



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

AUDIT AND GOVERNANCE COMMITTEE

Date and Time

10.00 am, THURSDAY, 14TH OCTOBER, 2021

Location

Virtual Meeting

Contact Point

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(DISTRIBUTED 07/10/21)

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)

Vacant Seat

Individual Member (1)

Councillor Sion W Jones

Lay Member

Mrs Sharon Warnes

Ex-officio Members

Chair and Vice-Chair of the Council

AGENDA

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT ITEMS

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

4. MINUTES

5 - 10

The Chairman shall propose that the minutes of the meeting of this committee, held on 15th July 2021, be signed as a true record.

5. FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 AND RELEVANT AUDIT

11 - 143

Submitted:

- Statement of Accounts post-Audit;
- Audit Wales' 'ISA260' report;
- Letter of Representation (Appendix 1).

To consider and approve the information before authorising the Chairman to certify the letter

6. REVENUE BUDGET 2021/22 –END OF AUGUST 2021 REVIEW

144 - 168

To receive the information, consider the risks arising from the forecast expenditure against the budget, and scrutinise the Cabinet's decisions regarding budget management by the Council and its departments.

7. CAPITAL PROGRAMME 2021/22 – END OF AUGUST 2021 REVIEW

169 - 178

To receive the information, consider the risks regarding the Capital Programme, and scrutinise the Cabinet's decisions

8. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES

179 - 191

To receive the information, consider the general risks arising from slippages, and scrutinise the Cabinet's decisions regarding the Savings Overview

- 9. OUTPUT OF THE INTERNAL AUDIT SECTION** 192 - 219
- To receive the report, comment on the contents and support the actions that have already been agreed with the relevant services
- 10. INTERNAL AUDIT PLAN 2021/22** 220 - 224
- To receive an update on progress against the 2021/22 audit plan
- 11. OVERVIEW OF THE APPRENTICESHIPS PROJECT** 225 - 231
- To provide an overview of the Apprenticeships Project highlighting successes, challenges and developments
- The Audit and Governance Committee is invited to consider the information
- 12. KEEPING THE BENEFIT LOCAL** 232 - 235
- Report submitted following the Audit Committee's request for an update on the progress of one of the priority projects within the Council Plan, namely the **Keeping the Benefit Local Project**.
- 13. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS** 236 - 275
- To ensure that the Audit Committee is satisfied that the actions created in response to recommendations in external audit reports are realised.

AUDIT AND GOVERNANCE COMMITTEE 15/7/21

Present:

Councillors: Chair: Councillor John Pughe Roberts

Aled Ll Evans, Selwyn Griffiths, Alwyn Gruffydd, John Brynmor Hughes, Peredur Jenkins, Aled Wyn Jones, Berwyn P 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), Geraint Owen (Head of Corporate Support), Luned Fôn Jones (Audit Manager), Huw Ynyr (Assistant Head of Finance Department - Information Technology) and Lowri Haf Evans (Democracy Services Officer)

Others invited:

Councillor Ioan Thomas (Cabinet Member for Finance)
Councillor Nia Jeffreys (Cabinet Member for Corporate Support)
Alan Hughes (Audit Wales)
Yvonne Thomas (Audit Wales)
Nia Medi Williams (North Wales Economic Ambition Board)
Bethan Adams (Scrutiny Advisor)

1. APOLOGIES

Apologies were received from Councillors R. Medwyn Hughes, Huw W Jones 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. MINUTES

The Chair signed the minutes of the previous meetings of this committee, held on 27 May and 17 June 2021, as a true record.

5. AUDIT WALES REPORTS

Three reports were submitted updating the Committee on the Audit Wales work in Quarter 1.

- Quarterly Update: up to 30 June 2021

- Progress Review of the North Wales Growth Deal - North Wales Economic Ambition Board (NWEAB)
- Managers' response to the progress on EAB's work programme

Alan Hughes (Audit Wales) and Nia Williams (NWEAB) were welcomed to the meeting to present their observations / responses. Reference was made to the Audit Wales work programme and it was highlighted that the programme was an useful summary of local work, national work and the work undertaken by other auditors during this period.

In the context of the progress review of the North Wales Growth Deal (NWEAB), six proposals were submitted for ways in which the councils through the NWEAB could improve their ability to deliver their overall goals. It was highlighted that the NWEAB had established a clear governance framework, although not all elements were operational, together with a Portfolio Management Office with good resources to support and deliver the work.

A response was presented to the six improvement areas by NWEAB Managers in the form of a work programme with a brief explanation of the plans and work set for delivery. The work areas were discussed individually and the results were expanded upon to ensure management and progress in the six areas in question.

Thanks was expressed for the report

In response to a question regarding the responses and the 'live' challenges facing the Officers, it was highlighted that a great deal of work was being done to try to keep a balance by setting a realistic timetable and to continue to plan ahead. It was added that the business cases for each project were very challenging and establishing the regional Corporate Joint Committee presented additional challenges.

In response to a question regarding managing risks, the importance of the risk register was noted and the need to identify risks early together with updating and adapting the register regularly. In addition to having to establish projects to recover the economy as a result of COVID-19, reference was made to an example of responding to a challenge within the tourism sector of being unable to get staff to work in the sector - the Tourism Talent Project had been adapted to respond to the sector's issues. In addition, it was highlighted that external factors were also challenging. With the projects being funded by two governments, the grant requirements appeared to be adapted randomly in response to the changes in the priorities of those governments.

In response to a question regarding the substantial resources used to ensure the success of the NWEAB and the need for Gwynedd Council (as the host authority) to be fully compensated, it was noted that it was the responsibility of officers to ensure that the correct sums were claimed. It was added that purposeful budgets had been set and employment levels were realistic.

In response to a question regarding the North Wales Mersey Dee Business Council withdrawing from the Partnership, it was noted that the Business Council did not contribute financially to the Partnership and the reason for leaving was due to the work pressures of one individual. However, it was highlighted that a good relationship continued with the Business Council and the Business Council director was very progressive. An example of events held jointly to promote the Growth Deal was used to highlight a healthy partnership.

In response to a question regarding the relationship of the NWEAB with the Arfor Programme, it was noted that there was a good relationship between the Arfor Programme and the four Wales Growth Deals with a number of similar projects being considered. As

a means to avoid the duplication of work, it was highlighted that sharing good practice regarding scheme developments was very successful. A suggestion was received that south Gwynedd was likely to receive benefits from being part of the Mid-Wales Growth Deal and this relationship needed to be enhanced.

RESOLVED

To accept the reports.

6. FFORDD GWYNEDD REVIEW

Submitted - a report by the Cabinet Member for Corporate Support, Councillor Nia Jeffreys, presenting the Audit Wales conclusions to a review undertaken of Ffordd Gwynedd. It was reported that Audit Wales had undertaken a review of the Wellbeing of Future Generations in adult social care within the Council in 2019, and as a result of this review it was agreed that it would be beneficial to undertake a follow-up review of the progress of Ffordd Gwynedd across all Council services.

It was added that the Audit Committee had also highlighted a wish to establish a Task and Finish Group to review the progress achieved in the name of Ffordd Gwynedd and following a discussion at a Scrutiny Working Group (4/5/21) it was agreed to schedule the work during autumn of this year.

In accordance with the Chief Executive's wish to undertake a review to identify how and to what extent the principles of the *Ffordd Gwynedd* way of working are embedded across the Council, it was considered that the establishment of the Task and Finish Group was timely and the Chief Executive would work jointly with Members to produce a brief for the review. It was considered that the letter received from Audit Wales, summarising the conclusions of their review, set an initial work programme for the Task and Finish Group.

Reference was made to some of the review's conclusions. Although the Council had transformed elements of the way it works, it was considered that there were some common misconceptions and barriers that hindered further progress and limited the way in which 'Ffordd Gwynedd' embeds and becomes part of the subconscious way of working.

Alan Hughes (Audit Wales) added that he welcomed the Council's response to the review and to the intention to establish a Task and Finish Group as a means for further review.

The members expressed their thanks for the report.

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

- That the result of the Auditors' report summarised the practical issues well that need to be revisited.
- The report was welcomed and there was a positive response to promoting the next steps.
- It was possible to make better use of data
- There was a need to support officers to commit to their work
- There was a need to ensure that 'Ffordd Gwynedd' was embedded.
- The findings of the Task Group would be submitted to the Audit Committee once they had completed the review.
- There was concern in the response of some members of staff to enquiries from Gwynedd residents.

In response to the observations, the Head of Corporate Support noted that he welcomed the observations accepting that 'Ffordd Gwynedd' was an ongoing task and any concerns regarding the lack of action should be referred in order to improve the situation. He added

that it was proposed to conduct an information sharing session with the Task and Finish Group members as they were fully familiar with the basics of Ffordd Gwynedd. It was noted that there had been good examples recently of using data effectively, however, it was reported that the Council's Management Team had already recognised that there was room for improvement with further work to embed the fundamental principles across the Council.

RESOLVED

- **To accept the report**
- **To agree to establish a Task and Finish Group to collaborate with the Chief Executive to carry out a review of how and to what extent the principles of the 'Ffordd Gwynedd' way of working had embedded across the Council**
- **To elect Councillors John Pughe Roberts, Medwyn Hughes, Selwyn Griffiths, Peredur Jenkins and Sharon Warnes as members of the Task and Finish Group**
- **That the Task and Finish Group submits a report of the review's findings to the Committee when it is completed**

7. RISK MANAGEMENT ARRANGEMENTS

A report was submitted by the Assistant Head of Finance (Revenue and Risk) updating the Committee on developments in risk management arrangements and the next implementation steps. Members were reminded that one of the Committee's statutory responsibilities was to review and assess the authority's arrangements for risk management, internal control and corporate governance, in accordance with part 81(1)(c) of the Local Government (Wales) Measure 2011.

It was explained that the risk register was a live document and was updated appropriately to reflect the Council's actual position. With the support of the IT Department, a new Corporate Risk Register was launched in March 2021 to facilitate the system to retain the register on Sharepoint rather than on an Excel spreadsheet. It was reported that the new system offers a user-friendly facility for users in all departments to prioritise, update and review the register; however, ongoing work was needed to ensure that the use of the register was consistent across the Council. It was added that the evolution of the Council's performance management arrangements also included a formal discussion regarding the risk register in departmental performance management meetings once a year. It was considered that this was a motivation for departments to update the register and the actions being developed to alleviate risks.

The context of the expectation was explained and it was noted that there were 300 risks on the register, including four that had not been scored. The scoring system was discussed and the need to alleviate this risk as low as possible within the resources and the effort available within the Departments.

A request was made for Members to submit observations regarding the best method to present the report in the future. It was highlighted that there were 23 very high risks and these had been included as an appendix to the report and it was emphasised that it was the Departments themselves who had set the score. The need to reconcile the system was accepted and although discussions had been held with every department to challenge every very high score, it was reported that the Departments were comfortable with the score issued on the register. Members were reminded that it was the responsibility of the Committee to ensure that a risk management system was in place and this did not mean that every individual risk would be considered in detail. However, if the Committee wished to receive further information regarding a specific risk, then it would be possible to invite the Departments to a meeting to expand on this risk.

Thanks was given for the report

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

- the impact of furlough needed to be reviewed
- the tourism score needed to be reviewed
- serious shortages in residential and nursing and home care provision - the score needed to be reviewed and the risks of staff leaving these services needed to be considered
- safety of maritime staff - body cameras for the service needed to be prioritised

Observations regarding the content and format of the report in the future:

- the headings needed to be reconciled
- observations / risks needed to be reconciled prior to submission to committee - some of the risks were 'the department's everyday work'.
- those that are really catastrophic and destructive needed to be identified
- data, information, hard evidence of how the score is set was needed
- It would be useful to include the 'likelihood' and 'impact' score as well as the risk score, in order that members can see how the risk score has been calculated
- There was a suggestion that a score reduction should be introduced to reflect the mitigation plans that had been implemented successfully together with an increase in score due to external factors that increase risk - highlighting likelihood and impact.

In response to the observations, the Head of Corporate Support noted that some of the observations were recognised and reflected in the priorities of the Council's Improvement Plan e.g. workforce planning together with staff health and safety.

In response to a suggestion by a member that departments scored risks very high as a means to attract additional funding to the Department, it was noted that formal arrangements were in place to review and challenge each financial bid submitted. Therefore, even if individual departments did what was suggested, the comprehensive procedure of reviewing bids would identify this.

RESOLVED

- **To accept the report as an update on the steps the Council is taking to ensure that a complete risk register is in place and is being maintained.**
- **To accept the highest risks the Council is facing and recommend reconciling the scoring system within departments**

8. RESILIENCE OF IT SYSTEMS - CYBER SECURITY

Submitted, for information, a report by the Assistant Head of Finance - Information Technology updating the Committee about Gwynedd Council's cyber security resilience, and the provision in place to alleviate the risk of a cyber-attack. The measures that are in place to seek to prevent an attack were discussed as well as those that respond effectively to those risks. Reference was made to two recent local incidents that were evidence that cyber-attacks are a real threat and therefore challenged the Information Technology Service to secure the resilience of their defences and their ability to recover from a vulnerable situation if those defences fail.

Reference was made to the risks and measures that are in place and it was highlighted that the service had appointed a Cyber Security Apprentice to join the team in September 2021. It was added that the perpetrators regularly adapted their cyber-attack methods and

therefore the Council reviewed its measures regularly with third party support. It was noted that the Council was currently in a good place, but an element of risk always existed.

Members expressed their thanks for the report and for the work the Service undertakes to protect the Council from cyber-attacks. It was added that it had to be accepted that the Service was doing everything within its powers and everyone should be confident that the Service was operating appropriately.

In response to a question if the cyber-attack risk had been included on the corporate risk register, it was confirmed that the risk had been included and was assessed as 'medium risk'

DECISION:

- **To accept the information**
- **Gratitude was expressed to the Information Technology Department for their support.**

The meeting commenced at 10.00 and concluded at 11.55

CHAIR

MEETING	Audit and Governance Committee
DATE	14 October 2021
TITLE	Final Accounts for the year ended 31 March 2021 and relevant Audit
PURPOSE	To submit – <ul style="list-style-type: none">• Statement of Accounts post-Audit;• Audit Wales’ ‘ISA260’ report;• Letter of Representation (Appendix 1).
RECOMMENDATION	To consider and approve the information before authorising the Chairman to certify the letter
AUTHOR	Dafydd L Edwards, Head of Finance

1. ACCOUNTS FOR 2020/21

As the Covid-19 pandemic continues, the Welsh Government extended the timetable for the completion of the accounts for the second consecutive year. However, the Council succeeded in completing the Statement of Accounts for 2020/21 within the original timetable and released the accounts to the Auditors 28 May 2021. The Statement of Accounts for 2020/21 (subject to audit) were presented to the Audit and Governance Committee on 17 June 2021, where they were scrutinised accordingly.

The final accounts following audit are presented to the Audit and Governance Committee on 14 October 2021, and this is within this year’s revised statutory deadline of 30 November 2021.

2. AUDIT BY AUDIT WALES ON BEHALF OF THE AUDITOR GENERAL FOR WALES

It was noted in the June meeting that these accounts were subject to audit by Audit Wales, and the ‘ISA 260’ report is presented here by the Auditor General for Wales, detailing their main findings.

3. POST-AUDIT FINANCIAL STATEMENTS FOR 2020/21

The final version (post-audit) of the Statement of Accounts for 2020/21 is also presented here. The main amendments since the pre-audit version have been outlined in section 16 and Appendix 3 of the Audit Wales ‘ISA260’ report.

4. RECOMMENDATION

The Audit and Governance Committee is asked to consider and approve the –

- ‘ISA260’ report by Audit Wales in respect of Gwynedd Council
- Statement of Accounts for 2020/21 (post-audit)

5. LETTER OF REPRESENTATION

The Chairman of the meeting, together with the Head of Finance, are asked to certify the Letter of Representation, electronically this year (Appendix 1 to Audit Wales' report) after the Audit and Governance Committee has approved the above.

6. CERTIFICATION BY THE APPOINTED AUDITOR

After receiving the Letter of Representation duly certified by the Chairman and the Head of Finance, the Auditor General for Wales (Adrian Crompton) will issue the certificate on the accounts.

Gwynedd Council

STATEMENT OF ACCOUNTS 2020/21

Finance Department
www.gwynedd.llyw.cymru



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NARRATIVE REPORT

Introduction

Gwynedd Council's accounts for the year 2020/21 are presented here on pages 9 to 87.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This is the Council's main revenue account. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Movement in Reserves Statement** - This statement shows the movement in year on the different reserves held by the Authority, analysed into 'usable reserves' and 'unusable reserves'. The taxation position is reflected in the Movement in Reserves Statement.
- **Balance Sheet** - Sets out the financial position of the Council on 31 March 2021.
- **Cash Flow Statement** - This statement summarises the flow of cash to and from the Council during 2020/21 for revenue and capital purposes.
- **The Welsh Church Fund and FMG Morgan Trust Fund Accounts.**

These accounts have been prepared on a going concern basis and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

Gwynedd Council's Vision and Priorities

Gwynedd Council's vision and priorities are included in the Gwynedd Council Plan that was reviewed in March 2021. The Plan supports the Council's vision, namely, for every community in Gwynedd to prosper, and for us as people to:

- Enjoy happy, healthy and safe lives,
- Receive education of the highest quality which will enable us to do what we want to do,
- Earn a sufficient salary to be able to support ourselves and our families,
- Live in quality homes within our communities,
- Live in a natural Welsh society,
- Live with dignity and independently for as long as possible,
- Take advantage of the beauty of the County's natural environment.

In accordance with the requirements of the Well-being of Future Generations (Wales) Act 2015, the Council has adopted the above as its Well-being Objectives.

There are two main elements to the Council Plan; the Improvements Priorities which outlines the main areas we will focus our attention during the year and our seven Well-being Aims and the Departmental Plans which describes all the Council's day-to-day work. It is clear that the main impact on Gwynedd Council's work during 2020/21, like all other local authorities, was the Covid-19 pandemic. Details of the Council Plan and our response to the pandemic during 2020/21 is available at: <https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Corporate-plans-and-strategies/Gwynedd-Council-Plan-2018-23.aspx>

The Covid-19 crisis emerged at the end of March 2020 that continues to have far-reaching effects on our lives. For Gwynedd Council, in response to the Covid-19 pandemic, the Council concentrated its efforts during the 2020/21 financial year to maintain the activities that:

- Support children and vulnerable adults,
- Play our part in supporting businesses including providing grants,
- Continuation of normal services for Gwynedd residents,
- Any other activities that protects or saves lives.

Financial Strategy

The Council's Financial Strategy and 2020/21 Budget adopted by the Council at its meeting on 5 March 2020 sets out the foundation for us to achieve the improvement priorities, whilst also trying to meet the continuous increase in demand for our services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:

<https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Finance/Financial-strategy.aspx>

2020/21 saw an increase in Gwynedd Council's grant from the Welsh Government which was sufficient to meet inflation but not sufficient to meet demand for services. Nevertheless, we have been quite successful in minimizing the impact of the savings on the residents of Gwynedd. Therefore, the financial situation will continue to pose a significant challenge to us in planning our services for the future. We will therefore continue with the task of ensuring that we achieve those efficiency savings already approved and ensure that we plan for the future to minimize any cuts to services.

The changes in response to the Covid-19 pandemic has affected the financial position of the Council. Similarly to other local authorities, Gwynedd has worked closely with the Welsh Government to cope with the situation. Additional funding was received in 2020/21 from the Welsh Government in order to meet additional costs arising from the impact of Covid-19 and to compensate the Council for loss of income during the crisis. In addition, other substantial grants were received at the end of the financial year due to the impact of Covid-19. Some grants will continue in 2021/22.

It is not anticipated that the pandemic will have a significant effect on the value of the Council's assets and liabilities. This assumption is to be revisited regularly.

Performance Measuring

The Council's Performance Management Framework is a cycle which supports the planning, management and reporting on the performance of our services to ensure the best for the people of Gwynedd today and tomorrow. The Gwynedd Council Annual Performance Report describes our success in achieving our improvement priorities and also provides information on the performance of Council departments and how they assist the people of Gwynedd. Our response to the Covid-19 crisis is also included in it. The report is available at:

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Council-performance/Performance-Measuring.aspx>

Financial Performance 2020/21

- Despite the Covid-19 crisis and the sustained need to achieve challenging savings, the final financial position of the Council's departments for 2020/21 confirms that there was effective financial management. The financial out-turn position for 2020/21 was reported to Cabinet at its meeting on 18 May 2021. Members of the Cabinet approved the net services underspend of £825k for the year.
- The financial impact of Covid-19 has been significant for the Council. With over £20 million claimed from the Hardship fund and Furlough by the end of the year, which is a combination of additional costs of £11.6 million, income losses of £7.3 million and £1.5 million Furlough.
- Due to the receipt of a number of significant Covid-19 and other grants late in the financial year, this means that the 2020/21 financial position has been transformed by the end of the year, with the grants including grants to school budgets, for digital transformation, unrealised savings and Council Tax backlog.

- At the end of the 2020/21 financial year, significant pressures remain in the Children's field, but most departments and a number of corporate headings have operated within available resources.
- The Comprehensive Income and Expenditure Statement on page 10 shows that the Council's gross revenue expenditure on 'Cost of Services' level was £412m during 2020/21, with the net position as £247m.
- The 2020/21 financial position was taken into consideration in the process of establishing the 2021/22 budget.

TABLE I – Budget and Actual Comparison Summary (Net)

The Council's net budget is mainly financed through council tax, general government grants and national non-domestic rates and totals £279m for 2020/21.

Table I provides a budgetary performance comparison at a summary level, and which is detailed further in Table 2.

	Budget	Actual	Variance
	£'000	£'000	£'000
Net Expenditure on Operations	280,298	278,476	(1,822)
Departmental Carry Forward at year-end	0	825	825
	<hr/>	<hr/>	<hr/>
	280,298	279,301	(997)
Financed by -			
Council Tax Income	(92,719)	(92,351)	368
Revenue Grants and Contributions	0	(1,211)	(1,211)
Share of National Non-Domestic Rate	(43,341)	(39,526)	3,815
General Government Grants	(144,238)	(148,053)	(3,815)
Contribution to the General Fund Balance	0	1,840	1,840
	<hr/>	<hr/>	<hr/>
	0	0	0

The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 10 and 11 detail the movements for the year.

TABLE 2 – Transposition movement between ‘Budget and Actual Comparison Summary (Net)’ (Table 1) to the Income and Expenditure format reflecting Departmental Management Structure.

Department	Performance Report (Outturn)	Transposition Adjustment	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Education	91,421	(7,191)	84,230	8,837	93,067
Corporate Support	7,143	(2)	7,141	750	7,891
Finance	5,766	(28)	5,738	1,393	7,131
Economy and Community	3,720	(480)	3,240	3,062	6,302
Adults, Health and Well-being	53,882	(40)	53,842	4,036	57,878
Children and Family Support	18,590	14	18,604	1,142	19,746
Highways and Municipal (including Trunk Roads)	23,708	(2,678)	21,030	7,023	28,053
Environment	3,288	(150)	3,138	4,081	7,219
Housing and Property	3,272	(315)	2,957	2,661	5,618
Corporate Management Team and Legal	1,575	(60)	1,515	119	1,634
Gwynedd Consultancy	(298)	0	(298)	911	613
Corporate	27,748	(15,700)	12,048	(494)	11,554
Cost of Services	239,815	(26,630)	213,185	33,521	246,706
Other (Contains Centralised and Corporate Adjustment)	39,486	26,630	66,116	(33,521)	32,595
Total	279,301	0	279,301	0	279,301

Transposition Adjustment - Adjustments in the transposition column relate to the net contribution to and from reserves.

- **Material Items of Income and Expenditure**

Related items include:

- £101m on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund’s Actuary’s assessment (Note 23).
- Following a revaluation of part of the Council’s land and buildings portfolio (which is now carried out on a rolling programme basis), a net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £28m (Note 23.1) and the revaluation and impairment cost to the Services is £4m (Note 15).
- Receipt of specific grants, additional expenditure and loss of income relating to Covid-19 which has been compensated by the Welsh Government to the value of £24.7m for Gwynedd in 2020/21 (Note 32).

- **Other Issues**

- There are financial risks with the global economy and the Authority has taken the circumstances into account in its financial plans, while maintaining a prudent level of reserves.
- Continued economic uncertainty following the termination of the UK's membership of the European Union and this may affect some factors and financial decisions by the Authority.

- The current Covid-19 crisis remains a financial challenge for the Council in the short and medium term.

Capital Expenditure in 2020/21

Capital expenditure for 2020/21 amounted to £27.7m. The following table gives an analysis of this expenditure and the way it was financed.

TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

2019/20 £'000		2020/21 £'000
8,757	Education	7,464
1,926	Environment	3,468
0	Corporate Support	161
926	Finance	749
1,037	Economy and Community	1,175
5,328	Housing and Property	4,689
1,926	Adults, Health and Wellbeing	1,914
303	Children and Family Support	744
8,229	Highways and Municipal	4,798
637	Gwynedd Consultancy	2,505
29,069		27,667
	FINANCED BY -	
5,979	Borrowing	4,128
20,083	Grants and Contributions	22,264
423	Capital Receipts	43
2,584	Revenue and Other Funds	1,232
29,069		27,667

- Revenue Expenditure Funded from Capital Under Statute of £5.1m is included in the above table. This has been charged to the Income and Expenditure Statement in the year. Total expenditure on Non-current Assets and Assets Held for Sale was £25m as shown in Notes 15 and 20.
- The Council's Loan Debt at 31 March 2021 was £110.2m – a decrease of £15.3m (from £125.5m) during the year. Repayments of £20.6m were made in accordance with the terms of individual loans.

Provisions and Reserves

In addition to the unearmarked element of General Balances of £9.4m, the Council had other provisions of £8.1m, earmarked reserves of £79.4m and school balances of £10.8m. In total, these amounted to £107.7m. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10 and 22.

The adequacy of the Council's specific reserves and provisions was reviewed by the Head of Finance in closing the accounts this year, in accordance with the approved policy. This review was successful in harvesting £170k of resources, which Cabinet (at its meeting on 18 May 2021) approved its use to help fund the Children and Families Department's overspend.

Cabinet approved the use of £600k from the Council's general balances, the transfer of £4m to the Council's Transformation fund to support transformational and one-off work, and to allocate £2.5m to the Covid-19 recovery fund.

Covid-19 and Government Grants

The impact of Covid-19 has seen a large number of new grants and financial support available from Government. As noted previously, between compensating the Council for additional expenditure, Furlough and loss of income, the Council received over £20 million in Government support during 2020/21. Refer to analysis in revenue outturn report to Cabinet 18 May 2021.

<https://democracy.gwynedd.llyw.cymru/documents/s30121/Item%2011%20-%20Appendix%203%20-%20Covid-19.pdf>

Other grants have enabled us to meet the additional costs associated with the pandemic for commissioned services including the Care Sector. We were also asked to administer a number of grants or financial support on behalf of the Welsh Government, including the distribution of grants to county businesses during the lockdown periods, payments to care workers, and arts freelance grants (Note 28).

Pension Fund

The Council (as an employer) has a net liability from its share of the assets and liabilities of the Gwynedd Pension Fund, which has been calculated in accordance with International Accounting Standard 19. The Balance Sheet contains an assessment by the Fund's Actuary, Hymans Robertson, of the Council's share of the Pension Fund liability. This net liability has increased by £119m to £364m in 2020/21. Refer to Note 38 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short term and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The last valuation was at 31 March 2019, with the next taking place at 31 March 2022.

Governance

Gwynedd Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Further information is included within the Annual Governance Statement.

Accounting Policies

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2020/21 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Changes in Accounting Policies and to the Accounts

The Council's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2020/21 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

Further Information

The Statement of Accounts is available on Gwynedd Council's website www.gwynedd.llyw.cymru.

Further information relating to the accounts is available from:

Ffion Madog Evans	or	Sian Pugh
Senior Finance Manager		Group Accountant – Corporate and Projects
01286 679133		01286 679134

Finance Department
Gwynedd Council
Council Offices
Caernarfon
Gwynedd
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website at the appropriate time.

GWYNEDD COUNCIL

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

Gwynedd Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Gwynedd Council, that "Section 151 Officer" is the Head of Finance. It is also the Council's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

Chair Audit and Governance Committee

14 October 2021

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing the Statement of Accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Gwynedd Council at 31 March 2021 and the Council's income and expenditure for the year then ended.



Dafydd L. Edwards B.A., C.P.F.A., I.R.R.V.
Head of Finance, Gwynedd Council

6 October 2021

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

EXPENDITURE AND FUNDING ANALYSIS						
2019/20				2020/21		
Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
85,311	10,703	96,014	Education	84,230	8,837	93,067
7,488	2,072	9,560	Corporate Support	7,141	750	7,891
6,110	1,644	7,754	Finance	5,738	1,393	7,131
4,081	3,370	7,451	Economy and Community	3,240	3,062	6,302
51,508	5,997	57,505	Adults, Health and Well-being	53,842	4,036	57,878
17,968	1,848	19,816	Children and Family Support	18,604	1,142	19,746
24,492	10,631	35,123	Highways and Municipal (including Trunk Roads*)	21,030	7,023	28,053
3,695	4,336	8,031	Environment	3,138	4,081	7,219
3,205	3,906	7,111	Housing and Property	2,957	2,661	5,618
1,652	257	1,909	Corporate Management Team and Legal	1,515	119	1,634
65	1,309	1,374	Gwynedd Consultancy	(298)	911	613
14,482	2,728	17,210	Corporate	12,048	(494)	11,554
220,057	48,801	268,858	Cost of Services	213,185	33,521	246,706
24,083	(171)	23,912	Other Operating Expenditure	25,037	(152)	24,885
15,571	(2,440)	13,131	Financing and Investment Income and Expenditure	14,450	(2,608)	11,842
(265,916)	(18,252)	(284,168)	Taxation and Non-specific Grant Income	(281,141)	(21,577)	(302,718)
(6,205)	27,938	21,733	(Surplus)/Deficit on Provision of Services	(28,469)	9,184	(19,285)
(64,885)			Opening General Fund Balance	(71,090)		
(6,205)			(Surplus)/Deficit on General Fund in year	(28,469)		
(71,090)			Closing General Fund Balance	(99,559)		

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and in the Movement in Reserves Statement.

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
119,901	(23,887)	96,014	Education		120,052	(26,985)	93,067
11,035	(1,475)	9,560	Corporate Support		10,059	(2,168)	7,891
10,288	(2,534)	7,754	Finance		11,120	(3,989)	7,131
13,017	(5,566)	7,451	Economy and Community		13,765	(7,463)	6,302
85,377	(27,872)	57,505	Adults, Health and Well-being		88,223	(30,345)	57,878
32,763	(12,947)	19,816	Children and Family Support		33,312	(13,566)	19,746
52,031	(16,908)	35,123	Highways and Municipal (including Trunk Roads*)		49,250	(21,197)	28,053
16,100	(8,069)	8,031	Environment		18,458	(11,239)	7,219
10,865	(3,754)	7,111	Housing and Property		15,410	(9,792)	5,618
2,796	(887)	1,909	Corporate Management Team and Legal		2,083	(449)	1,634
6,776	(5,402)	1,374	Gwynedd Consultancy		6,190	(5,577)	613
45,501	(28,291)	17,210	Corporate		43,992	(32,438)	11,554
406,450	(137,592)	268,858	Cost of Services		411,914	(165,208)	246,706
24,083	(171)	23,912	Other Operating Expenditure	11	25,037	(152)	24,885
13,677	(546)	13,131	Financing and Investment Income and Expenditure	12	12,270	(428)	11,842
0	(284,168)	(284,168)	Taxation and Non-specific Grant Income	13	0	(302,718)	(302,718)
444,210	(422,477)	21,733	(Surplus)/Deficit on Provision of Services		449,221	(468,506)	(19,285)
		(6,070)	(Surplus)/Deficit on revaluation of Fixed Assets	23.1			(28,482)
		1,293	(Surplus)/Deficit on revaluation of Financial Instruments	23.3			(655)
		(171)	(Surplus) / Deficit on revaluation of available for sale financial assets	23.3			0
		(84,580)	Remeasurements of the net pension defined benefit liability/(asset)	23.5			100,979
		(89,528)	Other Comprehensive (Income) and Expenditure				71,842
		(67,795)	Total Comprehensive (Income) and Expenditure				52,557

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in the year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	Note	Additional Information			Statement of Movement in Reserves					
		Unearmarked General Fund Balance	Earmarked General Fund Reserves	Total Reserves held by Schools	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 31 March 2019 carried forward		(7,070)	(53,815)	(4,000)	(64,885)	(2,140)	(6,020)	(73,045)	27,844	(45,201)
<u>Movement in reserves during 2019/20</u>										
Total Comprehensive Income and Expenditure		21,733	0	0	21,733	0	0	21,733	(89,528)	(67,795)
Adjustments between accounting basis and funding basis under regulations	9	(27,938)	0	0	(27,938)	(71)	1,295	(26,714)	26,714	0
(Increase)/Decrease in 2019/20		(6,205)	0	0	(6,205)	(71)	1,295	(4,981)	(62,814)	(67,795)
Transfers to/from Earmarked Reserves	10	5,703	(5,370)	(333)	0	0	0	0	0	0
<i>(Increase)/Decrease in 2019/20 (showing transfers to Earmarked Reserves)</i>		(502)	(5,370)	(333)	(6,205)	(71)	1,295	(4,981)	(62,814)	(67,795)
Balance 31 March 2020 carried forward		(7,572)	(59,185)	(4,333)	(71,090)	(2,211)	(4,725)	(78,026)	(34,970)	(112,996)
<u>Movement in reserves during 2020/21</u>										
Total Comprehensive Income and Expenditure		(19,285)	0	0	(19,285)	0	0	(19,285)	71,842	52,557
Adjustments between accounting basis and funding basis under regulations	9	(9,184)	0	0	(9,184)	(162)	(1,261)	(10,607)	10,607	0
(Increase)/Decrease in 2020/21		(28,469)	0	0	(28,469)	(162)	(1,261)	(29,892)	82,449	52,557
Transfers to/from Earmarked Reserves	10	26,629	(20,209)	(6,420)	0	0	0	0	0	0
<i>(Increase)/Decrease in 2020/21 (showing transfers to Earmarked Reserves)</i>		(1,840)	(20,209)	(6,420)	(28,469)	(162)	(1,261)	(29,892)	82,449	52,557
Balance 31 March 2021 carried forward		(9,412)	(79,394)	(10,753)	(99,559)	(2,373)	(5,986)	(107,918)	47,479	(60,439)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020		Note	31 March 2021
£'000			£'000
461,009	Property, Plant and Equipment	15	493,791
60	Heritage Assets		60
165	Investment Property	16	165
1,960	Surplus Assets	15	2,183
17	Long-Term Investments	17	17
3,948	Long-Term Debtors	17	4,371
467,159	Long-Term Assets		500,587
11,259	Short-Term Investments	17	34,918 *
73	Assets Held for Sale	20	73
1,367	Inventories		1,948
76,415	Short-Term Debtors	18	84,232
14,900	Cash and Cash Equivalents	19	28,618 *
104,014	Current Assets		149,789
(22,338)	Bank Overdraft	19	(18,221) *
(21,112)	Short-Term Borrowing	17	(7,090)
(53,149)	Short-Term Creditors	21	(80,018)
(304)	Short-Term Provisions	22	(315)
(1,443)	Capital and Revenue Grants Receipts in Advance	32	(6,585)
(98,346)	Current Liabilities		(112,229)
(7,850)	Long-Term Provisions	22	(7,752)
(104,346)	Long-Term Borrowing	17	(103,110)
(244,644)	Pension Liability	38	(363,852)
(1,540)	Finance Leases Liability	35	(1,370)
(1,451)	Capital and Revenue Grants Receipts in Advance	32	(1,624)
(359,831)	Long-Term Liabilities		(477,708)
112,996	Net Assets		60,439
(78,026)	Usable Reserves		(107,918)
(34,970)	Unusable Reserves	23	47,479
(112,996)	Total Reserves		(60,439)

* The £16.2m that is relevant to the North Wales Economic Ambition Board has been included in the cash and short-term investments figures above.

