



# Complete Agenda

Democratic Services  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH

Meeting

## **AUDIT AND GOVERNANCE COMMITTEE**

Date and Time

**10.00 am, THURSDAY, 15TH JULY, 2021**

Location

**Virtual Meeting**

Contact Point

**Lowri Haf Evans**

**01286 679878**

**Lowrihafevans@gwynedd.llyw.cymru**

(DISTRIBUTED 07/07/21)

# **AUDIT AND GOVERNANCE COMMITTEE**

## **MEMBERSHIP (19)**

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

#### Councillors

Aled Ll. Evans  
Berwyn Parry Jones  
Paul John Rowlinson  
Vacant Seat

Aled Wyn Jones  
Peredur Jenkins  
Gethin Glyn Williams

Huw Gruffydd Wyn Jones  
W. Gareth Roberts  
E. Selwyn Griffiths

### **Independent (5)**

#### Councillors

John Brynmor Hughes  
John Pughe Roberts  
Richard Medwyn Hughes

Dewi Wyn Roberts  
Angela Russell

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

Councillor Alwyn Gruffydd

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

Councillor  
Vacant Seat

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

Councillor Sion W. Jones

### **Lay Member**

Mrs Sharon Warnes

### **Ex-officio Members**

Chair and Vice-Chair of the Council

# **A G E N D A**

## **1. APOLOGIES**

To receive apologies for absence.

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

To receive any declaration of personal interest.

## **3. URGENT ITEMS**

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

## **4. MINUTES**

4 - 20

The Chairman shall propose that the minutes of the meetings of this committee, held on 27 May and 17 June 2021, be signed as a true record.

## **5. AUDIT WALES REPORTS**

21 - 52

To provide an update to the Committee on the Audit Wales work programme for Quarter 1

- Quarterly update up to 30-06-21
- Progress Review of the North Wales Growth Deal - North Wales Economic Ambition Board
- Management Response Progress Review of NWEAB

## **6. REVIEW OF FFORDD GWYNEDD**

53 - 57

To inform Members of the District Auditor's conclusions and report on proposed next steps

## **7. RISK MANAGEMENT ARRANGEMENTS**

58 - 84

To receive this report as an update on the progress made by the Council to ensure that a complete risk register is in place and is being maintained, and considers the highest risks that the Council faces.

## **8. RESILIENCE OF IT SYSTEMS - CYBER SECURITY**

85 - 89

To update the Committee about Gwynedd Council's cyber security resilience, and to give members an opportunity to scrutinise the situation. There has been coverage of cyber-attacks in the news recently, and with an increase in our dependency on and use of technology, it is timely to report on what is happening locally in the Council

---

## AUDIT AND GOVERNANCE COMMITTEE 17/6/21

---

### Attendance:

Councillors: Chair: Councillor John Pughe Roberts  
Vice-chair: Councillor Medwyn Hughes

Selwyn Griffiths, Alwyn Gruffydd, John Brynmor Hughes, Aled Wyn Jones, Berwyn P Jones, Huw W Jones, Sion Jones, Dewi Roberts, Paul Rowlinson and Angela Russell

Sharon Warnes (Lay Member)

### Officers:

Dafydd Edwards (Head of Finance Department), Dewi Morgan (Assistant Head - Revenue and Risk), Ffion Madog Evans (Senior Finance Manager), Delyth Jones-Thomas (Investment Manager), Siân Pugh (Group Accountant - Corporate and Projects), Geraint Owen (Head of Corporate Support Department), Eleri Williams (Website Team Leader) and Lowri Haf Evans (Democracy Services Manager)

### Others invited:

Councillor Ioan Thomas (Cabinet Member Finance)  
Councillor Nia Jeffreys (Cabinet Member for Corporate Support)  
Yvonne Thomas (Audit Manager, Audit Wales)  
Bethan Adams (Scrutiny Advisor)

#### 1. APOLOGIES

Apologies were received from Councillors Aled LI Evans, Peredur Jenkins and Gethin Glyn Williams.

#### 2. DECLARATION OF PERSONAL INTEREST

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

#### 3. URGENT ITEMS

None to note.

#### 4. CORPORATE WEBSITE SELF-SERVICE PROJECT

A report was submitted to the Committee, following a discussion held at the Scrutiny Working Group (10/05/21), outlining the efforts made since 2016 to increase the interactive provision on the website and to make it easier to contact the Council about a number of matters 24 hours a day, 7 days a week. It was noted that there was a significant increase in the number of residents using the service, which was positive and confirmed the value of the investment. It was reiterated that the service continued to develop and collaborate with Services and consulted with other Authorities in an attempt to improve the provision. The possibility of establishing an internal system to support the provision was noted, and although the project itself could not claim any direct savings, it had assisted in making savings in Services e.g. Galw Gwynedd to save £23,000 by developing an internal system.

It was highlighted that the pandemic had led to the introduction of on-line services in fields where there were previously none, and this had led to an increase in requests for on-line services generally. Reference was made to future developments that included establishing a web-chat function, sharing school admission details, maritime forms along with further requests to submit, e.g. Housing waiting list, recycling equipment, crematorium slots for undertakers, foster carer applications. It was considered that this should be welcomed and posed another challenge to prioritise all the requests in a way that brought benefits to our customers and the services in question.

The Cabinet Member reiterated that the Cabinet was fully supportive of the project and was proud of the good work being undertaken. She noted that the option to use technology for 24 hour contact was beneficial and that Gwynedd was breaking new ground in offering the service bilingually.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by members:

- The service was undertaking excellent work - it was certainly the way forward
- The perseverance and enthusiasm of the Team should be congratulated
- There was a need to review the 'draw attention to potholes' steps - too complex
- A good experience needed to be ensured if a 'web-chat' was to be introduced - it had to be ensured that back-office staff had up-to-date information and carefully considered which Services were suitable to offer. Needed to avoid a frustrating and impersonal situation for the customer.
- Needed to ensure that a Powys postcode was accepted in 'Where I Live' - some of these postcodes were relevant to Gwynedd residents

In response to a question on responding to poor feedback and whether those comments had a pattern, should it be a technical matter, it was noted that the Website Team would deal with the matter with support from the IT Service. If one of the other Council Services received poor feedback, then the response would be likely to vary from Service to Service but that every attempt would be made to ensure a response. In terms of a pattern to comments, it was noted that the Project Team was examining analysis software to undertake this work.

In response to a question on the time-scale of responding to comments, it was noted that the Project Team would work with Services to agree on a time-scale, while insisting that a response period was set in order to ensure regulation of the situation.

In response to a question on completing an application on behalf of someone else and having to submit personal bank details as a result, attention was drawn to the fact there was a specific box to input a different address, but that the request for bank details remained. It was agreed to look into this.

In response to a concern that the on-line service put jobs in Galw Gwynedd at risk, although the service had saved £23,000 for Galw Gwynedd, it was noted that this had not led to any redundancies. It was added that saving administrative time had been the greatest advantage by releasing time to achieve other work such as referring a resource to 'chat'. It was reiterated that discussions had been held with Galw Gwynedd staff and that they were committed to the project.

In response to a suggestion that the service could be offered to wider sectors, it was stated that the possibility was desirable albeit premature - needed to develop the standard before sharing further.

**RESOLVED:**

**To accept the report****5. STATEMENT OF ACCOUNTS 2020 / 21**

The Cabinet Member for Finance took the opportunity to thank all staff at the Finance Department for their commitment to ensure that the Council's (draft) Accounts Statement had been submitted to Audit Wales, namely the external auditors, before the statutory date (31 May 2021). The Head of the Finance Department reiterated his gratitude to the staff for completing the work while responding to a new challenging statutory timetable amidst the Covid-19 crisis. The IT Service was also thanked for enabling working from home developments. He noted that he had already certified the draft accounts and that it would be good practice to share the accounts with Members to give them an opportunity to question / make observations. The final accounts would be submitted to the Committee for approval on 14/10/21.

In terms of the Main Statements and Notes, it was explained that the Statement had been completed in CIPFA standard form. It appeared clumsy and technically complex and it was highlighted that the pension figures tended to skew the figures. Reference was made to information in Note 38 in order to better understand the situation. The Head of Finance noted that he, along with other Treasurers across the UK, were holding discussions with CIPFA to try to persuade them to abolish the pension figures, which led to a misapprehension of some aspects in the Statement.

The Senior Finance Manager added that six sets of accounts had been completed but it was not possible for them to be audited and approved until the autumn term, as there was a need to ensure that public rights were implemented. Reference was made to the Narrative Report that provided information about the Accounts and on the vision and priorities of Gwynedd, the Financial Strategy and the financial performance measures. Members were guided through the report and details were provided on some elements:

- Movement in Reserves Statement (page 22 of the agenda), which summarised the Council's financial position for 2020/21 - attention was drawn to the additional information columns:
  - column 1: the Council's general balances had increased by £1.8 million during the year, £7.5 million at the end of March 2020 to £9.4 million by the end of March 2021
  - column 2: referred to an increase of £20 million during the year in reserves, £59 million at the end of March 2020 to £79 million by the end of March 2021
  - column 3 - School balances - an increase of £6.4 million from £4.3 million at the end of March 2020 to £10.8 million by the end of March 2021.

It was highlighted that the main reasons for the increase was the receipt of various substantial grants.

- New arrangements for this year, jointly with other Councils, related to Covid (page 94), including the Test, Trace and Protect Programme.

Members were reminded that the (draft) accounts were subject to an Audit and a report from the External Auditors (Audit Wales), along with final accounts, would be submitted to the Committee for approval on 14/10/21.

Gratitude was expressed for the report.

In response to a question regarding the receipt of grants towards specific purposes, which had resulted in a changed position, the Head of Finance Department noted that some of the grants were for a specific purpose but that many grants did not have a specific purpose and, as a result, had been put aside in the Council's Transformation Fund and the Covid

Recovery Fund. There would be an opportunity, in accordance with the usual procedure, to submit applications for the funding.

## **RESOLVED**

**To accept and note the Statement of the Council's Accounts (subject to audit) for 2020 / 21**

### **6. TREASURY MANAGEMENT 2020 / 21**

The Investment Manager submitted a report in relation to the actual results of the Council's treasury management during 2020/21, compared with the strategy approved by the Full Council on 5/3/20. It was noted that the Council's borrowing activity was within the limits originally set, and £422,000 of interest had been received on investments, which was higher than the £400,000 within the budget. It was confirmed that there were no defaults by institutions in which the Council had deposited money with.

It was reported that it had been a challenging year with interest rates declining, restrictions on where to invest money along with substantial amounts being processed with the Council administering over £100 million of Covid-19 grants to businesses. However, the Council had managed to ensure that the investments were secure and had reached the investment income target.

Attention was drawn to the balance sheet and to the details of borrowing activities, highlighting the fact that loans had remained within the strategy to keep borrowing costs low. No long-term loans were made during the year and not much use was made of short-term loans as funding levels had been too high compared to the end of the previous financial year where short-term loans were made due to the uncertainty of the Covid-19 crisis.

In the context of investments, it was reported that the Council had continued to invest with Banks, Cash Market Funds and Pooled Funds, but there was an increase in using Local Authorities as opportunities with banks and similar organisations were very limited, and the cash market rates were very low. It was reiterated that returns had been very low, but that pooled funds had saved the day as they had bounced back following the slump at the end of the 2019/20 financial year. It was highlighted that the value of investments had increased by £0.6 million during the year, with a rate of 5.13% contributing towards the interest income ensuring that there was no deficit against the budget.

In the context of the compliance report and indicators, it was reported that full compliance had taken place separately to the interest rate disclosure. It was highlighted that this disclosure showed a one-year revenue impact of a 1% increase in interest rates, highlighting the serious impact the pandemic has had on investment returns compared to what had been projected at the beginning of March 2020 when the restricted level was set - pre-Covid-19. It was reiterated that returns on pooled funds had recovered the interest decline.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by members:

- Although pleased to receive grants, Gwynedd Council has resolved to use its funding to reduce the effects of Covid-19 on Council residents
- A need to correct the Treasury Management Summary (page 100 of the agenda) to highlight £'000 instead of £m

In response to an observation in the report 'that the duration of investments and number of institutions available to deposit money with has been reduced based on the advice received from Arlingclose', and whether a decline in the credit rate or the advice received was responsible, it was reported that the decision to protect the investments was a combination of both elements and that a cautious approach was needed. In response to a supplementary question in terms of the significant reduction in institutions, it was highlighted that foreign institutions had reduced along with reductions from 90 days to 35 by banks. It was emphasised that the main objective of the Council when investing money was to strike an appropriate balance between risk and returns - by investing prudently, attention would be given to the security and liquidity of its investments before seeking higher rates of returns.

## **RESOLVED**

**To accept the report for information**

### **7. COUNTER-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS**

A report was submitted by the Assistant Head of Finance (Revenue and Risk) updating the Committee on the Council's anti-fraud and anti-corruption arrangements, progress on the programme of work of Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019 - 2022 adopted by the Committee on 14/02/2019. It was noted that the Strategy included eight actions that should be delivered during the three years to strengthen the Council's anti-fraud arrangements within available resources. It was reiterated that work would commence on drawing up a work programme for 2022/25 during the summer.

It was emphasised that Council officers were not currently investigating allegations of fraud against it.

It was reported that specific workshops had not been held to identify new risks, but an Internal Audit Manager had met with all Heads of Department to discuss aspects of risk that would need to be included in the 2021/22 Internal Audit Plan.

One element that could not be implemented due to the ongoing pandemic situation was to conduct fraud interviews against the Council Tax Reduction Scheme, which would lead to an administrative penalty or prosecution in the most serious cases. Although an attempt was made to plan further actions, the situation this year has not allowed developments in this field.

Attention was drawn to the National Fraud Initiative (NFI) that undertakes a data-matching exercise that helps public bodies to detect and prevent fraud and overpayments from the public purse. The data-matching work would be undertaken every two years and a full exercise would take place soon. Data has already been provided to Audit Wales for them to undertake the work and the results of that work will start to be verified by Internal Audit (which has earmarked 40 days to complete the task in the 2021/22 plan) The Committee will receive an update on the work and any cases that emerge as the work progresses.

It was reiterated that the National Fraud Initiative was also helping to review the grant payments made to Gwynedd Businesses during the lockdown periods. There were five grant schemes during 2020/21 and over £106m of grant funding was distributed. It was noted that early signs suggested that no fraudulent applications had emerged through the NFI exercise and that this confirmed that robust arrangements were in place within the Taxation Service that administered the grants.

