLWB HIRAEI CLUB, STRYD AMBROSE STREET, BANGOR, LL57 1DF	862	Dim newid / No change

	DEWI	T1G	CANOLFAN GYMDEITHASOL COED MAWR COMMUNITY CENTRE, BANGOR, LL57 4TB	1230	Dim newid / No change
	GLYDER	T1H	CAPEL BERA NEWYDD CHAPEL, LLWYBR DEWI SANT/ST DAVIDS PATH, FFORDD PENRHOS ROAD, BANGOR, LL57 2AX	1181	Dim newid / No change
Beddgelert	BEDDGELERT	BA6	NEUADD GYMUNED BEDDGELERT, BEDDGELERT, LL55 4UY	372	Dim newid / No change
Bethesda	OGWEN	R1A	CANOLFAN CEFNFAES, RHES MOSTYN, BETHESDA, LL57 3AB	1629	Dim newid / No change
	RACHUB	R1B	FESTRI CAPEL CARMEL, RACHUB, LL57 3EL	702	Dim newid / No change
	GERLAN	R1C	Y CABAN CYSGU, GERLAN, BETHESDA, LL57 3TG	921	Dim newid / No change
Betws Garmon	BETWS GARMON	H6A	PARC CARAFAN BRYN GLOCH, BETWS GARMON, LL54 7YY	121	Dim newid / No change
	RHYD DDU	H6B	PARC CARAFAN BRYN GLOCH, BETWS GARMON, LL54 7YY	63	Dim newid / No change
Bontnewydd	CASTELMAI	G6A	CANOLFAN BONTNEWYDD, LL55 2UF	704	Dim newid / No change
	LLANFAGLAN	G6B	CANOLFAN BONTNEWYDD, LL55 2UF	127	Dim newid / No change
Botwnnog	BOTWNNOG	OA6	FESTRI CAPEL RHYDBACH BOTWNNOG, LL53 8RF	257	Dim newid / No change
	BRYNCROES	OB6	FESTRI CAPEL HEBRON LLANGWNNADL, LL53 8NR	123	Dim newid / No change
	BRYNCROES	OC6	CANOLFAN BRYNCROES, BRYNCROES, LL53 8EB	130	Dim newid / No change
	SARN MEILLTEYRN	OD6	NEUADD GOFFA SARN, LL53 8DU	213	Dim newid / No change
Brithdir a Llanfachreth	MACHRETH	AM1	NEUADD RHYDYMAIN, LL40 2AU	141	Dim newid / No change
	BRITHDIR	AM2	NEUADD RHYDYMAIN, LL40 2AU	50	Dim newid / No change
		AQ1	NEUADD/HALL BRITHDIR, LL40 2RT	202	Dim newid / No change
	MACHRETH	R1	NEUADD/HALL LLANFACHRETH, LL40 2DY	196	Dim newid / No change
Bryncrug	BRYNCRUG	AP1	Y GANOLFAN BRYNCRUG, LL36 9PR	500	Dim newid / No change
Buan	BACHELLAETH	LA6	TU HWNT I'R AFON INN, RHYDYCLAFDY, LL53 7YL	181	Dim newid / No change
	BODUAN	LB6	CWR Y COED, BODUAN, LL53 6DT	123	Dim newid / No change
	CEIDIO	LC6	CWR Y COED, BODUAN, LL53 6DT	70	Dim newid / No change
Caernarfon	GOGLEDD(Menai)	E1A	YSGOL SANTE'S HELEN/ST. HELENS SCHOOL CAERNARFON, LL55 1PF	796	Dim newid / No change
	GOGLEDD(Menai)	E1B	LLYFRGELL CAERNARFON LIBRARY, ALLT PAFILIWN, CAERNARFON, LL55 1AS	905	Dim newid / No change
	GORLLEWIN(Seiont)	E1C	YSGOLDY CAPEL Y MAES CAERNARFON, LL55 2NB	372	Dim newid / No change
	GORLLEWIN(Seiont)	E1D	YSGOL YR HENDRE, CAERNARFON, LL55 2LY	1780	Dim newid / No change