The £5.9m that is relevant to the GwE Joint-Committee has been included in the bank balance at 31 March 2021.

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2019/20		Nodyn	2020/21
£'000			£'000
21,733	Net (Surplus)/Deficit on Provision of Services		(19,285)
(36,412)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	24a	(66,344)
548	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24b	222
(14,131)	Net cash flows from Operating Activities		(85,407)
22,295	Investing Activities	25	52,154
(16,613)	Financing Activities	26a	15,418
(8,449)	Net (increase)/decrease in cash and cash equivalents		(17,835)
15,887	Cash and cash equivalents at the beginning of the reporting period	19	7,438
7,438	Cash and cash equivalents at the end of the reporting period	19	(10,397)

NOTES TO THE ACCOUNTS

NOTE I – ACCOUNTING POLICIES

I.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018, in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

I.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

I.3 Cash and Cash Equivalents

Where the Authority has short-term investments readily convertible into known amounts of cash and subject to insignificant risk of changes in value, these are classified as cash equivalents and included in Cash and Cash Equivalents on the Balance Sheet. The investments included in this definition are short-term deposits with financial institutions which are immediately available at the Balance Sheet date.

I.4 Contingent Assets / Contingent Liabilities

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet, but disclosed in the Contingent Liabilities and Contingent Assets notes in the accounts.

NOTE 1 – ACCOUNTING POLICIES (continued)

1.5 Corporate

The Corporate heading includes items relating to corporate policy-making and member activities, and costs that relate to the general running of the Authority.

1.6 Employee Benefits

1.6.1 Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis to the appropriate service or, where applicable, to the Corporate Services line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.6.3 Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by the Capita Teachers' Pensions on behalf of the Westminster Government's Department for Education
- The Local Government Pension Scheme, administered by the Gwynedd Pension Fund at Gwynedd Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education and Children and Family Support line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

1.6.4 The Local Government Pension Scheme

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme. The pension costs charged to the Authority's accounts in respect of this group of employees are determined by the fund administrators and represent a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the Gwynedd Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates, employee turnover rates, etc., and projected earnings for current employees.

NOTE I – ACCOUNTING POLICIES (continued)

Liabilities are discounted to their value at current prices, using a discount rate of 2.0% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

The assets of the Gwynedd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value as determined by the Fund's Actuary.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate costs.
- Net interest on the net pension defined benefit liability/(asset), i.e. the net interest expense for the Authority – the change during the period in the net pension defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net pension defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net pension defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net pension defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Gwynedd Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. Local councils in England and Wales are required to produce their financial statements in accordance with IAS19.

NOTE I – ACCOUNTING POLICIES (continued)

1.6.5 Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- amortised cost, and

NOTE I – ACCOUNTING POLICIES (continued)

- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI). A separate accounting policy is required where an Authority holds financial instruments at fair value through other comprehensive income.

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables held by the Authority. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains are recognised as they arise in other comprehensive income.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset

NOTE I – ACCOUNTING POLICIES (continued)

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The measurement of our assets held at FVOCI is unit bid price at the measurement date.

1.10 Government Grants and Other Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the relevant service line in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Authority has not satisfied.

Grants and contributions funding capital expenditure that have been credited to the Comprehensive Income and Expenditure Statement are not proper income charges due to the capital control regime requirements to finance capital expenditure as part of the Capital Financing Requirement. Therefore, the Authority accounts for these amounts as follows:

- Where a capital grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant is recognised as a Capital Grant Receipt in Advance on the Balance Sheet. Once the condition has been met, the grant or contribution is transferred to the Comprehensive Income and Expenditure Statement.
- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11 Heritage Assets

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held by the Authority principally for their contribution to knowledge or culture. The Council has identified the following categories of heritage assets:

- Pictures and Paintings
- Civic Regalia
- Library Collections/Archives
- Museums and Art Gallery Collections
- Historic Buildings and Scheduled Monuments
- Parks and Local Nature Reserves

The Council used an external valuer (Bonhams) to provide estimated valuations of its civic regalia and paintings and pictures. For consistency, the Council has applied the same deminimis levels for valuation purposes to Heritage Assets as its other long-term assets – see policy 1.17.

The Council considers that Heritage Assets held by the Council will have indeterminate life and high residual value; hence, the Council does not consider it appropriate to charge depreciation for the assets. Heritage Assets recognised in the accounts will be assessed annually for any impairment – see policy 1.17.

1.12 Inventories and Long-Term Contracts

Stocks and work in progress should be shown in the Balance Sheet at the lower of cost and net realisable value, in accordance with the provisions of the Code of Practice. Due to the practicalities of the Council's main stock systems, the majority of stock is shown in the accounts at average cost. The difference from the basis of valuation is not material.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.13 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. These properties are valued on a fair value basis. Valuations are based on specific techniques, and the inputs to

NOTE I – ACCOUNTING POLICIES (continued)

these measurement techniques are categorised in accordance with three levels. All the Authority's inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

1.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the property, plant or equipment to the lessee. All other leases are classified as operating leases.

The Authority as Lessee:

Amounts held under finance leases are initially recognised, at the commencement of the lease, at fair value (or, if lower, the present value of the minimum lease payments), with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between a finance charge (charged directly to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement) and a charge is applied to write down the lease liability. The related asset is treated in accordance with the policies applied generally to such assets and is subject to depreciation charges as appropriate.

Operating lease payments are charged to the Comprehensive Income and Expenditure Statement as an expense of the relevant service on a straight-line basis over the lease term.

The Authority as Lessor:

Where the Authority grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal, to be included in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Rental income from property granted under an operating lease is recognised on a straight-line basis in the Comprehensive Income and Expenditure Statement, and the asset is retained in the Balance Sheet.

1.15 Surplus Assets

The Authority classifies Surplus Assets separately on the Balance Sheet. These assets are shown at their fair value based on market value. Values are based on specific techniques, and the inputs to these measurement techniques are categorised in accordance with three levels. All the Authority's inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

1.16 Overheads and Support Services

Some overheads and support services costs are apportioned to the appropriate services in accordance with the Council's arrangements for accountability and financial performance.

1.17 Long-Term Assets

The Council's assets as recorded on the Property Services database are revalued at least every five years. Since the 2015/16 financial year, the Authority has established a rolling programme for re-valuing different categories of these assets annually, with valuation usually effective on 31 March each year. This is in accordance with the Code and the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Land and Buildings are shown at fair value or Depreciated Replacement Cost (DRC) for specialised properties.

Investment Properties are shown at fair value.

Vehicles, Plant, Furniture and Equipment are shown at depreciated historical cost.

Infrastructure and community assets are shown at depreciated historical cost.

Assets in the course of construction are included at historical cost until such time as they are completed, when they are valued in accordance with the accounting policies and transferred to the appropriate category of asset.

NOTE I – ACCOUNTING POLICIES (continued)

A de minimis limit for valuation purposes of £20,000 is used for the Council's operational Land and Buildings and £5,000 for single items of Vehicles, Plant, Furniture and Equipment.

Expenditure in year on new and existing assets is added annually, and then consideration is given as to whether this expenditure has increased the value of the asset. If there has been an increase, this is reflected through the Revaluation Reserve; if there is no increase it follows that there has been an impairment to the value of the asset (see below for the method for accounting for impairment). Specifically for assets categorised as Land and Buildings, and Community Assets where expenditure in year of over £100,000 has been incurred on a single asset, the Council's Senior Estates Surveyor (M.R.I.C.S.) reviews the assets and revalues any one as appropriate.

There is high level of uncertainty about the medium term implications of the current effects of the COVID-19 pandemic and the United Kingdom's exit from the European Union. The assumption has been made that this will not significantly impair the value of the Council's assets. The assumption made will need to be reviewed regularly.

Impairment and Depreciation

Impairment

An impairment is the consumption of economic benefit that is specific to an asset. In line with International Accounting Standard 36 the Council reviews its assets each year in order to recognise any impairment or reduction in value due to the consumption of economic benefits. In addition, the residual values and useful lives of assets are reviewed annually and adjusted where appropriate.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve for an asset or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Depreciation

The main element of IAS 16 is that buildings must be depreciated if they are not valued each year. In addition, each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. A de minimis threshold, below which assets are disregarded for componentisation purposes, needs to be established, which is based on potential material impacts on the financial statements. For the 2020/21 financial year this has been set at 1% of the total value of the buildings at the beginning of the year. The apportionment to be considered for the non-land element of assets above the de minimis threshold is:

- a) plant and equipment and engineering services, and
- b) structure

The majority of the Council's buildings (over 75%) are valued using the DRC (Depreciated Replacement Cost) method, which is developed on a component approach, and the identification of the components is reflected in the details of the calculations. However, identified within the above are buildings which include material items of plant and equipment which are deemed to have shorter useful lives, e.g. boilers and heating equipment within swimming pools and leisure centres. These components are recognised by adjusting the useful life of the building to take account of the shorter life components.

For the remaining buildings, based on a review of the nature and type of buildings which the Council owns, these are deemed to have no significant items of plant and equipment or engineering services that need to be componentised separately.

Depreciation is generally charged on the Balance Sheet value of assets to write them off as follows:

- (i) Vehicles, Plant, Furniture and Equipment are depreciated over their estimated useful life (3–15 years, or more with supporting evidence)
- (ii) Infrastructure is depreciated over 40 years
- (iii) Revenue Expenditure funded from Capital under Statute is written down in the period in which it arises
- (iv) Land is not depreciated

NOTE I – ACCOUNTING POLICIES (continued)

- (v) Buildings are depreciated over their estimated remaining useful life (5–80 years)
- (vi) Investment Properties, Assets under Construction and Assets Held for Sale are not depreciated

Depreciation is not charged in the year of acquisition.

Minimum Revenue Provision

The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Welsh Ministers and local authorities are required to “have regard” to such Guidance under section 21(1B) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: Capital Financing Requirement Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2020/21: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Council chooses).

The MRP Statement was submitted to Council before the start of the 2020/21 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

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

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the IFRS-based Accounting Code of Practice matches the annual principal repayment for the associated deferred liability.

The Authority will be reviewing this policy annually in light of the Asset Management Plan.

In accordance with the Code of Practice, revenue financing of capital expenditure on Council Fund Services is appropriated to the Capital Adjustment Account.

1.18 Council Tax and National Non-Domestic Rates

Council Tax and National Non-Domestic Rates income for the year is treated as accrued income, and is included within the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement.

Gwynedd Council is a Council Tax and Non-Domestic Rates billing Authority. It collects Council Tax on behalf of itself and other authorities, and collects Non-Domestic Rates as an agent on behalf of the Welsh Government.

1.19 Provisions

The Council sets aside provisions for specific obligations which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. Provisions are also made for doubtful debts. Known uncollectable debts are written off against the relevant service. The Council classifies these provisions as long-term or short-term liabilities as appropriate according to the nature of each provision.

1.20 Reserves (and Balances)

In accordance with the requirements of the Local Government Act 1992, the Council maintains a –

- General Fund which represents the general reserves (“balances”) of the Authority, namely a working balance to help cushion the impact of uneven cash flows and as a contingency to cushion the impact of unexpected events or emergencies.

NOTE 1 – ACCOUNTING POLICIES (continued)

- Number of capital and revenue Specific Reserves earmarked for specific purposes, namely, money accumulated to meet anticipated commitments. The Council undertakes a continuous review of the adequacy and use of specific reserves.
- The Council takes a risk-based approach to maintaining an adequate level of balances and reserves to meet future spending needs. When considering the annual budget and medium-term financial strategy, the Council will set out its intention regarding the level of general balances and reserves, in the context of all relevant risks. Refer to the approval of the full policy in respect of reserves by the Council Cabinet on 23 June 2015.
- Certain reserves, namely “unusable reserves”, are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Authority.

1.21 Revenue Expenditure Funded from Capital Under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as an asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year’s Council Tax. This type of expenditure is valued at historical cost and written down over a year.

1.22 Value Added Tax

Only in a situation when VAT is irrecoverable will VAT be included or charged as ‘irrecoverable VAT’ in capital and revenue expenditure.

1.23 Debtors and Creditors

The Council’s accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. The accounts reflect actual expenditure and income relating to the year in question irrespective of whether the payments or receipts have actually been paid or received in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years, and certain annual payments such as insurance. This policy is consistently applied each year and therefore does not have a material effect on the year’s accounts.

1.24 Allocation of Interest Received

The Authority invests surplus funds for periods varying from overnight to 13 months (with the exception of investments in pooled funds) and the interest is credited to the General Fund, Gwynedd Pension Fund, Welsh Church Fund and other trust funds and joint committees based on the level of their daily balances and the rate of interest earned.

1.25 Borrowing Costs

The Authority does not capitalise borrowing costs attributable to the acquisition, construction or production of a qualifying asset as permitted by the Code.

Interest payable on external loans is included in the accounts in the period to which it relates on a basis which reflects the overall economic effect of the borrowings.

1.26 Interest in Companies and Other Entities

In the Authority’s accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.27 Current Assets Held for Sale

In order for an asset to be recognised as Held for Sale, the asset must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed and the sale completed within one year from the date of classification. The asset is recognised at fair value (market value) less costs to sell on reclassification. Values are based on specific techniques, and the inputs to these measurement techniques are categorised in accordance with three levels. All the Authority’s inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

NOTE I – ACCOUNTING POLICIES (continued)

1.28 Disposal of Assets

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

1.29 Capital Receipts

When the Authority sells an asset, legislation prescribes the use of the proceeds received.

All capital receipts that belong to the Council's Fund are 100% usable and it is no longer necessary to set aside a percentage of the receipt. The receipts are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure.

1.30 Service Concession Arrangements

Service Concession Arrangements, otherwise known as Private Finance Initiative (PFI) schemes, are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor for the duration of the contract but where the assets transfer to the Authority at the end of the period without any additional cost. The Authority controls the service that is provided and is able to control who else is able to use the facility. The cost of using the facility is agreed with the Company before setting the agreement through a competitive dialogue process.

1.31 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangements. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises its share of assets, liabilities, revenue and expenses.

1.32 Schools

The *Code of Practice on Local Authority Accounting in the United Kingdom* confirms that the balance of control for local Authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local Authority accounts (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority.

1.33 Fair Value Measurement of Non-Financial Assets

The Authority's accounting policy for fair value measurement of financial asset is set out in note 1.9. The Authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a. in the principal market for the asset, or
- b. in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1 – ACCOUNTING POLICIES (continued)

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; or
- Level 3 – unobservable inputs for the asset.

1.34 Other Policies

Gwynedd Council has policies in respect of the following, but they are not considered material for the 2020/21 financial year:

- Intangible Assets
- Foreign Currency Conversion.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2020/21 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustment during 2020/21.

NOTE 4 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2021/22 Code:

Definition of a Business: Amendments to IFRS 3 Business Combinations

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code requires implementation from 1 April 2021 and therefore there is no impact on the 2020/21 Statement of Accounts, and none of the new or amended standards within the 2021/22 Code are expected to have a material impact on the information provided in the financial statements.

Further, the International Standard IFRS16 – Leases, has been issued and included in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22 as an appendix. However, the required date of application and the date that the Council will adopt IFRS 16 has been deferred to 1 April 2022 and thus to the 2022/23 accounts.

NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make judgements, estimates and assumptions relating to complex transactions, those involving uncertainty about future events and also the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions applied are based on current proper practices, historical experience, and other factors that include historical and current assumptions and projections, and actual future projections, professional assessments, current trends, and local factors that are considered to be relevant.

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to revenue and capital grants. This issue forms an important part of the Council's continually revised financial strategy, and where all known and forecasted factors are given due consideration. Continued economic uncertainty following Britain leaving the European Union remains. Whilst the effects of the Covid-19 crisis remains a financial challenge for the Council in the short and medium term. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as the revaluation, depreciation and impairment of assets, actuarial valuation of pension fund assets and liabilities, earmarked reserves, provisions and contingent liability. However, because these issues cannot be determined with certainty, actual results may subsequently differ from those estimates. The estimates and underlying assumptions are continually reviewed.

NOTE 6 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because certain balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following items in the Authority's Balance Sheet at 31 March 2021 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

- **Property, Plant and Equipment** – Assets are depreciated over their useful life in accordance with standard accounting and associated practices. Any difference between the depreciation applied and actual deterioration to assets will be naturally reflected in future spending patterns. The current economic climate brings with it uncertainties for councils in their ability to sustain the necessary spending on repair and maintenance. This obviously would have implications on asset life. Land and buildings are revalued at least every five years, and since 2015/16 a rolling programme of revaluation has been introduced. A number of judgements are required to be made as part of the revaluation and impairment assessment process. This brings with it uncertainties, and assumptions have to be made and responded to accordingly. Where necessary, any resultant long-term implications would be incorporated into our financial strategy.

In respect of all property sectors, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base a judgements. The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, it is recommended that the valuation of these properties are kept under frequent review. Information relating to Property, Plant and Equipment is contained in Note 15.

- **Provisions** – There are provisions contained within these accounts, the basis of which have been individually assessed from the latest information available, as detailed in Note 22, and include provisions for Waste Sites. We are unable to confirm the accuracy of the provisions until such matters are concluded.
- **Pension Liability** – The Pension Liability position as contained within the accounts is based on a number of complex assessments and judgements and varying profiles such as discount rate used, projected salary levels, changes in retirement ages, mortality rates and expected returns on Pension Fund assets, as provided by Actuaries engaged by the Pension Fund. Further details are contained in Note 37 and 38.
- **Doubtful Debts Impairment** – A specific impairment level policy in respect of doubtful debts is contained within the accounts. The impairment level is reviewed regularly in order to respond to any changes in the economic climate such as the current Covid-19 crisis, and necessary action taken as appropriate within the accounts to respond accordingly. Doubtful Debts impairments are contained within the figures for Short-Term Debtors contained in Note 18a.

The Covid-19 pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, year-end valuation reports provided to the Gwynedd Pension Fund on 31st March 2020 included a statement that there was material valuation uncertainty related to the UK property funds managed on behalf of the Fund. However, no material uncertainties in property valuations are being reported as at 31 March 2021.

NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:

- £101m on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), a net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £28m (Note 23.1) and the revaluation and impairment cost to the Services is £4m (Note 15).
- Receipt of specific grants, additional expenditure and loss of income relating to Covid-19 which has been compensated by the Welsh Government to the value of £24.7m for Gwynedd in 2020/21 (Note 32).

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<u>2020/21</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (iii)	Total Statutory Adjustments	Other (Non-statutory) Adjustments (iv)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Education	6,645	2,192	0	8,837	0	8,837
Corporate Support	12	738	0	750	0	750
Finance	675	718	0	1,393	0	1,393
Economy and Community	2,621	441	0	3,062	0	3,062
Adults, Health and Well-being	1,157	3,058	0	4,215	(179)	4,036
Children and Family Support	57	1,085	0	1,142	0	1,142
Highways and Municipal (including Trunk Roads*)	4,533	2,490	0	7,023	0	7,023
Environment	3,460	621	0	4,081	0	4,081
Housing and Property	2,226	435	0	2,661	0	2,661
Corporate Management Team and Legal	1	118	0	119	0	119
Gwynedd Consultancy	391	520	0	911	0	911
Corporate	31	41	(207)	(135)	(359)	(494)
Cost of Services	21,809	12,457	(207)	34,059	(538)	33,521
Other Operating Expenditure	(152)	0	0	(152)	0	(152)
Financing and Investment Income and Expenditure	(8,831)	5,771	(86)	(3,146)	538	(2,608)
Taxation and non-specific grant income	(21,577)	0	0	(21,577)	0	(21,577)
(Surplus)/Deficit on Provision of Services	(8,751)	18,228	(293)	9,184	0	9,184

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

<u>2019/20</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>					
	<u>Adjustments for Capital Purposes (i)</u>	<u>Net change for the Pensions Adjustments (ii)</u>	<u>Other Differences (iii)</u>	<u>Total Statutory Adjustments</u>	<u>Other (Non-statutory) Adjustments (iv)</u>	<u>Total Adjustments</u>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Education	6,663	4,040	0	10,703	0	10,703
Corporate Support	806	1,266	0	2,072	0	2,072
Finance	419	1,225	0	1,644	0	1,644
Economy and Community	2,604	766	0	3,370	0	3,370
Adults, Health and Well-being	972	5,090	0	6,062	(65)	5,997
Children and Family Support	1	1,847	0	1,848	0	1,848
Highways and Municipal (including Trunk Roads*)	6,214	4,417	0	10,631	0	10,631
Environment	3,429	907	0	4,336	0	4,336
Housing and Property	3,192	714	0	3,906	0	3,906
Corporate Management Team and Legal	1	256	0	257	0	257
Gwynedd Consultancy	377	932	0	1,309	0	1,309
Corporate	375	1,809	700	2,884	(156)	2,728
Cost of Services	25,053	23,269	700	49,022	(221)	48,801
Other Operating Expenditure	(171)	0	0	(171)	0	(171)
Financing and Investment Income and Expenditure	(10,005)	7,441	(97)	(2,661)	221	(2,440)
Taxation and non-specific grant income	(18,252)	0	0	(18,252)	0	(18,252)
(Surplus)/Deficit on Provision of Services	(3,375)	30,710	603	27,938	0	27,938

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

(i) Adjustments for Capital Purposes

- For **services**, this column adds in depreciation, impairment and revaluation gains and losses.
- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, i.e. revenue provision for the financing of capital investment and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

(ii) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* for pension-related expenditure and income:

- For **services**, this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Services**, this represents an adjustment for accumulated absences earned but not taken during the year.
- For **Financing and investment income and expenditure**, the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

(iv) Other (Non-statutory) Adjustments

- **Services** - the impairment loss allowance on Trade Debtors is deducted and transferred to financing and investment income and expenditure.
- **Financing and investment income and expenditure** – adjusted to include the transfer of the impairment loss allowance on Trade Debtors from services.

NOTE 9 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2020/21	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS				
Adjustments to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	(18,228)	0	0	18,228
Financial instruments (transferred to the Financial Instruments Adjustments Account)	85	0	0	(85)
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	224	0	0	(224)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(80)	0	0	80
Total Adjustments to Revenue Resources	(17,999)	0	0	17,999
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(16)	(205)	0	221
Revenue provision for the financing of supported capital investment	5,426	0	0	(5,426)
Revenue provision for the financing of unsupported capital investment	2,173	0	0	(2,173)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,232	0	0	(1,232)
Total Adjustments between Revenue and Capital Resources	8,815	(205)	0	(8,610)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	43	0	(43)
Application of capital grants to finance capital expenditure	0	0	(1,261)	1,261
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	0	43	(1,261)	1,218
TOTAL ADJUSTMENTS	(9,184)	(162)	(1,261)	10,607

NOTE 9 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2019/20	Usable Reserves			
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS				
Adjustments to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	(30,710)	0	0	30,710
Financial instruments (transferred to the Financial Instruments Adjustments Account)	50	0	0	(50)
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(599)	0	0	599
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,629)	0	0	6,629
Total Adjustments to Revenue Resources	(37,888)	0	0	37,888
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(54)	(494)	0	548
Revenue provision for the financing of supported capital investment	5,465	0	0	(5,465)
Revenue provision for the financing of unsupported capital investment	1,954	0	0	(1,954)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,585	0	0	(2,585)
Total Adjustments between Revenue and Capital Resources	9,950	(494)	0	(9,456)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	423	0	(423)
Application of capital grants to finance capital expenditure	0	0	1,295	(1,295)
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	0	423	1,295	(1,718)
TOTAL ADJUSTMENTS	(27,938)	(71)	1,295	26,714

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES

School Balances

This sum is represented by the element of balances released under the delegation of budgets directly to schools which remained unspent at the end of the financial year, and is a net increase of £6.4m as compared to the balance on 31 March 2020:

2020/21	Balance	Transfers			Balance
	31 March 2020 £'000	between reserves £'000	in £'000	out £'000	31 March 2021 £'000
School Balances	4,333	0	6,551	(131)	10,753
Total	4,333	0	6,551	(131)	10,753

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

Earmarked Reserves

The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21, with a net increase of £20.2m since the position at 31 March 2020.

Note	2020/21	Balance		Transfers		Balance
		31 March 2020	between reserves	in	out	31 March 2021
		£'000	£'000	£'000	£'000	£'000
10.1	Renewals Reserves	7,817	0	3,086	(200)	10,703
10.2	Capital Reserves	11,997	(213)	3,904	(56)	15,632
10.3	Insurance Reserves	2,387	0	624	(513)	2,498
10.4	Services Fund	3,373	(281)	1,813	(316)	4,589
10.5	Convergence Programme Fund	1,132	0	0	(122)	1,010
10.6	Redundancy Costs to Realise Savings Reserve	3,236	0	0	(122)	3,114
10.7	Central Training	220	237	1,100	(89)	1,468
10.8	Education Services Reserves	920	0	794	(24)	1,690
10.9	Economy and Community Reserves	171	0	71	0	242
10.10	Highways and Municipal Reserves	376	0	1,216	0	1,592
10.11	Gwynedd Consultancy Reserves	185	0	0	0	185
10.12	Environment Reserves	1,514	0	154	(3)	1,665
10.13	Housing and Property Reserves	1,924	0	1,190	(26)	3,088
10.14	Care Reserves	1,028	0	267	(70)	1,225
10.15	Ffordd Gwynedd Fund	450	0	0	0	450
10.16	Invest to Save Fund - Carbon Reduction Plan	629	0	0	(33)	596
10.17	Transformation / Council Plan	9,049	0	4,225	(811)	12,463
10.18	Committed Revenue Grants Fund	810	0	94	(35)	869
10.19	Housing Water and Sewerage Services Fund	328	0	0	(86)	242
10.20	Housing Environmental Warranty	480	0	0	0	480
10.21	Information Technology Reserve	620	(140)	75	0	555
10.22	Supporting the Financial Strategy Reserve	2,656	0	0	(312)	2,344
10.23	Welfare Fund	100	0	0	0	100
10.24	Partnering Arrangements	306	0	0	0	306
10.25	North Wales Economic Ambition Board	497	0	241	(646)	92
10.26	Liabilities Related to the Pension Fund	1,028	0	0	0	1,028
10.27	Council Tax Property Transfers Reserve	490	0	0	0	490
10.28	Council Tax Premium Reserve	5,004	0	2,851	(703)	7,152
10.29	Covid-19 Recovery Arrangements Reserve	0	0	2,519	0	2,519
10.30	Various Other Reserves	458	397	261	(109)	1,007
	Total	59,185	0	24,485	(4,276)	79,394

The earmarked reserves closing balance as at 31 March 2021 does not reflect the level of commitments against them. Details are given below of the Council's main specific reserves.

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

- 10.1 The Renewals Reserves are used by the various departments of the Council to replace vehicles and equipment.
- 10.2 The Capital Reserves represents resources already committed to assist in financing the Council's Capital Programme and other requirements.
- 10.3 Gwynedd Council does not insure all risks with external insurers but instead it has established an internal reserve to meet those uninsured risks. The balance on the Insurance Reserve also includes an element relating to the relevant insurance requirements of the former Gwynedd County Council (pre 1996) and which is administered by Gwynedd Council.
- 10.4 The Services Fund represents the element of slippages and underspend that service departments have the right to carry forward for use in the subsequent financial year, other relevant specific budgets and one-off budgets that extend over more than one year.
- 10.5 Convergence Programme Fund – fund was created for additional capital or revenue costs which arise from the requirements to develop plans under the convergence programme.
- 10.6 Redundancy Costs to Realise Savings Reserve – provision for financing redundancy costs to realise budgetary savings.
- 10.7 Central Training – relates to the Council's staff training programme, including a contribution towards the cost of funding the Apprenticeship scheme and the 'Cynllun Yfory' Management Scheme.
- 10.8 Education Service Reserves – includes sums set aside to respond to related financial problems with 'Integration' requirements, changeable demands in 'Out of County – Special Educational Needs', 'Supporting Schools' and the 'Schools Loans Scheme'.
- 10.9 The Economy and Community Reserves include a number of balances relating to schemes operating on a partnership basis mainly, where the scheme balances must be accounted for separately.
- 10.10 The Highways and Municipal Reserves include mostly sums set aside to protect situations of uneven income and expenditure (equalisation accounts) together with likely requirements from contracts.
- 10.11 Gwynedd Consultancy Reserves – includes amounts set aside to protect against situations of uneven expenditure on some work fields and possible additional employment requirements resulting from changes in the Consultancy Service's work programme.
- 10.12 Environment Reserves – include a number of balances relating to Transport, schemes operating mainly on a partnership basis, and where the scheme balances must be accounted for separately, together with specific requirements relating to the Unitary Development Plan, and amounts for uneven expenditure situation.
- 10.13 Housing and Property Reserves – includes amounts set aside to protect against possible situations of uneven expenditure together with various other reserves for the Council's housing and property needs.
- 10.14 Care Reserves – includes amounts set aside to protect against possible situations of uneven expenditure due to contract requirements.
- 10.15 Ffordd Gwynedd Fund – to aid the business transformation process, realise savings and assist the Council to achieve "Ffordd Gwynedd" aims and objectives.
- 10.16 Invest to Save Fund – Carbon Reduction Plan – partly funding the Carbon Reduction Plan programme of works to reduce carbon emissions whilst generating monetary revenue savings for the Council.
- 10.17 Transformation / Council Plan – for the Council's priorities and to transform internal procedures to be more effective and efficient, and to invest in various schemes to realise permanent financial savings.

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

- 10.18 Committed Revenue Grants Fund – includes revenue grants received and committed for future use.
- 10.19 Housing Water and Sewerage Services Fund – amounts reserved for requirements relating to sewerage procedures, water piping and sewage treatment work on old council housing estates, which were not adopted by Welsh Water.
- 10.20 Housing Environmental Warranty – reserved for possible implications as a result of giving environmental warranties to Adra, in connection with specific and special circumstances that relate to environmental plans on the land of old council housing estates.
- 10.21 Information Technology Reserve – for responding to the demands in the information technology field, including a renewals fund and to respond to uneven patterns of expenditure.
- 10.22 Supporting the Financial Strategy Reserve – a fund established to assist and support the Council’s financial strategy.
- 10.23 Welfare Fund - provision to respond to uneven patterns in the related requirements.
- 10.24 Partnering Arrangements – includes amounts allocated in relation to various requirements of partnerships and joint working.
- 10.25 North Wales Economic Ambition Board – for the requirements and commitments of the economic promotion plan relevant to the North Wales Economic Ambition Board (Gwynedd Council’s share only).
- 10.26 Liabilities Related to the Pension Fund – for various future requirements and commitments related to the Pension Fund.
- 10.27 Council Tax Property Transfer Reserve – provision relating to the implications of properties transferring from Council Tax to National Domestic Rates.
- 10.28 Council Tax Premium Reserve – provision from the Council Tax Premium for achieving the Council’s priorities which includes the Housing Strategy.
- 10.29 Covid-19 Recovery Arrangements Reserve- provision for the recovery of services following the pandemic.
- 10.30 Various Other Reserves – includes amounts set aside to meet a variety of other commitments.

NOTE 11 – OTHER OPERATING EXPENDITURE

2019/20		2020/21
£'000		£'000
	Precepts	
14,441	North Wales Police & Crime Commissioner	15,088
2,344	Community Councils	2,504
16,785		17,592
	Levies	
6,227	North Wales Fire Authority	6,364
962	Snowdonia National Park Authority	962
109	Local Drainage Boards	119
7,298		7,445
(171)	(Gains)/losses on the disposal and de-recognition of non-current assets	(152)
23,912	Total	24,885

NOTE 12 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019/20		2020/21
£'000		£'000
6,009	Interest payable and similar charges	5,961
7,441	Net interest on the net pension defined benefit liability (asset)	5,771
(546)	Interest receivable and similar income	(422)
227	Adjustments to provisions and the fair value of financial instruments	532
13,131	Total	11,842

NOTE 13 – TAXATION AND NON-SPECIFIC GRANT INCOME

2019/20		Note	2020/21
£'000			£'000
(89,364)	Council Tax Income	13a	(92,351)
(40,502)	Non-Domestic Rates	13b	(39,526)
(136,049)	Non-ring-fenced Government Grants	32	(148,053)
0	Revenue Grants and Contributions	32	(1,211)
(18,253)	Capital Grants and Contributions	32	(21,577)
(284,168)	Total		(302,718)

NOTE 13a - COUNCIL TAX

The Council determines its expenditure requirement for the year and converts it to a Band D Council Tax by dividing this sum by a calculation of the number of properties in each Council Tax band converted into the equivalent number of properties in Band D (The Council Tax Base). The North Wales Police and Crime Commissioner's requirement is then added to this amount to establish the County's Council Tax.