Gratitude was expressed for the report.

**RESOLVED**

**To accept the information as an update on the anti-fraud and anti-corruption steps the Council is taking.**

The meeting commenced at 10.00 and concluded at 11.45

---

**CHAIR**

## AUDIT AND GOVERNANCE COMMITTEE 27/5/21

---

### Attendance:

**Councillors:** Aled Evans, Alwyn Gruffydd, Selwyn Griffiths, John Brynmor Hughes, Medwyn Hughes, Aled Wyn Jones, Berwyn P Jones, Huw W Jones, Dewi Roberts, John Pughe Roberts, Paul Rowlinson, Angela Russell and Gethin Glyn Williams

Sharon Warnes (Lay Member)

### Officers:

Dafydd Edwards (Head of Finance Department), Iwan Evans (Head of Legal Services), Ffion Madog Evans (Senior Finance Manager), Dewi Morgan (Assistant Head - Revenue and Risk), Luned Fôn Jones (Audit Manager), Caren Rees Jones (Group Accountant - Capital and Management) and Lowri Haf Evans (Democratic Services Officer)

### Others invited:

Councillor Ioan Thomas (Cabinet Member Finance)  
Alan Hughes and Yvonne Thomas (Audit Wales)  
Dewi Jones (Council's Business Support Service Manager)  
Bethan Adams (Scrutiny Advisor)

#### 1. ELECTION OF CHAIR FOR 2021-22

**RESOLVED to elect Councillor John Pughe Roberts as Chair for the period 2021 - 22**

#### 2. ELECTION OF VICE-CHAIR FOR 2021 - 22

**RESOLVED to elect Councillor Medwyn Hughes as Vice-chair for 2021 - 2022**

#### 3. APOLOGIES

Apologies were received from Councillor Peredur Jenkins. Condolences were extended to the Councillor who had recently lost his wife.

#### 4. DECLARATION OF PERSONAL INTEREST

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

#### 5. URGENT ITEMS

None to note.

#### 6. MINUTES

The Chair signed the minutes of the previous committee meeting held on 11 February 2021 as a true record.

## 7. LOCAL GOVERNMENT AND ELECTIONS (Wales) ACT 2021

Submitted – the report of the Monitoring Officer seeking the Committee’s approval to the draft work programme in response to Legislation that introduces a number of changes and powers in relation to the governance of Local Government in Wales. Members were reminded that the Full Council (4 March 2021) had resolved that the Audit and Governance Committee would keep an overview of the work in response to the provisions and requirements of the Act and the proposed work programme in place to address these measures in a timely and appropriate manner.

Following the Committee's approval of the work programme a report will be submitted to the Corporate Governance Group drawing attention to the possible risks together with a series of further reports to the Council, The Cabinet, The Standards Committee and the Democratic Services Committee regarding the provisions of the Act and the relevant elements. It was added that elements of the work were already underway and a working group of officers had been identified to implement the work.

In the context of the Audit Committee, it was noted that there were several changes to the Committee's responsibilities, and it was acknowledged that a few would be far reaching. A brief overview was given of the aspects that will need to be prioritised:

- take an overview of the Council's specific performance monitoring functions - guidance will be set out by the Legislation and the process will have a formal procedure.
- name of Committee - the Act notes the need to establish a Governance and Audit Committee.
- keep an overview of the Council's complaints procedure and ensure an effective complaints system
- review the Audit Committee membership by May 2022 - the membership will transform the whole Committee and the need to have a detailed discussion regarding the implications on the Committee's governance was highlighted.

Thanks was given for the report

In response to a question about the role of the Committee regarding complaints arrangements and if this would make the process easier for individuals to submit complaints, it was noted that the Committee's responsibility was to ensure that the procedure and its performance were working. In response, it was stated that the Standards Committee was already looking at the complaints process and having two committees giving an overview would duplicate the work. In response, the Monitoring Officer noted that the two committees were two different systems - complaints monitoring of the code of conduct was the responsibility of the Standards Committee, while the Audit and Governance Committee was responsible for an overview of complaints about the Council's services and corporate arrangements.

In response to a comment that appointing lay Members would be difficult bearing in mind aspects such as the background, political balance, unbiased attitude, payments, influence and suitability, the Monitoring Officer noted that guidelines were being prepared to give guidance on the arrangements and the suggestion that careful forward planning was required was accepted. It was suggested that a similar system to that of the Standards Committee was adopted, where an Interview Panel is established to be responsible for appointments. In terms of payments, it was explained that the Independent Remuneration Panel for Wales had already highlighted that every lay member will receive payment per day.

In response to a question regarding permitting job sharing and how this would work, the Monitoring Officer noted that a piece of work needed to be completed to consider if this was realistic. He stressed the need for an appropriate and transparent system.

During the ensuing discussion, the following observations were made by Members:

- That collaboration with the Principal Councils would raise suspicion about the loss of powers
- That the introduction of Corporate Joint Committees (CJC) would be an attack on democracy
- That CJC undermined local powers
- Will there be a right not to stand / join CJC?

In response to concerns about the CJC, it was noted that 3 joint committees had already been established in the north and it was necessary to comply with and build a framework around legislation requirements.

## **RESOLVED**

**To approve the Work Programme**

**To request an update for the Committee meeting in October 2021**

## **8. FUNCTION OF THE AUDIT AND GOVERNANCE COMMITTEE**

It was explained that since Gwynedd Council's Audit Committee had been established in 1999, the role of the Committee had evolved to reflect the statutory requirements on local authorities as well as changes in the Council's internal administrative arrangements. As a matter of course, the Audit and Governance Committee will consider and adopt Operational Arrangements at its first meeting of a new council after an election - the current version as adopted by the Audit and Governance Committee on 6 June 2017.

Occasionally, changes in internal arrangements or legislation will mean that these Operating Arrangements will need to be adapted. Following a period of reviewing the financial governance arrangements of the Pension Fund, modifications were introduced to the Arrangements which are necessary for dealing with the 2020/21 accounts of the Gwynedd Pension Fund. It was highlighted that the Audit and Governance Committee had been receiving and approving the accounts of Gwynedd Council and the Gwynedd Pension Fund, as part of its role as "those charged with governance". Having considered the latest regulations, it appeared that the Pensions Committee was the appropriate body to receive and approve the Gwynedd Pension Fund statements of accounts.

Attention was drawn to the relevant regulations and the new draft operational arrangements which remain consistent with the requirements of the Local Government Measure and the Statutory Guidelines. Attention was also drawn to the modified clauses and it was emphasised that this was a provisional version for the 2021/22 as not all the modifications introduced into the Committee's activities in accordance with the Local Government and Elections (Wales) Act 2021 had yet to come into effect. It was added that the proposed arrangements had been discussed with Committee Chairs. It was noted that the arrangements and determinations involving pensions are managed by the Pensions Committee and are in turn scrutinised in detail by the Pension Board. As a result, it was considered that the modification was sensible

During the ensuing discussion, the following observations were made by Members:

- That members of the Pension Board and the Pensions Committee supported the arrangement
- That the arrangement was to be welcomed - offered a clean and clear system with less duplication
- That the system appeared to be orderly
- That professional Managers also kept an eye on the Fund and therefore there was plenty of support available

**RESOLVED**

**To accept the information  
To approve changes to the Operational Arrangements**

**9. OUTPUT OF THE INTERNAL AUDIT SECTION**

Submitted- for information, the report of the Audit Manager updating the Committee on the internal audit work for the period from 1 February 2021 up to 31 March 2021. It was highlighted that 4 audits had been completed together with a post-16 grant audit.

Gratitude was expressed for the report

During the ensuing discussion, the following observations were made by Members:

- There was a need to undertake a welfare assessment of employees and councillors who are working from home
- As Covid restrictions were eased it would necessary to give staff an option in the context of home working
- A timetable was needed to return to the offices
- It was necessary to conduct home workplace assessments
- There was admiration for the commitment and flexibility of staff when working from home

In response to the observations, it was noted that home working assessments had been completed and Corporate Support was leading on a project to assess the suitability of posts. It was added that there was no pressure to return to offices and it was possible to undertake a post effectively from home, there would be no enforcement to change.

**RESOLVED**

**To accept the information  
To support the actions that have already been agreed with the relevant services**

**10. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2020 - 21**

Submitted - the report of the Audit Manager, expressing Internal Audit's opinion of the general management environment within the Authority during 2020/21 providing the said annual internal audit opinion to the Authority. It was noted that assurance can never be absolute, and the most that the internal audit service can provide to the Council was a reasonable assurance that there were no major weaknesses in the whole system of internal control.

It was reported that the emergence of the Covid-19 pandemic had a significant impact on the authority as a whole and on the work of Internal Audit. It was stated that Internal Audit was not able to undertake its work during the first quarter of the year and at the request of the Head of Finance, officers from the service were redeployed to assist and support the Council by verifying and processing Welsh Government Grants for Businesses administered by the Revenue Service. The total number of days for this work was 146 days. Furthermore, Internal Audit staff also assisted the Test, Trace and Protect Service, a service launched by the Welsh Government and a total of 120 days were spent on this work.

A revised work programme for Internal Audit for the financial year 2020/2021 was presented to the Audit and Governance Committee on 30 July 2020. The annual internal audit plan was much more fluid than normal because of the impact of the pandemic on the organisation. New audit priorities were identified to cover the new risks and changes from the impact of Covid-19. The audits of the revised plan were completed during a challenging period with the focus of the audits being on the arrangements as a result of the pandemic and statutory audits such as grants. A low number of audits were undertaken during 2020/2021 compared to the previous years and this was due to the unprecedented and abnormal circumstances. This was considered to be an exception this year and evidence provided by external regulators was used to support the opinion for the year.

- Overall, good internal control had been found within each of the Council's audited services.
- All the Council's departments had built upon previous work, and continued to develop their risk management systems. A report was submitted by the Assistant Head of Finance to the Audit and Governance Committee on 30 November 2020 to update the Committee on developments in risk management arrangements, the next steps for implementation, and to consider whether the response addressed the matters raised in the Auditor's letter.
- 23 governance risks had been identified in the Annual Governance Statement and are continually assessed by the Governance Arrangement Group.
- Where significant internal control weaknesses were found, these matters were resolved by the Council's officers, and considered by the Control Improvement Working Group.
- The Authority had received a number of reports from regulators during 2020/2021:

On the basis of Internal Audit work completed during 2020/2021, it was considered that Gwynedd Council's framework of internal control during the 2020/2021 financial year operates to a level which provides reasonable assurance on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control.

A total of 23 pieces of work were contained in the final revised audit plan for 2020/2021. 19 assignments were completed by 31 March 2021, representing 82.61% of the plan. Of the relevant reports of the 2020/2021 audit plan that received a level of assurance, 100% had received a 'Satisfactory' or 'High' assurance level.

Since 1 April 2021, there were 7 full-time members in the Internal Audit Team and one Temporary Senior Auditor. It was noted that monies had been earmarked to fund this additional resource for the Service to implement audits when the crisis restrictions are relaxed, as reported by the Head of Finance to the Audit and Governance Committee on 11 February 2021.

Appreciation of the Audit Manager's work was expressed.

## **RESOLVED**

### **To accept the information**

## **11. GWYNEDD COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR 2020 - 21**

The statement was presented by the Assistant Head - Revenue and Risk. He explained that the statement, although not part of the accounts, was a statutory document that

needed to be published with the accounts. In accordance with the Accounts and Audit (Wales) Regulations and the CIPFA Code of Practice, all Local Authorities must ensure that a statement of internal management is in place. It was reported that the Chief Executive and the Council Leader were required to sign the statement, although the Audit and Governance Committee's approval was needed.

Some background was given to the report, noting that all Local Authorities had a duty to present an annual statement, and that although the format or method had changed, the content was very similar. In Gwynedd, it was the Governance Arrangement Assessment Group, led by the Chief Executive, who reviewed the risk register. The group discusses risks within 23 different governance fields, noting the controls the Council have in place in order to mitigate these risks. This was done in response to the CIPFA framework, which identified core principles for good governance.

It was highlighted that a new risk had been added during 2020/21, namely 'inadequate arrangements and action by Council Services to manage health and safety risks effectively'. It was added that this risk had originally been included within a more general risk 'Risk Management Arrangements', however, it was considered that Health, Safety and Well-being presented unique risks and as a result it would be appropriate for the field to have specific attention within the governance risk register.

It was reported that the Group had concluded that there was 0 fields of very high risks, 2 number of high risks, 12 number of medium risks and 9 number of low risk fields. It was noted that the high risk fields were 'Culture' and the new risk 'Health, Safety and Well-being'.

Attention was also drawn to a change in risk score 'weaknesses when controlling public finance' that entails that the Council's finance is not used and prioritised. The score was adapted, although the Council's financial planning arrangements continued to be strong, because the probability score had changed to 3 as further savings plans would be more difficult to realise.

During the ensuing discussion, the following observations were made by Members:

- More information was required about the new established team to strengthen the support to Scrutiny arrangements
- It was necessary to consider the risk to Council property - this was likely to increase as a result of Council staff working from home and offices being empty.

In response to a request for more information about CCTV control arrangements it was highlighted that a new information plan had been established by Corporate Support in response to identifying the risk of protecting / safeguarding data that appears on CCTV. It was noted that it was proposed to ensure that the information captured on CCTV was considered as 'data' and as a result was controlled by data management guidelines.

## **RESOLVED**

**To accept the report**

**To approve the statement**

**To recommend that the Council Leader and the Chief Executive sign the statement**

## **12. FINAL ACCOUNTS 2020/2021 – REVENUE OUT-TURN**

The Cabinet Member for Finance highlighted that the report had been submitted to the Cabinet on 18 May 2021 and the Cabinet had approved all the recommendations and financial transactions.