	DWYRAIN(Cadnant)	E1E	PENCADLYS Y SGOWTIAID/SCOUTS H.Q., MAES CADNANT, CAERNARFON, LL55 1BS	1468	Dim newid / No change
	DEHEUOL(Peblig)	E1G	CANOLFAN NODDFA, CIL PEBLIG, CAERNARFON, LL55 2RS	1468	Dim newid / No change
Clynnog	LLEUAR	AA6	FESTRI CAPEL BRYNAERAU PONTLLYFNI, LL54 5EP	219	Dim newid / No change
	BEUNO	AB6	NEUADD BENTREF CLYNNOG FAWR, LL54 5PB	354	Dim newid / No change
	DERWIN	AC6	FESTRI CAPEL M.C. PANTGLAS, LL51 9DJ	129	Dim newid / No change
Corris	CORRIS	A2	YR INSTITIWT CORRIS INSTITUTE, CORRIS, SY20 9SH	470	Dim newid / No change
Cricceth	CRICCIETH	EA1	NEUADD GOFFA CRICCIETH, CRICCIETH, LL52 0HB	1281	Dim newid / No change
	GARN	CA6	NEUADD GARNDOLBENMAEN, LL51 9SQ	300	Dim newid / No change
	BRYNCIR	CB6	NEUADD GARNDOLBENMAEN, LL51 9SQ	87	Dim newid / No change

Dolbenmaen	GOLAN	CC6	CANOLFAN GYMDEITHASOL GOLAN, LL51 9YY	165	Dim newid / No change
	PRENTEG	CD6	CANOLFAN PRENTEG, LL49 9SP	87	Dim newid / No change
	PENMORFA	CE6	NEUADD GOFFA PENMORFA, LL49 9RT	125	Dim newid / No change
	TREFLYS	CF6	Y GANOLFAN PENTREFELIN, LL52 0PU	211	Dim newid / No change
Dolgellau	GOGLEDDOL/NORTHERN (Dolgellau)	I3	LLYFRGELL RYDD/FREE LIBRARY, WTRA'R FELIN/MILL STREET, DOLGELLAU, LL40 1EY	904	Dim newid / No change
	DEHEUOL/SOUTHERN(Dolgellau)	I4	LLYFRGELL RYDD/FREE LIBRARY, WTRA'R FELIN/MILL STREET, DOLGELLAU, LL40 1EY	1013	Dim newid / No change
Dyffryn Ardudwy	LLANDDWYWE	E5	NEUADD DYFFRYN ARDUDWY HALL, DYFFRYN ARDUDWY, LL44 2BE	24	Dim newid / No change
		J1	NEUADD DYFFRYN ARDUDWY HALL, DYFFRYN ARDUDWY, LL44 2BE	409	Dim newid / No change
	LLANENDDWYN	J2	NEUADD DYFFRYN ARDUDWY HALL, DYFFRYN ARDUDWY, LL44 2BE	711	Dim newid / No change
Ffestiniog	CONGLYWAL	F1	EGLWYS HOLL SAINT CYMRU, HEOL MANOD, BLAENAU FFEISTINIOG, LL41 4AF	704	Dim newid / No change
	CYNFAL/TEIGL	K1	NEUADD/HALL FFEISTINIOG, LL41 4PB	600	Dim newid / No change
	DIFFWYS/MAENOFFEREN	L1	CANOLFAN Y W.I. BLAENAU FFEISTINIOG, LL41 3DN	774	Dim newid / No change
	BOWYDD/RHIW	M1	AELWYD YR URDD BLAENAU FFEISTINIOG, FFORDD NEWYDD, BLAENAU FFEISTINIOG, LL41 3TY	985	Dim newid / No change
	TANYGRISIAU	Y1	YSGOL GYNRADD/PRIMARY SCHOOL TANYGRISIAU, , LL41 3SU	211	Dim newid / No change
Ganllwyd	GANLLWYD	AA2	NEUADD GANLLWYD, LL40 2TG	12	Dim newid / No change
		AJ1	NEUADD GANLLWYD, LL40 2TG	86	Dim newid / No change
		R2	NEUADD GANLLWYD, LL40 2TG	26	Dim newid / No change