The Council Tax Base for 2020/21 was calculated as follows:

CALCULATION OF THE COUNCIL TAX BASE FOR 2020/21			
Valuation Bands	Number of Properties following discounts	Statutory Multiplier	Equivalent Band D properties
A*	5	5/9	2.78
A	7,512	6/9	5,008.01
B	13,626	7/9	10,597.88
C	10,929	8/9	9,714.93
D	9,566	1	9,565.79
E	7,718	11/9	9,433.23
F	3,848	13/9	5,557.86
G	1,204	15/9	2,006.02
H	203	18/9	406.50
I	64	21/9	149.33
		Total	52,442.33
		Council Tax base after allowing for losses on collection	51,917.91

An analysis of the net income accruing to the Council is given below:

2019/20		2020/21
£'000		£'000
(89,964)	Council Tax raised	(93,434)
600	Less Increase in the impairment allowance for non-collection	1,083
(89,364)		(92,351)

NOTE 13b - NATIONAL NON-DOMESTIC RATES

National Non-Domestic Rates (“Business Rates”) are managed by the Government but local authorities are responsible for their collection and for paying them to a central pool run by the Welsh Government. They subsequently allocate amounts from the pool to local authorities, on a population basis.

The Government sets the National Non-Domestic rate for the year (53.5p in 2020/21) which is then multiplied by the rateable value of the property. Subject to the effects of transitional arrangements and some other reductions, this is the amount payable by the ratepayer.

At the end of the 2020/21 financial year there were 9,157 properties on the local valuation list in Gwynedd, representing a rateable value of £114,392,123.

An analysis of the net income accruing to the Council from National Non-Domestic Rates is as follows:

2019/20		2020/21
£'000		£'000
(41,974)	National Non-domestic Rate raised	(43,167)
424	Cost of Collection allowance	438
680	Provision for Bad Debts	553
40,870	Sum paid to the National Pool	42,176
0		0
(40,502)	Receipts from the National Pool	(39,526)
(40,502)	Net Income from Non-Domestic Rates	(39,526)

NOTE 14 – BUILDING CONTROL INCOME AND EXPENDITURE ACCOUNT

This account shows the expenditure and income which relate to the building regulations checking and supervision function, including consideration of any enforcement action but not the service of notices under the provisions of the Building Act 1984.

The account is expected to break-even over a three-year rolling period, and this requirement is reviewed annually. There was a loss in 2020/21, despite receiving loss of income Covid 19 Grant of £127k, therefore an accumulated loss over a period of three years is reported.

2020/21	£'000
Total charges income received (excluding VAT)	(435)
Total charges expenditure incurred	445
(Surplus)/Deficit for 2020/21	10
(Surplus)/Deficit for 2019/20	22
(Surplus)/Deficit for 2018/19	24
(Surplus)/Deficit for the last three years	56

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Movements on Property, Plant and Equipment Balances

Movements in 2020/21:

	Land and Buildings	Infrastructure	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Value							
Balance at 1.04.20	307,919	215,543	49,305	687	1,989	3,927	579,370
Additions	11,375	8,289	5,281	0	9	0	24,954
Sales	(63)	0	(1,388)	0	0	0	(1,451)
Transfers	3,436	0	0	0	472	(3,908)	0
Revaluation - to Revaluation Reserve	12,543	0	0	0	(136)	0	12,407
Revaluation - to Services	(1,846)	0	0	0	(116)	0	(1,962)
Balance at 31.03.21	333,364	223,832	53,198	687	2,218	19	613,318
Depreciation							
Balance at 1.04.20	6,975	55,568	30,246	4	3	0	92,796
Depreciation in year	6,054	5,764	4,568	2	23	0	16,411
Sales	0	0	(1,318)	0	0	0	(1,318)
Transfers	(35)	0	0	0	35	0	0
Revaluation	(9,062)	0	0	0	(47)	0	(9,109)
Balance at 31.03.21	3,932	61,332	33,496	6	14	0	98,780
Impairment							
Balance at 1.04.20	23,351	63	68	97	26	0	23,605
Impairment in year - to Revaluation Reserve	4,005	0	0	0	4	0	4,009
Impairment in year - to Services	1,983	0	0	0	5	0	1,988
Sales	(63)	0	0	0	0	0	(63)
Transfers	(22)	0	0	0	22	0	0
Revaluation	(10,939)	0	0	0	(36)	0	(10,975)
Balance at 31.03.21	18,315	63	68	97	21	0	18,564
Net Book Value	311,117	162,437	19,634	584	2,183	19	495,974
31 March 2021							
Net Book Value	277,593	159,912	18,991	586	1,960	3,927	462,969
31 March 2020							

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Comparative Movements in 2019/20:

	Land and Buildings	Infrastructure	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Value							
Balance at 1.04.19	306,537	208,377	44,231	1,144	2,263	9,615	572,167
Additions	7,417	7,166	6,622	4	24	4,940	26,173
Sales	(6)	0	(1,548)	0	(330)	0	(1,884)
Transfers	10,893	0	0	0	275	(10,628)	540
Revaluation - to Revaluation Reserve	(14,290)	0	0	(132)	(175)	0	(14,597)
Revaluation - to Services	(2,632)	0	0	(329)	(68)	0	(3,029)
Balance at 31.03.20	307,919	215,543	49,305	687	1,989	3,927	579,370
Depreciation							
Balance at 1.04.19	7,205	49,983	27,500	2	(1)	0	84,689
Depreciation in year	5,901	5,585	4,223	2	9	0	15,720
Sales	0	0	(1,477)	0	0	0	(1,477)
Transfers	0	0	0	0	0	0	0
Revaluation	(6,131)	0	0	0	(5)	0	(6,136)
Balance at 31.03.20	6,975	55,568	30,246	4	3	0	92,796
Impairment							
Balance at 1.04.19	34,306	63	68	229	39	0	34,705
Impairment in year - to Revaluation Reserve	3,352	0	0	0	0	0	3,352
Impairment in year - to Services	3,438	0	0	0	24	0	3,462
Sales	0	0	0	0	(30)	0	(30)
Transfers	0	0	0	0	0	0	0
Revaluation	(17,745)	0	0	(132)	(7)	0	(17,884)
Balance at 31.03.20	23,351	63	68	97	26	0	23,605
Net Book Value	277,593	159,912	18,991	586	1,960	3,927	462,969
31 March 2020							
Net Book Value	265,026	158,331	16,663	913	2,225	9,615	452,773
31 March 2019							

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

The Council's operational Land and Buildings were revalued by the Council's Senior Estates Surveyor (M.R.I.C.S) in accordance with the policies noted in section 1.17 of Note 1 of the Accounting Policies and non-operational assets (Surplus) in accordance with 1.15. Note that there is high level of uncertainty about the medium term implications of the current effects of the COVID-19 pandemic and the United Kingdom's exit from the European Union. The assumption has been made that this will not significantly impair the value of the Council's assets. The assumption made will need to be reviewed regularly. Note also that the Authority has established a rolling programme for revaluing different categories of these assets annually.

Refer to note 1.17 also for the basis of depreciation on various categories of assets.

11 schools under church governance are used by the Education Department, with 10 of the buildings not included in the table above because they are not owned by the Council. The Council is responsible for their repair and maintenance, but the amounts are not significant. Ysgol Cae Top in Bangor is currently regarded as a Council-owned asset in our accounts, and not a church school. The legal status of this asset is subject to a legal review which may affect its treatment in future accounts.

The sources of finance for the assets acquired during the year are shown with the information on capital expenditure in the narrative report.

Capital Commitments

Significant commitments under capital contracts at 31 March 2021 were as follows:

	Sum	Payments to date	Balance
	£'000	£'000	£'000
Ysgol Y Garnedd - extension and refurbishment	8,104	7,759	345
All Weather Pitch- Plas Silyn	579	263	316
Ysgol y Faenol – Adaptations	3,542	1,536	2,006
Ysgol Cymerau - Adaptations	1,676	522	1,154
Hafod Mawddach - Dementia Unit	716	334	382
Ysgol Glancegin - Adaptations	390	104	286
Neuadd Dwyfor	708	173	535

NOTE 16 – INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2019/20	2020/21
	£'000	£'000
Rental income from investment property	7	7
Net gain/(loss)	7	7

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property nor for its repair, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2019/20	2020/21
	£'000	£'000
Balance 1 April	705	165
Disposals	0	0
Net gains/(losses) from fair value adjustments	0	0
<u>Transfers:</u>		
(to)/from Property, Plant and Equipment	(540)	0
Balance 31 March	165	165

NOTE 17a – FINANCIAL INSTRUMENTS

(i) Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- Service Concession Arrangements (Private Finance Initiative (PFI)) contracts detailed in Note 41
- overdraft with Barclays Bank plc
- short-term loans from other local authorities and housing associations
- finance leases detailed in Note 35
- trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash
- bank and deposit accounts
- fixed term deposits with banks and building societies
- loans to other local authorities
- loans to small companies
- trade receivables for goods and services delivered

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled bond, equity and property funds held as strategic investments

Fair value through profit and loss (all other financial assets) comprising:

- money market funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(ii) Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long-Term		Short-Term	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£'000	£'000	£'000	£'000
<i>Loans at amortised cost:</i>				
Principal sum borrowed	104,346	103,110	20,578	6,579
Accrued interest	0	0	534	511
Total Borrowing *	104,346	103,110	21,112	7,090
<i>Loans at amortised cost:</i>				
Bank overdraft	0	0	22,338	18,221
Total Cash Overdrawn	0	0	22,338	18,221
<i>Liabilities at amortised cost:</i>				
Finance leases	1,540	1,370	0	0
Total Other Long-Term Liabilities	1,540	1,370	0	0
<i>Liabilities at amortised cost:</i>				
Trade payables	0	0	33,972	41,492
Finance leases	0	0	160	170
Included in Creditors **	0	0	34,132	41,662
Total Financial Liabilities	105,886	104,480	77,582	66,973

* The total short-term borrowing includes £1,819,000 (2020: £1,848,000) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

** The short-term creditors line on the Balance Sheet includes £38,356,000 (2020: £19,017,000) creditors (Note 21) that do not meet the definition of a financial liability.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long-Term		Short-Term	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
<i>At amortised cost:</i>				
Principal	17	17	3,000	26,000
Accrued interest	0	0	3	5
Loss allowance	0	0	(4)	(3)
<i>At fair value through other comprehensive income:</i>				
Equity investments elected FVOCI	0	0	8,260	8,916
Total Investments	17	17	11,259	34,918
<i>At amortised cost:</i>				
Principal	0	0	5,770	2,619
Accrued interest	0	0	1	0
Loss allowance	0	0	(6)	(1)
<i>At fair value through profit and loss:</i>				
Fair value	0	0	9,135	26,000
Total Cash and Cash Equivalents	0	0	14,900	28,618
<i>At amortised cost:</i>				
Trade receivables	3,948	4,371	16,723	14,599
Included in Debtors*	3,948	4,371	16,723	14,599
Total Financial Assets	3,965	4,388	42,882	78,135

* The short-term debtors line on the Balance Sheet includes £69,633,000 (£59,692,000 on 31 March 2020) debtors (Note 18) that do not meet the definition of a financial asset.

Material Soft Loans

Local Authorities are allowed to make loans for policy reasons rather than as financial instruments and these loans may be interest-free or at rates below prevailing market rates. Where loans are advanced at below market rates, they are classed as “Soft Loans”.

The fair values of such a soft loan are less than the amount of the cash lent. The fair value of a loan at nil interest rate or below the prevailing market rate is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. The sum by which the amount lent exceeds the fair value of the loan is charged to the Income and Expenditure Statement. The 2020/21 Code of Practice sets out specific accounting and disclosure requirements for soft loans. During 2020/21 Gwynedd Council identified the following “soft loans”:

- Deferred Payments on charges due from people under care (amount outstanding at 31.03.21 £2,331,787)
- Car and Bike Loans to employees (amount outstanding at 31.03.21 £954,765)

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performances.

	Fair Value		Dividends	
	31 March	31 March	2019/20	2020/21
	2020	2021	2019/20	2020/21
	£'000	£'000	£'000	£'000
CCLA LAMIT Property Fund	4,438	4,407	199	196
Ninety One Diversified Income Fund	1,130	1,242	51	47
Schroder Income Maximiser Fund	1,633	2,008	62	124
Aegon Diversified Monthly Income Fund	1,059	1,259	187	53
TOTAL	8,260	8,916	499	420

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The table below shows those instruments that have been offset on the Balance Sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

	31 March 2020			31 March 2021		
	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet
	£'000	£'000	£'000	£'000	£'000	£'000
Bank accounts in credit	23,115	(23,115)	0	32,245	(32,245)	0
Total Financial Assets	23,115	(23,115)	0	32,245	(32,245)	0
Bank overdraft	(45,453)	23,115	(22,338)	(50,466)	32,245	(18,221)
Total Financial Liabilities	(45,453)	23,115	(22,338)	(50,466)	32,245	(18,221)

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iii) Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities	Financial Assets			2020/21 Total	2019/20 Total
	Amortised Cost	Amortised Cost	Elected to Fair Value through OCI	Fair Value through Profit & Loss		
	£'000	£'000	£'000	£'000		
Interest expense	5,961	0	0	0	5,961	6,010
Interest payable and similar charges	5,961	0	0	0	5,961	6,010
Interest income	0	(92)	0	0	(92)	(123)
Dividend income	0	0	(301)	(29)	(330)	(423)
Interest and investment income	0	(92)	(301)	(29)	(422)	(546)
Loss allowance	0	532	0	0	532	227
Adjustments to provisions and the fair value of financial instruments	0	532	0	0	532	227
Net impact on surplus/deficit on provision of services	5,961	440	(301)	(29)	6,071	5,691
Gains on revaluation	0	0	(687)	0	(687)	0
Losses on revaluation	0	0	32	0	32	1,292
Impact on other comprehensive income	0	0	(655)	0	(655)	1,292
Net (gain)/loss for the year	5,961	440	(956)	(29)	5,416	6,983

2019/20 figures have been restated to include loss allowances relating to trade receivables and to correct the signage of losses on revaluation.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iv) Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2021, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2020 £'000	Fair Value 31 March 2020 £'000	Balance Sheet 31 March 2021 £'000	Fair Value 31 March 2021 £'000
<i>Financial liabilities held at amortised cost:</i>					
Loans from PWLB	2	(88,652)	(141,125)	(87,311)	(139,255)
Other loans	2	(17,806)	(29,462)	(17,883)	(29,980)
Lease payables	2	(1,700)	(1,700)	(1,540)	(1,895)
TOTAL		(108,158)	(172,287)	(106,734)	(171,130)
Liabilities for which fair value is not disclosed *		(75,310)		(64,719)	
TOTAL FINANCIAL LIABILITIES		(183,468)		(171,453)	
<i>Recorded on Balance Sheet as:</i>					
Short-term creditors		(33,972)		(41,492)	
Short-term borrowing		(21,112)		(7,090)	
Short-term cash overdrawn		(22,338)		(18,221)	
Short-term finance lease liability		(160)		(170)	
Long-term borrowing		(104,346)		(103,110)	
Long-term finance lease liability		(1,540)		(1,370)	
TOTAL FINANCIAL LIABILITIES		(183,468)		(171,453)	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount. The 2019/20 figure has been restated to include short-term cash overdrawn and short-term borrowing.

The fair value of long-term liabilities is higher than its Balance Sheet carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2020 £'000	Fair Value 31 March 2020 £'000	Balance Sheet 31 March 2021 £'000	Fair Value 31 March 2021 £'000
<i>Financial assets held at fair value:</i>					
Money market funds	I	9,135	9,135	26,000	26,000
Bond, equity and property funds	I	8,260	8,260	8,916	8,916
<i>Financial assets held at amortised cost:</i>					
Treasury Stock	I	17	17	17	17
TOTAL		17,412	17,412	34,933	34,933
Assets for which fair values are not disclosed *		29,435		47,590	
TOTAL FINANCIAL ASSETS		46,847		82,523	
<i>Recorded on Balance Sheet as:</i>					
Long-term debtors		3,948		4,371	
Long-term investments		17		17	
Short-term debtors		16,723		14,599	
Short-term investments		11,259		34,918	
Cash and cash equivalents		14,900		28,618	
TOTAL FINANCIAL ASSETS		46,847		82,523	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount. The 2019/20 figure has been restated to include bank deposits.

Property funds totalling £8.92m have been moved from level 2 to level 1 of the hierarchy for 2020/21 reflecting the resumption of an active market in these instruments.

NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices, is based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- *Credit Risk*: The possibility that one party to a financial instrument will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk*: The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK Government, and other local authorities without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial organisations for investment.

During 2020/21 a limit of 5% of the total portfolio was placed on the amount that can be invested with a single counterparty (other than UK government and secured investments). For money market funds, a limit of 10% was applied. The Council also sets a total group investment limit of 5% for institutions that are part of the same banking group. No more than £20m in total can be invested for a period longer than one year.

During 2008/09 the Council made a deposit of £4m with Heritable Bank which was a UK registered bank under Scottish Law. The company was placed in administration on 7 October 2008. The Council has received a return of £3,976,718, equating to 99.4% from the administrators up to 31 March 2021. The final dividend was received in July 2020 and the administration has now been completed.

The Council does not hold collateral security against any investments.

**NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(continued)**

The table below summarises the credit risk exposures of the Council’s investment portfolio by credit rating:

Short-Term		
Credit Rating	31 March	31 March
	2020	2021
	£'000	£'000
AAA	0	0
AA+	0	0
AA	0	0
AA-	0	0
A+	0	3,001
A	2,999	3,000
A-	0	0
Unrated building societies	0	0
Unrated local authorities	0	20,001
Total	2,999	26,002
Pooled funds*	8,260	8,916
Total Investments	11,259	34,918

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments and cash and cash equivalents have been calculated by reference to historic default data published by credit rating agencies, multiplied by 131% (2020: 365%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. At 31 March 2021, £3,901 (2020: £9,764) of loss allowances related to treasury investments.

Credit Risk: Trade Receivables

The age profile of the trade balance in our debtor system at 31 March can be analysed as follows:-

31 March		31 March
2020		2021
£'000		£'000
5,592	Less than a year	6,001
2,176	Over a year	2,471
7,768		8,472

Historical experience of default and current and forecast economic conditions including the impact of Covid-19 are considered in calculating our impairment loss allowance.

**NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(continued)**

Credit Risk: Loans, Financial Guarantees and Loan Commitments

The Council manages the credit risk inherent in its loans for service purposes, financial guarantees and loan commitments in line with its published Investment Strategy.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is, however, exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourable interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the Council’s borrowing matures in any one financial year.

The maturity analysis of the financial liabilities is as follows, as shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payment figures):

	Discounted (principal) 31 March 2021 £'000	Undiscounted (principal plus interest) 31 March 2021 £'000	Discounted (principal) 31 March 2020 £'000	Undiscounted (principal plus interest) 31 March 2020 £'000
Time to maturity (years)				
Less than 1 year	6,579	12,278	20,577	26,460
Over 1 but not over 2	1,573	7,154	1,561	7,252
Over 2 but not over 5	11,899	27,635	9,415	25,750
Over 5 but not over 10	7,056	29,831	10,788	34,124
Over 10 but not over 20	36,821	70,967	35,055	70,862
Over 20 but not over 40	29,561	74,338	31,328	78,155
Over 40	16,200	28,163	16,200	28,848
Total	109,689	250,366	124,924	271,451

Market Risk: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

**NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(continued)**

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of the 12 month-revenue impact of a 1% fall and rise in interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2020 £'000	31 March 2021 £'000
Increase in interest receivable on variable rate investments	(44)	(461)
Decrease in fair value of investments held at FVPL	10	37
Impact on Surplus or Deficit on the Provision of Services	(34)	(424)
Decrease in fair value of investments held at FVOCI	22	34
Impact on Other Comprehensive Income and Expenditure	22	34
Decrease in fair value of loans and investments at amortised cost *	15	35
Decrease in fair value of fixed rate borrowing *	(24,483)	(24,032)

*No impact on the Surplus or Deficit on the Provision of Services, or Other Comprehensive Income and Expenditure

The approximate impact of a 1% fall in interest rates would be £5,096 for interest receivable on variable rate investments due to exceptionally low interest rates. The approximate impact of a 1% fall in interest rates would be as above for changes in fair value but with the movements being reversed.

Market Risk: Price Risk

The market prices of the Council's fixed rate bond investments and its units in collective investment schemes are governed by prevailing interest rates, and the market risk associated with these instruments is managed alongside interest rate risk as described above.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in commercial property prices at 31 March 2021 would result in a £0.22m (2020: £0.22m) charge to Other Comprehensive Income and Expenditure.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in share prices at 31 March 2021 would result in a £0.13m (2020: £0.11m) charge to Other Comprehensive Income and Expenditure.

Market Risk: Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

NOTE 18a – SHORT-TERM DEBTORS

31 March 2020		31 March 2021
£'000		£'000
15,689	Trade receivables	13,251
1,308	Prepayments	2,954
59,418	Other receivable amounts	68,027
76,415	Total	84,232

NOTE 18b - COUNCIL TAX DEBTORS

The past due date but not impaired amount for Council Tax can be analysed by age as follows:

31 March 2020		31 March 2021
£'000		£'000
1,907	Less than one year	2,971
500	More than one year	850
2,407	Total	3,821

The analysis above only shows those balances where assessment has indicated that, by exception, no impairment is required.

NOTE 19 – CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2021
	£'000	£'000
Cash in Hand	17	18
Bank Current Accounts	36	36
Call Accounts	14,847	28,564
Cash and Cash Equivalents	14,900	28,618
Bank Overdraft	(22,338)	(18,221)
Total	(7,438)	10,397

In order to maximise the returns from Short-term Investments and Cash Deposits, the Council invests any surplus funds in its bank accounts along with any surplus funds in the Gwynedd Pension Fund bank accounts. An appropriate share of the interest earned is paid to the Pension Fund and any losses on investment are shared with the Pension Fund in the same proportion. Due to the nature of the banking arrangements any surplus cash in the Pension Fund bank accounts is not transferred to the Council's bank accounts and therefore a proportion of the above Short-term Investments (Note 17) and the Call Accounts and Money Market Funds above represent money invested on behalf of the Pension Fund at the Balance Sheet date. As the Short-term Investments are made in the name of Gwynedd Council, they are shown in full on the Balance Sheet. The Pension Fund element of the Short-term Investments and Cash Deposits was £12.5m (£8.2m at 31 March 2020).

NOTE 20 – ASSETS HELD FOR SALE

	2019/20	2020/21
	£'000	£'000
Balance 1 April	73	73
<u>Assets newly classified as held for sale:</u>		
Property, Plant and Equipment	0	0
Expenditure in year	0	0
Revaluation Losses	0	0
Impairment Losses	0	0
<u>Assets declassified as held for sale:</u>		
Property, Plant and Equipment	0	0
Assets sold	0	0
Balance 31 March	73	73

NOTE 21 – SHORT-TERM CREDITORS

	31 March 2020	31 March 2021
	£'000	£'000
Trade payables	34,132	41,662
Other payables	19,017	38,356
Total	53,149	80,018

NOTE 22 – PROVISIONS

The Council sets aside provisions for specific obligations, the amount or timing of which cannot be determined accurately. It is not permitted, under accounting conventions, to make provisions for uneven patterns of expenditure. However, earmarked reserves may be established and these are disclosed in Note 10.

The details below are analysed into short-term provisions (within 12 months) and long-term provisions (over 12 months). However, the provision level on all related items is reviewed periodically.

	Balance at 31 March 2020 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2021 £'000
<u>Short-term Provisions</u>				
Waste Sites Provision	(304)	(326)	315	(315)
	(304)	(326)	315	(315)
<u>Long-term Provisions</u>				
Waste Sites Provision	(7,850)	98	0	(7,752)
	(7,850)	98	0	(7,752)
Total	(8,154)	(228)	315	(8,067)

Waste Sites Provision – relates to the capping and aftercare requirements of all of the Council's waste disposal sites.

NOTE 23 – UNUSABLE RESERVES

31 March 2020		31 March 2021
£'000		£'000
88,843	Revaluation Reserve	115,595
197,617	Capital Adjustment Account	206,658
(1,740)	Financial Instruments Revaluation Reserve	(1,085)
(637)	Financial Instruments Adjustment Account	(551)
(244,644)	Pensions Reserve	(363,852)
(4,469)	Accumulated Absences Account	(4,244)
34,970	Total Unusable Reserves	(47,479)

23.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019/20		2020/21
£'000		£'000
84,835	Balance 1 April	88,843
10,505	Upward revaluation of assets	36,476
(4,435)	Downward revaluation of assets and impairment losses	(7,994)
6,070	Surplus/(deficit) on revaluation of assets	28,482
(1,838)	Difference between fair value depreciation and historical cost depreciation	(1,730)
(224)	Accumulated gains on assets sold	0
(2,062)	Amount written off to the Capital Adjustment Account	(1,730)
88,843	Balance 31 March	115,595

23.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

NOTE 23 – UNUSABLE RESERVES (continued)

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £'000		2020/21 £'000
191,010	Balance 1 April	197,617
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
(22,211)	Charges for depreciation and impairment of non-current assets	(20,361)
(4,880)	Revenue Expenditure funded from Capital under Statute	(5,069)
(153)	Adjustment to non-current balance on the sale of assets	(70)
1,838	Transfer from Capital Revaluation Reserve	1,730
	<u>Capital financing applied in the year:</u>	
423	Capital Receipts	43
21,585	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	23,937
5,465	Revenue provision for the financing of supported capital investment	5,426
2,585	Capital expenditure charged in year against the General Fund	1,232
1,955	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	2,173
197,617	Balance 31 March	206,658

23.3 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

2019/20 £'000		2020/21 £'000
(618)	Balance 1 April	(1,740)
(1,293)	Fair Value Adjustment	655
171	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0
(1,740)	Balance 31 March	(1,085)

23.4 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account at the end of the financial year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require them to be deferred over future years.

There is a requirement for all premiums and discounts arising from loan extinguishments to be charged to Income and Expenditure in full. Where transactions meet the definition of a modification any premiums or discounts are added to the carrying value of the loan and are then amortised to the Comprehensive Income and Expenditure Statement over the life of the new loan. A modification exists where the terms of the new debt are not “substantially different” from those of the old debt.

NOTE 23 – UNUSABLE RESERVES (continued)

Premiums amortised under statutory provisions can be charged to the General Fund over either the remaining life of the original loan or the life of the replacement loan, whichever is the greater period. Discounts must be credited to the General Fund over 10 years or the life of the original loan, whichever is the shorter period.

The transactions reflected in the Financial Instruments Adjustment Account are as follows:

2019/20 £'000		2020/21 £'000
(687)	Balance 1 April	(637)
61	Proportion of premiums incurred in previous years charged to General Fund in accordance with statute	61
(11)	Deferred credit for receipt of charges due from people under care	25
(637)	Balance 31 March	(551)

23.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £'000		2020/21 £'000
(298,514)	Balance 1 April	(244,644)
84,580	Re-measurements of the net pension defined benefit (liabilities) / assets	(100,979)
(54,752)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(41,362)
24,042	Employer's pensions contributions and direct payments to pensioners payable in the year	23,133
(244,644)	Balance 31 March	(363,852)

NOTE 23 – UNUSABLE RESERVES (continued)**23.6 Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2019/20	2020/21
£'000	£'000
(3,870) Balance 1 April	(4,469)
(599) Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	225
(4,469) Balance 31 March	(4,244)

NOTE 24a – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2019/20	2020/21
£'000	£'000
(15,720) Depreciation	(16,411)
(6,491) Impairment and downward valuations	(3,950)
1,472 (Increase)/Decrease in Creditors	(32,132)
20,565 Increase/(Decrease) in Debtors	7,819
116 Increase/(Decrease) in Stock	581
(30,710) Pension Liability	(18,228)
(377) Carrying amount of non-current assets sold or de-recognised	(70)
(5,267) Other non-cash items charged to net surplus/deficit on the provision of services	(3,953)
(36,412)	(66,344)

NOTE 24b – CASH FLOW STATEMENT – ADJUST FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

2019/20	2020/21
£'000	£'000
548 Proceeds from sale of property, plant, equipment, investment property and intangible assets	222
548	222

NOTE 24c – CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2019/20		2020/21
£'000		£'000
(549)	Dividends and Interest received	(417)
5,212	Interest paid	5,990

NOTE 25 – CASH FLOW STATEMENT – INVESTING ACTIVITIES

2019/20		2020/21
£'000		£'000
25,100	Purchase of property, plant and equipment, investment property and intangible assets	23,861
45,555	Purchase of short-term and long-term investments	580,534
4,689	Other payments for investing activities	5,498
(494)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(205)
(52,555)	Proceeds from short-term and long-term investments	(557,534)
22,295	Net cash flows from investing activities	52,154

NOTE 26a – CASH FLOW STATEMENT – FINANCING ACTIVITIES

2019/20		2020/21
£'000		£'000
151	Cash payments for the reduction of the outstanding liability relating to a finance lease	160
(16,764)	Repayments of short-term and long-term borrowing	15,258
(16,613)	Net cash flows from financing activities	15,418

NOTE 26b – CASH FLOW STATEMENT – RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2020	Financing cash flows	Non-cash changes	31 March 2021
	£'000	£'000	£'000	£'000
Long-term borrowings	(104,346)	1,236	0	(103,110)
Short-term borrowings	(21,112)	14,022	0	(7,090)
On balance sheet PFI liabilities	(1,700)	160	0	(1,540)
Total liabilities from financing activities	(127,158)	15,418	0	(111,740)

NOTE 27 – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

2019/20		2020/21
£'000	<u>Expenditure / Income</u>	£'000
	Expenditure	
183,719	Employee benefits expenses	188,147
192,323	Other Services expenses	197,632
3,287	Support Services recharges	678
27,121	Depreciation, amortisation, impairment	25,457
13,677	Interest Payments	12,270
24,083	Precepts and Levies	25,037
0	Loss on the disposal of assets	0
444,210	Total Expenditure	449,221
	Income	
(56,102)	Fees, charges and other service income	(52,207)
(546)	Interest and investment income	(428)
(129,866)	Income from council tax and non-domestic rates	(133,088)
(235,792)	Government grants and contributions	(282,631)
(171)	(Gain) on the disposal of assets	(152)
(422,477)	Total Income	(468,506)
21,733	(Surplus) / Deficit on the Provision of Services	(19,285)

NOTE 28 – AGENCY SERVICES

Gwynedd Council acts as an agent for various schemes on behalf of the Welsh Government:

- Houses into Homes – closing balance £300k (£240k in 2019/20)
- Houses into Homes2 – closing balance £465k (£450k in 2019/20)
- Home Improvement Loans – closing balance £315k (£315k in 2019/20)
- Supporting Town Centre Regeneration in Caernarfon – closing balance £227k (£94k in 2019/20)
- Caernarfon and Bangor Town Centre Scheme – closing balance £789k (£765k in 2019/20)
- Bangor and Bethesda Town Centre Scheme – closing balance £488k (£482k in 2019/20).

The Council administers two main education grants on behalf of the Welsh Government. The work involves receiving and distributing the grant to the north Wales Local Authorities and GwE. The grant total received for 2020/21 were as follows:

- Regional Consortia School Improvement Grant - £33.4m (£32.3m in 2019/20)
- Pupil Development Grant - £20.1m (£18.1m in 2019/20)

The Council also administers the North and Mid Wales Trunk Road Agency on behalf of the Welsh Government. The principal area of work is managing and maintaining the trunk road network in the North and Mid Wales Councils' Partnership region that extends to 1,100 kilometres. The income transactions recovered during 2020/21 were £91.4m (£74.4m in 2019/20).

Due to the impact of the Covid-19 pandemic, there has been a number of grants and areas of financial support that local authorities have been asked to administer on the behalf of Welsh Government this year, therefore Gwynedd Council have acted as an agent on behalf of Welsh Government, including:

- Business Grants (including childcare providers) - £110m of payments made by the Council; £2.4m due from Welsh Government.

NOTE 28 – AGENCY SERVICES (continued)

- National Non-Domestic Rates Relief Grant - £19.5m of payments made by the Council; (£2.8m) due to Welsh Government.
- Social care £500 bonus scheme - £1.7m of payments made by the Council.
- Freelancer cultural grants - £978k of payments made by the Council.
- Self isolation payment - £105k of payments made by the Council; £38k due from Welsh Government.
- Statutory Sick Pay Enhancement- £46k of payments made by the Council.
- Flooding - £15k of payments made by the Council.

NOTE 29 – MEMBERS’ ALLOWANCES

The Authority paid the following allowances and expenses to members of the Council during the year:

2019/20		2020/21
£'000		£'000
1,309	Allowances	1,332
50	Expenses	0
1,359		1,332

NOTE 30 – OFFICERS’ REMUNERATION

30a. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require the Council to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay, employer’s pension contributions and other employer costs are included below (including termination benefits), but the employer’s national insurance contributions are excluded.