The Senior Finance Manager set out the context and elaborated on the content of the report. Reference was made to a summary of the situation by department, which highlighted the sums to be carried forward at the end of the year together with the main matters and areas where there had been significant differences. It was highlighted,

- That the financial impact of Covid-19 had been substantial to the Council. With over £20m claimed from the hardship fund and furlough by the end of the year, that was a combination of additional costs of £11.6 million, income losses of £7.3 million and £1.5 million for furlough.
- As a result of receiving numerous other substantial grants associated with Covid-19 late in the financial year, it was highlighted that the financial position of 2020/21 had been transformed by the end of the year, with the grants including grants to school budgets, for digital transformation, shortcomings in realising savings and a Council Tax back-log.
- At the end of the year, five departments were overspending prior to the allocation of compensation grants for Covid-19 from Welsh Government, leaving only one department overspending finally, namely the Children and Families Department.
- The Children and Families Department faced substantial pressure, however, there was a reduction in the overspend to £1.3 million following the deletion of savings worth £688k that could not have been realised and the receipt of the covid grant.
- A substantial improvement was seen in the Adults Department's financial situation - savings worth £1 million that could not have been achieved being deleted and slipped as well as general grant receipts in the final months of the year.
- In terms of the Highways and Municipal Department, it was noted that the increase was a combination of reducing expenditure, covid grant receipts and general grants received and savings deleted. The waste field, continued to cause concern as the department had faced significant additional costs involving compliance with covid-19 guidance. It was also noted that there were also income losses in the commercial waste field, worth £2.4 million in total for the year.
- There were several reasons for one-off underspend on several Corporate headings
- Schools' balances, had increased from £4.3m in 2019/20 to £10.7m in 2020/21 as a result of the impact of Covid-19 and various grants received.
- A review had been undertaken of the adequacy of the Council's specific funds at the closure of accounts, and £170k of resources had been harvested.

Reference was made to the Cabinet's decision to,

- note the final financial position of the Council's departments at the end of 2020/21 and to approve the amounts to be carried forward
- to approve all the recommendations and financial transfers

It was reported that the statutory financial statements for 2020/21 were being completed with the intention of submission to the Auditors before the statutory date of 31 May 2021. It was added that the accounts would be audited over the Summer by Audit Wales and not by Deloitte as in the past.

The Head of Finance added that grants had been a significant boost to the situation that now conveyed a healthy and robust situation. Despite the cost, the safety of Gwynedd residents had been ensured during the pandemic by funding services and situations without the assurance of grants. It was added that the money had been 'parked' in the transformation fund for now and bids for funding would be made in the usual manner.

Staff were thanked for their thorough work and flexibility during this challenging period

## **RESOLVED**

**To accept the report**

**To note the relevant risks**

**To support the Cabinet's decision (18 May 2021)**

### **13. CAPITAL PROGRAMME 2020 - 21 - END OF YEAR REVIEW (31 March 2021 position)**

The Senior Finance Manager highlighted that the main purpose of the report was to present the revised capital programme at the end of the financial year (position as at 31 March 2021), and to approve the relevant financing sources. The analysis per Department of the £114.6 million capital programme for the 3 years 2020/21 - 2022/23 was referred to together with the sources available to fund the net increase that is approximately £11.0 million since the last review.

The main conclusions of the review was that the Council had succeeded in spending £27.7m in 2020/21 on capital programmes, and £18.2m (66%) had been funded through specific grants.

It was reported that the impact of the Covid-19 crisis and the lockdown period on the capital programme was evident and in addition to the £14.1m reported on in the previous reviews, a further £19.3m of proposed spending had been re-profiled from 2020/21 to 2021/22, with the main plans including:

- £4.5 million 21st Century Schools Programme
- £3.3 million to Renew Vehicles.
- Late grant of £2.2m on Schools Maintenance, which arrived in March 2021, with a specific right for Welsh Government to replace current funds and slip them to the following year.
- £1.7 million Aberdyfi Quay Scheme.

In addition, the Council managed to attract further grants since the last review these included;

- £7.2 million - Grants from the Local Transport and Safe Routes Fund - permission for the slippage of the majority to 21/22.
- £2.2 million - Schools Maintenance Grant 20/21 that allows replacing current funding for expenditure in 21/22.
- £0.6 million - Innovative Housing Grant - Warm Homes (Pods) to assist with reducing homelessness.
- £0.5 million - Intermediate Care Fund Grant - adaptations to adult establishments and facilitate joint working with other agencies in the care field.

The Cabinet's decision (18 May 2021) was to accept all the recommendations that included:

- To accept the report on the end of year review (31 March 2020 position) of the capital programme.
- To note the £27,667,000 spend on the capital programme during the 2020/21 financial year, which will be included in the statutory financial statements for 2020/21.
- To approve the revised financing submitted, namely:
  - Increase in the use of
    - £3k of borrowing
    - £10,561 million in the use of grants and contributions

- £243k increase in the use of revenue contributions
- £200k increase in the use of renewal funds and others

**RESOLVED**

**To accept the report**

**To note the relevant risks**

**To support the Cabinet's decision (18 May 2021)**

**14. FINAL ACCOUNTS OF GWYNEDD HARBOURS FOR THE YEAR ENDING 31 MARCH 2021**

Submitted - the report by the Senior Finance Manager. It was explained, in accordance with the statutory requirements under the Harbours Act 1964, as a harbour authority, Gwynedd was required to provide an annual accounts statement relating to the activities of Barmouth, Aberdyfi, Pwllheli and Porthmadog harbours. As the Gwynedd harbours turnover was lower than £2.5m, it was considered to be a small local government body, and as such completion of statements of accounts return prepared by Audit Wales satisfied the statutory requirement.

Reference was made to the income and expenditure account, and an overspend of £5,208 was highlighted at the end of the year. It was reported that the impact of covid-19 and the associated lockdown period had affected the income levels of the Harbours, which were much less than the income target for the year. However, it was reported that the underspend on staffing, maintenance etc. had to some degree alleviated the situation.

Attention was drawn to the external auditors' standard form together with the Annual Governance Statement, which ensured a robust internal control system. It was highlighted that the accounts had already been subject to an internal audit and had now been submitted to the external auditors namely Audit Wales External Auditors. It was added that only if changes were required following the audit would an amended version be presented to the Committee in October.

**RESOLVED**

**To accept the report**

**To approve the Accounts:**

- **Revenue Income and Expenditure Account 2020 / 21**
- **Annual Return for the year Ended 31 March 2021, subject to audit by Audit Wales.**

**To recommend that the Chair signs the form electronically**

**15. INTERNAL AUDIT PLAN FOR THE YEAR 2021 - 31 MARCH 2022**

Submitted – the plan of the Internal Audit work for the 2021/22 financial year by the Audit Manager. In accordance with best practice and the Public Sector Internal Audit Standards, the Internal Audit plan was subject to continuous review in order to ensure that it remained up to date and reflected changes in the business together with the consideration of the significant and speedy impacts of the COVID-19 pandemic on the Council. In order to ensure that the Council's key controls and correct matters were reviewed, consideration was given to the Corporate Risk Register, Gwynedd Council's Plan as well as any other significant developments that are underway. As a result, an initial draft plan was prepared that would provide flexibility to address any matters that became apparent, to the Council's risks and priorities and to ensure the health and safety of Internal Audit officers and clients.

The initial plan was discussed with every Head of Service; this was an opportunity to further refine the plan, before preparing the final Plan for the Audit and Governance Committee.

It was noted that the Audit Plan 2021/2022 gave appropriate consideration to the following:

- to be aware at all times of the potential occurrence of fraud or corruption - taking advantage of the National Fraud Initiative and undertaking proactive Fraud Prevention Work
- continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit
- to ensure flexibility, Internal Audit will wherever possible use the AGILE methodology. The main objectives of applying the AGILE principles are:
  - Increasing audit quality
  - Short audit cycles
  - More interaction with clients
  - Providing insights

(It was noted that Agile provides a more flexible and dynamic Internal Audit Planning as a result of continuous risk monitoring).

It was projected that approximately 715 days of audit resources would be available to complete the 2021/22 audit plan. The available staffing resources were analysed, giving consideration to reasonable budgets for 'unproductive' work such as holidays, illness, training, management and meetings.

Details of the purpose and reason for some audits were given for members to have a taste of the contents of the audit plan

Gratitude was expressed for the report

In response to a question regarding the contents of cyber security (identified as a priority field in a recent workshop) on the work programme, it was noted that an audit into the security of IT systems had been identified. However, it was highlighted that an external company was preparing thorough, professional reports on cyber security and these reports were presented to the Audit Service. It was added that these were robust arrangements and to an extent, the Audit Service could add to what the external company does. It was reported that an item 'Resilience of IT Systems - Cyber Security' had been included as an item for scrutiny at the 15 July Committee meeting.

In response to a question regarding measures to safeguard freedom and the intention to audit new arrangements that will replace DoLS and if these new arrangements were better for the Council or for individuals, it was noted that this was an audit at the request of the Head of Adults, Health and Well-being who had recommended that the Audit Service would look at the new system to ensure robust arrangements as a result of past problems.

In response to a comment that the impact of covid 19 was far reaching and whether the Education Department had the capacity to get to grips with the impacts, it was noted that the matter had not been considered, however, the intention to discuss this further with the Head of Education was noted. It was emphasised that the contribution of educational psychologists was essential to assess the impact.

In response to a question regarding costs to staff of working from home, it was noted that it was possible to claim an allowance from HMRC (undertaking this was the responsibility of the individual - the information had been circulated). It was also noted that it was possible to claim a higher payment, however, bills would need to be submitted as evidence.

**RESOLVED**

**To accept the report  
To approve the Plan**

**16. AUDIT WALES – GWYNEDD COUNCIL AUDIT PLAN 2021**

Alan Hughes and Yvonne Thomas were welcomed to the meeting. Submitted - the Audit Wales plan for 2021 noting the work they intend to undertake during the year in accordance with the statutory responsibility they have as external auditors. Reference was made to the need to audit the financial statements and risks attached (that are risks that appear more or less in every Council). Reference was made to the contents of the performance audit programme offering an outline of the work to be undertaken and the proposed timetable.

Gratitude was expressed for the report and a willingness to collaborate was expressed.

**RESOLVED**

**To accept the report**

**17. THE COMMITTEE'S FORWARD PROGRAMME 2021 - 22**

Submitted - the report of the Assistant Head (Revenue and Risk), outlining the work programme of the committee for the year up to February 2022. It was highlighted that the forward programme had been drafted around standing items and some scrutiny items had been included. It was added that the programme was a live programme and the timetable may change.

**RESOLVED**

**To accept the report**

The meeting commenced at 10.00 and concluded at 12.35pm

---

**CHAIR**

# Agenda Item 5

<b>MEETING</b>	Audit and Governance Committee
<b>DATE</b>	15 July 2021
<b>TITLE</b>	Audit Wales Reports
<b>AMCAN</b>	Provide an update to the Committee on the Audit Wales work programme for Quarter 1
<b>RECOMMENDATION</b>	Members are asked to accept the report.
<b>AUTHOR</b>	Dewi W. Jones, Council Business Support Service Manager

## 1. BACKGROUND

- 1.1. The Audit and Governance Committee has a role to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council and as part of this role there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.2. As well as actively considering reports the committee are expected to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. To facilitate this work in the future Audit Wales will prepare a quarterly update on the work of the review bodies and a copy of this document is included as **Appendix 1**.
- 1.3. A report on the current studies of Audit Wales, Estyn and Care Inspectorate Wales (CSSIW) and the progress made by the Council in response to proposals or recommendations will be presented to the next meeting of this Committee.
- 1.4. In the meantime a copy of the ' Progress Review of the North Wales Growth Deal - North Wales Economic Ambition Board' recently published by Audit Wales together with the 'Management Response' are included as **Appendices 2 and 3** for your consideration.

## Audit Wales Work Programme and Timetable – Gwynedd Council

Quarterly Update: 30 June 2021

### Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's and its Joint Committees' 2020-21 Statement of Accounts	To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2021.	June 2021 through to October 2021	Financial statements received on 28 May 2021 and audit fieldwork ongoing.
Audit of the Gwynedd Pension Fund Accounts		September 2021 through to November 2021	Financial Statements received on 16 June 2021.

### Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
Commissioning Older People's Care Home Placements	A project common to north Wales councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care.	September 2021	Draft local report will be issued in July 2021

Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.	August 2021	Draft local report issued  National Summary Report due to be published August 2021
<b>Ffordd Gwynedd</b>	A high-level review of the implementation of Ffordd Gwynedd considering concepts, culture and barriers.	October 2020 to January 2021	Letter sent to Chief Executive

<b>2021-22 Performance audit work</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	July 2021	Pending publication of the council's annual performance report
<b>Assurance and Risk Assessment</b>	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. At Gwynedd Council the project is likely to focus on: <ul style="list-style-type: none"> <li>financial position</li> </ul>	April 2021 to March 2022	Ongoing

	<ul style="list-style-type: none"> <li>• self-assessment arrangements</li> <li>• recovery planning</li> <li>• implications of the Local Government and Elections (Wales) Act</li> <li>• carbon reduction plans</li> </ul>		
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Planned for Autumn 2021 onwards – to be confirmed following scoping.	Project scoping
<b>Review of Performance Management</b>	Review the way performance management framework at the Council supports demand led service delivery.	July to September 2021	Fieldwork to August / September

### Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Gwynedd Council
<b>Town Centre Regeneration</b>	Review of how local authorities and their partners are addressing town centre regeneration	Publication September 2020	Drafting	N/A
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of Direct payments	Publication Autumn 2021	Fieldwork complete; survey of recipients and providers	No – work being delivered via Direct Payment Forum and a selection of

			currently underway	follow up interviews
<b>Emergency Services</b>	Review of how well emergency services (blue light) collaborate	Publication Autumn 2021	Fieldwork until end of July	No
<b>Follow up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	TBC	Project set up	No – work being delivered via Homelessness and Supporting People Forum
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	TBC	Project set up	TBC
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	TBC	Project set up	TBC
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	TBC	Project set up	TBC

## Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	Estyn has worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
Curriculum Reform thematic review	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

## Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
<b>Assurance</b>	CIW will be completing its work on Assurance Checks including publication of a national overview report.	July – September 2021	In progress
<b>National review</b>	Support for disabled children and their families.	tbc	In progress - Drafting report
<b>Follow-up</b>	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	tbc	Not yet started
<b>Inspection</b>	Risk based inspection activity will continue where required.	tbc	No inspections are scheduled at this time

## Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
NHS finances data-tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion - Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

## Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>1</sup>

Title	Anticipated publication date
NHS waiting times data-tool	July 2021

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

<b>Supporting NHS staff well-being</b>	August 2021
<b>Administration of student finance</b>	August 2021
<b>Care home commissioning</b>	August 2021
<b>Picture of Public Services</b>	September 2021
<b>Warm Homes Programme</b>	September 2021
<b>Welsh Government accounts commentary</b>	Autumn 2021
<b>Welsh Government workforce</b>	Autumn 2021
<b>Orthopaedic services</b>	Autumn 2021
<b>Unscheduled care</b>	Autumn 2021
<b>Collaborative arrangements for managing local public health resources</b>	Autumn 2021
<b>Welsh Government setting of well-being objectives</b>	Autumn 2021
<b>Curriculum reform</b>	Winter 2021
<b>COVID response &amp; recovery / Welsh Government grants management</b>	TBC
<b>Equality impact assessment</b>	TBC
<b>Climate change – baseline review</b>	TBC

NHS structured assessment 2021 summary commentary	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

### **Forthcoming Good Practice Exchange events and publications**

<b>Title</b>	<b>Anticipated publication/event date</b>
Town Centre Regeneration	September 2 <sup>nd</sup> 2021
The Good Practice Exchange Team are currently in the process of finalising the programme of events for the remainder of 2021/ 2022. Once finalised, our key contacts across local authorities will be notified and details of those events and how to register will be available on our website. Please keep a look out for an email update over the coming weeks'	N/A

# Progress Review of the North Wales Growth Deal – North Wales Economic Ambition Board

Audit year: 2019-20

Date issued: May 2021

Document reference: 2317A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

# Contents

The NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these.