Harlech	HARLECH	N1	NEUADD GOFFA/MEMORIAL HALL HARLECH, LL46 2UA	1049	Dim newid / No change
Llanaelhaearn	TREFOR	GA6	CANOLFAN GYMDEITHASOL TREFOR, LL54 5LB	511	Dim newid / No change
	LLANAELHAEARN	GB6	CANOLFAN Y BABELL LLANAELHAEARN, LL54 5AW	247	Dim newid / No change
Llanbedr	LLANBEDR	AE1	NEUADD LLANBEDR, LL45 2NW	436	Dim newid / No change
Llanbedrog	LLANBEDROG	KA6	NEUADD LLANBEDROG, LL53 7NY	731	Dim newid / No change
Llanberis	PADARN	B1A	Y GANOLFAN LLANBERIS, LL55 4TY	1410	Dim newid / No change
	NANT PERIS	B1B	Y GANOLFAN LLANBERIS, LL55 4TY	102	Dim newid / No change
Llanddeiniolen	CLWT Y BONT	A1A	TY ELIDIR, STRYD FAWR, DEINIOLEN, LL55 3HR	39	Dim newid / No change
	DEINIOLEN	A1B	TY ELIDIR, STRYD FAWR, DEINIOLEN, LL55 3HR	878	Dim newid / No change
	DINORWIG	A1C	TY ELIDIR, STRYD FAWR, DEINIOLEN, LL55 3HR	206	Dim newid / No change
	BRYNREFAIL	A1D	CABAN BRYNREFAIL, BRYNREFAIL, LL55 3NR	228	Dim newid / No change
	BETHEL	A1E	NEUADD GOFFA BETHEL, LL55 1YE	993	Dim newid / No change
	PENISARWAUN	A1F	YSGOL GYMUNED PENISARWAEN, LL55 3BW	549	Dim newid / No change
	RHIWLAS	A1G	NEUADD Y PENTREF RHIWLAS VILLAGE HALL, RHIWLAS, LL57 4EP	530	Dim newid / No change
	CLWT Y BONT	DOA	TY ELIDIR, STRYD FAWR, DEINIOLEN, LL55 3HR	254	Dim newid / No change
Llandderfel	LLANYBETWS	AK1	CAFFI GLANRAFON CAFE, GLANRAFON, LL21 0HA	128	Dim newid / No change
	LLANFOR	AN1	NEUADD BRO DDERFEL, LLANDDERFEL, LL23 7HR	90	Dim newid / No change
	LLANFOR	D2	FESTRI CAPEL TEGID Y BALA, HEOL TEGID, LL23 7EL	265	Dim newid / No change
	LLANYBETWS	O1	NEUADD BRO DDERFEL, LLANDDERFEL, LL23 7HR	327	Dim newid / No change

Llandwrog	CESAREA	J6B	CANOLFAN Y FRON, LL54 7BB	239	Dim newid / No change
	CARMEL	J6C	NEUADD Y PENTREF CARMEL, CARMEL, LL54 7AA	406	Dim newid / No change
	GROESLON	J6D	NEUADD Y PENTREF GROESLON VILLAGE HALL, LL54 7DG	880	Dim newid / No change
	DINAS DINLLE	J6E	GORSAF GWYLWYR Y GLANNAU/COASTGUARD STATION LLANDWROG, COASTGUARD STATION, LL54 5SY	442	Dim newid / No change
Llandygai	LLANDYGAI	S1A	NEUADD TALGAI LLANDYGAI, LL57 4HU	203	Dim newid / No change
	TREGARTH	S1B	CANOLFAN TREGARTH, LL57 4AL	1088	Dim newid / No change
	ST. ANN'S	S1C	NEUADD GOFFA MYNYDD LLANDYGAI, LL57 4LQ	484	Dim newid / No change
Llanegryn	LLANEGRYN	Q1	NEUADD/HALL LLANEGRYN, LL36 9TY	239	Dim newid / No change
Llanelltyd	LLANELLYD	AG1	NEUADD Y PENTREF LLANELLYD, LL40 2TA	126	Dim newid / No change