2019/20			Chief Officers	2020/21		
Employer’s				Employer’s		
Salary	Pension Contributions	Total		Salary	Pension Contributions	Total
£	£	£		£	£	£
114,466	25,640	140,106	Chief Executive ¹	118,063	24,085	142,148
95,939	21,490	117,429	Corporate Director	98,954	20,187	119,141
85,277	19,102	104,379	Head of Education	87,957	17,943	105,900
81,434	18,241	99,675	Head of Finance	83,993	17,135	101,128
75,171	16,804	91,975	Head of Highways and Municipal	78,981	16,112	95,093
75,775	16,974	92,749	Head of Adults, Health and Wellbeing	82,966	15,944	98,910
75,775	16,974	92,749	Head of Economy and Community	78,156	15,944	94,100
75,775	15,880	91,655	Head of Children and Family Support	78,156	14,979	93,135
75,775	16,974	92,749	Head of Environment	78,156	15,944	94,100
75,775	16,974	92,749	Head of Corporate Support	78,156	15,944	94,100
39,783	8,911	48,694	Head of Housing and Property ²	72,295	14,748	87,043
64,010	14,338	78,348	Head of Gwynedd Consultancy	66,021	13,468	79,489

1. The figure does not include any remuneration for the Chief Executive in his role as Returning Office. The amount paid in 2020/21 was £826, which is based on rates defined by the respective election bodies.

2. The department was established in September 2019.

NOTE 30 – OFFICERS’ REMUNERATION (continued)

30b. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require the Council to include a ratio of remuneration. The ratio of the Chief Executive’s remuneration to the median remuneration of all the Authority’s employees for 2020/21 is 6.11:1 (6.11:1 in 2019/20).

30c. Other Authority employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions) were paid the following amounts but which include termination benefits paid in two cases in 2020/21 and two cases in 2019/20. These posts would not appear below except for the termination benefits paid in the individual year.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:						
Number in 2019/20				Number in 2020/21		
Schools	Other	Total		Schools	Other	Total
11	5	16	£60,000 - 64,999	21	10	31
10	0	10	£65,000 - 69,999	12	0	12
5	0	5	£70,000 - 74,999	1	0	1
4	0	4	£75,000 - 79,999	4	0	4
0	0	0	£80,000 - 84,999	3	0	3
0	0	0	£85,000 - 89,999	1	0	1
0	0	0	£90,000 - 94,999	0	0	0
0	0	0	£95,000 - 99,999	0	0	0
1	0	1	£100,000 - 104,999	1	0	1

NOTE 31 – EXTERNAL AUDIT COSTS

The Authority has incurred the following costs relating to external audit:

2019/20		2020/21
£'000		£'000
183	Fees payable to auditors appointed by the Auditor General for Wales with regard to external audit services	182
99	Fees payable to auditors appointed by the Auditor General for Wales in respect of statutory inspections	99
47	Fees payable to auditors appointed by the Auditor General for Wales for the certification of grant claims and returns for the year	38
329		319
(3)	Less: Fees payable to auditors appointed by the Auditor General for Wales in respect of Joint Committees and Harbour Accounts	(2)
0	Previous years’ adjustment for audit fees	(10)
326	Gwynedd Council Net Fees	307

NOTE 32 – GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	Note	2019/20 £'000	2020/21 £'000
Credited to Taxation and Non-specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	13	136,049	148,053
Government Revenue Grants and Contributions - Other		1,543	1,211
Government Capital Grants and Contributions -			
21st Century Schools		7,122	4,565
General Capital Grant		3,887	4,063
Local Transport Fund		1,003	2,014
Assets from Welsh Government – HwB IT Equipment for Schools		1,357	1,527
Road Rejuvenation Capital Grant		1,325	1,323
Flood Coastal Erosion Risk Management Grant		0	1,535
Economic Stimulus Support Grant		0	925
Other*		2,476	4,484
	13	17,170	20,436
Other Capital Grants and Contributions	13	1,083	1,141
Total		155,845	170,841
Grants and Contributions Credited to Services			
Welsh Government -			
Improvement and Deprivation Grants (Education)		7,302	7,365
Childcare Offer Grant		6,530	6,179
Housing Support Grant		5,041	5,420
Capital Grants		2,039	3,621
Post-16 Grant (Education)		3,422	3,598
Children and Communities Grant		3,555	3,567
Social Care Workforce and Sustainability Pressures Grant		1,176	1,562
Concessionary Fares Grant		1,290	1,403
Sustainable Waste Management Grant		1,270	1,398
Covid-19 Hardship Fund		0	24,703
Other*		7,266	9,664
		38,891	68,480
Other Government Grants and Contributions -			
Department for Work and Pensions		27,451	25,451
Other		16,231	20,211
		43,682	45,662
Other Grants and Contributions		4,273	3,773
Total		86,846	117,915

* 2019/20 figures has been restated from the Other heading to ensure comparison with 2020/21.

NOTE 32 – GRANT INCOME (continued)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2020 £'000	31 March 2021 £'000
Grants Received in Advance		
<u>Long-term</u>		
Revenue Grants and Contributions	0	0
Capital Grants and Contributions		
Highways and Municipal Capital Contributions	1,081	935
Environment (Planning, Transport and Public Protection) Grants	370	689
	1,451	1,624
Total Long-term	1,451	1,624
<u>Short-term</u>		
Revenue Grants and Contributions		
Economy and Community Grants	181	830
Environment (Planning, Transport and Public Protection) Grants	0	72
Adults, Health and Well-being Grants	782	766
Education Grants	0	1,296
Finance Grants	0	304
Consultancy Grants	0	453
Other Grants	48	0
	1,011	3,721
Capital Grants and Contributions		
North Wales Growth Deal	0	2,000
Other	432	864
	432	2,864
Total Short-term	1,443	6,585
Total	2,894	8,209

NOTE 33 – RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. To conform to the requirements, this is done by Members and Senior Officers completing a personal declaration, as defined in the CIPFA Code of Practice.

Welsh and Central Government

Welsh Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework; it provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from the Welsh Government and other Government departments are set out in the subjective analysis in Note 27 which analyses expenditure and income by nature. The position as at 31 March is detailed in Note 32.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 29.

The Council appoints members to some external charitable or voluntary bodies or the members have disclosed a link to organisations, public bodies and authorities. A breakdown of the payments made to these bodies under this heading during 2020/21 and balances at 31 March 2021 is as follows:

Payments made	Amounts owed by the Authority	Amounts owed to the Authority
£'000	£'000	£'000
15,447	1,226	(3,637)

Members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Council. A breakdown of the payments made to these companies under this heading during 2020/21 and balances at 31 March 2021 is as follows:

Payments made	Amounts owed by the Council	Amounts owed to the Council
£'000	£'000	£'000
3,207	108	(176)

Officers

Senior Officers (as defined) have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Council. A breakdown of the payments made to these bodies under this heading during 2020/21 and balances at 31 March 2021 is as follows:

Payments made	Amounts owed by the Authority	Amounts owed to the Authority
£'000	£'000	£'000
1,862	58	(117)

Other Public Bodies

The Council is the administering authority for the Pension Fund. Details of transactions with the Pension Fund are shown in Note 38.

The Authority has a pooled budget arrangement with all local authorities in North Wales and Betsi Cadwaladr University Health Board, hosted by Denbighshire County Council for the function of care home accommodation for older people. The relevant transactions and balances are detailed in Note 42 of the accounts.

NOTE 33 – RELATED PARTIES (continued)

Welsh Joint Education Committee (WJEC)

Payments made	Amounts owed by the Authority	Amounts owed to the Authority
£'000	£'000	£'000
443	4	0

Entities Controlled or Significantly Influenced by the Authority

Cwmni Cynnal Cyf. was established in 1996 to provide education support services under contract to maintained schools and the local education authorities as well as school inspection services to Estyn. The company is limited by guarantee and the Council's liability is limited to £1. The income of the company can only be applied towards promotion of its objectives. Copies of the financial statements are available from Cwmni Cynnal, Penrallt, Caernarfon, Gwynedd, LL55 1BN. Payments to Cwmni Cynnal during 2020/21 for services to schools and balances at 31 March 2021 are as follows:

Payments made	Amounts owed by the Authority	Amounts owed to the Authority
£'000	£'000	£'000
926	9	0

Subsidiary

Byw'n lach Ltd was established on 27 June 2018 to provide a leisure service for the residents of Gwynedd. The company is limited by guarantee and the Council's liability is limited to £1, with Gwynedd Council being the sole proprietor. Management responsibilities were transferred to the Leisure Company on 1 April 2019 with a service contract in place which sets out the actual services and outcomes that the company is required to deliver for its fee. The Board of Directors is made up of 7 elected members of Gwynedd Council. Copies of the audited financial statements for the financial year 2020/21 can be obtained from Byw'n lach website. The payments to Byw'n lach Ltd for Leisure Services during 2020/21 and the balances at 31 March 2021 are as follows:

Payments made	Amounts owed by the Authority	Amounts owed to the Authority
£'000	£'000	£'000
2,472	146	(116)

Gwynedd Council acts as a Host Authority for 3 Joint Committees, and these are referenced in Note 43.

NOTE 34 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

31 March		31 March
2020		2021
£'000		£'000
463,267	Non-current Assets and Assets Held for Sale	496,272
(88,843)	Revaluation Reserve	(115,595)
(197,617)	Capital Adjustment Account	(206,658)
176,807	Capital Financing Requirement	174,019

NOTE 34 – CAPITAL EXPENDITURE AND CAPITAL FINANCING (continued)

The movement in the year is explained as follows:

2019/20		2020/21
£'000		£'000
177,766	Capital Financing Requirement 1 April	176,807
7,417	Land and Buildings	11,375
7,166	Infrastructure	8,289
6,622	Vehicles, Plant and Equipment	5,281
4	Community Assets	0
24	Surplus Assets	9
4,940	Assets under construction	0
4,881	Funded from capital under statute	5,069
(423)	Capital Receipts used	(43)
(21,585)	Government Grants and other contributions	(23,937)
(2,585)	Capital expenditure charged to revenue	(1,232)
(5,465)	Revenue provision for the financing of supported capital investment	(5,426)
	Additional voluntary sums set aside:	
(1,955)	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	(2,173)
176,807	Capital Financing Requirement 31 March	174,019

NOTE 35 – LEASES

Authority as Lessee

Finance Leases

The Council has property under finance leases which are carried as Property, Plant and Equipment in the Balance Sheet. Included here is the GwyrAD Service Concession Arrangement (Note 41) at the following net amount:

31 March		31 March
2020		2021
£'000		£'000
3,240	Property, Plant and Equipment	2,664
3,240		2,664

NOTE 35 – LEASES (continued)

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March		31 March
2020		2021
£'000		£'000
Finance Lease Liabilities		
(net present value of minimum lease payments):		
160	current	170
1,540	non-current	1,370
1,700	Minimum lease payments	1,540

The remaining asset shown above has been funded by a deferred credit (refer to Note 41).

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March	31 March	31 March	31 March
	2020	2021	2020	2021
	£'000	£'000	£'000	£'000
No later than one year	160	170	160	170
Later than one year and not later than five years	746	792	746	792
More than five years	794	578	794	578
	1,700	1,540	1,700	1,540

In 2020/21, minimum lease payments were made by the Authority of £160,282 (£150,973 in 2019/20) in respect of those assets held as a finance lease.

Operating Leases

	31 March	31 March
	2020	2021
	£'000	£'000
No later than one year	507	475
Later than one year and not later than five years	404	242
Later than five years	249	212
	1,160	929

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2019/20	2020/21
	£'000	£'000
Minimum lease payments	564	556
	564	556

NOTE 35 – LEASES (continued)

Authority as Lessor

Finance Leases

The Council has leased out property on a finance lease, including:

- The Sailing Academy in Pwllheli,
- Rhyd Ddu Outdoor Centre

These leases are on a peppercorn rent basis and for a term that equates to the economic life of the assets. No premium has been received for these leases.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March	31 March
	2020	2021
	£'000	£'000
No later than one year	419	390
Later than one year and not later than five years	909	843
Later than five years	3,419	3,223
	4,747	4,456

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £1,198,984 minimum lease payments were receivable by the Council (£1,517,857 in 2019/20).

NOTE 36 – EXIT PACKAGES

The number of exit packages with total cost per band, and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the related package cost to the employer, rather than the actual value of the payments to the individuals. In accordance with the requirements the related commitments as known to the Council as at 31 March 2021 are included. Included below are the related gross costs but not the financial savings to the Council, where appropriate.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £'000	2020/21 £'000
£								
0 - 20,000	43	31	36	18	79	49	521	259
20,001 - 40,000	2	2	13	3	15	5	442	139
40,001 - 60,000	0	0	1	1	1	1	40	42
60,001 - 80,000	1	1	1	2	2	3	129	201
80,001 - 100,000	1	0	3	0	4	0	386	0
Adjustment to previous year's estimate							19	(2)
Total	47	34	54	24	101	58	1,537	639

NOTE 37 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Government's Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Financial Statement, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21 the Council paid £10.23m (£8.75m in 2019/20) in respect of teachers' pension costs, which represented 23.67% (20.71% in 2019/20) of teachers' pensionable pay. In addition the Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. In 2020/21 these amounted to £1.05m (£1.41m in 2019/20) representing 2.42% (3.33% in 2019/20) of teachers' pensionable pay. These costs are accounted for on a defined benefits basis and are included in Note 38.

The figures for 2019/20 have been re-stated so that they are calculated on the same basis as the 2020/21 figures.

NOTE 38 – PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. These need to be disclosed at the time that employees earn their future entitlement.

Gwynedd Council participates in two post-employment benefit schemes:

- a) **The Local Government Pension Scheme** administered locally by Gwynedd Council. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014, and based on a career average salary from 1 April 2014. The Authority and the employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. Gwynedd Council's proportion of the total contributions to the Gwynedd Pension Fund in 2020/21 was 35% (36% in 2019/20).
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Local Government Pensions Scheme Regulations. In the past the investment managers of the fund have been appointed by the Gwynedd Pension Fund Committee. As the investments are transferred to the Wales Pension Partnership (WPP) the managers will be appointed by the partnership.

The principal risks to the Authority from the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the amounts required by statute as described in the accounting policies note to the General Fund.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge it is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

NOTE 38 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2020			Period ended 31 March 2021		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Plan Assets	741,995	0	741,995	685,179	0	685,179
Present Value of Funded Liabilities	0	(1,012,703)	(1,012,703)	0	(905,466)	(905,466)
Present Value of Unfunded Liabilities	0	(27,806)	(27,806)	0	(24,357)	(24,357)
Opening Position at 1 April	741,995	(1,040,509)	(298,514)	685,179	(929,823)	(244,644)
Service Cost						
Current Service Cost*	0	(44,814)	(44,814)	0	(35,577)	(35,577)
Past Service Costs (including curtailments)	0	(2,497)	(2,497)	0	(14)	(14)
Total Service Cost	0	(47,311)	(47,311)	0	(35,591)	(35,591)
Net interest						
Interest Income on Plan Assets	17,940	0	17,940	15,839	0	15,839
Interest Cost on Defined Benefit Obligation	0	(25,381)	(25,381)	0	(21,610)	(21,610)
Total Net Interest	17,940	(25,381)	(7,441)	15,839	(21,610)	(5,771)
Total Defined Benefit Cost Recognised in Profit/(Loss)	17,940	(72,692)	(54,752)	15,839	(57,201)	(41,362)
Cash flows						
Participants' contributions	6,092	(6,092)	0	6,365	(6,365)	0
Employer contributions	21,363	0	21,363	20,943	0	20,943
Estimated contributions in respect of unfunded benefits	1,722	0	1,722	1,675	0	1,675
Estimated benefits paid	(19,507)	19,507	0	(19,366)	19,366	0
Estimated unfunded benefits paid	(1,722)	1,722	0	(1,675)	1,675	0
Expected Closing Position	767,883	(1,098,064)	(330,181)	708,960	(972,348)	(263,388)
Remeasurements						
Change in demographic assumptions	0	36,166	36,166	0	(15,348)	(15,348)
Change in financial assumptions	0	88,827	88,827	0	(279,335)	(279,335)
Other experience	0	43,248	43,248	0	8,914	8,914
Return on Assets excluding amounts included in net interest	(82,704)	0	(82,704)	185,305	0	185,305
Total remeasurements recognised in Other Comprehensive Income (OCI)	(82,704)	168,241	85,537	185,305	(285,769)	(100,464)
Fair Value of Plan Assets	685,179	0	685,179	894,265	0	894,265
Present Value of Funded Liabilities	0	(905,466)	(905,466)	0	(1,233,160)	(1,233,160)
Present Value of Unfunded Liabilities**	0	(24,357)	(24,357)	0	(24,957)	(24,957)
Closing Position at 31 March	685,179	(929,823)	(244,644)	894,265	(1,258,117)	(363,852)

* The current service cost includes an allowance for administration expenses of 0.5% of payroll

** This liability comprises approximately £9,718,000 in respect of LGPS unfunded pensions and £15,239,000 in respect of Teachers' unfunded pensions.

NOTE 38 – PENSION COSTS (continued)

The Major Categories of Plan Assets as a Percentage of Total Plan Assets

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Gwynedd Council is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2020. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2021 to be £2,510m based on information provided by the Administering Authority and allowing for index returns where necessary.

Fair Value of Employer Assets

The asset values below are at bid value as required under IAS19.

Asset Category	At 31 March 2020				At 31 March 2021			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Private Equity								
All	0	39,829	39,829	6	0	55,604	55,604	6
Debt Securities								
Other	0	0	0	0	0	0	0	0
Real Estate								
UK Property	0	67,534	67,534	10	0	70,927	70,927	8
Overseas Property	0	80	80	0	0	0	0	0
Investment Funds and Unit Trusts								
Equities	0	459,499	459,499	67	0	572,959	572,959	64
Bonds	0	0	0	0	0	0	0	0
Infrastructure	0	15,757	15,757	2	0	15,764	15,764	2
Other	0	99,086	99,086	14	0	173,850	173,850	19
Cash and Cash Equivalents								
All	3,394	0	3,394	1	5,161	0	5,161	1
Total	3,394	681,785	685,179	100	5,161	889,104	894,265	100

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on fund-specific projections called VitaCurves with long-term improvement assumed to have already peaked and converging to 1.5% per annum.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2020. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

NOTE 38 – PENSION COSTS (continued)

	31 March 2020	31 March 2021
Financial Assumptions	% p.a.	% p.a.
Pensions Increase Rate	1.9	2.85
Salary Increase Rate	2.2	3.15
Inflation Rate	1.9	2.85
Discount Rate	2.3	2.0
Long-term expected rate of return on all categories of assets	2.3	2.0
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	50	50
for post-April 2008 service	75	75
Mortality assumptions	Years	Years
Longevity at 65 for current pensioners		
Men	21.3	21.5
Women	23.4	23.9
Longevity at 65 for future pensioners		
Men	22.2	22.7
Women	25.1	25.9

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2021 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Council of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages). The figures in the table below have been derived based on the membership profile of the Council as at 31 March 2020, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Impact on the Defined Benefit Obligation in the Scheme		
Change in assumption	Approximate increase to Defined Benefit Obligation 31 March 2021	Approximate monetary amount 31 March 2021
	%	£'000
0.5% decrease in real discount rate	11	138,768
0.5% increase in the salary increase rate	1	16,409
0.5% increase in the pension increase rate	9	119,254

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

NOTE 38 – PENSION COSTS (continued)

Impact on the Council's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Gwynedd Council has agreed a strategy with the fund's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis.

The contributions paid by the Council are set by the Fund Actuary at each triennial valuation (the most recent being as at 31 March 2019), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2021 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Council, please refer to the 2019 actuarial report dated 31 March 2020.

Information about the Defined Benefit Obligation

	Liability Split 31 March 2021	
	£'000	%
Active Members	708,874	57.5
Deferred Members	210,866	17.1
Pensioner Members	313,420	25.4
Total	1,233,160	100.0

The above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2019.

Impact in Future Years

The total contributions expected to be made to the Local Government Pensions Scheme by the Council in the year to 31 March 2022 are £20.895m.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £515,736 has been made in 2020/21 (£956,982 in 2019/20) to bring the deficit in the Scheme based on the Actuarial figures in line with the liability related to the defined benefit pension schemes in the Balance Sheet. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit pension schemes in the Balance Sheet.

NOTE 39 – CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

The position below relates to circumstances involving two specific contingent liabilities:

- The capping and aftercare requirements for the Authority's landfill sites – the provision contained in the accounts is based on existing and known circumstances, in addition to relevant forecasts. However, the actual final cost may differ from the current estimated future cost.
- This Authority is exposed to a potential insurance liability relating to the insurance arrangements of its predecessor authorities, being Gwynedd County Council, Arfon Borough Council, Dwyfor District Council, and Meirionnydd District Council, and the closure of the Municipal Mutual Insurance (MMI) Fund on 30 September 1992.

MMI made a scheme of arrangement with its creditors, by which, if MMI had insufficient funds to meet future claims, a claw-back clause would be triggered (i.e. Scheme of Arrangements) which could affect claims paid since 1992/93. On 13 November 2012, the directors of the Company concluded that the terms of the Scheme of Arrangement should be triggered and served notice on the Scheme Administrator and the Company to that effect. The decision is irrevocable. An initial levy of 15% of the payments made since 30 September 1992 was paid during 2013/14, and a further 10% was paid in 2016/17.

However, in accordance with the scheme, a further levy may be raised should the original levy be insufficient to meet MMI's liabilities in the longer term. Gwynedd Council is of the opinion that it would be prudent to hold a fund in the expectation that the original levy will be inadequate. The maximum potential liability to this Authority based on the latest published figures available at the end of the financial year is £1.3m.

NOTE 40 – TRUSTS

The Council acts as sole trustee for 172 bequests such as school prize funds, and comforts and improvements funds for numerous Council Establishments. The largest fund, the Welsh Church Fund, has a completely separate accounting ledger, whereas, the Council holds the property for 171 of these bequests but makes no decision on the use of these funds. In every case, the funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

The total balance of the 171 bequests derecognised from the Council's Balance Sheet at 31 March 2021 was £1,128,101 (£1,097,086 on 31 March 2020). The funds are fully invested to generate income.

The largest bequests, the Welsh Church Fund and FMG Morgan Trust Fund, are detailed in appendices A and B of these accounts.

NOTE 41 – SERVICE CONCESSION ARRANGEMENTS

GwyrAD is a Service Concession Arrangement, otherwise known as a ‘Private Finance Initiative’ (PFI) scheme. The construction commenced in 2012/13 and the plant became operational in September 2013. It is a treatment plant for source-segregated food waste from Gwynedd residents and businesses (mainly) using Anaerobic Digestion (AD) technology. The enterprise is assisting the Council to meet its recycling targets, and to work within its allowances for landfilling of Biodegradable Municipal Waste for a period of 15 years.

The assets used to provide the service are recognised on the Council’s Balance Sheet. The value of the related assets was £2.7m as at 31 March 2021 (£3.2m as at 31 March 2020). The Council makes an agreed payment (gate fee) each year based on a minimum amount of tonnage which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The Council has the right to increase the amount of tonnages over the agreed 7,500 tons to a maximum of 11,000 tons, and will pay a reduced gate fee for anything over 7,500 tons.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£’000	£’000	£’000	£’000
Paid in 2020/21	498	160	105	763
Payable in 2021/22	498	170	95	763
Payable within 2 to 5 years	1,991	792	268	3,051
Payable within 6 to 10 years	1,202	578	63	1,843
Total	4,189	1,700	531	6,420

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable.

The contractor receives income from energy that is generated from the waste which has enabled it to keep the unitary payment low for the Council. If the income is higher than that which is in the contract, there is an arrangement for it to be shared between the contractor and Gwynedd Council.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2020/21	
	Lease Liability	Deferred Income
	£’000	£’000
Balance outstanding at 1 April 2020	(1,700)	(1,227)
Repayment of principal during the year	160	0
Release of deferred income	0	146
Balance outstanding at 31 March 2021	(1,540)	(1,081)

Either party can terminate the agreement at any time should there be deficiencies, subject to giving notice in accordance with the terms of the agreement. Equally, the Council can unilaterally terminate the agreement in accordance with the terms therein. There would be compensation payments linked to any termination arrangement. At the expiry of the agreement, the Council has the right to re-tender for a contractor to provide the service.

NOTE 42 – POOLED BUDGET

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement (2019/20 to 2021/22).

Members will contribute funds according to their actual spend on care home accommodation for older people.

The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

Care Homes for the Elderly		
2019/20		2020/21
£'000		£'000
	Expenditure	
93,903	Care Home costs	93,035
93,903	Total Expenditure	93,035
	Funding	
(9,041)	Denbighshire County Council	(8,626)
(13,417)	Conwy County Borough Council	(13,106)
(8,916)	Flintshire County Council	(9,397)
(11,059)	Wrexham County Borough Council	(12,203)
(7,839)	Gwynedd Council	(8,641)
(5,075)	Isle of Anglesey County Council	(5,049)
(38,556)	Betsi Cadwaladr University Health Board	(36,013)
(93,903)	Total Funding	(93,035)
0	(Surplus) / Deficit transferred to Reserve	0

NOTE 43 – JOINT OPERATIONS AND JOINT COMMITTEES

The Council currently participates in a number of joint operations with neighbouring North Wales authorities.

During the year 2020/21, Gwynedd Council participated in four joint committee and three joint operation, collaborating in particular areas between local authorities. Separate accounts are required for joint committees. The four joint committee relating to Gwynedd in 2020/21 are:

- Joint Planning Policy Committee
- GwE
- North Wales Residual Waste Treatment Project (NWRWTP)
- North Wales Economic Ambition Board

The three joint operation relating to Gwynedd in 2020/21, which are a result of the Covid-19 crisis, are:

- Test, Trace and Protect Programme
- Temporary Mortuary at Mochdre
- Bus Emergency Scheme

The Joint Committee accounts follow the same timetable in terms of the statutory dates for the completion of the accounts. In the circumstances, Gwynedd Council's accounts reflect the related actual net liability, although the subjective analysis position varies subject to the circumstances, and the reporting arrangements, of the various joint committees. The figures and the share relating to Gwynedd have been included in the table below:

Joint Operation / Joint Committee	Host Authority for Finance	Councils and Organisations participating in the Joint Committee / Joint Operation	Gwynedd Council's Share %	Value of Gwynedd's Share (Income and Expenditure Account) £'000
Joint Committee Joint Planning Policy Committee	Gwynedd Council	Gwynedd Council Isle of Anglesey County Council	50.00	215
GwE	Gwynedd Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Gwynedd Council Isle Anglesey County Council Wrexham County Borough Council	17.63	734
North Wales Residual Waste Treatment Project	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Gwynedd Council Isle of Anglesey County Council	23.10	0
North Wales Economic Ambition Board	Gwynedd Council	Isle of Anglesey County Council Gwynedd Council Conwy County Borough Council Denbighshire County Council Flintshire County Council Wrexham County Borough Council Council Bangor University Grŵp Llandrillo Menai Wrexham Glyndŵr University Coleg Cambria	12.50	60

Joint Operation				
Test, Trace and Protect Programme	Flintshire County Council	Conwy County Borough Council	16.28	528
		Denbighshire County Council		
Temporary Mortuary at Mochdre	Flintshire County Council / Conwy County Borough Council	Flintshire County Council	17.71	196*
		Gwynedd Council		
Bus Emergency Scheme	Flintshire County Council	Isle of Anglesey County Council	23.42	1,897
		Wrexham County Borough Council		

* Includes Council's own costs towards the regional mortuary located in Mochdre where Conwy County Borough Council (CCBC) is the Lead Authority (£73k) and the Council's share of amount claimed by Flintshire County Council (FCC) in respect of a temporary mortuary in North Wales (£123k).

The individual joint committees' accounts are available on the website of the councils which are host authorities for finance.

NOTE 44 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Head of Finance on 6 October 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this. The accounts have been updated since issue on 28 May 2021 to incorporate auditor findings.

THE WELSH CHURCH FUND

2019/20		2020/21	
£'000		£'000	£'000
930	Amount of Fund at 1 April		936
	Add - Income during the year		
18	Interest on Investments		41
	Less - Expenditure during the year		
(13)	Grants and expenses	(19)	
1	Transferring Gwynedd's (Under) / Overspend	0	(19)
936	Amount of Fund at 31 March		958
	Represented by the following Assets		
13	Debtors		1
900	Investments		900
26	Cash in Hand		62
939			963
(3)	Less - Creditors		(5)
936	Total		958

NOTES TO THE ACCOUNTS

1. The Scheme for the administration of the Fund provides that the income be applied for charitable purposes - educational, recreational and social, at the discretion of the Council.
2. The Charities Act 1993 requires that an independent examination of the statement of accounts of the Welsh Church Fund be carried out annually.
3. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2021 was £859,725.

FMG MORGAN TRUST FUND

2019/20 £'000		2020/21 £'000
189	Amount of Fund at 1 April	194
	Add - Income during the year	
12	Interest on assets	13
	Less - Expenditure during the year	
(7)	Grants	(19)
194	Amount of Fund at 31 March	188
	Assets	
145	Investments	144
49	Cash in Hand	44
194		188

NOTES TO THE ACCOUNTS

1. This Fund was set up from the residuary estate of the late Mrs. Florence Merthyr Guest Morgan. The income from the Fund was to be applied to aid residents of certain areas of Llŷn for specified purposes.
2. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2021 was £362,553 (£307,883 at 31 March 2020).
3. The FMG Morgan Fund is outside the provision of the Charities Act 1993. No independent examination or audit is therefore required in respect of this Trust Fund.

ANNUAL GOVERNANCE STATEMENT

This statement meets with the requirement to produce an Internal Control Statement in accordance with Regulation 5 of the Accounts and Audit Regulations (Wales) 2014.

Part 1: SCOPE OF RESPONSIBILITY

Gwynedd Council is responsible for ensuring that it conducts its business in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Gwynedd Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions, having regard in particular to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

In discharging these overall responsibilities, Gwynedd Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk and adequate and effective financial management.

Gwynedd Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*. A copy of the code is available on our website, or may be obtained by writing to Gwynedd Council, County Offices, Shirehall Street, Caernarfon, Gwynedd LL55 1SH. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5(5) Accounts and Audit (Wales) Regulations 2014 in relation to publishing a statement on internal control.

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to enable the Council to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks that are relevant to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework described above has been in place at Gwynedd Council for the year ending 31 March 2021 and remains applicable up to the date of the approval of the Statement of Accounts.

Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

- 3.1 The **Governance Arrangements Assessment Group** monitors matters of governance continuously in a disciplined manner, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Chief Executive, the Monitoring Officer, Head of Corporate Support, the Assistant Head (Revenue and Risk), Assistant Head of Corporate Support, Assistant Head (Supporting Families), the Risk and Insurance Manager and the Council Business Service Support Manager.
- 3.2 As a result of the publication of a new version of the CIPFA/SOLACE Framework - *Delivering Good Governance in Local Government* in 2016, the Group has adapted the Council's arrangements for identifying and assessing its governance arrangements in order to reflect the new Framework. Consequently, the local framework was set out in the form of a Governance Risk Register that is part of the Corporate Risk Register, identifying 22 areas of governance risks. One additional area has been defined by the group during 2020/21, namely risk in terms of the governance of Health, Safety and Well-being.
- 3.3 An outline is given of the Governance Areas, the relevant risks and the Council's arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.
- 3.4 For each Governance Risk, a current score is shown, which is the score following an objective assessment of the control arrangements that are currently in place. Consideration is given to two factors:
- The **Impact** of the risk in the event of it being realised
 - The **Likelihood** that it will occur.
- 3.5 Impact scores vary from 1 (Visible impact) to 5 (Catastrophic impact), and the Likelihood scores from 1 (very unlikely) to 5 (occurring now). The risk score is calculated by multiplying the impact score and the likelihood score.
- 3.6 The comparative level of the risks is calculated as follows:

Score 20-25	Very High Risk
Score 12-16	High Risk
Score 6-10	Medium Risk
Score 1-5	Low Risk

- 3.7 Since March 2020, to the date of publication of the 2020/21 Statement of Accounts, the Council has continued to respond to the Covid-19 pandemic crisis. Where this has had a significant and visible impact on the council's governance arrangements, this has been noted below.

Culture

Risk: Inappropriate culture within the Council can hinder our ability to do the right things in the correct manner

Assessment:

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

- An appropriate culture can promote all aspects of governance noted in the register and, in the same manner, an inappropriate culture can hinder all aspects of governance.
- If the culture is correct, this can dominate everything else that affects our ability to achieve as the principles of good governance are an inevitable part of the day-to-day conduct of each individual within the establishment. The Ffordd Gwynedd Strategy notes that one of the Council's main aims is to place the people of Gwynedd at the heart of everything we do. In reality, this also describes the Council's values - namely anything that is in keeping with that objective.
- The six-day training programme for Service Managers on the principles of Ffordd Gwynedd (including robust performance management principles) was introduced in the summer of 2017. Each service manager has now followed this training and this training has been available for new managers as well as potential managers for the future. The Managers' Network has been re-established and has held its first series of meetings in March 2019. The early signs are reassuring, with the encouragement for managers and their teams to undertake reviews within their own services rather than the previous focus on undertaking intensive reviews. There is a significant progress in general but evidence remains that that progress is not consistent across the Council.
- The Ffordd Gwynedd Plan and work programme for the 2019-2022 period were adopted by the Cabinet on 23 July, 2019. The plan identifies nine areas that we will focus on in order to further embed the "way of working". With a view of ensuring that everyone is clear about the behaviours that are expected of them, a new job description was circulated to each manager/senior manager outlining the expected behaviours from them and generic content was agreed for a new job description for heads and assistant heads of departments. A consultation is ongoing on the final generic content of job descriptions for team leaders and staff in general.

Current Risk Score:

Impact	Likelihood	Risk score
4	3	12

Conduct

Risk: Lack of integrity, ethics and respect in the conduct of members and officers, undermining the public's confidence in the Council

Assessment:

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

- The Council has adopted codes of conduct for its members and officers, based on national regulations (codes such as the Member/Officer Relationship Code, Members' Code of Conduct, Officers' Code of Conduct, Anti-fraud and Anti-corruption Policy and the Whistle-blowing Code of Practice) and these together set the foundation to ensure integrity and ethics. There is evidence of action when it appears that these codes of conduct have been breached.
- There is clear evidence that the Council gives due consideration to the Ombudsman's reports as part of the work of the Standards Committee, which works effectively.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Lawfulness

Risk: Ignoring the rule of law, which means that the Council is open to challenges from the courts

Assessment:

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

- Statutory Officers (the Monitoring Officer and the Head of Finance) have to offer comments on any formal decision, as part of a comprehensive constitution that is regularly reviewed.
- There are formal protocols in place in order to safeguard the rights of statutory officers.
- These arrangements have not changed during the period of the pandemic.