Summary report

Summary	4
Proposals for improvement	5
The NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these	6
Partners have agreed ambitions for the North Wales economy and have established a clear governance framework, although not all elements are operational	6
The NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge, or capacity, it is resourceful in filling shortfalls	9
The success of the Growth Deal is dependent on many external factors that may change planned ambitions; the NWEAB is adapting to overcome these emerging challenges and risks	12

# Summary report

## Summary

- 1 The North Wales Economic Ambition Board (NWEAB) was established to support the development of the region's economy. It has placed considerable emphasis on the successful delivery of its North Wales Growth Deal. The Growth Deal is seen by partners as an opportunity to transform the region and help rebalance the North Wales economy.
- 2 The North Wales Growth Deal aims to:
  - deliver inclusive economic growth;
  - generate £2.0- £2.4 billion in net additional Gross Value Added by 2036;
  - create 3,400 to 4,200 net additional jobs by 2036; and
  - deliver a total investment of £1.15 billion in the North Wales Economy through the Growth Deal. £240 million Growth deal funding, £184 million wider public funding, £722 million private sector investment.
- 3 The NWEAB has substantial funding to manage as it delivers the Growth Deal. It has ambitious programmes of work, there are complexities of partnership working and the impact of the COVID-19 pandemic on public services and the local economy are significant. This review sought to assess progress made by the NWEAB on its journey to support the development of the region's economy and delivery of the North Wales Growth Deal.
- 4 We focused our review on how the NWEAB was making progress in delivering the low carbon energy programme and in doing so examined:
  - governance arrangements;
  - support provided by the programme management office;
  - impact of COVID-19 on planned delivery; and
  - shared learning for the ambition overall.

The review sought to answer the question: In delivering its overall goals, is the NWEAB ready and able to adjust to meet the changing economic circumstances?
- 5 We found that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these. We concluded this because:
  - partners have agreed ambitions for the North Wales economy and have established a clear governance framework, although not all elements are operational;
  - the NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge, or capacity, it is resourceful in filling shortfalls; and

- the success of the Growth Deal is dependent on many external factors that may change planned ambitions: the NWEAB is adapting to overcome these emerging challenges and risks.

## Proposals for improvement

### Exhibit 1: proposals for improvement

**Exhibit 1** summary: The table below contains our proposals for ways in which the councils through the North Wales Economic Ambition Board could improve their delivery their overall goals.

Proposals for improvement	
P1	The North Wales councils, through the NWEAB, should develop a risk management strategy and develop a risk register which includes consideration of new risks to projects presented by external circumstances such as Brexit, COVID-19 and other pressures on the local economy.
P2	The North Wales councils, through the NWEAB, should widen their contacts with the business community to increase opportunities to support delivery of their objectives.
P3	Ensure that policies and procedures reflect the need to uphold public sector transparency and values in decision making whilst operating in the very competitive and commercial business environment.
P4	Establish formal, timely scrutiny of the NWEAB that provides public transparency and keeps sponsoring councils informed.
P5	Develop agreements that clearly set out the support provided to the PMO by Gwynedd Council such as governance, human resources and finance.
P6	When reviewing feasibility of individual projects, define how each contributes to delivery of the Well-being of Future Generations (Wales) Act 2015's seven Well-being Goals.

# Detailed report

The NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office, external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these

**Partners have agreed ambitions for the North Wales economy and have established a clear governance framework although not all elements are operational**

## High level strategic aims and funding commitments

- 6 In 2016 the North Wales Economic Ambition Board (NWEAB)<sup>1</sup> adopted **A Growth Vision for the Economy of North Wales**. That Vision was subsequently adopted by all six North Wales councils. Based on the Growth Vision Strategy, a Growth Deal bid was prepared and agreed by all the partners, working with both the UK and Welsh Governments and the private sector in October 2018. In November 2019, the NWEAB and the Welsh and UK Governments agreed the Heads of Terms<sup>2</sup>, and the Final Deal Agreement was completed in December 2020.
- 7 The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on its strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. The NWEAB's approach is to promote growth in a scalable, inclusive and sustainable way in line with the Well-being of Future Generations (Wales) Act 2015. The Growth Deal is based on the delivery of 14 transformational projects across five programmes. The programmes have been defined as either high growth programmes or enabling programmes.
- 8 The Vision is to develop 'a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and NWEAB's connection to the economies of the Northern Powerhouse and Ireland. The Growth Vision was founded on three key principles for North Wales:

<sup>1</sup> The North Wales Economic Ambition Board (NWEAB) is a Joint Committee comprising the six councils in North Wales (Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey and Wrexham the two colleges (Coleg Cambria and Grŵp Llandrillo Menai), two universities (Bangor and Wrexham) and the private sector.

<sup>2</sup> Heads of terms evidence serious intent and have moral force, but do not legally compel the parties to conclude the deal on those terms or even at all.

- Smart – with a focus on innovation and high value economic sectors to advance economic performance;
  - Resilient – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth; and
  - Connected – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.
- 9 The NWEAB has sought to ensure that its work complies with the Well-being of Future Generations (Wales) Act 2015 (WFG). In terms of the five ways of working, its programme is long term in nature, there is clear partnership working which demonstrates collaboration and projects are clear about their intended impact and what they seek to prevent. As planning of projects continues to develop there is more scope for integration across the region and involvement in their shaping and delivery.
- 10 In the Autumn Budget 2018, the then Chancellor of the Exchequer, announced £120 million in capital funding for the North Wales Growth Deal. The Welsh Government confirmed that it would match the UK Government's financial contribution to the North Wales Growth Deal, securing commitment for £240 million as a grant contribution in capital funding from governments.
- 11 The Growth Deal is seeking to deliver a total investment of up to £1.1 billion in the North Wales economy including the £240 million from the Growth Deal, to create between 3,400 and 4,200 net additional jobs and generate between £2 billion and £2.4 billion in net additional Gross Value Added<sup>3</sup>.
- 12 Partners recognise that the vision was originally set out in 2016 and the local economy and demographics will have changed, particularly due to the impact of the COVID-19 pandemic. As a result, they plan to refresh the vision to reflect the current economic position.
- 13 In agreeing to work together in North Wales to deliver a shared vision, partners have put aside any potential political differences, to ensure they maximise the benefits for the region as a whole. This is a long-term project and partners have agreed principles that they hope will see delivery of the Growth Deal in full. It will remain in full force and effect until such time as either all the parties have withdrawn, or all parties agree to terminate the agreement. Its so called 'lock in period' is an agreement that no party may operate the withdrawal provisions for the initial six years of the governance agreement. Withdrawal after this period is possible on notice, however, any partner who wishes to withdraw will be required to indemnify the remaining partners against the financial impact of that withdrawal and in particular any existing and continuing contractual commitments.

<sup>3</sup> Gross value added is the measure of the value of goods and services produced in an area, industry or sector of an economy.

## **Governance arrangements**

- 14 The NWEAB is well established and acts as the Sponsoring Group and the Decision-Making Body. The Board is responsible for the consideration and approval of project business cases within the portfolio and has responsibility for delivery delegated to the relevant programme and project boards. The Board generally meets monthly and consists of council leaders and chief executives, advisors from the colleges, universities and Business Delivery Board, officers from Gwynedd Council as host authority and the Portfolio Management Office. Only the six council leaders who represent their respective councils have voting rights.
- 15 The NWEAB has focused on delivery of the Growth Deal and in particular securing government funding as a priority. Having secured this funding, the Board will focus more on delivering the programmes and projects and its wider aims and vision around being smart, resilient and connected.
- 16 NWEAB has established an Executive Support Group (Portfolio Board) which is the advisory body to the Economic Ambition Board. It acts as the Portfolio Board for the Growth Deal and is made up of senior officers from each of the Economic Ambition Board partner organisations. This group plays a pivotal role in advising the NWEAB as it develops and delivers the Growth Deal projects.

## **Cultures and working arrangements**

- 17 Delivery of the Growth Deal brings together very different cultures and governance arrangements. The councils are governed by their constitutions and delegated powers and are accountable to the electorate. Higher education partners operate within their constitutions, charters and statutes, and business partners are accountable to boards and shareholders. As delivery of the Growth Deal progresses, partners will need to ensure a good mix of speedy decision making whilst maintaining adherence to governance structures designed to ensure public accountability and transparency in the use of public money. At this stage it is unclear how NWEAB supported by the PMO will satisfy the requirements of these different cultures.
- 18 Officers and councillors working in partnership must ensure that their sponsoring organisations are fully informed of key decisions and, where necessary, approval is sought. As the Growth Deal was nearing sign off, we observed councils as they debated and approved the final proposal. Leaders clearly articulated the important issues around the proposal and spoke with enthusiasm about the prospects for the region.
- 19 At earlier stages of the work, we understand that Leaders briefed Cabinet or Executive Members and we believe that opposition groups were kept informed through councillor briefings. Whilst it is positive that all councillors are well informed, that members of the public have access to reports via Gwynedd Council's website, and that scrutiny committees have considered the bid and deal, ongoing scrutiny arrangements will need to be formalised.

20 Delivery of the Growth Deal will be supported by five Programme Boards; one for each of the agreed programmes as follows:

- innovation in high value manufacturing;
- agri-food and tourism;
- land and property;
- digital; and
- low carbon energy.

A member of the Executive Support Group has the role of Senior Responsible Owner (SRO) for each of the programmes and leads the relevant Programme Boards. At the time of our review, the Programme Boards were at various stages in their development with the Low Carbon Energy Programme Board being the most well established. We observed the January 2021 meeting of the Low Carbon Energy Programme Board meeting which showed a clear focus on delivery and a developing approach to managing the projects within the programme, such as developing benefits realisation and business cases.

21 The NWEAB plans that all projects within the Growth Deal will be managed via 14 project boards. Each will have an allocated SRO, project manager and project sponsor. These boards will be focused on the development and delivery of the agreed business cases, which will focus on the delivery of specified outputs. Projects will report through to the relevant Programme Board. At the time of our review, terms of reference for Project Boards had not been agreed.

22 Albeit that most projects are at the early stages of their development, we sought to identify if interdependencies between the projects were being managed effectively. We understand that projects were established first then grouped together to form the programmes. As such these are not programmes with interdependent projects; rather they are a collection of individual projects that if successful will help to deliver the programme outcomes.

## **The NWEAB has established a well-resourced Portfolio Management Office to support delivery of its ambitions; where it finds gaps in skills, knowledge, or capacity, it is resourceful in filling shortfalls**

### **The Portfolio Management Office**

23 Initially, professional networks have played their roles such as planners and senior officers from all the North Wales councils and other partners in setting up the Growth Deal. This professional input guided the development of the Growth Deal projects, the regional vision and the governance structures which have now been established. This professional support continues.

- 24 The NWEAB established a Portfolio Management Office (PMO) to progress the development and delivery of the Growth Vision and Growth Deal. During 2020-21, recruitment to key posts such as programme and project managers and support posts proceeded and as at January 2021 recruitment continued.
- 25 The PMO has a budget of £1,673,690 in 2020-21 funded by councils, universities, the European Social Fund, Transport Wales Bill grant and Earmarked reserves. In 2020-21, NWEAB forecasts an underspend of £78,000.
- 26 Gwynedd Council 'hosts' the PMO by providing governance, employing PMO staff, human resources and financial advice/services. This enables the PMO to draw on professional services and support without incurring unnecessary additional infrastructure costs. This arrangement has developed over time and is not yet supported by a service level agreement which would formalise the relationship between the PMO and Gwynedd Council.
- 27 Where the PMO has needed extra capacity around specialist or additional support, it has commissioned this from the private sector. For example, recently it commissioned work around tourism, an impact assessment and a situational analysis
- 28 Where the PMO has identified gaps in its own skills and knowledge it has commissioned specific training. For example, Welsh Government staff were commissioned to provide training on drafting and reviewing business plans.
- 29 The PMO has well developed relationships with staff from North Wales councils involved in delivering core regeneration and economic development services and has engaged well with them through the COVID-19 related North Wales Regional Economic Recovery Group. The PMO chaired and administered these meetings, drawing together these valuable regional resources. The PMO has already become a valuable regional source of information around regeneration and economic development because of its skills, knowledge and local intelligence but will need to be clear over time about the distinction between its role in delivering the growth deal and vision and the core functions and responsibilities of individual councils.
- 30 The PMO recognises that it has further work to do. It plans to:
- develop the NWEAB website;
  - develop a reserves strategy; and
  - set out its medium-term financial plan.

## **Learning from and engaging with others**

- 31 Flintshire and Wrexham Councils are members of the Mersey Dee Alliance (MDA). The aim of the MDA is to enhance the profile and identity of the North Wales/North West border region. Engaging with the MDA provides an external perspective to the NWEAB and helps it to look around the borders for wider opportunities in the delivery of its economic vision.

- 32 The Draft Procurement Strategy sets out a commitment to be innovative in its approach to maximise social value working with partners, in particular the Public Services Boards to support building community resilience. Engagement with the Public Services Boards has not yet commenced.
- 33 The PMO speaks regularly to people in similar roles who support government funded initiatives across Wales such as the Cardiff City Deal and the Mid Wales Growth Deal. This provides a valuable source of information and enables the sharing of valuable learning.
- 34 The NWEAB and the PMO continue to maintain regular contact with the UK and Welsh Governments over delivery of the Growth Deal, which provides routine challenge and guidance.