		AJ2	NEUADD Y PENTREF LLANELLYD, LL40 2TA	259	Dim newid / No change
Llanengan	LLANENGAN	QB6	CANOLFAN LLANENGAN, LL53 7LL	331	Dim newid / No change
	LLANGIAN	QC6	NEUADD MYNYTHO, LL53 7RF	481	Dim newid / No change
	ABERSOCH	RA1	NEUADD ABERSOCH, LL53 7EA	484	Dim newid / No change
Llanfair	LLANFAIR	AU1	NEUADD GOFFA/MEMORIAL HALL LLANFAIR, LL46 2SA	226	Dim newid / No change
		N2	NEUADD GOFFA/MEMORIAL HALL LLANFAIR, LL46 2SA	99	Dim newid / No change
Llanfihangel Y Pennant	LLANFIHANGEL Y PENNANT	A1	Y GANOLFAN ABERGYNOLWYN, LL36 9YP	21	Dim newid / No change
		AP2	Y GANOLFAN ABERGYNOLWYN, LL36 9YP	15	Dim newid / No change
		C1	Y GANOLFAN ABERGYNOLWYN, LL36 9YP	216	Dim newid / No change
Llanfrothen	LLANFROTHERN	S1	CANOLFAN GYMDEITHASOL LLANFROTHERN, LL48 6LJ	311	Dim newid / No change
Llangelynin	LLANGELYNIN	AV1	Y GANOLFAN LLWYNGWRIL, LL37 2JA	100	Dim newid / No change
		V1	Y GANOLFAN LLWYNGWRIL, LLWYNGWRIL, LL37 2JA	457	Dim newid / No change
Llangywer	GWALIA	D3	FESTRI CAPEL TEGID Y BALA, HEOL TEGID, LL23 7EL	122	Dim newid / No change
	CWMYGLYN	D4	FESTRI CAPEL TEGID Y BALA, HEOL TEGID, LL23 7EL	45	Dim newid / No change
	CWMYGLYN	U1	NEUADD BENTREF LLANUWCHLLYN, LL23 7TY	43	Dim newid / No change
Llanllechid	LLANLLECHID UCHAF	Q1A	FESTRI CAPEL BETHLEHEM CHAPEL VESTRY TALYBONT, LL57 3YU	210	Dim newid / No change
	LLANLLECHID ISAF	Q1B	FESTRI CAPEL BETHLEHEM CHAPEL VESTRY TALYBONT, LL57 3YU	449	Dim newid / No change
Llanllyfni	NANTLLE	J7A	FESTRI CAPEL BALADEULYN CHAPEL VESTRY NANTLLE, LL54 6BL	146	Dim newid / No change
	TALYSARN	K1A	CANOLFAN GYMDEITHASOL TALYSARN, TALYSARN, LL54 6AB	676	Dim newid / No change
	PENYGROES	K1B	NEUADD GOFFA PENYGROES, LL54 6NG	1290	Dim newid / No change
	LLANLLYFNI	K1C	NEUADD GOFFA/MEMORIAL HALL LLANLLYFNI, LL54 6SL	507	Dim newid / No change
	NEBO	K1E	YSGOL GYNRADD NEBO, LL54 6EE	221	Dim newid / No change
Llannor	Y FFOR	IA6	CANOLFAN GYMDEITHASOL YSGOL BRO PLENYDD Y FFOR, LL53 6UP	512	Dim newid / No change
	EFAILNEWYDD	IB6	FESTRI CAPEL BERA EFAILNEWYDD, LL53 5TR	367	Dim newid / No change
	PENTREUCHAF	IC6	CANOLFAN GYMDEITHASOL LLANNOR, LL53 8LJ	256	Dim newid / No change
	ABERERCH	ID6	NEUADD ABERERCH, LL53 6AZ	440	Dim newid / No change

Llanrug	LLANRUG	C1A	Y SEFYDLIAD COFFA LLANRUG MEMORIAL INSTITUTE, LLANRUG, LL55 4BW	1333	Dim newid / No change