Current Risk Score:

Impact	Likelihood	Risk score
3	1	3

Being open

Risk: A Council that is not open, meaning that it is not possible to hold it accountable for its decisions

Assessment:

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

- Only the minimum of Committee reports are exempt
- Publicity is given to the decision sheets of individual members, with procedures to ensure that this occurs.
- Background papers are published with committee reports in order to ensure that the decisions are made with full information.
- Many committee meetings that make decisions are web-broadcast.
- The Cabinet regularly considers performance reports as part of its meetings that are open and the Council publishes its Corporate Plan, Annual Performance Report and the Statement of Accounts to seek to give as much information as the residents need for us to be accountable.
- Various other methods are also used such as the website, 'Newyddion Gwynedd' and social media to try to ensure that Gwynedd residents are aware of what is happening within the Council.

Current Risk Score:

Impact	Likelihood	Risk score
2	1	2

Stakeholders

Risk: Weak relationship with institutional stakeholders, ending with sub-optimal services

Assessment:

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

- The willingness of public sector bodies, including Gwynedd Council, other neighbouring unitary councils, the Police, the Health Board, the third sector and others to co-operate for the joint delivery of public services can have a significant, visible impact for the People of Gwynedd.
- Work is still ongoing to respond to the requirements of the Well-being of Future Generations (Wales) Act 2015 which facilitates such a principle.
- Work has been undertaken to create a Well-being Plan and the relationship between organisations has matured.
- The Council is committed to the Public Services Board
- However, members have questioned if the Board has yet discovered the place where the true value that is available has been maximised or whether there is still an element of finding our way. The situation is gradually maturing..
- The Board's Plan is consistent with the Council's Plan.
- The Public Services Board is not the only vehicle for working with other agencies and there is a risk that the wide range of joint working structures can hinder the whole objective of working together, creating confusion.
- The Council has had Partnership Criteria in place for several years, so that Gwynedd Council only enters partnerships where it is in the interests of the people of Gwynedd.
- Collaboration also occurs at a regional level which is not always as effective as it could be due to the footprint size and the difficulty of building a relationship with such a large number of people. There are some examples of success (e.g. Ambition Board) and one of the Council's responses to the published White Paper on the future of Local Government was that there was a need to work together according to the benefits that would be generated rather than adhering dogmatically to a single model. It has also been noted that there is a need to ensure that no collaboration hinders local accountability for services.
- The Council is trying to play its part in simplifying the extremely complex working environment that has developed.
- There is also collaboration taking place at county level with varying success. Our relationship with the Third Sector continues to evolve and we try to ensure that we use that relationship to maximise the benefits that can flow from that to the people of Gwynedd. This journey will continue with the relevant departments continuing to develop the relationship.
- During the pandemic period there has been a marked enthusiasm among volunteers to help our communities, and the Council has been active in trying to assist those groups to succeed.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Engagement

Risk: Failure to engage with service users and individual citizens, leading to not doing things correctly

Assessment:

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

- The purpose of the Council's Engagement Strategy is to ensure that the Council receives the views of the public and other stakeholders as appropriate, with the Communication and Engagement Service supporting services to consult using a suitable method.
- All elements of the Engagement Strategy have been achieved.
- Arrangements are in place so that groups and cohorts such as young people, LGBT+ people, ethnic minorities, refugees, adults with learning disabilities and Gwynedd businesses can be effectively engaged.
- Arrangements are in place in conjunction with the Research and Information Service to ensure that supported service level projects meet the Council's principles of engagement.
- Over 700 individuals are now members of the new Residents Panel established following the introduction of GDPR legislation.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Direction and vision

Risk: Direction and vision that is not rooted in the outcomes for individuals and therefore does not realise the needs of the People of Gwynedd

Assessment:

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

- The Council is effective in setting its priorities and managing expectations because of the culture of concentrating on what is important to the people of Gwynedd, with the performance measures that are used across all services derived from this.
- The Council's Plan 2018-23 (2021/22 review) was approved by the Full Council of Gwynedd on 4 March 2021. The Plan includes our seven Well-being Objectives, eight Improvement Priorities and every departmental plan. A great effort was made to ensure that it is clear and easy to read and understand.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	6

Sustainability

Risk: A risk of creating unsustainable answers that do not comply with the five principles of the Well-being of Future Generations Act and do not therefore look at the long term

Assessment:

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

- The Council has acknowledged the importance of acting in accordance with the Well-being of Future Generations Act and, jointly with its partners on the Public Services Board, has done initial work to identify what needs to be done to operate in accordance with the five principles - Long term, Prevention, Integration, Collaboration and Involvement.
- The Council is already complying with all the principles but to different degrees. The Management Group decided that the best way would be for Departmental Management Teams to pay attention to the principles when planning ahead. It is recognised that an assessment is needed if this way is successful or not. Reports coming before Cabinet are submitted in advance to the Corporate Support Department for review to keep track of situations where perhaps appropriate attention has not been given to the principles. By doing this we hope that we will embed the principles naturally rather than ticking boxes but time will tell if we will be successful.
- An audit was carried out by the Internal Audit Service in early 2020 to assess how the 5 ways of working are embedded within individual Departments. It was suggested that further work was needed to train and raise awareness of Senior Managers/Managers/Project Officers on the Act.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Decisions

Risk: Unwillingness to make decisions on action, which means a delay in achieving the outcomes for the people of Gwynedd

Assessment:

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

- Over the last few years there is evidence that Gwynedd Council is willing to take difficult or unpopular decisions, e.g. schools, externalising Council houses, acting on the difficult results of the Gwynedd Challenge, changing the Youths arrangements and taking steps to ensure implementation principles within Education.
- The Cabinet and full Council have met virtually through video conferencing software in accordance with the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Planning Operations

Risk: Intervention without sufficient planning, that could mean either acting on impulse or excessive planning wasting time and resources

Assessment:

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

- The Council strives to maintain a suitable balance between Project Management procedures and working efficiently. As such, the Council is already maintaining robust project management arrangements for the largest projects, and uses a less comprehensive version for other projects, but based on the same principles.
- To ensure that the right things are measured each service's delivery measures are based on achieving a purpose and trying to ensure that any action improves our ability to achieve that.
- The Council tries to strike a balance between the need for order and the need to deliver as soon as possible by doing as little paperwork as is consistent with this, encouraging simple, brief reports that set out the main key points.
- The Council has a Medium Term Financial Strategy, with annual budgets based on this. The Council's work on financial planning is regularly praised by the external auditors, and the Audit and Governance Committee takes a leading role with financial scrutiny.
- In reviewing our scrutiny arrangements we will include more forward scrutiny and it is hoped that this will help cabinet to choose the appropriate actions to take in various areas. However if we are to do that we have already recognised that the way to achieve this is not by having a Scrutiny Committee look at something immediately before it is adopted, but rather for Scrutiny members to be involved in the assessment at the outset. This means that issues need to be known early in the process and Scrutiny used early enough. It remains to be seen whether the new arrangements will do so.
- There is an element of evidence that there remains a need to improve the communication between the Cabinet and the body responsible for co-ordinating the scrutiny.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Reviewing Outcomes

Risk: Failure to review the outcomes of our actions, which means that we do not learn lessons by continuing to do the same things incorrectly

Assessment:

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

- The Council's arrangements for risk assessment, formulating a Corporate Plan and project management will ensure that the intended outcomes to be achieved are clear at the start of any project.
- The annual performance report will try to focus on assessing to what extent these outcomes have been achieved. There are good examples of where this has occurred and the situation is improving.
- Discussions continue to seek to ensure that the Improvement Priorities in our Corporate Plan are more clear in terms of outcomes, with the Performance Plan assessing the extent to which those outcomes have been achieved. Our intention in due course is to combine them into a single document that will be a vehicle for improving the situation.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	6

Property Assets

Risk: The Council's property assets not used to their full potential

Assessment:

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

- A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed and was approved by the full Council on 07/03/2019.
- The result is that a number of buildings that were no longer needed have been disposed of.
- In terms of vehicles, a plan has been implemented to try and make better use of the Council's fleet that has already presented some financial savings and is likely to achieve more.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Information Technology Assets

Risk: The Council's Information Technology assets not used to their full potential

Assessment:

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

- The effective use of technology is an essential tool in ensuring that services are delivered in a way that meets the needs of residents, doing so in a cost-effective way.
- Information Technology activities over previous years have focused on securing appropriate infrastructure to guarantee basic support for services. Whilst there are examples where we have been able to use information technology more widely to improve how we deliver services to the residents of Gwynedd, there is no evidence that this is consistent across the authority and is happening at the speed at which we would like it to happen.
- The Information Technology Strategy sets out steps to extend the use of technology to support the improvement objectives of the Strategic Plan, while also strengthening the capacity of services to take advantage of opportunities for effective use of technology. There is an element of evidence that this is bearing fruit with self-service becoming more and more part of using technology to make it easier for residents to access services.
- In extending the use of technology we face further risks in terms of security and cybersecurity, with this element being an essential assessment of any new development or review of an inherent solution.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Planning the Workforce

Risk: Council's workforce not being developed; this means that we cannot provide the best services for the people of Gwynedd

Assessment:

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

- The People Plan prioritises improving arrangements for nurturing talent within the Council, improving our Workforce Planning arrangements, and ensuring that our learning and development arrangements are focused on the necessary things.
- To ensure that the Council is in a position to provide services that put the People of Gwynedd at the centre at all times, we must ensure that we have the right staff in the right place with the right skills. This means that we need to continually train staff, evaluate their performance, and nurture and develop their talent. Staff training arrangements are an important way of promoting and spreading the Ffordd Gwynedd mentality across the Council, and of course it is vital that the Council has officers who have the skills to carry out their jobs.
- The need to develop individuals to carry out specialist and key functions is being met in a number of ways with the focus on extending the number of existing apprenticeships, the “Arbenigwyr Yfory” scheme and developing leadership skills among the existing workforce by introducing the existing developing potential plan for implementation across all Departments in the Council..
- Difficulties in filling some senior roles within the Council suggest that there is a need to improve our ability to create succession, at least for senior positions. This has been identified in the People Plan as a basis for developing internal talent.
- Further, there are recruitment difficulties for some posts in specific geographical areas within Gwynedd (e.g. care workers in Meirionnydd). The Project Group and HR Team officers are currently working closely with the managers of the Adult, Health and Well-being Department and are focussing on identifying key posts and functions there. This Scheme has evolved over the last twelve months and since January 2021 incorporates work that includes the development of the apprenticeship scheme and Talent Identification and Development schemes within and beyond the existing workforce.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Leadership

Risk: Deficiencies in the Council's leadership means that we are not doing the right things

Assessment:

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

- Leadership sets the expected standard that every Member and Council employee should follow. Therefore, its impact is great – good Leadership can overcome everything else, whilst poor Leadership can destroy what the Council is trying to achieve. It is this that facilitates embedding the Council's culture.
- The roles of the Council, Cabinet, Individual Members and the Chief Officers, together with a clear scheme of delegation, are set out in the Council's Constitution. Gwynedd Council has also prioritised the development of its Leadership Programme and this is part of the People Plan adopted by the Cabinet.
- Whilst there is a clear commitment to try and continuously improve leadership, we have not always been clear regarding what this entails, nor how to improve it.

- There is an element of evidence (via self-assessment) that leadership within the Council is improving with many examples of transformational leadership shown rather than transactional leadership. The increasing emphasis placed on "leading" rather than "managing" within the Ffordd Gwynedd culture is another strong indication of the strides made by Cabinet members in taking a leading role to promote good leadership by committing to their development as leaders. Furthermore, the definition of leadership within Gwynedd Council was agreed upon and is reflected in amended job descriptions for every head and manager within the Council. The commitment at the political and executive level demonstrates that these positive steps have borne fruit and that the need and the ability to lead is embedded as the norm within the Council.
- The recent recommencement of the Management Network, with the emphasis on developing leadership skills, is another key step in the shift in emphasis from a "management" to a "leadership" culture within the Council while the revised Management Review and job descriptions have also contributed to clarity in relation to the expectation of leadership.
- In light of all this, this work is considered to be something that continues to be key, but with the recognition that it is not as great a risk as it has been in the past.
- To reflect that, this work has been incorporated within the Ffordd Gwynedd Plan work programme rather than being a stand-alone project although a specific project continues to have a high improvement priority in relation to Women in Leadership within the Council.
- The Council recognises that the number of women performing a managerial function within the Council is disproportionate to the division of the whole workforce and therefore looks to boost the number of women applying and reaching senior positions within the Council.

Current Risk Score:

Impact	Likelihood	Risk score
4	2	8

Risk Management

Risk: Weaknesses in our risk management arrangements that increase the threat of something going wrong or failure to take an opportunity to improve

Assessment:

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 introverted 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.

Current Risk Score:

Impact	Likelihood	Risk score
5	2	10

Performance

Risk: Weaknesses in our performance management arrangements mean that we cannot take appropriate steps to achieve our purpose

Assessment:

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

- The Council's Performance Management system focusses on ensuring that business units achieve their purpose and this is done by continuously reviewing if we are measuring the right things.
- Regular meetings take place with Cabinet Members and managers to assess the latest performance, with members of the relevant Scrutiny Committee also present to challenge. Regular performance reports are submitted by Cabinet members on their areas of responsibility to Cabinet meetings. However, it is noted that this arrangement was postponed in spring 2020 due to the pandemic, but has restarted in 2021.
- The Auditor General also observes our performance in different areas by publishing various reports and the Audit and Governance Committee takes an overview that any recommendations receive attention.
- The new Corporate Complaints Procedure continues to develop well. The Services Improvement Officer ensures that we learn lessons from any complaints, and try to avoid repeating mistakes. The Complaints and Service Improvement Services has been able to continue to take action to address public concerns and support services throughout the pandemic period.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Internal Control

Risk: Unsuitable internal control arrangements which means that we either do not protect ourselves from risks, or waste resources on over-control

Assessment:

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

- The Audit Manager's annual report confirms that the Council's internal controls can be relied upon.
- Reviewing and adapting internal controls so that they are proportionate to what is necessary is central to the goal of placing the people of Gwynedd at the centre of to everything we do, by removing overly bureaucratic tasks. The removal of barriers is part of everyone's work, leading to a suitable level of internal control.
- The efficiency of the Internal Audit system is under continuous review and self-assessment indicates that the service satisfies professional standards in accordance with expectation.
- Gwynedd Council's Audit and Governance Committee has an agreed terms of reference. There is evidence that the Audit and Governance Committee is very effective in delivering its functions.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Information

Risk: Failure to control information leading to the failure of safeguarding the information we hold, or not to make the best use of it

Assessment:

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

- The ERDMS system, iGwynedd, has now rolled out to everyone in the Council and is a foundation for sharing information more effectively, reducing duplication and enabling fewer stages in processes. . The upgrade of the system to the latest version of the technology is progressing during 2021.
- The Research and Information Service supports departments in using information to make decisions with a focus on the highest priorities in the Council plan.
- There is a continuing need to raise awareness about Data Protection principles, and improving the approach in the field. This work continues.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Finance

Risk: Weaknesses when controlling public finance which mean that the Council's finance is not used on its priorities

Assessment:

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

- The Council has good financial planning arrangements, which have already identified many efficiency savings to reduce service cuts for Gwynedd residents.
- The work that has already been undertaken over a number of years suggests that we have harvested a large proportion of the available efficiency savings, but there is a need to continue to monitor the approved plans of all Council departments to ensure that the bulk of the proposed savings are achieved.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Accountability

Risk: Poor reporting, without transparency and unsuitable for the audience, does not highlight to the public what the Council does for them, undermining the democratic position

Assessment:

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

- The Council has provided guidelines on preparing reports and on making good decisions, in order to ensure that the reports available to the public are clear.
- As well as formal reports for making decisions, the reports produced also include the Annual Performance Report, the Council's Plan (that includes departmental business plans) and the Annual Governance Statement produced in accordance with the CIPFA/Solace framework.
- The Council produces regular reports on its financial position.
- Monitoring of Cabinet reports will continue naturally with the Chief Executive taking a look at each one.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Assurance

Risk: Lack of assurance and accountability that raises suspicion amongst the public regarding what the Council is doing

Assessment:

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

- There are many ways available within the Council to provide independent assurance that the Council's governance arrangements are working as they should. Statutory officers ensure that matters comply with the law and the procedures in the Constitution, whilst the Chief Executive and the Director continually challenge whether or not the departments are doing the right things. Cabinet members also meet often to challenge each other regarding developments.
- The Audit and Governance Committee keeps an overview of the governance arrangements as well as the implementation of the external auditor's recommendations.
- Supporting this is the Internal Audit Service that operates in accordance with the statutory professional standards, namely the Public Sector Internal Audit Standards. Covid-19 has had an adverse effect on Internal audit's ability to undertake as many audits during during 2020/21 as in a usual year.
- However, formally it is the scrutiny procedure that should continue to hold the Cabinet to account. There is transparent and objective scrutiny and challenging of decisions and policies; however, there is uncertainty regarding how effective this is. This has received attention in the Scrutiny Review commissioned by the Audit Committee in 2016/17, but at its meeting on 3 March 2017 the Council resolved contrary to the Audit Committee's decision to adopt a different procedure in the future.
- The new procedure was implemented following the May 2017 elections. A promise was made to review the effectiveness of the amended arrangements and the Scrutiny Working Group, which includes members of the Cabinet, Scrutiny Forum and senior officers, has presented options for further reform of the arrangements. Workshops were held with Members during October 2019 to clarify and consider the options but the Council, at its meeting on 19 December 2019, accepted the recommendation of the Audit and Governance Committee to refuse to change the basic arrangements and thereby continue with three scrutiny committees, as established in May 2017.

Current Risk Score:

Impact	Likelihood	Risk score
2	3	6

Health, Safety and Well-being

Risk: Inadequate arrangements and action by Council Services to manage health and safety risks effectively

Assessment:

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

- The vast majority of Service Managers have attended an IOSH course over the last three years (with the exception of a small minority who do not manage significant risks).
- Health and safety workshops held for staff and managers as a follow-up to the IOSH training in Departments where there are high risks.
- Work to assess managers' competence to manage health and safety across the Council started before the Covid crisis. That has identified weaknesses in the accurate completion of risk assessments or failure to put adequate mitigation measures in place. That work will need to be re-addressed as a matter of priority once the situation has been restored to a safe level in order to carry out programmed monitoring visits.

Current Risk Score:

Impact	Likelihood	Risk Score
4	3	12

We have been advised on the implications of the result of **the review of the effectiveness of the governance framework** by the Audit and Governance Committee, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas that have already been addressed and those which the Council will address specifically have new ongoing action plans and are outlined below.

Part 4: SIGNIFICANT GOVERNANCE ISSUES

- 4.1 The above scores indicate that it is not considered that any of the 23 areas of governance present a very high risk. However, there are 2 high risk and 12 medium risks.
- 4.2 Each of the areas of governance has been reviewed in the context of the Covid-19 pandemic and we are satisfied that Gwynedd Council has been able to modify its working arrangements in order to cope with the crisis weakening governance and internal control arrangements in a way that needs to be highlighted in this Annual Governance Statement.
- 4.3 Actions for the areas that are a high or medium risk are noted below.

HIGH RISKS

Governance Area	Response Arrangements	Department Responsible
The Council's Culture	We will develop training to help managers understand the close link between the culture of Ffordd Gwynedd and the requirements of the Well-being of Future Generations Act and deliver that session to the Managers Network while releasing a job description for team leaders and the rest of the Council's staff that will confirm the expected behaviours of them. We will establish methods of measuring the progress of the culture sought through a combination of self-assessment and consistent challenge.	Corporate Support
Iechyd, Diogelwch a Llesiant	Hold an open discussion with the heads / senior managers / managers of each Department to understand their needs, clarify the principle behind change in a business model, and find the most effective way of resolving the situation.	Corporate Support

MEDIUM RISKS

Governance Area	Response Arrangements	Department Responsible
Stakeholders	There are ongoing efforts in various areas to try to simplify a complex working relationship. However it must be acknowledged that there is only so much that can be done and there is room to question that the solution now is to try to find ways to work around the legislative barriers that have been set by the Government. We are already doing so quite successfully.	Leadership Team and Legal
Engagement	<p>During 2020/21 and 2021/22 we will:</p> <ul style="list-style-type: none"> • continue to work with Youth Services to further develop our ability to engage with 11-25 year olds • continue to assess and identify progress across the Council in highlighting the opportunities and supporting services to engage proactively with the people of Gwynedd • continue with the recruitment of members of the public to be members of the new Residents Panel • in line with the Council's Equality Scheme (2020-24) we will undertake a comprehensive public engagement exercise to identify barriers facing people with protected characteristics as they access council services and identify possible ways of removing these barriers. 	Corporate Support
Direction and vision	The risk is accepted at its present level.	Corporate Support
Sustainability	We will consider the findings of the work of the Internal Audit Service and consider options for training and raising Senior Managers/Managers/Project Officers' awareness of the principles of the Dead and submit them to the Governance Arrangements Assessment Group before the end of the year. The Future Generations Commissioner has published the Future Generations Report 2020 during the summer and we will consider and conclude whether there are any relevant recommendations to the Council.	Corporate Support
Reviewing Outcomes	The risk is accepted at its present level.	Leadership Team and Legal

Governance Area	Response Arrangements	Department Responsible
Information Technology Assets	<p>To act in accordance with the work programme included in the Information Technology Strategy. This includes:</p> <ul style="list-style-type: none"> • A programme of introducing digital self-service for the people of Gwynedd is busy maturing with a number of solutions already introduced, including: apGwynedd, my account and a number of opportunities to apply for a timely citizen-appropriate service, with an opportunity to follow progress against the application. • The self-service services continue to develop, with a number of additional services or adaptations being introduced during the pandemic period, such as creating appointments for visiting recycling centres and Siop Gwynedd. 	Finance
Planning the Workforce	<p>Gap identification and proactive action, which has started with the Adults Department, will be rolled out to the rest of the Council during 2021. We will also extend the number of existing apprentices and trainees across an increasing number of services across the Council.</p>	Corporate Support
Leadership	<p>We will introduce a potential development programme for women, conduct an audit of our recruitment and appointment methods for managerial posts and create a forum for women leaders and potential leaders within the Council. We will also develop the leadership behaviours expected of managers in general primarily through a combination of training relating to the "way of working" and by challenging the behaviours as part of the ongoing evaluation being promoted as part of establishing the culture.</p>	Corporate Support
Risk Management	<p>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.</p>	Finance

Governance Area	Response Arrangements	Department Responsible
Information	<p>A new Information Plan is being produced for 2021-26 which will look to:</p> <ol style="list-style-type: none"> 1. Extend the support of services in the use and interpretation of data about their services and about Gwynedd 2. Establish and promote Data Standards for areas where inconsistencies exist or have arisen. 3. Reduce the risk in information security that exists across the Council (as a result of conducting a comprehensive assessment on the basis of the ICO audit framework) 4. Introduce ways of ensuring that staff receive appropriate training on protecting the Council's data. 5. Sort out information and dispose of information in a timely manner 6. Expand the use of iGwynedd so that we make the most of what it offers 7. Make information readily available 8. Reduce the use of paper 9. Strengthen CCTV management arrangements by appointing a contact person for non-town centre systems and body cameras. 	Corporate Support
Finance	<p>After a long period of finding and delivering savings, over £30m in the period since 2015/16, the plans are now so much more difficult to deliver with efficiency projects much more work than cutting services. All savings plans were reviewed to assess which are now unacheable, and a revised programme of savings has been drawn up for 2021/22. Through the robust arrangements we have in place to monitor how departments are delivering savings, we will ensure that this revised programme is delivered. We will also support departments with transformation costs, as they introduce new work arrangements.</p>	Finance
Assurance	<p>The new team established to strengthen support for scrutiny arrangements within the Council, works closely with the chairs/vice chairs of individual committees to ensure clarity and share best practice. This will extend to the development of regional scrutiny arrangements in conjunction with other authorities where relevant during 2021/22.</p>	Corporate Support

Part 5: OPINION

We are of the opinion that the governance arrangements described above offer assurance that our governance arrangements work well overall. However, we intend to take measures to deal with the matters noted in Part 4 above during next year in order to improve our governance arrangements. We are satisfied that these measures will deal with the need to improve as identified in the effectiveness review, and we will monitor their operation as part of the next annual review.

DAFYDD GIBBARD
CHIEF EXECUTIVE, GWYNEDD COUNCIL



DATE 20th September 2021

Cllr. DYFRIG SIENCYN
LEADER, GWYNEDD COUNCIL



DATE: 20th September 2021

The independent auditor's report of the Auditor General for Wales to the members of Gwynedd Council

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements of Gwynedd Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Gwynedd Council's statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Gwynedd Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter- effect of COVID-19 on the Council's assets valuations

I draw attention to Note 6 to the financial statements, which describes a material valuation uncertainty clause in the valuation reports in 2019-20 and 2020-21 on the Council's property arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;

- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Gwynedd Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals reviewing accounting estimates for biases and evaluated the rationale for any significant transactions outside the normal course of business.
- Obtaining an understanding of Gwynedd Council's framework of authority as well as other legal and regulatory frameworks that Gwynedd Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Gwynedd Council.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Audit and Governance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council amend as appropriate;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Audit and Governance's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Gwynedd Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
[Date to be confirmed]

24 Cathedral Road
Cardiff
CF11 9LJ

Glossary

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Amortisation – The gradual elimination of a liability, such as a loan, with regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.

Asset – Items of worth that are measurable in terms of value.

- A current asset will be consumed or will cease to have material value within the next financial year.
- A non-current asset provides benefit to the Council and to the services it provides for a period of more than one year.

Balances (or Reserves) – These represent accumulated funds available to the Council. Some balances (reserve) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities.

Capital Adjustment Account – A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

Capital Expenditure – Expenditure on the procurement of a non-current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, value of an existing non-current asset.

Capital Financing – Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Receipt – Income received from the sale of land or other capital assets.

CIPFA (Chartered Institute of Public Finance and Accounting) – The professional institute for accountants working in the public sector.

Community Assets – These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples are parks and historical buildings.

Creditors – Amounts owed by the Council for work done, goods received or services rendered, for which payments have not been made by the end of that accounting period.

Current Service Cost – The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Debtors – Amount owed to the Council for work done, goods received or service rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Scheme – A pension or other retirement benefit scheme other than a defined contribution scheme.

Defined Contribution Scheme – A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to the employee Service in the current and prior periods.

Depreciated Replacement Cost (DRC) – A method of valuation that provides a proxy for the market value of specialist assets.

Depreciation – A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

Fair Value – The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease – A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund – This is the main revenue fund of the Council and it includes the net cost of all services financed by local taxpayers and Government grants.

Heritage Assets – An asset with Historical, Artistic, Scientific, Technological, Geophysical or Environmental qualities that is held and maintained principally for its contributions to knowledge and culture.

Impairment – A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

Intangible Asset – An intangible asset is an identifiable non-monetary asset without physical substance. An example includes computer software.

International Financial Reporting Standards (IFRS) – A suite of accounting standards used across the world. They must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories – Amounts of unused or unconsumed stocks held in expectation of future use. They are categorised as goods or other assets purchased for resale, consumable stores, raw materials and Components, Products and Services in intermediate stages of completion and finished goods.

Investment Property – Property that is held solely to earn rentals or for capital appreciation, or both.

Liability – Amounts due to individuals or organisations which will have to be paid at some time in the future.

Minimum Revenue Provision (MRP) – This is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities.

Net Book Value – The amounts in which fixed assets are included in the Balance Sheet, i.e their historical cost or current value, less the cumulative amount provided for depreciation.

Operating Lease – A type of lease, usually on computer equipment, office equipment, furniture etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

Precepts – The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council taxpayers on their behalf.

Private Finance Initiative (PFI) – A central government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.

Provision – A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

Related Parties – Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Trust Funds – Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

Audit of Accounts Report – Gwynedd Council

Audit year: 2020-21

Date issued: October 2021

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 the Wales Audit Office at 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.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

We intend to issue an unqualified audit report on your Accounts with an Emphasis of Matter paragraph drawing attention to a disclosure note in your accounts. There are some matters to report to you prior to their approval.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Head of Finance and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £4.699 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Related Party Disclosures £100,000
 - Senior officer remuneration £1,000
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this Year's Audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	Officers provided us with the draft accounts on 28 May 2021 as planned. This complies with regulatory deadlines. We expect your audit report to be signed by the middle of October 2021.
Electronic signatures	Given current social distancing requirements, it will be difficult for signing and certification of the accounts in hard copy again this year. We will accept electronic signatures from you.
Conducting the audit approach and obtaining audit evidence	<p>Due to social distancing measures, Audit Wales and the majority of the Authority’s staff are currently working remotely from home. As a result, we adopted remote ways of working, building on our experience last year, by:</p> <ul style="list-style-type: none">• holding weekly Microsoft Teams meetings with officers throughout the audit to discuss progress and emerging issues; and• utilising our remote access to enable the audit team to access the Council’s financial records and systems.

- 10 We will continue to review what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed Audit Opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 Our proposed audit report is set out in **Appendix 2**. The audit report includes an Emphasis of Matter which draws attention to the impact of the COVID-19 pandemic on the valuation of land and buildings. As a result of COVID-19, and in accordance with specific guidance issued by their professional institute, the Council’s Valuer declared a ‘material valuation uncertainty’ in their valuation report for assets valued at 31 March 2020. As at 31 March 2021, this uncertainty clause remains extant for property assets in the accounts, as described in Note 6.

My opinion is not modified in respect of these matters.

- 14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

Significant Issues arising from the Audit

Uncorrected misstatements

- 15 We set out below a misstatement we identified in the accounts, which has been discussed with management but remains uncorrected. We request that this is corrected. If you decide not to correct this misstatement, we ask that you provide us with the reason in writing for not correcting it.
- our audit identified that although the Council has an earmarked insurance reserve to meet potential legal claims, it does not meet the requirements of the CIPFA Code in terms of recognising a provision when a claim is assessed as having a present obligation, and it is probable that the claim will lead to a settlement being made. The Claims Manager has assessed all the claims and identified that it is probable that £575,000 of those claims will lead to a settlement and would therefore require a provision to be raised to be in compliance with the CIPFA Code. We would expect that this would give rise to a corresponding reduction in the Insurance Reserve.

Corrected misstatements

- 16 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other Significant Issues arising from the Audit

- 17 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There was one matter arising in these areas this year.
- During our audit, we identified that the Council had systemic issues in the way in which the Asset Register was updated for the results of the schools' quinquennial valuation exercise, and other valuations undertaken for the year ended 31 March 2021. The impact of componentisation of assets was not fully considered, resulting in the misclassification of additions, revaluations and impairments charged to Services and the Revaluation Reserve. Although the net effect of the adjustments of £2.9 million was below materiality, the amendments required to correctly reflect the results of the valuation exercise on the Comprehensive Income and Expenditure

Statement was £20.7m for the Cost of Services and a £23.6 million impact on Other Comprehensive Income and Expenditure. The impact on the balance sheet was a reduction in the value of Property Plant & Equipment of £2.9 million (note 15). Further details of the corrections made is shown in **Exhibit 2**.

Recommendations

- 18 We intend to hold a post project learning exercise with key staff to further improve the accounts production and process for future years.

Appendix 1

Final Letter of Representation

Gwynedd Council letterhead

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Gwynedd Council for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Gwynedd Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of the uncorrected misstatement is set below:

- Although the Council has an earmarked insurance reserve to meet potential legal claims, it does not meet the requirements of the CIPFA Code in terms of recognising a provision when a claim is assessed as having a present obligation, and it is probable that the claim will lead to a settlement being made. The Claims Manager has assessed all the claims and identified that it is probable that £575,000 of those claims will lead to a settlement and would therefore require a provision to be raised to be in compliance with the CIPFA Code. We would expect that this would give rise to a corresponding reduction in the Insurance Reserve.

The Council has set aside adequate funding but in an insurance reserve rather than a provision. We consider this to be a technical issue and the treatment proposed by Audit Wales will be considered in future years.

Representations by the Audit and Governance Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Gwynedd Council on 14 October 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Dafydd L. Edwards
Head of Finance

Date:

Signed by:

Councillor John Pughe Roberts
Chair of the Audit and Governance
Committee

Date:

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of Gwynedd Council

Opinion on financial statements

I have audited the financial statements of Gwynedd Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Gwynedd Council's statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Gwynedd Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – effect of COVID-19 on the Council's assets valuations

I draw attention to Note 6 to the financial statements, which describes a material valuation uncertainty clause in the valuation reports in 2019-20 and 2020-21 on the Council's property arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Gwynedd Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals reviewing accounting estimates for biases and evaluated the rationale for any significant transactions outside the normal course of business.
- Obtaining an understanding of Gwynedd Council's framework of authority as well as other legal and regulatory frameworks that Gwynedd Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Gwynedd Council.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Governance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council amend as appropriate;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Audit and Governance's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Gwynedd Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
Date- to be confirmed

24 Cathedral Road
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Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Narrative disclosure only, self-contained to note 11.	Note 11 – Other Operating Expenditure To amend the disclosure of the payment to North Wales Police & Crime Commissioner of £15,088,000 million from a 'Levy' to a 'Precept'.	To correctly reflect the nature of the payment to North Wales Police & Crime Commissioner.
£2,925,000 decrease in the value of Land and Buildings	Note 15 – Property, Plant & Equipment The amounts for Revaluation and Impairments charged to Services has been reduced by £20,696,000. The amounts for Revaluation and Impairments credited to the Revaluation Reserve has been reduced by £23,621,000. The net impact of the misstatements is a £2,925,000 reduction in the value of Land & Buildings. This amendment has also impacted on the: <ul style="list-style-type: none">• Expenditure and Funding Analysis,	To correct the impact of the revaluation of Land & Buildings in the year and to ensure that the total values agreed to the results of the valuation exercise for all relevant assets.