## Plans to deliver the Growth Deal

- 35 Within the five programmes, there are 14 individual projects as follows:

### **Innovation in high value manufacturing programme**

- Centre for Environmental Biotechnology
- Enterprise Engineering & Optics Centre

### **Agri-food and tourism programme**

- Tourism TALENT Network
- Glynllifon Rural Economy Hub
- The Llysfasi Carbon Neutral Centre

### **Land and property programme**

- Holyhead Gateway
- Regional Land and Property
  - Wrexham Gateway;
  - Parc Bryn Cegin: former North Wales Hospital;
  - Key Strategic Sites:
    - Bodelwyddan; and
    - Warren Hall

### **Digital programme**

- Digital Connectivity Project
  - Connected Campuses;
  - Connected Corridors;
  - Last few percentages; and
  - Full fibre at key sites
- Digital Signal Processing Centre Project (DSP)

### **Low carbon energy programme**

- Morlais

- Trawsfynydd Power Station
  - Low Carbon Energy Centre of Excellence
  - Smart Local Energy
  - Transport Decarbonisation
- 36 Some of the projects are at concept stage with assumptions around the level of private sector funding that will be needed to support delivery. With the signing of the Growth Deal agreement, the NWEAB plans to revisit its original project and planning assumptions to ensure that they remain feasible before progressing with delivery.
- 37 Having clarified the assumptions for each programme and the projects that support them, the NWEAB will need to approve business cases for each. Work has already begun on some project business cases whilst others remain at an early stage of development. Once approved, business cases will pave the way for procurement and further Gateway reviews.
- 38 As projects develop there is opportunity to define how each contributes to delivery of the seven Well-being Goals. The PMO has completed WFG Act, Equalities Act and Welsh Language Act impact assessments against its portfolio and plans to carry out similar for programmes and projects.

### **The success of the Growth Deal is dependent on many external factors that may change planned ambitions; the NWEAB is adapting to overcome these emerging challenges and risks**

- 39 The local economic landscape in Wales has changed since the NWEAB approved the original Growth Deal programmes and projects. The impact of external factors such as COVID-19 on business and employment has been unprecedented and the effect on the local economy can be better assessed following clarity on the Brexit agreement.
- 40 The Growth Deal programme is subject to a series of Welsh Government Assurance Hub independent Gateway reviews at agreed points of time. Release of government funding will be dependent on the NWEAB receiving positive rating through these reviews. In September 2020, such a review was carried out and the review team reported that successful delivery appeared feasible, but significant issues required management attention which contributed to an overall Amber rating. The review was positive around the regional ethos, PMO and involvement of stakeholders. However, it also noted some concerns around benefits management, risk management, monitoring, timescales and feasibility of some projects. Risks are significant and we would highlight the need for a risk management strategy as a key priority for the NWEAB with Brexit, COVID-19 and reliance on private sector funding potentially affecting the viability of some projects.

- 41 The PMO has responded positively to the review findings and has informed Welsh Government and the NWEAB what actions it plans to take or is already taking to address the review recommendations.
- 42 Ongoing support and engagement with the business sector are critical to delivery of the Growth Deal and the regional vision. The North Wales Mersey Dee Business Council was a founding member of the NWEAB and has worked in close collaboration with partners and regional stakeholders to shape and influence the Growth Deal. In August 2020, due to challenges caused by COVID-19, the Business Council withdrew membership of the NWEAB but remains a key stakeholder and plans to be an integral, albeit more distant, partner moving forward. Over the lifetime of the Growth Deal and delivery of the regional vision, partners, both public and private sector will need to adjust their involvement with the programmes and projects as external factors affect their priorities.
- 43 Whilst the NWEAB has many well-established business relations it is important that it expands this network. The Business Council brings much needed experience, knowledge and opportunities to inform the Growth Deal but there will inevitably be some gaps with businesses not currently aware of the potential opportunities afforded by the Growth Deal and delivery of the vision to which they may be able to contribute.
- 44 As with everybody, the NWEAB has been affected by the COVID-19 pandemic. Local economies have been affected as have ways of working. NWEAB and the PMO have continued to be creative through the use of technology to comply with national restrictions but maintain an air of 'business as usual'. As such, it has met important deadlines and continued to progress projects where it could.



Audit Wales  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## Management response

**Report title:** Progress Review of the North Wales Growth Deal – North Wales Economic Ambition Board

**Completion date:** March 2021

**Document reference:** 2317A2021-22

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
P1	<b>Risk management</b> <ul style="list-style-type: none"> <li>The North Wales councils, through the NWEAB, should develop a risk management strategy and develop a risk register which includes consideration of new risks to projects presented by external circumstances such as Brexit, COVID-19 and other pressures on the local economy</li> </ul>	Risks are assessed, recorded and mitigated against.	Yes	<p>A Portfolio Risk Register has now been produced and implemented. This captures the broad risks to delivery of the Growth Deal portfolio. The Portfolio Risk Register is reported to the NWEAB quarterly.</p> <p>In addition, programme risk registers are developed and implemented for each of the five programmes and as project boards are established the same format</p>	Portfolio Risk Register in place since October 2020.	Hedd Vaughan-Evans

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				for risk management will be implemented.		
P2	<p><b>Engaging business community</b></p> <ul style="list-style-type: none"> <li>The North Wales councils, through the NWEAB, should widen their contacts with the business community to increase opportunities to support delivery of their objectives.</li> </ul>	Opportunities are maximised by engaging with more businesses	Yes	<p>The PMO are currently implementing a broader communications strategy, supported by the design and launch of a new on-line portal, working in collaboration with Tinint digital creative agency. Strategic relationships are also in place with communication partners i.e. Wales Week in London, Business News Wales, Ateb Cymru consultancy.</p>	On-going	<p>Alwen Williams Nia Medi Williams Erin Gwenlli Thomas</p>

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				<p>It is accepted that opportunities to engage directly with business should be widened and the new strategy will support the PMO and its partners to take appropriate and relevant messages out to key audiences in a targeted and strategic way.</p> <p>Additionally the PMO has a procurement officer now in place. The PMO intends to conduct timely and regular meet the buyer opportunities ahead of the large scale procurement exercises in order to engage with and inform the local supply chain.</p>		

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
P3	<p><b>Transparency</b></p> <ul style="list-style-type: none"> <li>Ensure that policies and procedures reflect the need to uphold public sector transparency and values in decision making whilst operating in the very competitive and commercial business environment.</li> </ul>	Decisions remain transparent whilst operating in a business environment	Yes	<p>All NWEAB meetings take place in accordance with local government regulations. All decisions taken by the Economic Ambition Board are recorded and available from the host authority website - <a href="https://democracy.gwynedd.llyw.cymru/ielistmeetings.aspx?cid=418&amp;year=0">https://democracy.gwynedd.llyw.cymru/ielistmeetings.aspx?cid=418&amp;year=0</a></p> <p>A policy and process for managing any conflicts of interest arising has now been implemented and is being rolled out across the EAB, Business Delivery Board, Programme Boards and Project Boards.</p> <p>Transparency is one of the Procurement Principles adopted by the NWEAB and</p>	On-going	<p>Iwan Evans (Monitoring Officer)</p> <p>&amp;</p> <p>Hedd Vaughan-Evans</p>

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				is a key feature of all procurement activity.		
P4	<b>Scrutiny</b> <ul style="list-style-type: none"> <li>Establish formal, timely scrutiny of the NWEAB that provides public transparency and keeps sponsoring councils informed.</li> </ul>	Those who make decisions are held to account within the partnership and by their sponsoring organisation	Yes	A Q4 quarterly Progress report as well as an Annual Report have been presented to the Economic Ambition Board and are currently going through scrutiny committees in each of the Local Authorities. Quarterly progress reports will be presented moving forward, with a commitment from PMO to attend one scrutiny committee a year should they be required to attend with	Agreed as part of Governance Agreement 2 in December 2020.	Iwan Evans (Monitoring Officer) & Hedd Vaughan-Evans

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
				local authority officers. Both Quarterly and Annual reports are presented to all EAB partners and are available publicly.		
P5	<b>Support arrangements</b> <ul style="list-style-type: none"> <li>Develop agreements that clearly set out the support provided to the PMO by Gwynedd Council such as governance, human resources and finance.</li> </ul>	Clarity over what support is to be provided to avoid potential disagreement	Yes	Discussions ongoing with Monitoring Officer and Section 151 Officer.	On-going	Hedd Vaughan-Evans

Ref	Recommendation	Intended outcome/benefit	High priority (yes/no)	Management response	Completion date	Responsible officer
P6	<p><b>Review of projects</b></p> <ul style="list-style-type: none"> <li>When reviewing feasibility of individual projects, define how each contributes to delivery of the Well-being of Future Generations (Wales) Act 2015's seven Well-being Goals.</li> </ul>	Confidence that projects remain in the programme and that they meet legislative requirements	Yes	<p>The PMO has put in place a robust assurance and approvals process for projects including consideration through gateway reviews, project boards, programme boards, portfolio board and NWEAB. All business cases are accompanied by an Impact Assessment considering the impact on Future Generations (Wales) Act, Equalities and the Welsh Language.</p> <p>Our approach is founded on the goals within the Wellbeing of Future Generations Act to drive inclusive economic growth for the region in the right way.</p>	April 2021	Hedd Vaughan-Evans



<b>MEETING</b>	Audit and Governance Committee
<b>DATE</b>	15 July 2021
<b>TITLE</b>	Review of Ffordd Gwynedd
<b>PURPOSE OF THE REPORT</b>	Inform Members of the District Auditor's conclusions and report on proposed next steps
<b>AUTHOR</b>	Councillor Nia Wyn Jeffreys
<b>ACTION</b>	To accept the report and support the next steps recommended.

## 1. INTRODUCTION

As a result of the Wales Audit Office undertaking a review of the Wellbeing of Future Generations in adult social care within the Council in 2019, the Council agreed with the District Auditor that it would be beneficial to undertake a follow-up review of the progress of Ffordd Gwynedd across all of our Services.

The Auditor's conclusions are primarily based on interviews conducted during October 2020 with each Head of Department and the Corporate Director as well as the information gathered in various audits and reviews over the previous five years.

The letter received from the Wales Audit Office, summarising the Auditor's main conclusions, can be seen in Appendix 1.

The Council's Management Team (Chief Executive, Corporate Director and 10 Heads of Department) has considered the conclusions and agreed an initial programme of work that addresses and responds to a number of those conclusions.

One of the first steps that the Chief Executive himself is keen to lead on is to undertake a self-assessment review in each Department, which will identify how and to what extent the principles of the "Ffordd Gwynedd" way of working are embedded across the Council. This intention is in line with the wish of the members of this Committee to form a "Task and Finish Group" in order to review the progress achieved in the name of Ffordd Gwynedd in the Council.

At the Scrutiny Working Group meeting held with members of this Committee on the 4th of May this year, it was agreed to schedule the work of the Task and Finish Group during the Autumn of this year. The Chief Executive has proposed that he works with members of the Task and Finish Group, and other officials, to produce a brief for the Review and then to consider the conclusions and make recommendations as a result.

## 2. RECOMMENDATION

That the Task and Finish Group be established, from amongst members of this Committee, to work with the Chief Executive to undertake a review of how and to what extent the principles of the "Ffordd Gwynedd" way of working are embedded across the Council.

Chief Executive  
Gwynedd Council,  
Shirehall St,  
Caernarfon.  
LL55 1SH

24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

**Reference:** 2240A2021-22

**Date issued:** January 2021

Dear Dilwyn,

## Ffordd Gwynedd – High Level Review

After our Well-being of Future Generations review of the Area Teams in adult social care in 2019, we planned, with your support, a follow-on review of Ffordd Gwynedd. This follow on work was to look council-wide but with a more ‘helicopter view’ than the detailed approach we had previously taken. Our conclusions in this letter are based on recent interviews with all Heads of Service, our Area Teams review, and our accumulated knowledge of Ffordd Gwynedd built up over the last 5 years.

### **Ffordd Gwynedd is embedding well and is driving cultural change, however there are some common misconceptions and barriers that slow Ffordd Gwynedd’s progress**

Ffordd Gwynedd has clearly had a big impact on the way Gwynedd Council works and thinks. The Council has transformed elements of the way it works through both corporately supported and more service driven change projects, as well as a significant training programme for senior officers.

However, there are some common misconceptions and some barriers that hinder further progress. These issues limit the way in which Ffordd Gwynedd embeds and becomes part of the subconscious way of working.

## Concepts

**Focus of activity** – the notion of putting the people of Gwynedd at the centre of everything that the council does is clear. However, this is more often relayed as putting the citizen at the centre. On the face of it this is a small change to the wording that is not significant. However, having the word “citizen” in the mind can limit the thinking about who or what is the focus of the activity undertaken.

In some cases, the individual is the right focus, but in others it might be a small group or a community or at the other extreme it might be the whole county. The Council needs to challenge itself about who or what needs to be the focus of the activity and the overall outcomes it plans to achieve.

**Prevention** – prevention is an activity that we assume to be one that takes place before intervention. Pre is a prefix that means before, prior to, in front of. However, prevention needs to take place before, during and after interventions to prevent reoccurrence, to prevent escalation or to prevent cyclical models often seen in areas like looked after children, whose children in turn are often looked after.

The Council needs to challenge itself around prevention and to make sure it is clear about how prevention activity is embedded in service design, delivery and review.

**Money** – Financial constraints have been a clear and present feature of local government over the last ten years and are likely to be for some time to come. As such there is a clear correlation between Ffordd Gwynedd and the need to make savings, that has built up over time. Whilst some of this linkage is warranted, it should not be the sole driver. There is a need to demonstrate that doing the right thing may not lead to savings and in other cases may in fact cost more.

This is amplified by the difficulties often seen in calculating savings from systems thinking process change, rather than weighting decisions on improvement in outcomes for service users. At times, provided there is a logical argument to improve outcomes and resources allow, there is a need to take a leap of faith and believing that removing waste process steps and investing to improve outcomes will deliver savings in the medium term, even if they cannot be proved at the outset.

The Council needs to assure itself that it is not limiting innovation and improved outcomes by placing the need to demonstrate savings as a precursor to initiating change projects. It needs to convince officers that Ffordd Gwynedd is truly about doing the right thing even if upon occasion it costs more. Without taking this step officers will not propose ideas unless they can clearly prove the financial savings,

and this will continue to stifle innovation, preventing further progress and potentially worsening outcomes.