	CWM Y GLO	C6B	YSGOL GYNRADD CWM Y GLO, LL55 4DE	432	Newid lleoliad dan sylw - aros am gadarnhad o ddyfodol yr adeilad yn dilyn cau'r ysgol / Change under consideration - waiting for confirmation of the building's future following the closure of the school
	CEUNANT	C6D	Y SEFYDLIAD COFFA LLANRUG MEMORIAL INSTITUTE, LLANRUG, LL55 4BW	296	Dim newid / No change
Llanuwchllyn	LLANUWCHLLYN	U2	NEUADD BENTREF LLANUWCHLLYN, LL23 7TY	482	Dim newid / No change
Llanwnda	RHOSGADFAN	I6A	CLWB MOUNTAIN RANGERS, RHOSGADFAN, LL54 7EY	429	Dim newid / No change
	RHOSTRYFAN	I6B	YSGOL GYNRADD RHOSTRYFAN PRIMARY SCHOOL, LL54 7LR	536	Dim newid / No change
Llanwnda	DINAS	I6D	CANOLFAN BRO LLANWENDA, LLANWENDA, LL54 5UG	484	Dim newid / No change
Llanycil	LLANYCIL	D5	FESTRI CAPEL TEGID Y BALA, HEOL TEGID, LL23 7EL	298	Dim newid / No change
Llanystumdwy	LLANYSTUMDWY	FA6	NEUADD BENTREF LLANYSTUMDWY, LL52 0SH	389	Dim newid / No change
	RHOSLAN	FB6	NEUADD BENTREF LLANYSTUMDWY, LL52 0SH	215	Dim newid / No change
	LLANARMON	FC6	NEUADD GOFFA CHWILOG, LL53 6SH	581	Dim newid / No change
	LLANGYBI	FD6	FESTRI CAPEL PENCAENEWYDD, PENCAENEWYDD, LL53 6RB	318	Dim newid / No change
Maentwrog	MAENTWROG	AD1	OAKELEY ARMS HOTEL, TAN Y BWLCH, MAENTWROG, LL41 3YU	92	Dim newid / No change
	MAENTWROG	AO1	NEUADD/HALL GELLILYDAN, LL41 4EG	302	Dim newid / No change
	MAENTWROG	Y2	OAKELEY ARMS HOTEL, TAN Y BWLCH, MAENTWROG, LL41 3YU	50	Dim newid / No change
Mawddwy	LLANYMAWDDWY	AS1	Y NEUADD, DINAS MAWDDWY, DINAS MAWDDWY, SY20 9JA	72	Dim newid / No change
	ABERANGELL	AT1	NEUADD BENTREF ABERANGELL, ABERANGELL, SY20 9QG	107	Dim newid / No change
	LLANYMAWDDWY	H1	Y NEUADD, DINAS MAWDDWY, SY20 9JA	53	Dim newid / No change
	DINAS MAWDDWY	H2	Y NEUADD, DINAS MAWDDWY, SY20 9JA	257	Dim newid / No change
Nefyn	NEFYN	MA6	Y GANOLFAN NEFYN, LL53 6EA	975	Dim newid / No change
	MORFA NEFYN	MB6	Y GANOLFAN MORFA NEFYN, LL53 6BW	622	Dim newid / No change
	EDERN	MC6	CANOLFAN EDERN, LL53 8YU	290	Dim newid / No change
Pennal	PENNAL	W1	CANOLFAN PENNAL, SY20 9DJ	286	Dim newid / No change
Penrhyndeudraeth	PENRHYNDEUDRAETH	X1	NEUADD GOFFA/MEMORIAL HALL PENRHYNDEUDRAETH, LL48 6LS	1424	Dim newid / No change
Pentir	FAENOL/VAYNOL	U1A	CANOLFAN PENRHOSGARNEDD, BANGOR, LL57 2NN	1458	Dim newid / No change
	GLASINFRYN	U1B	CANOLFAN GLASINFRYN, LL57 4UW	358	Dim newid / No change
		U1C	CANOLFAN GLASINFRYN, LL57 4UW	104	Dim newid / No change