	<ul style="list-style-type: none"> • Comprehensive Income and Expenditure Statement, • Movement in Reserves Statement (and related notes), • Balance Sheet, • Cash Flow Statement (and Related notes), and • Note 7 – Material items of Income and Expenditure. 	
£4,363,000 increase in the balance of Capital Commitments	<p>Note 15 – Property, Plant & Equipment</p> <p>The contract sum amount within Capital Commitments has been increased by £7,032,000 with an increase in Payments to Date of £2,669,000 leaving a balance increase of £4,363,000</p>	To update the figures to include all significant capital contractual commitments at the year end.
£393,000 increase in fair value of Financial Liabilities.	<p>Note 17a – Financial Instruments</p> <p>The fair value of Lease Payables has been increased by £355,000</p>	To ensure that the fair value of financial liabilities agrees to the figures supplied by the Council's Treasury Advisor.
£5,959,000 increase in Cash and Cash Equivalents. With a corresponding increase in Short-Term Creditors	<p>Note 19 – Cash & Cash Equivalents & Note 21 – Short Term Creditors</p> <p>The Bank Overdraft has been reduced by £5,959,000 with a corresponding increase in Other Payables within Short Term Creditors.</p> <p>This amendment has also impacted on the Balance Sheet, the Cash Flow Statement (and associated</p>	To correctly account for the bank balances for GwE held by Gwynedd Council in line with the accounting requirements for Joint Committees.

	notes) and Note 17 – Financial Instruments.	
£53,500,000 increase in Agency Services disclosures. Self-contained to Note 28.	Note 28 – Agency Services Additional disclosures have been included for Education Grants totalling £53,500,000 for which the Council acts an Agent for the Welsh Government.	To ensure that all Agency arrangements have been included within the note.
£290,000 increase in the teacher's pension costs. Self-contained to Note 37.	Note 37 – Pension Schemes Accounted for as Defined Contribution Schemes The amount of teacher's pension costs paid in 2020/21 has been increased by £290,000. The prior year comparative figure has also increased by £210,000.	To ensure that the figures disclosed agree to figures supplied to the Teachers' Pensions.
£450,000 increase in Contingent Liabilities. Self-contained to note 39	Note 39 – Contingent Liabilities The amount disclosed as the maximum potential Municipal Mutual Insurance has been increased by £450,000.	To ensure that the potential liability agrees to the latest information provided.
There have also been a number of minor amendments and disclosure updates as a result of our work.		



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

Agenda Item 6

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	14 OCTOBER 2021
TITLE:	REVENUE BUDGET 2021/22 – END OF AUGUST 2021 REVIEW
PURPOSE:	Monitoring Report on the Latest Financial Position
ACTION:	Receive the information, consider the risks arising from the forecast expenditure against the budget, and scrutinise the Cabinet’s decisions regarding budget management by the Council and its departments.
CABINET MEMBER:	COUNCILLOR IOAN THOMAS
CONTACT OFFICER:	FFION MADOG EVANS, SENIOR FINANCE MANAGER

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters, including budget monitoring reports, as appropriate.
2. The attached report (Revenue Budget 2021/22 – End of August 2021 Review) was submitted to the Cabinet on 12 October 2021.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised.
4. The Audit and Governance Committee is requested to note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the Cabinet’s decisions and comment as necessary.

Appendices:

Cabinet report 12/10/2021: Revenue Budget 2021/22 – End of August 2021 Review

REPORT TO THE CABINET

12 OCTOBER 2021

Cabinet Member: Councillor Ioan Thomas, Cabinet Member – Finance

Subject: Revenue Budget 2021/22 - End of August 2021 Review

Contact Officer: Ffion Madog Evans, Senior Finance Manager

1. Decision sought

The Cabinet is requested to:

- Accept the report on the end of August 2021 review of the Revenue Budget, and consider the latest financial situation regarding the budgets of each department / service.
- Note that the financial impact of Covid continues in 2021/22, which is a combination of additional costs, income losses and a slippage in the savings programme, as the Council has given priority to safeguarding the health and lives of the people of Gwynedd in response to the crisis.
- Note that the Welsh Government's Covid support system via the hardship fund is continuing, but that it does not address overspend due to a slippage in the savings programme.
- Note that there is a significant overspend in the Adults, Health and Well-being Department and the Highways and Municipal Department this year, whilst there is a significant improvement in the projections of the Children and Families Department.
- Approve the following recommendations and virements (as explained in **Appendix 2**).
 - On Corporate budgets, that:
 - An underspend of (£285k) relating to capital costs is earmarked to a fund to finance the capital programme.
 - A net underspend of (£1,957k) on Corporate budgets goes to the Financial Strategy Support Fund to assist with the financial challenges facing the Council, particularly due to the Covid crisis.

2. Introduction / Background

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

This end of August report is submitted on the latest review of the Council's revenue budget for 2021/22, and a summary of the position per Department is outlined in **Appendix 1**. The current projections suggest that the Adults, Health and Well-being Department and the Highways and Municipal Department will overspend at the end of the year, whilst the remainder of the Council's departments operate within their budget.

In **Appendix 2**, further details are provided relating to the main issues and the budget headings where significant variances are anticipated, along with specific recommendations where appropriate.

3. Covid

As we have already reported to the Cabinet, the financial impact of the Covid crisis has been substantial to the Council, with a combination of additional costs along with loss of income, to the value of over £20 million in 2020/21 and £5.6 million so far this year. See the details in **Appendix 3**.

After the Welsh Government established a hardship fund to compensate Local Government costs and income losses, in Gwynedd, monthly applications worth over £4.3 million have been submitted to the Welsh Government to compensate the Council for the additional expenditure for the period up to the end of August, with over £3.1 million already received.

In terms of income losses, the value of the application for the first quarter exceeded £1 million, with £0.8 million already received from the Welsh Government.

4. The Savings Situation

In January 2021, the savings schemes were reviewed to assess what historic schemes were now unachievable, and an amended programme of savings was drawn up for 2021/22 after steps were taken to delete, slip and re-profile the savings schemes.

Following a review of the savings situation, it appears that over £32.7 million, namely 94% of the amended savings schemes since 2015, have now been

realised. Without a doubt, a delay was seen in the realisation of some savings schemes as a result of the Covid crisis.

It was seen that the delay in realising the savings was most prominent in the Adults, Health and Well-being Department with schemes to the value of £855k, whilst the Highways and Municipal Department had £673k.

5. Council Departments

What is very obvious this year is the substantial pressures facing the adults care field and the waste field, whilst the allocation of additional resources and removal of savings schemes result in a projected balanced financial position for the Children and Families Department. The main issues are as follows:

5.1 Adults, Health and Well-being Department

An overspend of £1.4 million is anticipated for this year, with a failure to realise savings worth £855k being an obvious factor of the overspend. The main overspend fields are the older people, learning disabilities and community care services. The effect of Covid19 has had a substantial impact on the Adults, Health and Well-being Department again this year, with over £1.3 million already claimed from the Welsh Government for the increased pressure up to the end of August.

The Cabinet Members will recall approving bids to the value of over £1.6 million for the increasing pressure on the 2021/22 budget, including in the Learning Disabilities, Older People and Physical Disabilities field.

5.2 Children and Families Department

After the Council allocated £1.8 million in additional funding to the Children and Families Department in the 2021/22 funding cycle in order to meet the increasing pressure, as well as abolish savings schemes to the value of £1.1 million that were not delivering, the current financial projections are very promising.

The latest statistics confirm that the pressure in different fields is lower than the 2020/21 levels, but that overspending continues in the Post-16 and Specialist/Derwen fields.

5.3 Highways and Municipal Department

The municipal field continues to overspend, with the most prominent problems in the field of waste collection and disposal. The department is facing difficulty in realising savings in a number of areas to the value of £673k. The department

has also faced additional costs relating to complying with regulations as a result of Covid, and the Welsh Government has already compensated us for the initial months of the year, and it is anticipated that the Welsh Government will continue to compensate us for the additional costs for the remainder of the year.

5.4 Byw'n lach

During 2020/21, Byw'n lach felt the implications of the crisis, with a significant financial loss amounting to almost £2.7 million for the financial year. The financial loss was recovered in full by claiming through the Welsh Government's Hardship Fund, as well as the Furlough Scheme.

In terms of this year's projections, claims to the value of around £1.2 million will be submitted to the Government for the first half of the financial year. It seems likely that the Government's financial support will continue for the remainder of the financial year. Therefore, although a report was submitted to the Cabinet on 9 March 2021, which noted that the Council was underwriting the losses incurred by Byw'n lach, it does not appear that the loss will fall upon the Council this year.

5.5 Corporate

Prudent projections when setting the 2021/22 budget were responsible for additional tax outputs and responsible for the underspend on Council Tax Reductions. The pressure on a number of budgets, including capital costs, is not as much as projected for this year.

6. General Conclusion

Again this year, the financial impact of Covid is very obvious on the figures, with a failure to realise savings a prominent factor in both departments that are overspending most, namely the Adults, Health and Well-being Department and the Highways and Municipal Department. The Council's financial position is balanced as a result of an underspend by the majority of departments, as well as Corporate budgets.

7. Next steps and timetable

The accountants will continue to claim for the additional costs and the income losses relevant to Covid from the Welsh Government.

Act on the recommendations submitted and present a follow-up report to the Cabinet on 18 January 2022 regarding the situation as at November 2021.

Local member's views

Not relevant

Views of the statutory officers**The Monitoring Officer:**

Nothing to add regarding propriety.

Head of Finance:

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

Appendices

Appendix 1 - Summary of departmental budgets' net positions

Appendix 2 - Details of budgets and the significant variances

Appendix 3 - Government Grant in light of the Covid-19 crisis

Revenue Budget 2021/22 – Summary of the position per Department

Appendix 1

	End of August Review			
	2021/22 Proposed Budget	Estimated Gross Over / (Under) Spend 2021/22	Recommended Adjustments	Estimated Adjusted Over / (Under) Spend 2021/22
	£'000	£ '000	£'000	£ '000
Adults, Health and Well-being	57,876	1,370	0	1,370
Children and Families	19,335	(36)	0	(36)
Education	97,981	(89)	0	(89)
Economy and Community	5,042	(203)	0	(203)
Highways and Municipal	25,577	982	0	982
Environment	3,689	(228)	0	(228)
Gwynedd Consultancy	(124)	(30)	0	(30)
Housing and Property	5,606	(175)	0	(175)
Corporate Management Team and Legal	2,076	(94)	0	(94)
Corporate Support	7,108	(92)	0	(92)
Finance (and Information Technology)	6,616	(62)	0	(62)
Corporate Budgets <i>(Variances only)</i>	*	(2,242)	2,242	0
Totals (net)	230,782	(899)	2,242	1,343

<i>Transfer to the Financial Strategy Support Fund</i>	1,957
<i>Transfer to the Capital Programme Financing Fund</i>	285
	<u>2,242</u>

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Adults, Health and Well-being Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adults Services</u>						
Older People's Services						
Residential and Nursing - Homes	15,957	15,132	(825)	0	(825)	(137)
Domiciliary Care	7,451	8,067	616	0	616	(376)
Others	(122)	783	905	0	905	340
	23,286	23,982	696	0	696	(173)
Physical Disabilities Services	2,531	2,366	(165)	0	(165)	(39)
Learning Disabilities Services	21,336	22,060	724	0	724	(983)
Mental Health Services	3,653	3,651	(2)	0	(2)	(16)
Other Services (Adults)	3,265	3,353	88	0	88	(44)
<u>Adults Services Total</u>	54,071	55,412	1,341	0	1,341	(1,255)
<u>Provider Services (shows net budget)</u>						
Residential Care	0	(371)	(371)	0	(371)	(895)
Day Care	0	(131)	(131)	0	(131)	301
Community Care	190	830	640	0	640	1,077
Others	0	(16)	(16)	0	(16)	(16)
<u>Provider Services Total</u>	190	312	122	0	122	467

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Adults, Health and Well-being Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Other Services</u>						
Departmental Central Services (<i>including Department savings</i>)	3,415	3,651	236	0	236	273
Covid-19 expenditure in the Adults Care field		0	0	0	0	415
Care Workforce Additional Expenditure due to Covid-19	200	200	0	0	0	0
Use of the Department's Underspend Fund		(329)	(329)	0	(329)	0
<u>Other Services Total</u>	3,615	3,522	(93)	0	(93)	688
<u>Adults, Health and Well-being Total</u>	57,876	59,246	1,370	0	1,370	(100)

Adults, Health and Well-being

Older People's Services - under 'Others' heading, overspend on Supported Accommodation, with the costs of the Hafod y Gest and Awel y Coleg schemes responsible for a substantial proportion of the relevant overspend, an increase was also seen in the number of direct payments packages and difficulties in realising savings. Despite a reduced demand for Domiciliary Care last year as a result of Covid, a marked increase in demand this year.

Physical Disabilities Services - reduced demand, particularly in domiciliary care.

Learning Disabilities Services - costly new cases in supported housing and increasing pressure on direct payments.

Provider Services - staffing above budget level and loss of income are issues within Community Care, whilst staff turnover has led to underspend in a number of homes for the elderly and Covid implications have disrupted the Day Care provision and is therefore underspending.

Departmental Central Services - some savings schemes still not realised, but the impact is reduced by staff turnover.

2021/22 Budget - this year, the department received bids to the value of over £1.6 million for the increased pressures on the 2021/22 budget, including for the Learning Disability, Older People and Physical Disability fields.

Expenditure / Covid19 Grant - the effect of Covid has had a substantial impact on the Adults, Health and Well-being Department again this year, with over £1.3 million already claimed from Welsh Government for the increased pressure up to the end of August.

Savings - failure to deliver savings is an obvious factor in the department's overspend, with savings to the value of £855k still to be realised.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Children and Families Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Service Management	592	579	(13)	0	(13)	(37)
Operational	2,083	2,230	147	0	147	13
Placements						
Out-of-County Placements	4,701	4,505	(196)	0	(196)	820
Fostering through an Agency	1,633	1,504	(129)	0	(129)	291
Fostering – Internal	2,405	2,485	80	0	80	361
Support Services and Others	1,695	1,643	(52)	0	(52)	(152)
	10,434	10,137	(297)	0	(297)	1,320
Post-16	1,239	1,355	116	0	116	342
Specialist/Derwen	1,834	2,093	259	0	259	69
Youth Justice	253	216	(37)	0	(37)	(60)
Early Years	145	110	(35)	0	(35)	(124)
Youth	891	741	(150)	0	(150)	(216)
Others	1,864	1,838	(26)	0	(26)	(46)
Adjustment - Closure of 2020/21 Accounts					0	(1,261)
Children and Families Total	19,335	19,299	(36)	0	(36)	0

Children and Families

After allocating over £1.8m in additional funding to the department for 2021/22, and the removal of savings to the value of £1.1m, the projections this year are much more promising, with an underspend being anticipated by the end of the year.

Operational - overspend on support plans, but are below the levels seen pre-Covid, as well as an overspend on staffing costs.

Placements - a bid allocation and removal of savings has had a substantial impact on this field, which has been overspending substantially over the past years. Although 3 new out-of-county placements were seen this year, the average number is down to 21, compared with 22 for 2020/21. The average numbers are also down for agency fostering, which is 31.5 this year, compared with 33.4 in 2020/21. In Internal Fostering, an overspend is anticipated, linked to the Skills Payment and Staying On Schemes.

Post-16 - the pressure continues on the budget and although this field has been the subject of a £100k bid this year, the impact of a full year of cases can be seen and is therefore responsible for the overspend.

Specialist/Derwen - impact of the increasing demand for support plans and specialist support over the past year to account for the overspend, along with a change in the emphasis in terms of how the service is being provided, with increasing pressure on direct payments now obvious.

Youth Justice - staff turnover means that there is an underspend on this heading.

Early Years – the use of grants funding core expenditure, with the receipt of grants in the childcare field responsible for the underspend.

Youth – the receipt of grants was higher against core expenditure for this year, along with underspend following the remodelling of the service. The service's activity has been disrupted by the impact of Covid and there is less expenditure as a result.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Education Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Gross Estimated Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Devolved Schools	82,534	82,534	0	0	0	0
Schools Quality Services	(809)	(1,122)	(313)	0	(313)	(237)
Infrastructure and Support Services						
Transport	5,565	5,827	262	0	262	(469)
Ancillary Services	486	663	177	0	177	764
Others	2,967	2,916	(51)	0	(51)	(37)
	9,018	9,406	388	0	388	258
Leadership and Management	2,241	2,112	(129)	0	(129)	(65)
Additional Learning Needs and Inclusion	4,997	4,962	(35)	0	(35)	(215)
Adjustment - Closure of 2020/21 Accounts						159
Education Total	97,981	97,892	(89)	0	(89)	(100)

Education

Schools Quality Services - a combination of receiving grants, staff turnover, reducing expenditure and a reduction in the demand on some budgets are responsible for the underspend.

Transport - although £291k of additional funding was allocated to this field for 2021/22, the latest estimates suggest an overspend of £258k on Taxi Transport. Additional pressure was seen on the budget after Grŵp Llandrillo Menai educational courses were moved to Llangefni as well as the increase in the demand for taxis for the special school pupils of Hafod Lon and Pendalar.

The Transport field has been the subject of a strategic review to try to control the increase in expenditure, with the need for further work by the Education Department and the Environment Department continuing, so that it is possible to take advantage of efficiency opportunities.

Infrastructure and Support Services - Ancillary Services - staff overspend, loss of income from school dinners and the care element of breakfast clubs. Additional cleaning requirements in schools associated with Covid are also obvious, with the majority of the loss of income and additional expenditure claimed from Welsh Government.

Infrastructure and Support Services - Others - less demand on a number of various budgets.

Leadership and Management - receipt of grant funding and underspend on various headings within the budget.

Additional Learning Needs and Inclusion - mixed picture which is a combination of vacant posts and underspend on several varied headings, while circumstances involving one particular centre continue and are responsible for an overspend of £222k.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Economy and Community Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	376	376	0	0	0	(32)
Community Regeneration and Support Programmes	374	386	12	0	12	49
Maritime and Country Parks	446	195	(251)	0	(251)	0
Leisure Contracts	1,078	1,103	25	0	25	0
Sports Programmes	32	32	0	0	0	(22)
Economic Development Programmes	(77)	(77)	0	0	0	1
Marketing and Events	263	263	0	0	0	(16)
Gwynedd Libraries	1,638	1,605	(33)	0	(33)	(115)
Museums, Arts and Gwynedd Archives	912	956	44	0	44	35
<u>Economy and Community Total</u>	5,042	4,839	(203)	0	(203)	(100)

Economy and Community

Maritime and Country Parks – a combination of reasons responsible for the underspend projections including staff turnover, exceeding income at Hafan Pwllheli as a result of an increasing number of tourists in the area and therefore in the demand for moorings following the easing of Covid restrictions over the summer. It was also seen that the beaches exceeded the income targets following a busy season for tourists in the area.

Leisure Contracts - the leisure provision was transferred to Cwmni Byw'n Iach on 1 April 2019, but the responsibility for the running costs of the properties would remain with the Council, from the latest projections, there will be an overspend of £25k by the end of the year.

As Covid has disrupted the ability of leisure centres to open and on the service provision, it has therefore impacted the ability to generate income, money to compensate for additional costs and income losses due to Covid has been received from Welsh Government, which is £1.2 million for the first half of the year for Byw'n Iach (£2.7 million in 2020/21).

Gwynedd Libraries - vacant posts and staff turnover are mainly responsible for the underspend.

Museums, Arts and Gwynedd Archives - Covid side-effects have disrupted income levels, there was a delay in the timetable for opening Neuadd Dwyfor following the refurbishment work, which in turn has led to lack of income this year. Problems continue in Storiel with a deficit of £38k projected by the end of the financial year.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW

Highways and Municipal Department (including Trunk roads)	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Highways Services (including Trunk roads)	9,983	9,918	(65)	0	(65)	89
Engineering Services	516	652	136	0	136	(14)
Municipal Services						
Waste	11,082	11,745	663	0	663	172
Others	3,996	4,244	248	0	248	(247)
Highways and Municipal Total	25,577	26,559	982	0	982	0

Highways and Municipal (including Trunk roads)

Highways Services - an underspend is anticipated on various headings including the roadworks budget which outweighs the delay to realising savings schemes.

Engineering Services - failure to realise savings schemes including CCTV and Barmouth Bridge but discussions are continuing to seek a resolution.

Waste - a number of matters are responsible for the overspend, but mainly on waste and recycling collection. Although the department had taken action to reduce costs by changing shifts and waste collection route arrangements, there was a delay in operations. The new arrangements are in place in Dwyfor and Arfon, and are now operational in Meirionnydd since the beginning of the financial year, therefore, transitional costs associated with staffing and sickness costs were obvious. An increase also seen in the tonnage of recycling and domestic waste collected, which is an increase of 13% and 11% since 2019 levels. Furthermore, an overspend is anticipated on the costs of treating recyclable materials and difficulties in realising savings.

Other Municipal Services - a mixed picture which is a combination of factors, with some of the main reasons including land maintenance income losses, additional pressure on commercial waste budgets, public facilities and street cleaning and savings still to be realised.

The impact of Covid19 has affected the department considerably in terms of additional expenditure and loss of income, with almost £600k already claimed from Welsh Government this year (£2.4m in 20/21).

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Environment Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Department Management	727	645	(82)	0	(82)	(144)
Planning and Building Control Service	393	538	145	0	145	178
Street Care and Transport Services						
Network Management (Transport)	357	76	(281)	0	(281)	(626)
Parking and Parking Enforcement	(1,842)	(1,931)	(89)	0	(89)	307
Integrated Transport	1,826	1,976	150	0	150	306
	341	121	(220)	0	(220)	(13)
Countryside and Access	625	635	10	0	10	1
Public Protection	1,603	1,522	(81)	0	(81)	(122)
<u>Environment Total</u>	3,689	3,461	(228)	0	(228)	(100)

Environment

Management - staff turnover and general underspend have led to one-off savings under the Management heading.

Planning and Building Control Service - the general trend of income loss continues again this year, though mitigated somewhat by staff underspend and lower spending on various budgets including statutory notices and appeals.

Street Care and Transport Services

Network Management (Transportation) - exceeding the streetworks fees income, as well as vacant posts and underspend on many of the budget's headings.

Parking and Parking Enforcement - underspend on various budgets, including employment costs.

Integrated Transport - an overspend is anticipated on public bus contracts, with the work of conducting a review to consider the provision now recommencing following a delay as a result of the Covid crisis.

Public Protection - staff turnover and a lower expenditure on several budget headings this year including food and water sampling and advertising.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Consultancy Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Roads and Engineering Services	(687)	(789)	(102)	0	(102)	(116)
Sustainable Urban Drainage Systems Unit (SuDS)	0	0	0	0	0	0
Flood Risk Management Unit	584	613	29	0	29	(17)
Building Service	(21)	22	43	0	43	69
<u>Consultancy Total</u>	(124)	(154)	(30)	0	(30)	(64)

Consultancy

Roads and Engineering Services - projections of over-achieving income by the end of the year by attracting more income on various schemes from external organisations, such as other Councils and Welsh Government.

Flood Risk Management Unit - additional expenditure is anticipated in order to secure a match grant funding.

Building Service - lack of income that is reduced by an underspend on staff.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Housing and Property Department	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	216	183	(33)	0	(33)	171
Housing Services						
Homelessness	1,108	1,161	53	0	53	(201)
Private Sector Housing	393	388	(5)	0	(5)	17
Others	402	328	(74)	0	(74)	(24)
	1,903	1,877	(26)	0	(26)	(208)
Property Services						
Property	3,498	3,406	(92)	0	(92)	(36)
Caretaking, Catering and Cleaning	(11)	(35)	(24)	0	(24)	(2)
	3,487	3,371	(116)	0	(116)	(38)
Housing and Property	5,606	5,431	(175)	0	(175)	(75)

Housing and Property

Management - underspend as a result of staff turnover responsible for the situation.

Housing Services - once again this year in Homelessness, significant pressure is anticipated on the Temporary Accommodation service as a result of the Covid crisis, in terms of moving the homeless off the street; it is expected that Welsh Government will compensate the Council for a substantial proportion of the £1.8 million in relevant additional expenditure. Another obvious pressure this year is the cost of meeting the private Housing Leasing Scheme maintenance, with catching up to do with the maintenance element following a delay due to Covid. Concurrently, there is an underspend on other staffing costs in Homelessness and in the Gypsy and Traveller field and the Housing Options Team under 'Other'.

Property Services - vacant posts and secondments are mainly responsible for the underspend anticipated in Property, with a combination of reduced expenditure on property and services and supplies alleviating the income losses and staff overspend in the cleaning field.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Central Departments	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Under / (Over) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	2,076	1,982	(94)	0	(94)	(100)
Finance (and Information Technology)	6,616	6,554	(62)	0	(62)	(86)
Corporate Support	7,108	7,016	(92)	0	(92)	(100)
<u>Central Departments Total</u>	15,800	15,552	(248)	0	(248)	(286)

Central Departments

Corporate Management Team & Legal - staff turnover and vacant posts responsible for the underspend with a proportion of the underspend deriving from the vacant Corporate Director post.

Finance (and Information Technology) – a combination of reasons responsible for the underspend, including one-off underspend due to vacant posts and maternity leave and a receipt of income in a number of fields.

Corporate Support - staff turnover and a number of services exceeding their income, nevertheless, the Covid side-effects have had negative implications on the internal income of the Printroom, with projected income shortages of £58k by the end of the financial year. Underspend on services and supplies across the department also contributing to the general underspend position.

REVENUE BUDGET 2021/22 - END OF AUGUST REVIEW						
Corporate (Reflects variances only)	2021/22 Proposed Budget	Estimated 2021/22 Position	Estimated Gross Over / (Under) Spend 2021/22	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2021/22	Net Over/(Under) Spend Final Position 2020/21
Field:-	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax and Council Tax Premium	*	*	(302)	302	0	0
Council Tax Reductions	*	*	(577)	577	0	0
Capital Costs	*	*	(285)	285	0	0
Interest Received	*	*	(103)	103	0	0
Budgets and Bids returned by Departments	*	*	(245)	245	0	0
Income above the budget	*	*	(80)	80	0	0
Others	*	*	(650)	650	0	0
Corporate Total	*	*	(2,242)	2,242	0	0

Corporate

Council Tax and Council Tax Premium - up to the end of August, the Valuer's Office permitted 178 properties to transfer from Council Tax to Non-domestic Tax (506 in 2020/21, 397 in 2019/20, 453 in 2018/19). Nevertheless, a favourable position of additional tax output is anticipated due to prudential projections when setting the 2021/22 budget. £6.5m of Council Tax Premium has been planned to be received during 2021/22 to be earmarked for consideration for the Housing Strategy.

Council Tax Reductions - a reduction in the numbers who claim the discount in Gwynedd compared with 2020/21 as well as setting prudential estimates.

Capital Costs - current treasury management policy means that external borrowing can be avoided, creating underspend against the capital costs budget. It is suggested that the underspend should be diverted to a fund, which should be used to assist in funding the capital programme.

Interest Received - projections that the interest received will exceed the expected target.

Budgets and Bids returned from Departments and Others - the pressures on many budgets not as much as anticipated this year.

It is recommended that (£285k) relating to capital costs is earmarked to a fund to finance the capital programme, with the remainder of the net underspend on Corporate budgets, namely (£1,957k) going to the Financial Strategy Support Fund to assist in facing the financial challenges faced by the Council, particularly as a result of the Covid crisis.

		Welsh Government Hardship Fund						Furlough			
		Compensation for Additional Expenditure		Compensation for Loss of Income		Contribution Towards Wages					
Month	Claim	Claim Value	Grant Received	Claim	Claim Value	Grant Received	Claim	Claim Value		Grant Received	
								Byw'n lach	Rest of Council	Byw'n lach	Rest of Council
		£'000	£'000		£'000	£'000		£'000	£'000	£'000	£'000
April	1	483	474	1	1,020	783	1	116	5	116	5
May	2	811	760				2	35	5	35	5
June	3	824	821				3	26	4	26	4
July	4	1,434	1,078	2	-	-	4	27	3	27	3
August	5	754	-				5	26	2	26	2
September	6	-	-				6	-	-	-	-
TOTAL		4,306	3,133		1,020	783		230	19	230	19

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Overview of all claims:

	Claim Value £'000	Grant Received £'000
TOTAL	5,573	4,165
Byw'n lach Element	789	789
Rest of Council	4,784	3,376

Agenda Item 7

MEETING: **AUDIT AND GOVERNANCE COMMITTEE**

DATE: **14 OCTOBER 2021**

TITLE: **CAPITAL PROGRAMME 2021/22 –
END OF AUGUST 2021 REVIEW**

PURPOSE: **Monitoring Report on the Expenditure and Financing of the
Capital Programme**

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

CABINET MEMBER: **COUNCILLOR IOAN THOMAS**

CONTACT OFFICER: **FFION MADOG EVANS, SENIOR FINANCE MANAGER**

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters including budget monitoring reports, as appropriate.
2. The attached report (Capital Programme 2021/22 – End of August 2021 Review) was presented to the Cabinet on 12 October 2021 for decisions regarding the revised programme and its financing.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised.
4. The Audit and Governance Committee is asked to note the position and any risks regarding the Council’s capital programme, scrutinise the Cabinet’s decisions, and comment as necessary.

Appendices:

Cabinet report 12/10/2021: Capital Programme 2021/22 – End of August 2021 Review

REPORT TO THE CABINET
12 OCTOBER 2021

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2021/22 –
End of August Review (31 August 2021 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought

- To accept the report on the end of August review (31 August 2021 position) of the capital programme.
 - Approve the revised financing as shown in part 4 of the report, that is:
 - use of various sources, worth a total of £25,837,000, to fund actual slippages from 2020/21,
 - an increase of £61,000 in the use of borrowing,
 - an increase of £9,959,000 in the use of grants and contributions,
 - an increase of £69,000 in the use of capital receipts,
 - an increase of £1,482,000 in the use of revenue contributions,
 - an increase of £21,000 in the use of the capital reserve, and
 - an increase of £807,000 in the use of renewal and other reserves.
-

1. Introduction / Summary

This technical report is presented as part of the 2021/22 budget review procedure. The main purpose of the report is to present the revised capital programme and to approve the relevant financing sources. There is a summary in parts 3 and 4 of the report, with the recommendations in part 6:

Part 3: Analysis by Department of the £124.015m capital programme for the 3 years 2021/22 – 2023/24.

Part 4: The sources of finance for the net increase of approximately £38.236m since the opening budget with £25.837m of the increase due to slippages from 2020/21 (previously reported as part of the slippages and transport grants in the year-end review on 18 May 2021).

Part 5: Detail on additional grants since the establishment of the original budget.

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

The remainder of the report is for information.

2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £71.6m in 2021/22 on capital projects, with £26.1m (37%) of it being financed by attracting specific grants.
- The effect of the Covid19 emergency on the capital programme can still be seen in the reported figures in Appendix C, with only 16% of the budget having been spent by the end of August this year, compared to 13% for the same period a year ago and 19% two years ago (2019/20, prior to the Covid19 disruption).
- An additional £9.1m of proposed expenditure has been re-profiled from 2021/22 to 2022/23 and 2023/24, but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2021/22 to 2023/24

See below the revised proposed capital programme as at the end of August 2021.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2021/22	2022/23	2023/24	TOTAL			
	£'000	£'000	£'000	£'000			
Education	8,374	12,871	4,309	25,554	1,628	1,470	158
Environment	14,771	971	121	15,863	14,433	9,250	5,183
Corporate Support	-	-	-	-	(106)	(106)	-
Finance	1,441	782	838	3,061	(145)	(145)	-
Economy and Community	3,221	1,025	144	4,390	2,160	436	1,724
Housing and Property	17,681	12,957	6,929	37,567	10,690	9	10,681
Adults, Health and Wellbeing	5,292	1,450	625	7,367	1,399	1,372	27
Children and Supporting Families	1,982	250	-	2,232	1,732	768	964
Highways and Municipal	10,374	4,728	3,133	18,235	4,687	3,435	1,252
Consultancy	7,088	287	43	7,418	430	453	(23)
Corporate	1,328	500	500	2,328	1,328	8,895	(7,567)
TOTAL	71,552	35,821	16,642	124,015	38,236	25,837	12,399

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £12.399m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2021/22	2022/23	2023/24	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	8,164	6,610	6,610	21,384	-	-	-
Other Borrowing	6,977	2,975	3,289	13,241	902	841	61
Grants and Contributions	26,140	9,973	266	36,379	22,439	12,480	9,959
Capital Receipts	869	13	0	882	641	572	69
Departmental & Corporate Revenue	2,288	356	0	2,644	1,034	(448)	1,482
Capital Fund	6,078	4,111	204	10,393	5,115	5,094	21
Renewals & Other Funds	21,036	11,783	6,273	39,092	8,105	7,298	807
TOTAL	71,552	35,821	16,642	124,015	38,236	25,837	12,399

5. Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting the following additional grants totalling £10,060k. A number of adjustments including a reduction of £54k for schemes lower than the original forecast brings the total movement to £9,959k (see Appendix A for more information) :

- £4,769k Local Transport Fund Grants from Welsh Government
- £1,088k Targeted Regeneration Investment (TRI) and Targeted Match Funding (TMF) Grants to fund the “Nyth” Scheme in Bangor.
- £964k Welsh Government Grant for Child Care – Flying Start and Child Care
- £902k Welsh Government Grant for electric vehicle charging and solar ports
- £579k Circular Economy and Economic Stimulus Grants from Welsh Government towards various schemes
- £575k Active Travel Fund Grants from Welsh Government
- £568k Innovative Housing Grants towards the Segontium site, Caernarfon
- £206k Housing Enable Grant from Welsh Government to facilitate independent living
- £155k Transforming Towns Programme Grant from Welsh Government towards Penryn Community Hub Enterprise

- £146k Access Improvement Grant from Welsh Government
- £108k Welcoming the Customer Safely Grant

6. Recommendations

The Cabinet is asked to:

- **accept the 2021/22 to 2023/24 revised programme, and**
- **approve the relevant sources of finance (part 4 above).**

7. Reasons for Recommending the Decision

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

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

These are recommendations to ensure definite sources of funding for the 2021/22 – 2023/24 capital schemes.