**Data** – Data is a key information source, it is needed to predict demand, to justify change, to quantify spend or to explain deviation from expected delivery outcomes or costs. It is not about targets; it is about knowledge. Without data organisations lack the information and knowledge needed for both strategic and operational planning and budgeting. Consequently, both can be weakened.

The need for data is a fundamental part of Ffordd Gwynedd, it forms a part of the training. However, this need has not universally embedded itself as a principle and some services lack sufficient data. For example, our Well-being of Future Generations report – Delivering Care Service with Five Area Teams highlighted the lack of meaningful data within Adult Services.

It is positive to note that the Council has recognised the need for more detailed information during the COVID pandemic and is now putting in place a revised performance management model. The Council needs to continue this initiative and ensure it establishes quality, relevant and valuable measures for all services and then uses these to manage services effectively.

## Culture

**Empowerment, Trust and Leadership** – Ffordd Gwynedd expects individual officers to take ownership and be empowered to drive change and propose new ways of working. However, to feel empowered there is a need to trust those around you. They need to be supportive and to be positive even if that is in challenge. A safe environment is key, a safe space to experiment and to explore ideas. A space where it is safe to fail and learn, seeking support and input from colleagues.

Clearly at a senior level in any organisation there is an inherent need to accept and respond to challenge, it is part of the job. But it must be done in a constructive, supportive way otherwise it can be counterproductive.

At present in the Council, there are instances where this trust relationship and constructive challenge does not exist, challenge is often described in the words of some and observed by others as destructive.

Whilst Ffordd Gwynedd hopes to empower all, no matter what level in the organisation, to enable a more trusting environment, the Council may need to revert to a more structured, traditional approach to developing ideas for the short term. This will enable staff to feel supported by their line managers and to put forward ideas in

the knowledge of line management support. Taking this approach will provide the time needed to allow leadership styles such as coaching and mentoring to develop and for the Council to consider and establish the structures and arrangements needed to deliver as a “One Gwynedd” team. The true test of success will be a flow of ideas that are put forward collectively, supported by all, with no last-minute destructive challenges. This will be a real test of leadership but fixing this throughout the organisation is fundamental to the future of Ffordd Gwynedd.

**Brand** –There are examples where challenge is made along the lines of “that is not Ffordd Gwynedd”. Where this is correct the challenge is justified, but where it is driven from a misunderstanding about some of the concepts referred to above it is unfortunate and destructive. These instances need to be carefully challenged even if the person making the statement is considered senior or in a position of authority.

These conclusions are intended to be useful and constructive. Whilst they represent some challenge to the Council, we feel that overcoming these barriers will further embed Ffordd Gwynedd as the cornerstone of the way the Council thinks, plans and acts.

Yours sincerely



Jeremy Evans, Audit Manager

# Agenda Item 7

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	15 JULY 2021
TITLE	RISK MANAGEMENT ARRANGEMENTS
PURPOSE OF REPORT	TO UPDATE THE AUDIT AND GOVERNANCE COMMITTEE ON THE COUNCIL'S RISK MANAGEMENT ARRANGEMENTS
AUTHOR	DEWI MORGAN, ASSISTANT HEAD OF FINANCE (REVENUES AND RISK)
ACTION	RECEIVE AN UPDATE ON FURTHER DEVELOPMENTS TO THE RISK MANAGEMENT ARRANGEMENTS

---

## 1. INTRODUCTION

- 1.1 One of the statutory responsibilities of the Audit and Governance Committee is to review and assess the Authority's arrangements for risk management, internal control and corporate governance, in accordance with part 81(1)(c) the Local Government (Wales) Measure 2011.
- 1.2 The purpose of this report is to give the Committee an update on developments in the risk management area.

## 2. CURRENT SITUATION

- 2.1 Committee members are aware of the arrangements that are in place for assessing and scoring risks, as it is regularly introduced as part of the Audit Manager's update on the work of Internal Audit. Since 2018, Internal Audit's approach to assessing the risks of the audited services follows this procedure.
- 2.2 Similarly, the Annual Governance Statement has for some time now been prepared on the basis of the 23 governance risks that have been identified and are continually assessed by the Governance Arrangements Assessment Group.
- 2.3 The arrangements consider two factors when scoring the size of risks:
  - The **Impact** of the event if the risk were realised
  - The **Likelihood** of the risk being realised.

2.3.1. The Impact and Likelihood are given a score of 1 to 5, using the following scoring guidelines.

### Impact

Score	Impact	Definition
5	Catastrophic	A <b>catastrophic</b> effect on any resident (e.g. loss of life) or a destructive effect on the life or well-being of many residents
4	Destructive	A <b>destructive</b> effect on the life or well-being of several residents (e.g. where the quality of life or the well-being of someone has been effected to the degree that they have an intense need for assistance to allow them to live their lives) or a <b>very substantial</b> effect on many residents
3	Very Substantial	A <b>very substantial</b> effect on the life or well-being of several residents (e.g. the effect means that their quality of life or well-being is substantially lower than would otherwise be expected for a Gwynedd resident) or a <b>significant</b> effect on a many residents
2	Significant	A <b>significant</b> effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a <b>visible</b> effect on many residents
1	Visible	A <b>visible</b> effect on the life or well-being of some residents (e.g. the effect is visible but not significant to their well-being) or a <b>marginal</b> effect on many residents

- Several = 10s to 100s of residents
- Many = 1,000s to 10,000s of residents

### Likelihood

Score	Likelihood	Definition
5	Happening now	The effect is to be seen now (i.e. it is happening)
4	Very likely	Very likely that it will be seen in the foreseeable future
3	Likely	A chance it may happen, but may not
2	Unlikely	The likelihood of it happening is low – but is still there
1	Very Unlikely	Very unlikely to happen

2.3.2. The Impact Score and Likelihood Scores are multiplied together to give a Current Risk Score, which are the risk scores based on the controls that are currently in place. The Risk Score is defined from very high to low as follows:

<b>Score 20-25</b>	<b>Very High Risk</b>
<b>Score 12-16</b>	<b>High Risk</b>
<b>Score 6-10</b>	<b>Moderate Risk</b>
<b>Score 1-5</b>	<b>Low Risk</b>

### Current Assessment

2.4 The risk management arrangements is a specific area that is addressed in the assessment of the Council's governance arrangements. The Annual Governance Statement (approved by the Committee on 27 May) describes the current position as follows:

2.5 We have assessed that this is currently a **Medium** risk, because:

**There are strong arrangements for monitoring our compliance with certain types of operational risks.**

**Each risk in the Corporate Risk Register has been considered from the perspective of the risk to the people of Gwynedd, not from the Council's inverted point of view.**

**A new Corporate Risk Register was launched on 6 March 2021. The new system offers a user-friendly facility in each department as they consider their priorities and identify what needs to be done, and to assist members in challenging performance and ensuring that the expected action has been taken.**

**The Covid-19 pandemic has been a significant test for the Influenza Pandemic Plan and for the Council's service continuity plans. We immediately saw what happens with any such plan, that there were things that were not addressed in the plan. For example, the flu pandemic plan did not envisage that society itself would be locked down and there would be a need to cope not only with staff absences but also with staff all working from home.**

**However, a response was achieved and the comparatively lower incidence of cases than predicted in the original projection; the limiting of the number of deaths and the fact that the Council has been able to continue to deliver its Priority 1 services is evidence of this..**

### **3. FURTHER STEPS**

3.1 The 2021/22 Annual Governance Statement notes the following as further steps which need to be taken to further strengthen the risk management arrangements:

**Work still needs to be done to ensure that all Council departments maintain the procedure of recording their major risks and review them regularly. The Insurance and Risk Service will support all departments to ensure that the use of the Corporate Risk Register is consistent across the Council, and that risks are continuously updated. The procedure of considering the contents of risk registers when monitoring the performance of departments will develop further.**

3.2 It is noted in the Governance Statement that the new risk register was introduced on 6 March. The new register is being kept on Sharepoint technology, as is iGwynedd, the Council's corporate document retention system. That means moving on from the previous system that used an Excel spreadsheet to a system that should be much more convenient To update and keep it under review.

3.3 It was reported to the Audit and Governance Committee in November 2020 that the number of modifications to the Risk Register had increased, which was an encouraging sign that understanding of the importance of the register continues to increase.

3.4 Further work is now needed to ensure that it is possible to report easily out of the system as part of the Council's performance review arrangements, which continue to evolve. The expectation is that the performance monitoring procedures will consider the progress made against the further steps that need to be taken to mitigate the risks in the register.

### **4. CURRENT REGISTER**

4.1 The Corporate Risk Register was specifically addressed by the then Chief Executive at Managers Network meetings during October / November 2020. The opportunity was used to explain to managers that each department needs to consider its main risks using the usual procedure of identifying issues that may occur and would affect the ability of a business unit to realise its purpose.

4.2 All officers at manager level or more senior have access to the risk register with a view to ensuring that it is properly updated as soon as possible. Of course, the register will never be finished as it is a living document, but the expectation is that we are always at a point where the register is a reflection of the council's true position.

- 4.3 At 2 July 2021, 353 risks had been identified in the corporate risk register. Of these, 62 had been archived; that is, they have been managed to an acceptable level at present and no further action is required. They will continue to be reviewed, but once a year rather than continuously.
- 4.4 This therefore means that there are **291 current risks in the register**, but of these 4 are currently unscored (and we will follow up on this). Of the 287 current risks scored, they have been categorised as follows:
- **Number of very high risks: 23**
  - **Number of high risks: 72**
  - **Number of medium risks: 160**
  - **Number of Low risks: 32**
- 4.5 On 2 July 2021, the very high risks belonged to the following departments:

<b>Department</b>	<b>Number of very high risks</b>
Economy and Community	13
Adults, Health and Wellbeing	6
Children and Families	1
Housing and Property	1
Gwynedd Consultancy	2
<b>TOTAL</b>	<b>23</b>

- 4.6 Details of the 23 very high risks are included in the Appendix; these risks will be reviewed continuously by the departments, to review if the rating can be changed because the risk has proven to be less than anticipated, or as actions are realised. These risks will then be addressed at the performance monitoring meetings, and within internal departmental meetings.
- 4.7 It is also important to note that a group of officers – the Governance Arrangements Assessment Group – will also undertake a moderation role for the risk register to ensure that scoring is consistent from one department to another.
- 4.8 Future meetings of the Audit and Governance Committee will receive information on changes to these risk scores, so that it can assess the Council’s risk management arrangements in line with its statutory duties.
- 4.9 It is seen from the Appendix that one of the Council's highest risks at the moment according to the register is the Gwynedd Businesses being affected by the Brexit agreement. Now that this agreement has been in place for some months, the true impact of Brexit on Gwynedd businesses can be seen as time goes on, with a view to seeing if the rating can be changed, but substantial uncertainty remains.
- 4.10 It is noted that a specific Brexit Risk Register is currently being maintained separately.

## **5. RECOMMENDATION**

- 5.1 The Committee is requested to receive this report as an update on the progress made by the Council to ensure that a complete risk register is in place and is being maintained, and considers the highest risks that the Council faces.

**Department: Economy and Community**

**Area: Unemployment**

**Risk: Unemployment levels sharply increased due to COVID (E8)**

**What has already been done?**

Unemployment and falling household income affect the health and well-being of individuals and families in and the economy. Have diverted priorities to be able to respond within existing resources and have already:

- Extended the Communities for Work programme to support more unemployed individuals who have been referred by Government agencies to receive support to overcome barriers to work
- Workforces made redundant supported to access the relevant information from the different services at a time of COVID restrictions
- Work with partners to develop the Government's Kickstart programme in Gwynedd. Gwynedd Council's role is limited to administering the scheme at present which misses an opportunity to be more proactive in supporting businesses to be part of the scheme in order to develop young people's work skills.

**Risk Score: 25**

**What is to be done further?**

We will work with Grŵp Llandrillo Menai and the 3rd Sector to provide support to support local businesses and employers to employ young people for a period of 6 months and develop their work skills. We will work with partners to highlight the information and support available to support the unemployed and raise awareness of the employment opportunities. We will work with partners to support individuals to overcome barriers to work. A taskforce set up will consider if there are further steps Gwynedd Council and its partners can take to support businesses and employers to offer work and employment experiences.

**Department: Children and Families**

**Area:**

**Risk: Failing to greet our needs as families and greet what matters to us due to workforce matters (G2)**

**What has already been done?**

In the very short term (urgent) staffing gaps need to be filled with social workers who have retired or moved within the Department; hand in hand with diverting staff from teams that pose a lesser risk to the Department. Agree a Short Term plan with the support and advice of the Corporate Support Department for adapting recruitment arrangements, working conditions, terms of agreement. Work through the Care Recruitment Group to prepare for medium / long term risk management to attract and qualify social workers. Building links with Bangor University and the Care Agency.

**Risk Score: 25**

**What is to be done further?**

Need a Recruitment and Workforce Development Plan to address our needs and the scarcity of social workers. Need a short-term plan and a longer-term plan that could include the possibility of a Planning Tomorrow's Workforce project for the Department with the support of the Corporate Support Department.

**Department: Economy and Community**

**Area: Impact of Brexit deal**

**Risk: Gwynedd businesses affected by Brexit deal (E6)**

**What has already been done?**

Worked together through the WLGA to measure the potential impact of Brexit on the communities of Gwynedd. Contacted the private sector to encourage them to prepare for the worst case scenario - no agreement. Communicated with businesses to offer support and information on the situation. Council loan fund criteria reviewed to support businesses affected by Brexit change.

**Risk Score: 25**

**What is to be done further?**

Need to review the research in the wake of the Brexit deal and establish a communication programme with businesses to support them in responding and adapting. It will be necessary to work with unions to pay particular attention to the agriculture sector.

**Department: Economy and Communities**

**Area: Storiel**

**Risk: That the quality of Storiel's offer deteriorates as it does not provide sufficient income to carry out activities. (E29)**

**What has already been done?**

Since Lottery grant funding came to an end and the management of the café was internalised Storiel has been unable to meet its income targets. A 5 year business plan has been established to meet new income targets, but due to Covid-19 it will be necessary to review if the income targets are achievable. Café has now been closed and a review of options for the space will be undertaken. CRF grant application for work support to look at the income and business elements of Storiel in 2021. Review of all procedures ongoing as well as discussions with lead partner - Bangor University.