Pistyll	LLITHFAEN	HA6	CANOLFAN GYMDEITHASOL LLITHFAEN, LL53 6NW	258	Dim newid / No change
	PISTYLL	HB6	CANOLFAN GYMDEITHASOL LLITHFAEN, LL53 6NW	111	Dim newid / No change
	CARNGUWCH	HC6	CANOLFAN GYMDEITHASOL LLITHFAEN, LL53 6NW	28	Dim newid / No change

Porthmadog	GEST	DA6	NEUADD EGLWYS SANT CYNGAR, BORTH Y GEST, LL49 9TU	257	Hwn yn leoliad newydd ers Mai 2019 gan fod problemau mynediad gyda'r hen orsaf/ This is a new Location since May 2019 due to access problems at eth previous station
	GORLLEWIN/WEST(Porthmadog)	DB1	Y GANOLFAN PORTHMADOG, PORTHMADOG, LL49 9AE	541	Dim newid / No change
	MORFA BYCHAN	DC6	Y GANOLFAN MORFA BYCHAN, LL49 9YD	463	Dim newid / No change
	DWYRAIN/EAST(Porthmadog)	DD6	FESTRI CAPEL Y PORTH VESTRY HEOL FADOG / MADOC STREET, PORTHMADOG, LL49 9DB	675	Dim newid / No change
	TREMADOG	DE6	YR INSTITIWT/THE INSTITUTE TREMADOG, LL49 9RB	477	Dim newid / No change
	YNYN GALCH	DF6	CANOLFAN HAMDDEN GLASLYN PORTHMADOG, LL49 9HX	449	Dim newid / No change
Pwllheli	GOGLEDD(Pwllheli)	JA1	FESTRI CAPEL Y DRINDOD, PWLLHELI, LL53 5HU	1502	Lleoliad newydd 2019 yn dilyn cau Frondeg / New Location 2019 following closure of Frondeg
	DE(Pwllheli)	JB1	NEUADD EGLWYS GATHOLIG/CATHOLIC CHURCH HALL, FFORDD MELA, PWLLHELI, LL53 5AP	1279	Dim newid / No change
Talsarnau	TALSARNAU	AF1	NEUADD TALSARNAU, LL47 6TA	426	Dim newid / No change
Trawsfynydd	TRAWSFYNYDD	AA1	NEUADD GYHOEDDUS TRAWSFYNYDD PUBLIC HALL, LL41 4RW	646	Dim newid / No change
Tudweiliog	TUDWEILIOG	NA6	CANOLFAN GYMDEITHASOL TUDWEILIOG, LL53 8NB	253	Dim newid / No change
	DINAS	NB6	CANOLFAN LLANIESTYN, LLANIESTYN, LL53 8SG	295	Dim newid / No change
	LLANGWNNADL	NC6	FESTRI CAPEL HEBRON LLANGWNNADL, LL53 8NR	106	Dim newid / No change
Tywyn	MORFA	Z1	TYWYN BAPTIST CHURCH, STRYD FAWR/HIGH STREET, TYWYN, LL36 9AF	1256	Dim newid / No change
	GORLLEWIN/WEST(Tywyn)	Z2	TYWYN BAPTIST CHURCH, STRYD FAWR/HIGH STREET, TYWYN, LL36 9AF	1080	Dim newid / No change
	DWYRAIN/EAST(Tywyn)	Z3	TYWYN BAPTIST CHURCH, STRYD FAWR/HIGH STREET, TYWYN, LL36 9AF	55	Dim newid / No change
Waunfawr	WAUNFAWR	F6A	CANOLFAN WAUNFAWR, LL55 4YY	861	Dim newid / No change
	CAEATHRO	F6B	CANOLFAN Y CAPEL CAEATHRO, LL55 2SS	211	Dim newid / No change
Y Felinheli	Y FELINHELI	D1A	NEUADD YR EGLWYS Y FELINHELI, LL56 4JJ	875	Dim newid / No change
	Y FELINHELI	D2A	YSGOL GYNRADD Y FELINHELI, LL56 4TZ	831	Dim newid / No change