8. Relevant Considerations

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

9. Next Steps and Timetable

To implement the recommendations to finance the programme.

View of the Local Member

Not relevant.

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

No observations to add from a propriety perspective.

Head of Finance:

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

Appendices

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2021/22 to 2022/23
- Appendix C: First 5 months' expenditure in 2021/22

Details of Main Changes

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

	2021/22	2022/23- 2023/24
	£'000	£'000
Grants and Contributions		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling and adjusting Ysgol Treforthyr and Our Lady’s School Scheme (<i>Education Department</i>). 	(4,767)	(4,713)
<ul style="list-style-type: none"> Welcoming the Customer Safely Grant (<i>Economy and Community Department</i>). 	108	
<ul style="list-style-type: none"> Targeted Regeneration Investment (TRI) and Targeted Match Funding (TMF) Grants to fund the “Nyth” Scheme in Bangor (<i>Economy and Community Department</i>). 	388	700
<ul style="list-style-type: none"> Circular Economy and Economic Stimulus Grants from Welsh Government towards various schemes (<i>Economy and Community Department and Highways and Municipal Department</i>). 	579	
<ul style="list-style-type: none"> Welsh Government Grant for Child Care – Flying Start and Child Care for a number of different schemes (<i>Children and Families Department</i>). 	964	
<ul style="list-style-type: none"> Local Transport Fund (LTF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). 	4,769	
<ul style="list-style-type: none"> Active Travel Fund (ATF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). 	575	
<ul style="list-style-type: none"> Access Improvement Grant from Welsh Government (<i>Environment Department</i>). 	146	
<ul style="list-style-type: none"> Welsh Government Grant for electric vehicle charging and solar ports ((<i>Environment Department</i>). 	902	
<ul style="list-style-type: none"> Housing Enable Grant from Welsh Government to facilitate independent living (<i>Housing and Property Department</i>). 	206	
<ul style="list-style-type: none"> Transforming Towns Programme Grant from Welsh Government towards Penygroes Community Hub Enterprise (<i>Housing and Property Department</i>). 	155	

<ul style="list-style-type: none"> Innovative Housing Grants towards the Segontium site, Caernarfon (<i>Housing and Property Department</i>). 	568	
Other Borrowing		
<ul style="list-style-type: none"> Highways and Municipal Vehicles (<i>Highways and Municipal Department</i>). 	61	
Capital Receipts		
<ul style="list-style-type: none"> Several Schemes including match funding for the Llandygai Recycling Centre (<i>Highways and Municipal Department</i>). 	70	
Departmental Revenue		
<ul style="list-style-type: none"> Contributions from schools towards various schemes including vehicles (<i>Education Department</i>). 	193	
<ul style="list-style-type: none"> Community Food Sharing Hub (<i>Highways and Municipal Department</i>). 	100	
<ul style="list-style-type: none"> Match funding contributions/additional funding towards several schemes (<i>Environment Department</i>). 	63	
<ul style="list-style-type: none"> Transferring an element of the revenue budget to fund Repairs and Maintenance schemes which are now capital by nature (<i>Housing and Property Department</i>). 	1,067	
Capital Fund		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling Ysgol Trefferthyr Scheme (<i>Education Department</i>). 	(1,146)	1,146
Renewals and Other Funds		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling Ysgol Trefferthyr Scheme (<i>Education Department</i>). 	(218)	218
<ul style="list-style-type: none"> Vehicles and equipment renewals - Highways and Municipal Units (<i>Highways and Municipal Department</i>). 	828	

Details of Budget Re-profiling

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

	2021/22 £'000	2022/23 £'000
Schools' Schemes (21 st Century and Other) (<i>Education Department</i>)	(3,331)	3,331
Transport Schemes (<i>Environment Department</i>)	(176)	176
Town Improvements (<i>Environment Department</i>)	(20)	20
Car Park Resurfacing (<i>Environment Department</i>)	(219)	219
Vehicle Charging Points (<i>Environment Department</i>)	(356)	356
Office Adaptation Schemes (<i>Housing and Property Department</i>)	(123)	123
Capitalised Repairs and Maintenance schemes (<i>Housing and Property Department</i>)	(226)	226
Council's Carbon Management Schemes (<i>Housing and Property Department</i>)	(1,351)	1,351
Asbestos Removal Schemes (<i>Housing and Property Department</i>)	(400)	400
Economic Stimulus Schemes and Industrial Units (<i>Housing and Property Department</i>)	(2,925)	2,925
Finance System Upgrade (<i>Finance Department</i>)	(14)	14

Note:

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

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

Capital Expenditure First 5 Months 2021/22

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August)	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO
	2021/22 £'000	31/08/2021 £'000
Education	8,374	1,360
Environment	14,771	2,918
Corporate Support	-	-
Finance (and Information Technology)	1,441	249
Economy and Community	3,221	1,017
Housing and Property	17,681	2,695
Adults, Health and Wellbeing	5,292	420
Children and Supporting Families	1,982	182
Highways and Municipal	10,374	2,411
Consultancy	7,088	-
Corporate	1,328	-
TOTAL	71,552	11,252

Note:

The percentage that has been spent this year (16%) is higher than the position this time last year (amount spent in 5 months in 2020/21 was 13%), but lower than two years ago (19% in 2019/20, prior to the Covid19 disruption).

Agenda Item 8

MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: 14 OCTOBER 2021

TITLE: SAVINGS OVERVIEW:
PROGRESS REPORT ON REALISING SAVINGS SCHEMES

PURPOSE: Report on the Latest Position

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

CABINET MEMBER: COUNCILLOR IOAN THOMAS

CONTACT OFFICER: FFION MADOG EVANS, SENIOR FINANCE MANAGER

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Audit and Governance Committee is expected to scrutinise some financial matters as appropriate.
2. The attached report (Savings Overview: Progress report on realising savings schemes) was submitted to the Cabinet on 12 October 2021.
3. The Cabinet Member for Finance, and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised.
4. The Audit and Governance Committee is requested to note the position and the relevant risks regarding the Savings Overview, consider the Cabinet's decisions and comment as necessary.

Appendices:

Cabinet Report 12/10/2021: Savings Overview: Progress report on realising savings schemes

REPORT TO THE CABINET

Date	12 October 2021
Cabinet Member	Councillor Ioan Thomas, Cabinet Member – Finance
Subject	Savings Overview: Progress Report on Realising Savings Schemes
Contact Officer	Ffion Madog Evans, Senior Finance Manager

1. THE DECISION SOUGHT

- 1.1 To accept the information in the report and to note the progress towards realising the savings schemes for 2021/22, 2020/21 and previous years.
- 1.2 To note that the impact of Covid19 contributed to slippage in the savings program, as the Council had given an unfettered priority to safeguarding the health and lives of the people of Gwynedd in response to the crisis, which meant that the arrangements for challenging performance and savings could not continue over the period of the crisis.

2. INTRODUCTION / BACKGROUND

- 2.1 This report is an overview report on the Council's savings' position for 2021/22, 2020/21 and previous years.
- 2.2 Progress against savings schemes worth £966,720 in 2021/22 and £2,996,190 in 2020/21, together with the savings yet to be achieved from previous years, will be reported following a review of the position at the end of August 2021.
- 2.3 It can now be reported that savings of over £32.7 million have been realised since 2015/16, which is 94% of the required £34.8m over the period. Almost 69% of the revised savings for 2020/21 have been realised with 42% of the 2021/22 savings already realised or on track to deliver on time this year.
- 2.4 Delivering on the individual schemes is the responsibility of relevant Cabinet members, who challenge the performance of the departments, including the progress of the savings schemes. It is the responsibility of the Cabinet Member for Finance to keep an overview of the full picture.

3. RE-ASSESS SAVINGS

- 3.1 The Council has financial planning arrangements that have already identified significant efficiency savings in order to minimise service cuts for Gwynedd residents. In January 2021, the savings schemes were reviewed to assess which historic schemes were now unachievable, and a revised program of savings was drawn up for 2021/22 following the writing off, slippage and re-profiling of the savings schemes.

3.2 The table below shows the value of the savings that were written off or deferred to 2022/23:

Table 1: Savings written off or deferred to 2022/23 :

	Deferred to 2022/23 £	Written off £
2017/18 - 2020/21 schemes	1,037,750	848,040
2021/22 schemes	511,250	595,450
TOTAL	1,549,000	1,433,490

4. SAVINGS SCHEMES 2015/16 – 2019/20

4.1 **Appendix 1** summarises each department's attainment against the savings target that had been set for them from 2015/16 - 2019/20, **a total of nearly £31m. It is encouraging for me to be able to report that nearly £30m, or 98% of these schemes have been realised**, but a risk of realising the savings on a few schemes remains.

4.2 This marginal slippage mainly derives from some 2019/20 schemes, and the challenge of realising them continues.

4.3 There has been a slippage in 9 small schemes worth a total of £187k but the Departments do not foresee a problem in their realisation.

4.4 The remaining 6 schemes totalling £487k have risks to deliver. 4 schemes from the Adults, Health and Well-being Department and 2 from the Highways and Municipal Department. Responding to the Covid crisis has meant slipping some elements of savings schemes, but it may now be necessary to consider whether the savings are truly achievable or whether alternative schemes and approaches need to be proposed to realise the savings.

5. DEPARTMENTAL SCHEMES 2020/21

5.1 **Appendix 2** summarises the situation in terms of realising the savings schemes for 2020/21 based on the closure of the accounts for the year. Of the 129 schemes worth nearly £3m that have been profiled for the year, 99, **worth nearly £1.8m or 60% have been realised**. 30 of the 2020/21 schemes are either slipping or have some risks to achieve.

5.2 Further progress has now been made since closing the accounts for the financial year.

5.3 A total of £867k worth of savings schemes are slipping but are now moving forward while there are £345k worth of schemes where Departments are anticipating risks to achieve the savings.

- 5.4 Of the schemes at risk of delivering the Adults, Health and Well-being Department has 2 schemes with a target of £75k each, namely *Working with the third sector to secure a new provider to take over day care provision in Cricieth and Blaenau Ffestiniog* and *Review physical disability care packages by meeting objectives in an alternative way*. The Department is working to progress the schemes but there are still risks with elements of the work.
- 5.5 There are risks to achieving 3 scheme's savings from the Highways and Municipal Department, namely *Increasing fees for business waste collection* (£25k) and *Closing Cilgwyn* scheme (£35k), which are progressing in 2021/22. The other scheme is *Recycling Centers: charging a fee on traders* and *Charging a fee for the disposal of DIY materials* (£90k). The Department is currently looking at the effects of booking slots in the Centers to see if savings derive from the new arrangements, with the Centers now closed on Sundays, this should also lead to reduced costs.
- 5.6 The Economy and Community Department foresee risks of delivering on 1 scheme namely *The Establishment of parking fees on Dinas Dinlle beach and increasing launch fees across Gwynedd beaches from £10 to £15*, worth £45k. Work is ongoing to incorporate a number of new sites into the Gwynedd Parking Order.
- 5.7 Due to other priorities during 2020/21, the realisation of savings schemes for the year has not been as successful, as departments have responded to additional demands in response to the crisis, which has meant that it was not possible to continue with some of the savings arrangements over the period of the crisis.

6. DEPARTMENTAL SCHEMES 2021/22

- 6.1 **Appendix 3** summarises the position in terms of realising the savings schemes for 2021/22. The total savings target is £967k with a value of £408k, which is 42% of schemes already having realised and a further £216k, or 22% are on track to deliver on time by the end of the financial year.
- 6.2 Clearly the departments have focused on responding to the crisis during the crisis period.
- 6.3 There have been slippages on 4 schemes across the Council totalling £214k but they are progressing which includes 1 scheme each from the Environment Department and the Adults, Health and Well-being Department and 2 schemes of the Highways and Municipal Department.
- 6.4 Risks to deliver savings of 3 schemes across the Council totalling £129k are envisaged which include *Income Generation fraud prevention scheme* (£20k) of the Finance Department, *Review of operating arrangements* of the Adults, Health and Well-being Department (£34k) and *Increase waste collection fees from businesses* by the Highways and Municipal Department (£75k). The Departments are working to progress these schemes.

7. DEPARTMENTAL SCHEMES 2022/23 ONWARDS

- 7.1 The savings schemes for 2022/23 onwards are listed, per Department in **Appendix 4**, but it is currently premature to report on the status of these schemes.

8. CONCLUSION

8.1 It is inevitable that realising over £32.7m in savings (out of a total of £34.8m) since April 2015 has been challenging and I am grateful to all of the departments and Cabinet Members for ensuring this success.

8.2 The table below summarizes the latest position of savings schemes since April 2015 with 94% of all schemes having realised.

Table 2: Summary of the status of all savings schemes since April 2015

Status of Savings	Portal	£m	%
Have realised	1	32.7	94.1
On track to achieve savings in full and on time	2	0.2	0.6
Delay, but moving forward	3	1.0	2.8
Some risks to achieve - slip or fail	4	0.9	2.5
Significant risks to realise in full or partially	5	0.0	0.0
Total savings		34.8	

8.3 Therefore, I ask the Cabinet to note the achievement outlined in this report towards realising the savings schemes. In addition, to note that the impact of Covid contributed to slippage in the savings program and supported departments to move forward with the savings program despite the crisis.

Local Member's Views

Not relevant

Views of the Statutory Officers**The Monitoring Officer:**

No observations to add from a propriety perspective.

Head of Finance:

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

Appendices:

Appendix 1 - Overview of 2015/16 - 2019/20 Savings Schemes per Department

Appendix 2 - Overview of 2020/21 Savings Schemes per Department

Appendix 3 - Overview of 2021/22 Savings Schemes per Department

Appendix 4 - Overview of 2022/23 onwards Savings Schemes per Department

OVERVIEW OF 2015/16 TO 2019/20 SAVINGS SCHEMES PER DEPARTMENT

Department	Total Savings 2015/16 to 2019/20	Schemes have been realised.	In the process of implementation, but has slipped.		Schemes with some risks to be achieved		Remarks of the Head of Finance Department
	£	£	£ - number		£ - number		
Education	1,522,150	1,522,150	-		-		All schemes of the period have been achieved.
Schools	4,037,000	4,037,000	-		-		All schemes of the period have been achieved.
Environment	2,467,783	2,430,283	37,500	1	-		Slippage in the <i>Increase the number of pay and display car parks and increase parking fees</i> scheme worth £37.5k in 2019/20.
Corporate Support	2,094,628	2,094,628	-		-		All schemes of the period have been achieved.
Finance	1,585,906	1,585,906	-		-		All schemes of the period have been achieved.
Economy and Community	2,713,012	2,670,512	42,500	3	-		Slippage with 2 schemes to <i>Reconcile/review parking fees</i> totaling £30k and <i>Delete 1 post from the Tourism and Marketing Service</i> worth £12.5k.
Adults, Health and Well-being	6,385,641	6,013,641	48,000	2	324,000	4	The <i>Automate the Department's financial processes</i> scheme has been partially achieved and in order to meet the £64k shortfall, consideration needs to be given to whether the saving can be achieved by alternative means. In terms of the <i>Integration and Transformation of the Older People's Services</i> scheme which has a target of £210k in 2019/20 there are several factors that contribute to the ongoing challenge of achieving the savings. There has been slippage in 2 schemes namely <i>Increasing income and reducing other costs</i> (£30k) and <i>Merging the Learning and Development and the Workforce Development Unit</i> (£18k). There are some risks of achieving the savings from 2 schemes namely <i>Collaboration with the third sector to take over day care provision in Cricieth and Blaenau Ffestiniog</i> (£25k) and <i>Reviewing physical disability care packages by meeting the objectives in an alternative way</i> (£25k) and the Department is working to gain progress with these.

OVERVIEW OF 2015/16 TO 2019/20 SAVINGS SCHEMES PER DEPARTMENT

Department	Total Savings 2015/16 to 2019/20	Schemes have been realised.	In the process of implementation, but has slipped.		Schemes with some risks to be achieved		Remarks of the Head of Finance Department
	£	£	£ - number		£ - number		
Children and Supporting Families	2,204,488	2,204,488	-		-		The Cabinet on 26 January 2021 approved to delete part of the savings target for the <i>End to End</i> scheme worth £370k up to the end of 2019/20. The rest of the savings schemes have been realised.
Highways and Municipal	5,308,720	5,100,720	45,000	2	163,000	2	There is a risk that the savings from the <i>Fleet Arrangements</i> scheme may no longer be fully realised and it is likely that an alternative scheme will have to be sought to meet part of the target (£133k in 2019/20). Also The <i>Recycling Center Arrangements</i> scheme has a target of £30k of savings in 2019/20 and the Department is currently looking at the impact of a new system at the Centers. There has been a delay with 2 other schemes but progress is being made.
Consultancy	513,500	513,500	-		-		All schemes of the period have been achieved.
Corporate Management Team and Legal	367,380	353,580	13,800	1	-		There is a slippage on the <i>Savings in the Coroner's budget</i> scheme, worth £13.8k, as it is based on a projection that was made a few years ago but it has not yet taken place.
Housing and Property	436,100	436,100	-		-		All schemes of the period have been achieved.
Sub-total	29,636,308	28,962,508	186,800	9	487,000	6	
Managerial Savings	1,200,360	1,200,360	-		-		All schemes of the period have been achieved.
TOTAL	30,836,668	30,162,868	186,800	9	487,000	6	In financial terms (£), 98% of 2015/16 – 2019/20 savings schemes have been realised.

OVERVIEW OF 2020/21 SAVINGS SCHEMES PER DEPARTMENT

Department	Total 2020/21 Savings		Schemes have been realised.		Schemes slipping and with some risks to be achieved		Remarks of the Head of Finance Department
	£ - number		£ - number		£ - number		
Education	367,210	6	367,210	6	-		All schemes for the period have been achieved.
Environment	283,430	21 *	145,310	17	138,120	4	17 schemes were realised and there has been a slippage on 4 schemes namely <i>Achieving savings through cheaper purchases</i> of £20k, <i>Increasing water quality assessment fee</i> by £12.5k, <i>Increasing pay and display car parks and increasing parking fees</i> £82.5k and <i>Rationalisation and Integration of the back office in the Environment Department</i> £23.12k.
Corporate Support	256,840	12	256,840	12	-		All schemes for the period have been achieved.
Finance	170,730	11	150,730	10	20,000	1	Savings of 18 schemes have been realised and there is a slippage in the <i>Generating income by preventing fraud</i> scheme with a target of £20k in 2020/21.
Economy and Community	183,410	18 *	95,910	14	87,500	4	A range of the Department's schemes have been realised. Of the remaining 4, 3 are progressing namely 2 parking related schemes (<i>Reconciling fees for new sites</i> and <i>Review of fees and arrangements at Storiol</i>) and <i>Deletion of 1 post from Tourism and Marketing Service</i> .
Adults, Health and Well-being	583,770	12 *	179,410	6	404,360	6	The Department anticipates some risks to achieving 2 savings schemes namely <i>Collaboration with third sector to secure new day care provider in Cricieth and Blaenau Ffestiniog</i> (£75k) and <i>Review of physical disability packages meeting objectives in an alternative way</i> (£75k). In addition there are 4 schemes where there has been a slippage, namely <i>Better co-ordination of service with the Children and Families Department at the point of transfer age</i> (£15k), <i>Improving work processes by undertaking the Ffordd Gwynedd review and using the finance modules of the new IT system within the Adults Department</i> (£40k), <i>Review of Continuous Healthcare packages</i> (£150k) and <i>Restructuring the Business Service and further reduction of support to frontline teams</i> (£49.36k)

OVERVIEW OF 2020/21 SAVINGS SCHEMES PER DEPARTMENT

Department	Total 2020/21 Savings		Schemes have been realised.		Schemes slipping and with some risks to be achieved		Remarks of the Head of Finance Department
	£ - number		£ - number		£ - number		
Children and Supporting Families	91,250	4	91,250	4	-		The Cabinet on 26 January 2021 approved the removal of the 2020/21 savings target of the <i>End to End</i> scheme worth £318k. The remaining savings schemes have been realised.
Highways and Municipal	729,440	22 *	198,690	9	530,750	13	There are risks of achieving savings of 3 schemes namely <i>Recycling Centers - changing arrangements</i> , <i>Increasing fees for business waste collection</i> and <i>Closing Cilgwyn</i> scheme. The Department is looking at whether these schemes will realise the savings in full or in part. 10 schemes totaling £380,750 have slipped, these appear to be progressing and the Department does not foresee problems in realising the savings.
Consultancy	89,170	5	89,170	5	-		All schemes for the period have been achieved.
Corporate Management Team and Legal	35,860	10 *	29,640	9	6,220	1	There has been a delay in realising the savings of the scheme <i>Reduction of two days in administrative support for electoral and legal service</i> .
Housing and Property	205,080	8	180,080	7	25,000	1	There has been a slippage in the <i>Reduce reliance on temporary accommodation by investing in purpose built accommodation</i> scheme, but it is progressing and the Department does not foresee problems in realising the savings.
TOTAL	2,996,190	129	1,784,240	99	1,211,950	30	In financial terms (£), 60% of 2020/21 savings schemes have already been realised.

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

OVERVIEW OF 2021/22 SAVINGS SCHEMES

Department	Total 2021/22 Savings		Schemes have been realised.		Schemes on track to be completed on time		Schemes slipping and with some risks to be achieved		Remarks of the Head of Finance Department
	£ - number		£ - number		£ - number		£ - number		
Education	65,000	1	65,000	1	-	-	-	-	The one scheme that had a target in 2021/22 has been realised.
Environment	73,750	4	16,250	2	20,000	1	37,500	1	The scheme <i>Achieving cheaper purchasing (eg office equipment and IT)</i> is on track to deliver on time. The <i>Provision of electric car charging points in car parks</i> scheme has been delayed, but is progressing.
Corporate Support	117,750	3	17,250	1	100,500	2	-	-	2 schemes are on track to realise the savings in a timely manner namely <i>The Deletion of one HR officer post and one HR consultant post (20% staff reduction) by changing our operating model (£60k in 2021/22)</i> and <i>Deleting the Organisation Development Service (£40.5k in 2020/21)</i> .
Finance	100,000	3	80,000	2	-	-	20,000	1	There are risks of achieving the savings of the <i>Generating income through fraud prevention</i> scheme (£20k in 2021/22). Two alternative schemes were approved by Cabinet on 28/9/21 to replace the <i>Attracting extra income through an Internal Collection Agency</i> scheme (£75k in 2021/22).
Economy and Community	-	-	-	-	-	-	-	-	No profiled savings target for 2021/22.
Adults, Health and Well-being	78,750	2	-	-	-	-	78,750	2	The Department anticipates some risks in realising the savings of the <i>Review the operational arrangements within the Adults Department</i> scheme (£33.75k). The <i>Better co-ordination of service with the Department for Children and Families at the point of transfer age</i> scheme has been delayed but is progressing (£45k).
Children and Supporting Families	23,170	1	23,170	1	-	-	-	-	The one scheme that had a target in 2021/22 has been realised.

Department	Total 2021/22 Savings		Schemes have been realised.		Schemes on track to be completed on time		Schemes slipping and with some risks to be achieved		Remarks of the Head of Finance Department
	£ - number		£ - number		£ - number		£ - number		
Highways and Municipal	206,250	3	-		-		206,250	3	There are risks of achieving savings from the <i>Increasing fees for business waste collection</i> scheme (£75k in 2021/22). The Covid situation has disrupted commercial agreements and is therefore unlikely to achieve the saving this year. There has been a slippage in realising the savings of the <i>Barmouth Bridge - not paying Network Rail for the right of way over the bridge</i> scheme (£26.25k in 2021/22). The Department is still in discussions with Network Rail. There has also been a slippage in the <i>Changing CCTV system monitored by officers into an 'officer free' system</i> scheme (£105k in 2021/22).
Consultancy	-		-		-		-		No profiled savings target for 2021/22.
Corporate Management Team and Legal	-		-		-		-		No profiled savings target for 2021/22.
Housing and Property	302,050	5	206,670	3	95,380	2	-		Two schemes remaining to be realised and on track for a timely delivery.
Managerial Savings	-	0	-		-		-		
TOTAL	966,720	22	408,340	10	215,880	5	342,500	7	In financial terms (£), 42% of 2021/22 savings schemes have already been realised and a further 22% are on track to be delivered on time by the end of the financial year. Obviously, departments have focused on responding to the crisis during the period since April 2020.

APPENDIX 4

OVERVIEW OF 2022/23 ONWARDS SAVINGS SCHEMES PER DEPARTMENT

Department	Total 2022/23 onwards Savings	
	<i>£ - number</i>	
Education	-	
Environment	12,500	1
Corporate Support	100,000	1
Finance	25,000	1
Economy and Community	255,000	2
Adults, Health and Well-being	1,235,250	4
Children and Supporting Families	303,590	1
Highways and Municipal	497,500	4
Consultancy	-	
Corporate Management Team and Legal	-	
Housing and Property	-	
TOTAL	2,428,840	14

Agenda Item 9

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	17 OCTOBER 2021
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 30 SEPTEMBER 2021
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

- 1.1 The following report summarises the work of Internal Audit for the period from 1 April 2021 to 30 September 2021.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 30 September 2021:

Description	Number
Reports on Audits from the Operational Plan (2020/21)	4
Reports on Audits from the Operational Plan (2021/22)	10

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 30 September 2021, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
IT Asset Management During an Emergency (2020/21)	Finance	Across the Department	Satisfactory	Appendix 1
STEM Gogledd (2020/21)	Economy and Community	Supporting Business	High	Appendix 2
Private Care Home Fees (2020/21)	Adults, Health and Wellbeing	Residential and Day	High	Appendix 3
Street and Parking Enforcement (2020/21)	Environment	Public Protection	Satisfactory	Appendix 4
IT Systems and Security – Data Adequacy	Finance	Across the Department	High	Appendix 5
Harbours Statement of Accounts 2020-21	Finance	Accountancy	High	Appendix 6
Joint Planning Policy Committee Statement of Accounts 2020-2021	Finance	Accountancy	High	Appendix 7
North Wales Economic Ambition Board Statement of Accounts 2020-2021	Finance	Accountancy	High	Appendix 8
Payments to Care Workers (Part)	Finance	Pensions and Payroll	High	Appendix 9
New Starters	Finance	Pensions and Payroll	High	Appendix 10
Welsh Government Business Support Grants	Finance	Revenue	High	Appendix 11
Welsh Church Fund	Economy and Community	Community Regeneration	High	Appendix 12
Housing Support Grant	Housing and Property	Homelessness and Supported Housing	High	Appendix 13
Cleaning Arrangements	Housing and Property	Council Land and Property	Limited	Appendix 14

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

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 30 September 2021:

- Employment Statements (*Corporate*)
- Business Continuity Plans and Lessons Learned (*Corporate*)
- Financial Management Code (*Corporate*)
- Social Economic Responsibilities 2021 (*Corporate*)
- Complaints Procedure (*Corporate*)
- Language Designations (*Corporate*)
- Use of Purchasing Cards (*Corporate*)
- Health and Safety - Playing Areas (*Education*)
- Bonus Payments to Care Workers (*Finance*)
- Business Support Grants (*Economy and Community*)
- Project Management Arrangements (*YGC*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 April 2021 to 30 September 2021, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

IT ASSET MANAGEMENT DURING EMERGENCY

1. Background

1.1 Due to the COVID-19 pandemic, a large number of the Council's Office staff have been working from home where possible. This means that the Council's IT service has had to facilitate this by ensuring that the equipment is available, secure and used correctly by staff.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to manage the Council's IT assets during the COVID-19 crisis. To achieve this, the audit encompassed checking relevant policies, checking the training available to Council staff and reconciling the Council's IT asset registers.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 Access was given to the Council's draft 'Mobile Working Policy'. The policy notes that its aim is to reduce the risks in relation to the following:

Remote working, working from home, use of own devices, legal proceedings against the council for data loss or abuse and damage to the Council's reputation for data loss or abuse. The contents of the policy is appropriate and achieves its purpose.

- 5.2 A number of additional licenses have been purchased for the Virtual Private Network (VPN) service to enable larger numbers of Council staff to work from their homes. Council equipment will allow staff to use their own equipment such as mice and keyboards as long as data from the equipment cannot be stored and moved (a printer with an SD card reader is an example of this). A procedure is in place so that any member of staff working from home needs to contact an officer from the information protection team to request permission before printing work documents at home. The information security team will decide if the request is appropriate in terms of data and information security.
- 5.3 A copy of the Council's mobile phone register was received. The register appears to have a record of the telephone number, telephone network, IMEI, SIM number and the name of the person responsible for the phone. Pay numbers can be entered on the register but are not in most cases. The Category Office Management Project Officer explained that this was a new practice in the last few months as they had noticed that some staff could not be distinguished from each other. From a sample of 15 staff who terminated their employment with the Council between 01/04/2020 and 26/10/2020 and were likely to be IT users, it was found that up to four mobile phones on the register remained in their names. It is the responsibility of Line Managers to inform the IT Service when staff leave and / or their equipment is no longer in use.
- 5.4 A record of the Council's IT assets used by staff such as laptops and computers is stored in the 'TopDesk' system. Of the same sample noted in point 5.3 above, seven out of fifteen former staff members had computers or laptops with their pay numbers as the 'latest user' on the asset register. The remainder of the sample had no records on the register which implies that they were no longer the owner of an asset or that the asset has been distributed to another member of staff upon their departure. Our inquiry into the devices appearing in the names of a former member of staff identified the status of two being 'Donated', one 'Available' and five 'In-Use'. The 'Donated' category means that an asset has been disposed of but not recycled (donated to Council schools or similar organisations). 'Available' means that the asset is available to a member of staff and 'In-use' means that the asset is in use by an associated member of staff. It is not acceptable for five assets associated with former staff members to be listed as 'In-Use'.

6. Actions

The Assistant Head – Information Technology and Senior Data Protection Statutory Officer have committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure that the Mobile Working Policy is approved, available to staff and that staff are aware of the policy.**
- **Develop a module within the Staff Self Service to enable Managers to view the IT assets within their service for which they are responsible and update asset statuses on TopDesk.**

STEM GOGLEDD

1. Background

1.1 STEM Gogledd ('Science, Technology, Engineering and Mathematics in Education and Training') is a project partly funded by the European Social Fund through the Welsh Government, offering opportunities for 11-19 year olds across Gwynedd, Anglesey and Conwy to learn more about Science, Technology, Engineering and Mathematics. STEM is supported by Gwynedd Council, Anglesey Council and Conwy Council as well as Magnox and the Nuclear Decommissioning Authority. The project is expected to run until the end of 2022.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for achieving the objectives of the STEM scheme, by adding value to the curriculum and aiming to inspire and encourage pupils to consider the importance of STEM subjects and their relevance to potential future careers. In order to achieve this, the audit encompassed checking the arrangements in place to achieve the objectives, including ensuring that appropriate agreements were in place, that grant applications were made in a timely and complete manner, and that the performance targets are monitored appropriately.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 A copy of the letter of offer/agreement between Gwynedd Council and the Welsh European Funding Office (WEFO) was signed and dated 13 July 2018.

4.2 Gwynedd Council contributes up to £150,000 match funding for the scheme and is responsible for receiving all match funding contributions from the partners. Documents supporting and approving the funding were seen from the 3 counties, Gwynedd Council, Anglesey Council and Conwy Council.

4.3 It was seen that a risk register has been created and is updated on a quarterly basis. There was evidence that the latest version was created on 01/02/2021. It was seen that all risks associated with the STEM programme have been assessed using Gwynedd Council's Risk Assessment system.

- 4.4 Gwynedd Council is responsible for the budget across the region, as well as preparing and submitting the regional quarterly claims to WEFO. A sample of claims was checked and all parts were found to be complete. Documents sent to WEFO for the period November 2020 – January 2021 supporting the claims were received and found to be appropriate, showing a clear trail to the bank.
- 4.5 There was evidence from external consultants that the progress of the STEM scheme against the targets set by WEFO have been good to date, recognising that the activities have been significantly disrupted by the pandemic. The Monitoring and Finance Officer uses excel spreadsheets for regular monitoring of expenditure, income and 'simplified costs' and for monitoring the beneficiaries. Monitoring information is formally reported to WEFO on a quarterly basis as part of the claim and reporting process.

PRIVATE HOME FEES

1. Background

- 1.1 Recently, a significant increase has been noticed in additional fees charged by private care homes. These are in addition to the placement price and are towards services such as cutting hair, travelling to appointments, and newspapers. The main concern is that the residents do not always receive these services, with the homes using this to their advantage as a means of gaining additional income.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the review of home fees and additional costs conducted by the Department, and the details presented to the Cabinet on March 9th, 2021 were correct and a true representation of the current situation.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Assurance of propriety can be expressed as the internal controls in place can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Following a meeting with the Senior Business Manager and the Project Team Manager, it was confirmed that a thorough investigation of private home fees had already been made, with a report detailing the options available being presented to the Cabinet. As a result, a decision was made not to re-do this work, but rather check that all information and data collected during the investigation had been interpreted correctly, and that the report presented to the Cabinet was a true representation of the situation
- 4.2 The investigation into private home fees has been ongoing since 2019, with restrictions due the recent pandemic having slowed down proceedings. Since then the department has held meetings with the managers of the homes and sent questionnaires in order to gain a better understanding of their financial situation. They have also reviewed the processes of other councils throughout Wales in order to understand and see the implications of changing processes on the department, the residents and the homes.
- 4.3 The consensus is that the standard fee paid by the Council for residents is insufficient at meeting staff costs, training, etc, with the additional fees charged a means to gain additional income to sustain the business.

- 4.4 The data and information above has been presented to the Cabinet and discussed in their meeting on March 9th, 2021, where it was decided to respond to the issues identified by providing additional money to the providers to enable them to pay a true living wage to their staff, and continue with discussions with the Welsh Government with regard to financing the higher costs in this area, in particular staff costs.
- 4.5 It was observed that all information and evidence in the working papers support the report presented to the Cabinet.