**Risk Score: 20**

**What is to be done further?**

Commission to review the operation of the site and identify income opportunities for its operation. Need to formally establish the Storiel Trust to have a vehicle to support the fundraising. Funding sources need to be identified, once a new action plan is in place to support the changes.

**Department: Economy and Communities**

**Area: Ansawdd swyddi a lefelau cyflog isel yng Ngwynedd**

**Risk: Lefel cyflogau Gwynedd ar gyfartaledd yn isel (E1)**

**What has already been done?**

Project manager appointed and High Value Jobs Programme established which has:

- Identified the most significant sectors for Gwynedd in terms of creating high value jobs
  - Influenced a decision to ensure the continuation of decommissioning work at Trawsfynydd while safeguarding jobs for a period.
  - Support the establishment of the Egin company to develop the Trawsfynydd site and target a £20million investment through the growth bid to develop the site's infrastructure for low carbon energy generation and medical isotopes.
  - Funding to be invested in Llanbedr airport infrastructure secured through European application and Welsh Government support.
  - Support for the creative and digital sector is being provided.
  - Work to engage young people with the job opportunities underway and the STEM North Project being funded by Gwynedd in the region to increase young people's interest in careers in the high value sectors.
- Changing the structure of the economy in times of uncertainty into a long-term agenda. Grant funding for programme manager ends 31/03/21 but outcomes not achieved – need to continue to influence and create the conditions.

**Risk Score: 20**

**What is to be done further?**

Low wages continue to be a problem in Gwynedd, particularly in the Meirionydd area. An opportunity to respond by continuing to work together to create the right conditions to develop high value jobs within Gwynedd. We will have agreed a programme to create more higher value jobs in Gwynedd taking into account the impact of COVID and Brexit on employers. The programme will focus on promoting skills and careers in the Science, Technology, Electronics and Mathematics Area and on safeguarding and creating new jobs for the future at Trawsfynydd site, Llanbedr airfield site, within the medical, engineering, digital and creative industries sectors.

**Department: Economi a Chymuned**

**Area: Cryfhau'r Economi Wledig**

**Risk: Rural economy is not thriving, but shrinking (E3)**

**What has already been done?**

The Council seeks to strengthen the basis of the rural economy. Attracted a European grant to implement a Rural Development Programme which includes a package of innovative projects - Arloesi Gwynedd Wledig. Also led on the implementation of the ARFOR Programme to strengthen the economy of the west Wales region. Encouraged local enterprises to establish and develop in the most rural communities and invested in technological infrastructure to support them. Arfor programme ends 31/03/2021 and uncertainty about the continuation of the Rural Development Programme budget in the wake of Brexit. A needs analysis has been completed and prepared a new vision to make a case for the Government to invest in our most rural communities for the future.

**Risk Score: 20**

**What is to be done further?**

The weakness of the structure of the rural economy further highlighted by COVID in particular our reliance on tourism. Need to make a case for further investment in the rural economy so that activities to promote innovation can continue. Agriculture Sector is very likely to be affected by Brexit and we will work with farming unions to support the future development of the sector. We will work with Grŵp Llandrillo Menai to develop a rural innovation hub in Glynllifon with particular attention to the development of the food sector locally It is anticipated that further support will be needed to support rural businesses to adapt and we will continue to work with partners to develop the foundational economy promoting the use of technology.

**Department: Economy and Communities**

**Area:** Industrial Units

**Risk:** There is no provision of business units available to respond to demand and enable Gwynedd businesses to grow (E5)

**What has already been done?**

Register established to measure demand for units across Gwynedd.

**Risk Score:** 20

**What is to be done further?**

Need to develop a new industrial unit investment plan in response to demand.

**Department: Economy and Communities**

**Area: Regeneration**

**Risk: The Council's Regeneration activities have less impact as they are not coherent enough (E9)**

**What has already been done?**

Risk that all services operate their own programmes in accordance with their grant guidance, but may not respond to the true needs and regeneration opportunities of Gwynedd. A Regeneration Board has been established with a view to developing a Regeneration Programme for the county's communities. The Programme will incorporate cross-departmental activities along with the priorities of the Council's Plan. However, it is anticipated that further resources will be required if an ambitious programme is to be developed across the communities of Gwynedd.

**Risk Score: 20**

**What is to be done further?**

We will establish a new Regeneration Framework and develop 13 Regeneration Plans for the Gwynedd areas. We will consult with stakeholders to understand how communities want their areas to develop in the next 10-15 years, and identify local priorities. These plans will pay particular attention to the future needs of town centres and the future of the 'high street' across Gwynedd. We will ensure that activities across Council Department's areas contribute to the development and implementation of these Regeneration Plans.

**Department: Economy and Communities**

**Area: Cist Gwynedd**

**Risk: Reduced grant aid available to communities to enable them to take responsibility for local services and assets (E12)**

**What has already been done?**

Demand for grants remains constant and a lack of certainty about future support makes the spending period short. Community Support Officers seek to identify alternative sources to support communities, but less support currently available to communities.

**Risk Score: 20**

**What is to be done further?**

We will make use of the continued operation of Cist Gwynedd in 2021/22

**Department: Economy and Communities**

**Area: Tourism**

**Risk: The people of Gwynedd do not benefit from tourism as the negative effects outweigh the benefits.**  
(E13)

**What has already been done?**

Work has been undertaken to understand the change in tourism trends over the years and to identify the benefits to Gwynedd and the risks, including impact on communities, language and culture of the area and second homes. Bids have submitted to Visit Wales to respond to demand, but a number of funds are on hold due to Covid-19. Work has been undertaken to agree Gwynedd tourism principles which will form the basis of a future management plan. A working group has been established to look at responding to covid situation for the 2021 season.

**Risk Score: 20**

**What is to be done further?**

We will establish a vision and principles for tourism for the future and develop a Plan for Managing the Gwynedd Visitor Economy in collaboration with communities and the sector to ensure the best benefit to the people of Gwynedd from visitors. The Plan will provide direction for future policies and activities across Council Department, but will also recognise the short-term need to respond to the impact of COVID

**Department: Economy and Communities**

**Area: Beach Management**

**Risk: The main risk is the safety of people in the sea where there may be risks to life, as well as dangers from structures and objects on the beach. (E17)**

**What has already been done?**

Over the last two years, there has been an increase in the number of visitors to Gwynedd beaches during the summer term with changes in behaviour and awareness of hazards on the coast. A change has been introduced to the structure of the service in April 2020 to give greater attention to the management of maritime issues. A Beach Management Plan has also been prepared to try to define the role of the service more clearly and agree the priorities. It is an effort to confirm joint working arrangements across Departments to ensure that roles are clear such as waste collection and dog control issues. A number of new signs have been installed on main beaches highlighting the dangers.

**Risk Score: 20**

**What is to be done further?**

Raise more awareness of visitors to safety if they intend to bathe in the sea. The Council does not provide a lifeguard resource on Gwynedd's beaches, but rather recruits a team of beach wardens for the main summer season. We will review the resources needed to provide the service that responds to the requirements of our risk assessment traethau.

**Department: Economi a Chymuned**

**Area: Parc Padarn Safety Measures**

**Risk: Hazards at Parc Padarn site (E24)**

**What has already been done?**

It is estimated that there are around 30 structures/buildings around the Vivien quarry that are on the site. Over the years, the condition of these has deteriorated and some are now ruins. The condition of the levels and slate steps of the quarry are also deteriorating and stone fall often occurs on the site. An assessment of the condition of quarry buildings / structures is being carried out, risk assessments prepared and emergency measures implemented. The Department has also prepared an on-site Tree Management Plan to protect on-site safety. There has been a significant increase in visitor numbers to the Glyn area of the Park putting pressure on local resources. Plans have been prepared to improve access and parking arrangements to the site.

**Risk Score: 20**

**What is to be done further?**

Monitor the condition of structures and implement a programme of improvements that respond to the main risks - including tree management, historic structures and trails. Need to agree new communication arrangements to manage the site in response to the increase in visitors in 2020

**Department: Ymgynghoriaeth Gwynedd**

**Area: Water and Environment**

**Risk: Impact of Climate Change. Rising sea levels and increases in stormy periods. (N3)**

**What has already been done?**

Identify vulnerable locations in terms of risks from the impact of storms, erosion and coastal flooding. Undertake audits of relevant assets to ensure condition and performance. Manage the actions of the Shoreline Management Plan. Be active within Coastal Groups and other relevant fora. Monitor changes on the Gwynedd coast and report back nationally. Action on the Wales Flood and Coastal Erosion Risk Management Strategy.

**Risk Score: 20**

**What is to be done further?**

Continue to attract grants from the Welsh Government to maintain assets and create schemes to mitigate flood and coastal erosion risks. Act more sharply on an operational plan within the Shoreline Management Plan and assess opportunities coming out of a "renewal" Shoreline Management Plan. Assess how to act on policy change. Create a structure with a holder part to co-compose and try to discover and greet any conflict.

**Department: Economy and Communities**

**Area: Lloyd George Museum**

**Risk: That the Museum has to close to the public if no maintenance income is found. (E30)**

**What has already been done?**

No Treasury funding any longer to fill the financial gap for the Museum's running. Work commissioned to obtain expert advice on the legal position. Work with the Friends of Lloyd George Museum to identify next steps. Further assessment work will be undertaken into future options and to agree the Council's governance arrangements as a Trustee in the meantime.

**Risk Score: 20**

**What is to be done further?**

Covid has affected the work resulting in delays in the agreed timetable between the Council and partners. Trust needs to consider its options and develop a new business plan to target future funding to support the Museum.

**Department: Adults, Health and Wellbeing**

**Area: Residential and nursing care provision and domiciliary care**

**Risk: Financial viability of residential and nursing care providers and domiciliary care providers (F1)**

**What has already been done?**

Discretion to pay retainers to providers when looked after individuals spend periods in hospital. Agreement to pay a higher unit cost to providers over the Covid period with support from the Government. Domiciliary Care Project Board continues work towards robust agreements with care providers for specific areas. Support all providers in the area (Domiciliary Care, Care Homes, Learning Disabilities and Mental Health providers) in the same way and we have been doing it over the last few months. Ensure that any grant funding allocated to the Area is allocated quickly and to the areas/areas with the highest priority. Work together and understand the pressures on providers and recognise that each situation can be unique. Ensure that our financial administration arrangements remain flexible and seek to facilitate arrangements for providers living with financial risk particularly during this period. Specific steps have been taken to maintain and then seek to mitigate the impact of closures e.g. Polish home in Penrhos.

**Risk Score: 20**

**What is to be done further?**

Part of the 'Fit and Sustainable Care provision for the future' project · seek to understand the "true cost of care" to consider possible options for our future care commissioning arrangements. Ensure that providers' risks and vulnerabilities do not increase as subsidies from government Covid funds decrease or end.

**Department: Adults, Health and Wellbeing**

**Area: Nursing care**

**Risg: Shortage of nursing beds in the county (F2)**

**What has already been done?**

Communicate consistently and clearly with providers about the latest guidance ensuring that they fully understand their implications and responsibilities and that any confusion does not contribute to a slowness in the system to respond to the needs of residents. This support is primarily from the Quality Assurance Team and the Category Management Team.

**Risk Score: 20**

**What is to be done further?**

Part of the 'Fit and Sustainable Care provision for the future' project. Ensure that we understand the need for nursing bed provision in the county and move forward with the Penrhos Site project to address the shortage in Llŷn.

**Department: Adults, Health and Wellbeing**

**Area: Dementia Care**

**Risk: Lack of beds and supportive provision for individuals living with Dementia. (F3)**

**What has already been done?**

Invested in 6 of our homes. Continually review preventative services such as day and respite care and well-being work as unpaid carers are taking on additional pressures. Financial bids being submitted and efforts to attract funding from funds such as ICF continue although that does not lay a long-term sustainable foundation.

**Risk Score: 20**

**What is to be done further?**

Part of the 'Fit and Sustainable Care provision for the future' project. Need to work towards further increasing the number of dementia beds in the county. This is to be specifically addressed through the population needs assessment. It is intended to consider whether our supportive services e.g. day care and respite remain suitable to meet the needs of the people of Gwynedd or if we need to do something differently. The opening of a dedicated dementia unit that has been completed in Llan Ffestiniog but has not been able to open due to the Covid-19 crisis will need to be prioritised. Completion of the construction of an additional dementia unit at our home in Barmouth.

**Department: Adults, Health and Wellbeing**

**Area: Quality Assurance**

**Risk: Lack of sufficient capacity in the current system to identify problems and offer early support to providers (F5)**

**What has already been done?**

Officer has been seconded from the Business Unit to assist the team on an interim basis. This is a success but at the expense of other services and therefore not sustainable. Responded to a period of flexible retirement of one officer from December 2020 and maternity leave from early 2021. Bid for permanent resources to strengthen the Team has been submitted in October 2020 which is to be re-introduced in 2021. Resources dedicated to employing one training/quality assurance officer to work specifically within the Learning Disability team.

**Risk Score: 20**

**What is to be done further?**

Part of the 'Fit and Sustainable Care provision for the future' project. Need to strengthen our quality assurance services to ensure adequate support for care providers to help them maintain a quality service for the residents of Gwynedd. Scrutiny report to be submitted in September and second bid to increase capacity in October.

**Department: Adults, Health and Wellbeing**

**Area: WCCIS System**

**Risk: WCCIS system issues (F8)**

**What has already been done?**

Risks with suppliers affecting authorities across Wales and therefore national and regional efforts underway to try to identify solutions. Consideration is given at a local level to mitigate the impact of any risks on Council services although the ability to do this is limited. A joint project group with the Health Board exists to agree information sharing arrangements and deliver WCCIS to health staff. Work is under way to develop a 'prototype' in one area, which should be operational by March 2021. Alongside these developments, the establishment of the 'National Data Resource' provides us with new opportunities to share information between health and care systems. For example, we support patients to have a positive experience when leaving hospital, by making use of the ability to make a match between different systems data. Work is also underway to introduce 'apps' that facilitate communication within health and care teams, which in turn ensures better co-ordination of people's care.

**Risk Score: 20**

**What is to be done further?**

Continue with national and regional efforts to put pressure on the supplier to find a solution in terms of updating the system and making it safe and dependable. Work with health as part of the 'Redesign our care services' project. An intention to equip the integrated teams (teams made up of care staff as well as health staff) to be able to achieve what is important to the adults of Gwynedd. This will include looking at appropriate training and removing any technological barriers.

**Department: Adults, Health and Wellbeing**

**Area: Recruitment and retention of care staff**

**Risk: Problems with recruiting and retaining care staff (F10)**

**What has already been done?**

Cabinet has supported temporary investment to respond to winter pressures and the impact of Covid and widen the care worker pool for the future. #GalwGofal/#Dare2Care campaign. Considerable effort has been put into recruitment programmes that make much greater use of social websites. The intention of trying to push further on this agenda to see if more recruitment can be achieved in the context of the impact of the Covid crisis on employment in other areas. We anticipate that pressures will continue over the next year/two as infill will be required for holidays. It is also possible that the continuation of the Covid restrictions may have a longer-term impact on staff wellbeing and this will create more gaps to be filled. The Department's Management Team continuously address the issue of individual development as part of a succession planning programme for in the field posts and leadership and senior managerial levels, as well as the programme to nurture talent locally through schemes such as trainees and apprenticeships. Staff also need to be developed to be more flexible – that is, to be able to offer support across the Service wherever necessary.

**Risk Score: 20**

**What is to be done further?**

Part of the 'Workforce and Recruitment for Care' project. The arrangements for the recent recruitment campaign in #GalwGofal need to be reviewed to consider how we will approach recruitment in the future. Consider our registration and training arrangements as well as staff development arrangements to increase flexibility and resilience in the field. Develop a Nurturing Talent scheme to address a shortage of expertise in some areas.

**Department: Housing and Property**

**Area: Housing Supply / Housing Operational**

**Risk: Failure to ensure that no-one is homeless in Gwynedd (13)**

**What has already been done?**

- Appointed 3 Tim Leaders to try to structure the work.
- Regional homelessness strategy and Gwynedd Homelessness Plan – some progress has been made in recent weeks to take action.
- Lack of data systems to help prioritise our response and establish the real demand on the service.
- Housing First -no scheme in Gwynedd where a number of counties have started for some time.
- Lack of Mental Health expertise within the service leading to individuals losing a tenancy as we are unable to help them adequately.
- Secured grant funding to appoint an officer to lead on youth homelessness in the county but have not yet taken advantage of the funding.
- A number of different agencies offer support to homeless youth but there is currently no single point of access or referral regime. To deal with the significant number of homeless individuals being housed in temporary accommodation as we do not have suitable accommodation options ourselves, which creates a significant overspend for the Council
- Increased the number of houses in our possession for use as temporary accommodation to around 95.
- Arrangements in place with bed and breakfast providers but this is not an affordable or suitable solution for a large number of people. Current expenditure in the region of £4,000 per night.
- Homeless Hostels offer 12 temporary accommodation but provision is out of date, need to modernise and change to a supported model of self-sustaining accommodation.
- We do not have any other supported accommodation schemes available to use for general homelessness needs in this way.
- Been able to attract grant funding to meet a significant proportion of the cost of developing 47 new houses/flats including modernising and changing our hostels to a supported accommodation model.
- Attracted revenue funding to maximise the support available to vulnerable individuals for a period of time. The risk will be reduced as developments are carried out.

**Risk Score: 20**

**What is to be done further?**

**Department: Gwynedd Consultancy**

**Area: Water and Environment**

**Risk: Impact of Climate Change. Rain more often and heavier. (N2)**

**What has already been done?**

Identify incidents of internal flooding to houses and make Section 19 reports. Create specific projects to reduce future flood risks by seeking funding from the Welsh Government. Undertake audits of relevant assets to ensure condition and performance. Action on the Wales Flood and Coastal Erosion Risk Management Strategy.

**Risk Score: 20**

**What is to be done further?**

Continue to attract grants from the Welsh Government accumulating catchment level events to avoid 'local' solutions and mitigate the risks to all Gwynedd communities within those catchment areas. Raise awareness within the catchment areas through the organisation of specific communication plans to increase resilience and take responsibility for the relevant risks at community level and other relevant stakeholders.

**Department: Economy and Communities**

**Area: Safety of maritime staff**

**Risk: Vulnerability of Beach staff (E18)**

**What has already been done?**

Cases have arisen where staff are threatened or assaulted in their capacity when trying to protect the public. There have also been cases where staff have taken steps to try to save lives in the sea. Steps are being taken by the service to train staff and provide appropriate equipment to protect the individuals e.g. moving to electronic payments rather than cash; wear body-cams as a preventative measure

**Risk Score: 20**

**What is to be done further?**

Need to raise more awareness of visitors to water safety. There will be a further review of the structure of the service and consideration of extending the term and number of Beach Wardens

**MEETING:** AUDIT AND GOVERNANCE COMMITTEE

**DATE:** 15 JULY 2021

**TITLE:** RESILIENCE OF IT SYSTEMS - CYBER SECURITY

**PURPOSE:** To update the Committee about Gwynedd Council's cyber security resilience, and to give members an opportunity to scrutinise the situation. There has been coverage of cyber-attacks in the news recently, and with an increase in our dependency on and use of technology, it is timely to report on what is happening locally in the Council.

**AUTHOR:** HUW YNYR, ASSISTANT HEAD OF FINANCE - INFORMATION TECHNOLOGY

**CABINET MEMBER:** COUNCILLOR IOAN THOMAS

---

## 1. Summary

- 1.1 The Council has a duty to provide a wide range of services, many of them using technological resources. It is essential that we ensure that this environment is secured from threats that could undermine the Council's ability to provide services and endanger the data the Council looks after.
- 1.2 This report is for information only, outlining the cyber security provision for a lay-person, which has been prepared by the Information Technology Service. Please note that provision is in place to mitigate the risk of a cyber-attack, but that it is not possible to guarantee 100% that an attack cannot breach our defences. This statement is true of all organisations; however, further measures are in place to restore our systems should an attack breach our defences.
- 1.3 Though the media seem to place an emphasis on cyber security, in reality, the emphasis should be on cyber resilience, which includes elements of security by building defences, but also includes the ability to recover from a fragile situation should those defences fail.

## 2. Background

- 2.1 We are aware that Cyber activists look for weaknesses in public bodies' defences. Therefore, it would be inappropriate to take a stance that the Council is not a likely target for those who carry out cyber-attacks, however a comparatively small public body without effective defences could be an easier target for cyber terrorism.
- 2.2 As this is a live and current environment, attacks evolve all the time and it is quite a challenge to keep environment current to sustain resilient services. The standard of the security measures depends on a wide range of factors, i.e. technological, physical and administrative measures, and every individual within the Council and its partners has a crucial role to play to avoid undermining these.

2.3 The Council draws on various sources to develop and maintain a resilient environment, including:

- Good practice and standards in the field which are published by the UK Government's advisory body on cyber items, the NCSC (*National Cyber Security Centre*);
- Membership of bodies which warn about incidents and weaknesses to enable us to respond promptly;
- Investing in specific technology and services to identify and prevent changes to our environment which have the potential to be harmful, monitoring the network for suspicious activities and identifying software that need updating;
- Investing in resilient technology;
- Using third party services to evaluate our provision;
- Ensuring information technology security policies are current and complying with them;
- Undertaking exercises to educate and raise our users' awareness of dangers and good practice and policies which should be followed.

### 3. Risks and mitigating measures

3.1 In relation to information technology, the loss of data or loss of access to data is the risk with the highest impact for the Council as this could affect the Council's ability to provide services to the public. It is essential that the Council takes steps to prevent, and is able to respond effectively, to these risks. See below examples of the risks facing the Council.

3.2 **Public-facing resources:** Providing services to individuals, groups and organisations in a variety of locations, means that some systems' interfaces are public-facing, which presents an opening for individuals or organisations with hostile intentions.

*Gwynedd Arrangements:* The Council's code development processes and procedures follow specific standards to protect us from interventions with hostile intentions, with a system is in place to monitor and assess for weaknesses which is an effective way of ensuring that these processes are followed without exception.

3.3 **Denial of Services:** A *Denial of Service* attack could be realised by arranging an overload of traffic to be sent to those public-facing digital services and this overload could be more than our systems could cope with. Often, attackers would use a series of computers under their control to carry out such an attack and it would be essential for infrastructure perimeter defences to identify such attacks, preventing the traffic from becoming harmful.

*Gwynedd Arrangements:* There are systems in place which continuously search for this type of activity on the various tiers of perimeters of the Council's network. These are designed to identify activities which could affect services and preventing them from achieving this.

- 3.4 **Malicious Material:** Malicious material can come in many different forms, and their effects vary from mild inconvenience to an organisation's inability to operate. A well-known example of this type of software is ransomware software. Software would be installed on a computer by cyber terrorists with the intention of causing malice by encrypting the computer's data so that it is not possible to read or use it; the malicious software would spread to associated computers and store areas, encrypting every piece of data along the way. The motive of such an attack is for the criminal to demand a ransomware payment to decrypt the data. The ransomware payment would usually be required in crypto currency, such as bitcoin, enabling the criminals to remain anonymous.

There are several steps to be taken to mitigate the risks involved with this, ranging from preventing the software from reaching devices in the first instance, impacting their ability to operate, and ensuring that effective recovery measures are in place should files be damaged.

*Gwynedd Arrangements:* The Council has processes and systems to identify and disable malicious material, including traffic and e-mail filtering software, anti-virus and anti-malware software and good practice procedures such as controlling the number of enhanced access accounts. There is a strong emphasis on recovery should a successful attack happen and arrangements are in place to ensure that there are backups available, including several versions of files should losses need to be recovered to a specific date. We will also carry out continuous exercises to inform and remind colleagues of the risks in relation to such material.

- 3.5 **Vulnerable Systems:** Identifying and highlighting weaknesses in items of software is a major industry, and it is essential that software suppliers create and provide timely patches before individuals or organisations that have hostile intentions can take advantage of those weaknesses for their own benefit. It is essential that every item of software has a support contract with the providers to prepare and receive patches in response to security incidents, and after their release it is essential that the Council installs the repairs in a timely manner.

*Gwynedd Arrangements:* The Council has systems in place to identify software that need to be updated and processes in place to download and install those updates and additional processes set up to undertake assessments about the status and versions of our software to ensure there are no failures.

- 3.6 **Phishing:** Phishing is a term used to describe the hostile activity of sending a message (e.g. e-mail) to someone hoping that the recipient would take action in a way which would be beneficial to the sender. There is a need to be vigilant of this risk when receiving messages, always considering whether there are any suspicious aspects to them. Unfortunately, there is a considerable increase in this type of attack, and the number falling for the scams.

*Gwynedd Arrangements:* The Council has an e-mail filtering system in place which assesses the suitability of a message's content together with a risk assessment of the sending address. In addition to this, there are periodical arrangements in place to notify and remind colleagues about risks and to enable them to respond in a suitable way should they receive such a message. A specific exercise has been arranged this year for the third quarter of 2021/22 to see how alert the Council's workforce is to phishing messages.

- 3.7 **Failure of Service/Business Continuity:** The demand for and dependency on technology has increased substantially in recent years. Furthermore, the Covid-19 crisis has confirmed this, and our users' expectations of the service provided to them have increased. The service is expected to be available at all times; therefore, maintenance work is planned outside core working hours in order to minimise the disturbance to services. In order to maintain an environment which meets the expectations of Council officers and our service users, it is essential that the provision is resilient. This means planning ways to deliver services in circumstances where systems are compromised or not available at all. In relation to information technology, this means ensuring that systems, support resources and back-up provision are in place.

*Gwynedd Arrangements:* A project is ongoing in order to extend the availability of the Council's key systems. Virtual Servers are provisioned from two data centres ensuring service continuity should one of these centres fail.

- 3.8 **Failure to Respond to Incidents:** The most effective way of testing the effectiveness of mitigating measures is by holding exercises to re-create potentially harmful circumstances, whilst assessing the success of the exercise to prevent or minimise the impact. The circumstances of an incident can vary greatly; therefore, it is essential that we plan in detail as well as review and develop our response measures.

*Gwynedd Arrangements:* This is a crucial part of incorporating some of the steps described in this document, and it is a continuous process. The Council is working with other agencies to establish emergency plans and practises to incident responses as part of its emergency planning duties.

## 4. Accreditations

- 4.1 **Public Services Network ("PSN"):** The purpose of the PSN is to operate as a segregated network independent from our corporate network and shared with a number of national public services across the UK.
- 4.2 The Council needs to connect to this network in order to provide some essential services, specifically in relation to benefits and support for adults. One of the PSN's main principles is the need to trust all organisations which have connected to the PSN network, and to that end, there is a need to satisfy specific security standards. Connection is prohibited without current accreditation.
- 4.3 An application to connect to the PSN network is made to the Cabinet Office (UK Government), in their role as guardian of the network, with specific evidence presented including a security assessment by a certified third party company and a mitigation plan for any high risk items discovered.
- 4.4 The Council secured its current accreditation in May, 2021. This accreditation provides independent assurance of the security measures and levels established by the Council.

## 5. PSBA (Public Sector Broadband Aggregation)

- 5.1 The PSBA is an all-Wales initiative to introduce a wide area network designed for and by public sector services. Gwynedd Council was one of the first users of the PSBA, and we continue to contribute to the strategic and technical direction of the network.
- 5.2 The PSBA enables local health boards, local authorities, higher and further education institutions, blue light emergency services and other public bodies to provide effective services for the population, by using innovative, cost-effective, reliable network services which direction provided from cross-sector boards which also includes representation from Gwynedd Council.
- 5.3 Security is integral to this service, offering additional defences to what is on the perimeter and within the Council's network, and acts as a foundation which supports the rest of our infrastructure.

## 6. Apprentice

- 6.1 The Information Technology Service has appointed a Cyber Security Apprentice, through a Council-run apprenticeship scheme. The apprentice, who will be released to follow a B.Sc. degree course in Cyber Security at University, will be welcomed to the extended team in August, 2021.

## 7. Incident statistics

- 7.1 The Council has not suffered losses stemming from cyber security incidents within the last five years. Safeguarding and monitoring systems are in place on the Council network perimeter, and within the network, which draw attention to hostile items or activities. Such incidents are regular, with suspicious e-mail messages, covert scans for technical information and attempts to attack our resources being routine daily activities, rather than out of the ordinary.

## 8. Conclusion

- 8.1 These hostile activities will increase and despite our attempts to protect our infrastructure and systems from cyber terrorists, it is not possible to give a 100% guarantee that all attempts can be prevented. We have already noted that our efforts for a resilient service are a mix of cyber defences and our ability to recover from a situation should an attack breach the defences. This is reflected on the corporate risk register, with a fairly low likelihood (2) and very high impact (5) risk noted.