ROAD AND PARKING ENFORCEMENT

1. Background

1.1 During a year where many did not travel abroad on holiday, many came to the picturesque areas of Snowdonia. There were instances during the year where a large number of vehicles parked illegally along clearways such as the one between Nant Peris and Penygwryd.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to respond to parking issues following difficulties with visitors overcrowding in popular tourist spots. To achieve this, the audit encompassed checking plans, their implementation and results to ensure they were appropriate, successfully implemented and addressing all parking problems.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 The Council's public website states "The Council manages street parking and Council car parks in Gwynedd. If you do not adhere to the parking rules, you will receive a fine (Penalty Charge Notice) on your vehicle window." The information given highlights the different fines and how to avoid them by parking legally. Adequate information is available to the public about the Council's parking management.

- 5.2 A plan for road signs installed along the road from Nant Peris to Penygwryd was inspected. 'Clearway' signs which mean that a vehicle must not stop at any time at all on the road are placed along it. There were 21 'clearway' signs identified here. Signs showing cars being towed are also placed on the road to further warn drivers.
- 5.3 The staff rota system is thought to be fair and effective as it ensures that many areas are covered regularly. All staff are permanent and there is no increase in staff over the summer. Seasonal posts have been advertised in the past but didn't receive much interest. A financial pot due to COVID means that 3 new jobs have been created in the service, initially on 12 month contracts. It is believed that this will mitigate any risks associated with staffing shortages over the busiest seasons.
- 5.4 WPPP (Wales Penalty Processing Partnership) is responsible for collecting fines charged by Gwynedd Council. At the time of the audit, a report was received from WPPP stating that 1744 out of 1823 fines had been paid and one had appealed since 01/01/2019. The appeal procedure for WPPP is on their website.
- 5.5 At the time of the audit, only Police were allowed to tow illegally parked cars. A towing policy has been drawn up and is in draft stage. Legal representation from the Council is required to check the policy before submitting it to the Cabinet. It is also a concern that the fines (£25 or £35 if paid within 14 days) are insufficient to deter illegal parking. The Council does not have rights to impose higher fines because the figures are set out by national law. A letter was sent to the Welsh Government on 11 November 2020 asking if Gwynedd Council could obtain rights to tow illegally parked vehicles and impose higher penalties. The Council is still awaiting a full response to the inquiry.

6. **Actions**

The Parking Team Leader and Parking and Street Work Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Continue to communicate with Welsh Government to obtain more rights for Gwynedd Council to protect the areas' roads.**
- **Present revised towing policy to the Cabinet.**

DATA ADEQUACY

Background

- 1.1 Data adequacy is a status granted by the European Commission to countries outside the European Economic Area (EEA). The status is given when the Commission believes that the personal data in the country is protected as well as it would be under European legislation.
- 1.2 Following Brexit, there is a risk that the UK's personal data protection arrangements will not be judged as adequate. This could impair the Council's ability to access personal data which it is responsible for if they pass through or are stored in the EEA. A bridging period that allows data to move freely between the UK and the EEA ended on the 30th June 2021.

1. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements are in place to comply with the European Union's data adequacy regulations to avoid problems following Brexit. In order to achieve this, the audit encompassed checking the arrangements for assessing and reporting relevant risks and checking what actions had been taken to mitigate the risks of non-compliance with the relevant requirements.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

- 4.1 Data adequacy is noted on the Brexit risk register with a risk rating of 4 and the Assistant Head - Information Technology is the responsible officer. The main risk identified is: '*Unable to access data stored in the EU*'. Associated risks along with suitable control measure have been identified. This record shows that the relevant risks have been considered by the Council.
- 4.2 Several e-mails were sent by an IT officer to managers in various departments within the Council enquiring whether they were using systems that stored personal data outside the UK. E-mails had also been sent directly to companies that supply the Council to establish their arrangements in respect of data adequacy.

4.3 It was reported that no new training for staff in relation to the General Data Protection Regulations (GDPR) will be required following any decision. The UJ version of GDPR is based on the European regulation and therefore any GDPR training that has been attended in the past remains relevant.

HARBOUR'S ACCOUNTS

1. Background

1.1 The Harbours Act 1964 requires that Gwynedd, as a harbour authority, prepares an annual statement of accounts relating to Pwllheli, Porthmadog, Abermaw and Aberdyfi harbour activities.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to confirm the accounts on the Harbours' annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 Assurance can be given that the Harbours' accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling.

4.2 Based on the tests carried out it was found that a sample of payments were supported with appropriate invoices or receipts, and that VAT had been properly treated. Due to COVID's circumstances, it was not possible to verify forms and receipts of petty cash payments. There was also an appropriate trail for a sample of other transfers made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been appropriately applied. These staffing costs are appropriately recorded in the statement and it was ensured that a sample of these officers had appropriate employment contracts.

4.4 The fixed asset figure on the accounting statements is supported by an asset register.

**JOINT PLANNING POLICY COMMITTEE ACCOUNTS
(GWYNEDD AND ANGLESEY COUNCILS)**

1. Background

1.1 The Joint Policy Committee is a joint committee established in accordance with Section 101 of the Local Government Act 1972 by Gwynedd Council and the Isle of Anglesey County Council. Separate accounts are required for joint committees. As Gwynedd Council is the lead council in respect of the finance and accountancy service for the joint committee, it is Gwynedd Council's responsibility to complete the financial statements.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to confirm the accounts on the Committee's annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 Assurance can be given that the Joint Planning Policy Committee's accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that internal controls could be relied upon to achieve objectives. Appropriate accounts have been kept and bank reconciliations are held as part of activities across the Council.

4.2 Based on the tests carried out it was seen that the sample of payments selected had been supported with invoices relevant to the period in question, and that value added tax had been dealt with appropriately. There was also an appropriate audit trail for a sample of other transactions made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.

NORTH WALES ECONOMIC AMBITION BOARD ACCOUNTS

1. Background

1.1 The North Wales Economic Ambition Board is a collaborative group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. The key objectives include encouraging business investment in North Wales, helping local companies take advantage of supply chain opportunities, and encouraging work-related skills in the region.

2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to confirm the accounts on the Board's annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 Assurance can be given that the North Wales Economic Ambition Board accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling, and risk registers were presented to the Board.

4.2 Based on the tests carried out it was seen for a sample of payments selected that they were supported with invoices, and that value added tax had been dealt with appropriately. There was also an appropriate trail for a sample of other transactions made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.

PAYMENTS TO CARE WORKERS

1. Background

- 1.1 The First Minister, Mark Drakeford announced on the 1 May 2021 that payments of £500 will be made to over 64,000 workers within the care and social industry across Wales as recognition for their hard work during the pandemic's challenging times. At the time, the First Minister said that staff that provide care in homes and in care homes often accept a higher risk and that the additional payment is paid as acknowledgement. At the beginning of June, the payment was extended to include kitchen staff, personal assistants in care homes, agency staff and assisted care home workers.
- 1.2 In a statement, the UK Government announced that they have given £2.3bn to Welsh Government towards supporting people, businesses and public services during the pandemic, however, it was reported that the payments are linked to wages and therefore are subject to income tax and National Insurance.

2. Purpose and Scope of Audit

- 2.1 Purpose of the audit was to ensure that appropriate arrangements were in place to administer payments made under the special payments scheme of £500 that were paid to care workers, in addition to ensure that payments made were valid, accurate and paid in a timely manner to ensure the funds could be re-claimed from the Welsh Government in full. The audit also reviewed the appeals process and arrangements for dealing with late payments.
- 2.2 To achieve this, the audit encompassed reviewing the arrangements for identifying, communicating and validating payments, in addition to reviewing the appeals process, reporting to the Welsh Government and re-claiming payments. This final report verified that the funds have been claimed and received from the Welsh Government together with closing any issues/enquiries raised during the interim report including the closing date for appeals and recovery of duplicate payments.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

- 4.1 Appropriate arrangements were seen to be in place for administrating and processing of payments to care workers applications. The appropriateness of distributing instructions to all staff/managers, external providers and eligible individuals for validating eligibility by the Council was reported in the interim report (issued November 2020).
- 4.2 The application for re-claiming funds presented to the Welsh Government was reviewed before the closing date, March 2021 and it was seen that payments had been received and reconciled correctly and completely (up to 29/03/21).
- 4.3 Duplicate payments have been identified and it was found that Gwynedd Council is responsible for the recovery of five of these payments. It was explained that four of these have been recovered by invoicing and confirmation was received from the Payroll Manager that the other payment had been recovered through the Payroll.
- 4.4 It was seen that the payments had been fully reclaimed up to 31/03/2021 including adjusting the claim to reflect the changes/recovery of the four duplicate payments. However, one of the duplicate payments was invoiced in April after the claim was submitted to the Welsh Government, in addition it was reported that an additional claim had been paid at the end of the period. It was explained that the Welsh Government had approved the claim before implementation. It was found that the report/figures reported to the Welsh Government had been adjusted to reflect these changes, including a further claim for reimbursement having been properly and fully completed.
- 4.5 The claim for reimbursement and the expenditure reported to the Welsh Government was reconciled with the financial ledger and it appears that they reconcile along with the administration charges claimed.

NEW PENSION STARTERS

1. Background

1.1 During the financial year 2020/21 up to December 2020, it was seen that 413 of individuals were established as new payees. The Gwynedd Council Pension Fund administrates pensions for over 50 establishments/employers which includes checking, estimating, processing and authorising new payments. Since the pandemic, the Pension Service's officers have been working from home, with officers visiting the office regularly to scan documents onto the system for implementation. Electronic copies are kept on the operational system Altair, where it is also possible to archive the documents.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place to establish new payees. The audit encompassed selecting a sample of new payees by ensuring that the information and relevant evidence had been received for the purpose of accurate processing.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives

4. Main Findings

4.1 It was seen during the pandemic that the Service could continue to work under the new arrangements without compromising the safety, processing of documents and payments through work flow with an audit trail and it seemed that segregations of duties were implemented appropriately when receiving, estimating, processing and making payments to members.

4.2 A sample was selected at random of new payees from April 2020 to December 2020. From the sample of 20, satisfactory evidence for joining had been received, appropriate checks had been undertaken through requesting for the member's past employment details, estimation of pensions letter were despatched and the application form returned with the decision from the member. TR27 forms were also seen authorising payments and a copy of the letter to the members informing them of the pension payments.

- 4.3 From the sample selected, it was also seen that an audit trail exists showing that checks of details, estimates and payments were made by different officers to ensure segregation of duties.
- 4.4 A sample of 12 payees were checked and it was seen that appropriate evidence was received for estimating the number of years in employment and that they were correctly processed and the amount of payment was in agreement with what was informed to the member.

WELSH GOVERNMENT BUSINESS GRANTS

1. Background

1.1 As part of the Welsh Government financial stimulus package to support Wales' businesses throughout the COVID19 pandemic, two grants were introduced to give financial support to businesses and non-profit establishments. Gwynedd Council, along with other local authorities supported the venture by agreeing to administer the grants.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for checking, administering and processing of applications for COVID19 grants related to Non-Domestic Business Rates (NDR) in Wales, announced by the Welsh Government in March 2020 (worth £25,000 and £10,000) in order to offer financial support to Welsh businesses experiencing financial hardship due to the pandemic. In order to achieve this, the audit scope included selecting a sample of successful applicants, verifying their eligibility for entitlement to the grant and that they were processed correctly.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 A sample of 100 successful applicants were selected, a mixture of applications for grant 1, worth £25,000 and grant 2, worth £10,000, verifying their entitlement and whether the necessary evidence was obtained to support claims received. In accordance with Welsh Government guidelines, it was verified that the businesses were registered on the business rates list as at March 20th, 2020, with every applicant having received prompt payment into the correct bank accounts.

4.2 With many small businesses exempt from having to pay business rates due to their size, therefore without a tax bill, and with no enforcement on these businesses to report on any change of circumstances, for example, if there is a new ownership/ property is sold, many business rates accounts were seen in the name of an old business that may have left the property for years. It was therefore required to identify the property occupant/s at the time the application was submitted in order to identify whether they qualified for the grant. The intention is to update the system with the additional information received during the grant process, e.g e-mail addresses and phone numbers.

- 4.3 It was seen that not all evidence and correspondence received by applicants is kept in the related accounts on DIP, but remain in e-mail inboxes of those who processed the applications. The Taxation Manager confirmed, due to the vast amount of e-mails received, saving them to DIP would be time intensive. At the beginning of the process, so many applications were received, which needed to be paid as a matter of urgency in order to keep businesses viable. He added that staff do not delete their e-mails, and therefore they are available for viewing if required.
- 4.4 According to the spreadsheet containing payment details, approximately 4,700 claims for grant 2 were successful. Internal Audit suggested 9 cases of claimants having received 3 payments, however, further investigation by the Taxation Manager confirmed that 7 of the cases were valid for payment. Investigations were still ongoing regarding the two remaining cases.
- 4.5 A high number of applications were being received daily at the beginning of the grant processing period, with clear warning given to applicants of the rules and the maximum of two grants. Even though every payment was checked during processing, it is not possible to confirm that invalid claims were all detected, some may have been paid as a result of fraud. An external audit is being carried out on behalf of the Government by Audit Wales to look specifically at any fraudulent applications.
- 4.6 At the time of carrying out the audit, it was not possible to submit further claims, however, many applications remained un-processed due to not having met the requirements regarding rateable value. If the Valuation Office were to change the rateable values or transfer the properties to the non-domestic rates list, backdating them to or prior to March 20th, 2020, these applications could be entitled to a payment.

WELSH CHURCH FUND

1. Background

1.1 The purpose of the Welsh Church Fund is to promote and support activities by registered charities. Organisations such as local Eisteddfodau, activities within the arts, education, leisure and sports, conservation and charities that support disabled people can apply for a grant from the fund. Until 2019/20, the fund encompassed Gwynedd, Conwy and Anglesey, with Gwynedd being the host Authority. The fund has now been split between the authorities.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to conduct an independent examination of the Welsh Church Fund accounts for the 2020/21 financial year, in accordance with the requirements of the Charity Commission.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 Where a charity's annual income exceeds £25,000, then an independent examination of the accounts must be carried out in accordance with the Charity Commission's requirements. As income from the fund's investments did not exceed this threshold in the 2019/20 financial year, then no internal audit of the accounts was undertaken. However, following the investment of the fund's monies in order to attract higher interest, the income threshold was exceeded in the 2020/21 financial year.

4.2 In accordance with the requirements of the Charity Commission, assurance can be given that the Welsh Church Fund accounts for the 2020/21 financial year are appropriate. Based on the tests carried out, it was found that an appropriate audit trail supports the figures in the statement.

HOUSING SUPPORT GRANT

1. Background

1.1 A grant in excess of £5 million was allocated to Gwynedd Council by the Welsh Government during 2020-21 as part of the Housing Support scheme. The scheme commissions and funds a number of providers to offer support to vulnerable individuals to retain their tenancy and avoid homelessness, with the aim of enabling individuals to live independently through the provision of housing related support services. The service can be provided at the home of the individual or in a hostel, sheltered homes, or any supported housing. The scheme provides support to a wide range of people, such as older people, people with domestic violence problems, people at risk of homelessness, people with mental health problems, substance misuse as well as learning disabilities.

2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to certify the Housing Support grant's audit certificate for the 2020-21 financial year, by reviewing the costs claimed, as well as ensuring that the Service had complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

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

4. Main Findings

4.1 Assurance can be given that the Housing Support grant audit certificate for the 2020-21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives.

CLEANING ARRANGEMENTS

1. Background

1.1 The cleaning arrangements for Council offices and buildings come under the control of the Housing and Property Department which has responsibility for over 50 locations and up to 100 staff working in part-time roles.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that office and site cleaning arrangements were appropriate. To achieve this, the audit encompassed reviewing the arrangements and ensuring that the work is programmed effectively with available resources, guidelines have been communicated clearly to staff to ensure consistency and quality, as well as health and safety of employees.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	1
MEDIUM	4
LOW	0

5. Main Findings

5.1 The cleaning service's working arrangements have been consistent, with much of the work filed on paper only as well as verbal or telephone communication. Although this is to be expected as the staff are manual workers, it would be beneficial to review some of the arrangements to determine whether it is possible to find different ways of working and take advantage of the technology available.

- 5.2 General guidelines are available for staff on how conduct cleaning tasks. These are used for main Council offices as well as any other locations. There is no detail as to the content and expected time to complete the work or any specific requirements at some sites. The staff seem to know these details but they are not necessarily documented.
- 5.3 No central record is kept of the details of all cleaning staff. It would be advantageous to keep any details 'live' on a system such as iGwynedd to ensure access to other officers and ensuring continuity of service in a situation when officers are absent.
- 5.4 Any guidelines and service level agreement are based on the cleaning hours and supervision that predated the restructuring and efficiency savings. Some aspects need to be reviewed to check if they need updating in order reflect the resources currently available.
- 5.5 The service provision includes some cleaning contracts outside the Housing and Property Department such as the Crematorium or Trunk Road Agency. An example of a cleaning specification was seen at the Trunk Road Agency which is more comprehensive than the general cleaning guidelines and identifies all site cleaning needs. Although staff are aware of the requirements a cleaning specification is very useful for staff who are new or not familiar with the site and also useful for monitoring requirements, challenging performance or to refer to in the event of a complaint or disagreement between the cleaning service and the client.
- 5.6 The supplier framework appointed by the Procurement Unit includes Lyreco as the lead supplier for cleaning products. In the wake of the Covid 19 pandemic and especially at the beginning of the first lockdown with cleaning and disinfecting goods necessary, stock shortages led to ordering through any supplier who could fulfil the order quickly. It was essential that the supplier was able to provide a reliable and timely service which resulted in the use of suppliers outside the framework. In addition, some purchases were found to have been made directly by staff during this period with costs incurred being reclaimed through the self-service system. As a result of the pandemic many supplies of extra cleaning and disinfecting products are ordered centrally and provided to departments as required.
- 5.7 There is no set procedure for controlling and checking general stock of cleaning products. The stock is usually ordered at the request of the cleaning staff. Most of the stock is delivered and stored at the main offices which requires the use of staff resources to transport to the other locations. A more efficient arrangement with dedicated stores at all sites where appropriate provides the opportunity to make larger orders, with suppliers delivering directly to the locations reducing the use of staff resources and the need for staff to carry chemicals.

5.8 As a result of the Covid 19 pandemic, cleaning requirements have reduced while offices were vacant in some locations. However, there were additional cleaning needs in public places and disinfecting needs as well as significant increases in locations such as the Crematorium. As a result, the staff hours worked remained mostly consistent. Analysis of the data showed that basic staff hours have decreased slightly during the pandemic but overtime hours have increased. This was not obvious initially because of a mistake with overtime coding in the financial ledger for the year 2020/21 which had been placed against the basic working hours code.

6. Actions

The Facilities and Cleaning Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Keep a central record of staff contact details on a system such as iGwynedd to ensure continuity of service.**
- **Revisit the supplier framework and discuss if there is a need to amend the list of approved suppliers.**
- **Review working guidelines and service level agreement and update if applicable.**
- **Review the arrangements for external cleaning and prepare a specific specification as part of every agreement.**
- **Review stock control and delivery arrangements.**

Agenda Item 10

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	17 OCTOBER 2021
TITLE	INTERNAL AUDIT PLAN 2021/22
PURPOSE OF REPORT	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2021/22 AUDIT PLAN
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

1.1 This report is a progress report on completion of the 2021/22 Internal Audit Plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2021/22 internal audit plan is included in Appendix 1 with the status of the work as at 30 September 2021 noted, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	27
Working Papers Created	3
Field Work Started	9
Draft Report Issued	4
Final Report Issued	10
Total	53

2.2 The service aims to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2022. The quarterly profile of this indicator is as follows:

End of quarter 1	8%
End of quarter 2	20%
End of quarter 3	50%
End of quarter 4	95%

2.3 As seen from the table above, Internal Audit's actual achievement up to 30 September 2021 was **18.87%** - out of **53** individual audits contained in the 2021/22 plan, **10** had been released in a finalised version/completed.

3. RECOMMENDATION

- 3.1 The Committee is asked to note the contents of this report as an update on progress against the 2021/22 audit plan, offer comments thereon and accept the report.



Internal Audit Plan 2021/2022

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
CORPORATE						
1-CORFF-09/2022/001	Supporting Ffordd Gwynedd Reviews	15.00	0.00	15.00	1.81	Planned
1-CORFF-11/2022/001	Employment Statements	8.00	0.00	8.00	9.28	Draft Report Issued
1-CORFF-15/2022/001	Climate Change	15.00	0.00	15.00		Planned
1-CORFF-19/2022/001	Safeguarding Arrangements	15.00	0.00	15.00	2.43	Planned
1-CORFF-19/2022/002	Safeguarding Arrangements - Establishments	4.00	0.00	4.00		Planned
1-CORFF-20/2022/001	Business Arrangements as a result of Covid-19	15.00	0.00	15.00		Planned
1-CORFF-20/2022/002	Business Continuity Plans (across the Council) and Lessons Learned	20.00	0.00	20.00	15.66	Field Work Started
1-CORFF-20/2022/003	Test, Trace and Protect Service	125.00	0.00	125.00	5.18	Field Work Started
1-CPGV-01/2022/001	Brexit	15.00	0.00	15.00	1.66	Planned
1-CPGV-01/2022/002	Financial Management Code	15.00	0.00	15.00	12.78	Field Work Started
1-CPGV-01/2022/003	Economic Social Responsibilities 2021	10.00	0.00	10.00	9.68	Draft Report Issued
1-CPGV-01/2022/004	Complaints Procedure	10.00	0.00	10.00	11.80	Draft Report Issued
1-CPGV-01/2022/005	Language Designations	12.00	0.00	12.00	1.15	Field Work Started
1-CPGV-02/2022/001	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	40.00	0.00	40.00	29.61	Field Work Started
2-ADN-CGC-DPA/2022	Information Management - Establishments	5.00	0.00	5.00		Planned
AE-TAL-06/2022001	Use of Purchasing Cards	25.00	0.00	25.00	2.89	WP Created
EDUCATION						
Resources						
4-DAT-X-ADD/2022/001	Pupill Development Grant	10.00	0.00	10.00		Planned
4-DAT-X-ADD/2022/002	Regional Consortia School Improvement Grant	15.00	0.00	15.00		Planned
4-DAT-X-ADD/2022/003	Post-16 provision in Schools Grant	3.00	0.00	3.00		Planned
EADDA02/2022/001	Cwmni Cynnal - Services to Schools	25.00	0.00	25.00		Planned
EADDA29/2022/001	Health and Safety - Playing Areas	20.00	0.00	20.00	9.84	Field Work Started
Schools						
EADDA35/2022/001	Schools - General	5.00	0.00	5.00		Planned

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
ENVIRONMENT						
Public Protection						
2-ADN-GYC/2022/001	Food Hygiene	15.00	0.00	15.00	2.78	WP Created
Transportation and Street Care						
3-RHE1-X-GRANT/2022	Local Transport Fund	12.00	0.00	12.00		Planned
Countyside and Access UNit						
3-AMG-GWLAD/2022/001	Countryside Grants	12.00	0.00	12.00		Planned
FINANCE						
Across the department						
AW-TG-12/2022/001	IT Systems and Security - Data Adequacy	15.00	0.00	15.00	14.11	Final Report Issued
AW-TG-12/2022/002	Disaster Recovery Arrangements	15.00	0.00	15.00	6.99	WP Created
Accountancy						
AN-ACY-02/2022/001	Project Management - Upgrading E-Financials	12.00	0.00	12.00		Planned
AN-ACY-08/2022/001	Harbours Statement of Accounts 2020-21	4.00	0.00	4.00	6.62	Final Report Issued
AN-ACY-08/2022/002	Joint Planning Policy Committee Statement of Accounts 2020-2021	4.00	0.00	4.00	4.27	Final Report Issued
AN-ACY-08/2022/003	North Wales Economic Ambition Board Statement of Accounts 2020-2021	10.00	0.00	10.00	4.95	Final Report Issued
Pensions and Payroll						
AL-CYF-01/2022/001	Changes in Standing Data	12.00	0.00	12.00	0.14	Planned
AL-CYF-18/2022/001	Payments to Care Workers (Part 2)	10.00	0.00	10.00	3.81	Final Report Issued
AL-CYF-18/2022/002	Bonus Payments to Care Workers	15.00	0.00	15.00	2.01	Field Work Started
AP-PEN-11/2022/001	New Starters	12.00	0.00	12.00	5.57	Final Report Issued
Revenue						
AC-TR-01/2022/001	Welsh Government Business Support Grants (2021-22)	25.00	0.00	25.00	16.00	Final Report Issued
ECONOMY AND COMMUNITY						
Community Regeneration						
EADDZ-01/2022/001	Welsh Church Fund	3.00	0.00	3.00	3.05	Final Report Issued
Record offices, museums and the arts						
EDIW-MU-03/2022/001	Storiell	6.00	0.00	6.00		Planned
Business support						

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
DDAT-AD-04/2022/001	Business Support Grants	15.00	0.00	15.00	17.95	Draft Report Issued
Maritime and country parks						
EHAMT-01/2022/001	Beach Management Plan	10.00	0.00	10.00		Planned
Strategy and development Programmes						
DDAT-AD-05/2022/001	North Wales Economic Ambition Board	20.00	0.00	20.00		Planned
DDAT-CON-01/2022/001	Llanbedr Project	12.00	0.00	12.00		Planned
ADULTS, HEALTH AND WELLBEING						
Across the department						
GCC-02/2022/001	Liberty Protection Safeguards	10.00	0.00	10.00		Planned
Adults						
GGWAS-H02/2022/001	Debtors	30.00	0.00	30.00		Planned
Residential and Day						
GDAPRH01/2022/001	Safeguarding Clients' Assets	15.00	0.00	15.00	4.64	Planned
CHILDREN AND FAMILY SUPPORT						
Children and Families						
GGWAS-P03/2022/001	Risk Assessment Arrangements and Training Programme	12.00	0.00	12.00	6.70	Field Work Started
GGWAS-P06/2022/001	Statutory Assessments (AMHP)	20.00	0.00	20.00		Planned
HIGHWAYS AND MUNICIPAL						
Highways Maintenance and Municipal						
PBW-02/2022/001	Land Maintenance	15.00	0.00	15.00		Planned
PZ01/2022/001	Risk Assessment - Highways Maintenance	15.00	0.00	15.00		Planned
HOUSING AND PROPERTY						
Homelessness and Supported Housing						
GDAPR-SP01/2022/001	Housing Support Grant	10.00	0.00	10.00	9.22	Final Report Issued
Council Land and Property						
BA-EID-04/2022/001	Smallholdings	12.00	0.00	12.00		Planned
M-GMG-G02/2022/001	Cleaning Arrangements	15.00	0.00	15.00	14.58	Final Report Issued
GWYNEDD CONSULTANCY						

Audit Code	Audit Name	Original Plan	Adjustment	Revised Plan	Actual Days	Audit Status
Across the department						
PYMG-CON/2022/001	Project Management Arrangements	20.00	0.00	20.00	5.76	Field Work Started

Committee	Audit and Governance Committee
Title of Report	Overview of the Apprenticeships Project
Purpose of the Report	To provide an overview of the Apprenticeships Project highlighting successes, challenges and developments The Audit and Governance Committee is invited to consider the information
Date of Meeting	14.10.21
Author	J Carey Cartwright (Alun Lloyd Williams)
Head of Department	Geraint Owen
Cabinet Member	Councillor Nia Jeffreys

1. Background

1.1 The Case for Establishing an Apprenticeship Scheme

- 1.1.1 It is vital to continually reconcile and improve skills levels in Gwynedd to respond to future challenges, secure a positive future and keep our young people living in the area. The Council has an opportunity to lead the way by offering apprenticeships of the highest quality, mainly through the medium of Welsh.
- 1.1.2 Apprenticeships is one of the priorities within the Council Plan for 2018 - 2023.
- 1.1.3 It is an effective way of responding to the Council's workforce planning needs. 'To get the right people, with the right skills, in the right places, at the right time'.
- 1.1.4 After researching the jobs that were filled in 2016 in the Council, it was estimated that approximately 54% of those jobs would be suitable as apprenticeships.

1.2 What is an Apprenticeship?

- 1.2.1 An opportunity for individuals to learn by working in any field, receiving training, gaining skills and qualifications, whilst earning a salary.
- 1.2.2 The individual could be in a new job that has been created specifically for an apprenticeship or in an existing job.
- 1.2.3 Apprentices can be of any age over 16.
- 1.2.4 The duration of apprenticeships can vary, but they usually last two or three years.
- 1.2.5 An apprenticeship is a combination of experience and training at work, and studying in an educational institution e.g. one day a week.

- **Foundation Apprenticeship** - Level 2 (equivalent to GCSE Level)
- **Apprenticeship** - Level 3 (equivalent to A Level)
- **Advanced Apprenticeship** - Levels 4 and 5 (equivalent to HNC/HND/Foundation Degree)
- **Degree Apprenticeship** - Levels 6 and 7 (equivalent to Degree / Higher Degrees)

1.3 Relevant Considerations

- 1.3.1 The 'Aligning the Apprenticeship Model to the needs of the Welsh Economy' report outlines the Welsh Government's vision to develop vital skills in priority fields and the economy in Wales.
- 1.3.2 The Apprenticeship Levy (0.5% of the payroll bill) was introduced in April 2017 to encourage employers and businesses to invest in apprenticeships.
- The Council contributed approximately £685,000.00 to the levy in 2019/20, but during this time it took advantage of qualifications worth £680,000.00.
 - The Council will contribute approximately £700,000 to the levy for 2021/22. The amount recovered will not be as high, however, we are confident that we will be able to reclaim amounts that will at least match the levy in future.
- 1.3.3 Paying a fair wage to new apprenticeships, equivalent to the *National Minimum Wage / National Living Wage*.
- 1.3.4 The Council receives no contribution towards the costs of employing apprentices, but the levy gives access to developmental costs (the qualifications and training elements only).
- 1.3.5 The 'Talented Women for a Successful Wales' report by Welsh Government highlights the significant under-representation of women in high level jobs (less than 10%) and in STEM sectors (Science, technology, engineering and mathematics).
- 1.3.6 Our duty as a Corporate Parent is to ensure opportunities for looked after children, by offering access to training opportunities that are specifically tailored for them.
- 1.3.7 Several services have expressed an interest in employing apprentices and have made a partial commitment to co-finance this.

1.4 Approval and Funding for the Scheme

- 1.4.1 Leadership Team Meeting 31.07.18:
An initial report was submitted to the Leadership Team outlining the importance of apprenticeships to the organisation, and presenting a case for establishing a fund for future apprenticeships. Guidance was sought on establishing a £300,000 fund that would enable the Council to employ up to 20 new apprentices on two-year contracts.

1.4.2 Leadership Team Meeting 18.12.18:
Received confirmation of support with guidance to submit a formal bid to the Cabinet for funding to establish and implement an Apprenticeship Scheme within the Council.

1.4.3 Cabinet Meeting 22.1.19:
The Cabinet committed £300,000 from the Council Plan Fund to establish the apprenticeships scheme to employ up to 20 new apprentices in 2019.

1.5 Initial Challenges

1.5.1 Varied perception of what apprenticeships are. It is essential to change the mindset on vocational routes across sectors and educational establishments. This involves acknowledging the value of vocational development in the same way as academic development.

1.5.2 Lack of bilingual provision for advanced apprenticeships in Wales.

1.5.3 Provision for some key areas e.g. translation, Health and Safety, are either not available or need substantial time to develop.

2. **2019-20**

2.1 Recruitment

2.1.1 Ambition for 2019-20

- Appoint up to 20 apprentices by the end of the year.
- Create high quality apprenticeships in the priority areas and in key jobs.
- Ensure equal opportunities for women and men and encourage young people to venture.
- Ensure a Welsh language provision of the highest quality.

2.1.2 Progress: By March 2020, 17 apprenticeships were appointed in 10 different fields

- 11 women and 6 men
- 2 apprentices under 18 years old, 11 apprentices between 18 and 24, 4 apprentices 25+.

	APPRENTICESHIP	LEVEL	JOBS
1	Digital IT Degree (IT)	Degree	2
2	Civil Engineering (YGC)	Apprenticeship	2
3	Customer Liaison and Registration (CG)	Apprenticeship	2
4	Social Media and Marketing (Byw'n Iach)	Apprenticeship	1
5	Adults Health and Social Care	Foundation	2
6	Advanced Adults Health and Social Care	Advanced	2
7	Care - Children's Learning and Development	Apprenticeship	2

8	Civil Engineering (Highways and Municipal)	Apprenticeship	1
9	Post-16 Team Youth Work (Youth)	Apprenticeship	1
10	Business and Administration (CG)	Apprenticeship	2

2.2 Lessons Learnt

- The importance of a thorough, targeted promotional campaign, using several different methods such as social media, apprenticeships fair, articles in the local papers, apprenticeships week and apprentices' panel.
- Preparing and supporting line managers to support apprentices requires a significant investment of time.
- The apprentices need robust support e.g. monthly reflection meetings to reflect on their learning and development and note any difficulties or obstacles.

2.3 Further Approval and Funding for the Scheme

2.3.1 Leadership Team Meeting 16.03.21:

A further report was submitted to the Leadership Team highlighting the initial success of the apprenticeships scheme and submitting a case for allocating more funding. It was approved to submit an application to the Cabinet for an additional £600,000 over three years to aim to offer at least 20 apprenticeships a year during the funding period.

It was noted that this would:

- Be in addition to the apprenticeships already created
- Enable the provision of crucial support and administration (which is becoming increasingly difficult within existing resources)
- Enable developing the scheme to work more with small businesses, local contractors and community enterprises to establish and support new apprenticeship jobs.

2.3.2 Cabinet Meeting 18.05.21:

An application for an additional £600,000 over three years (in addition to an amount of £500,000 for the Cynllun Yfory Scheme for Managers and Experts).

3. **2020-21**

3.1 Recruitment

3.1.1 Ambition for 2020-21

- Appoint 18 additional apprentices in 9 fields
- These will be funded in part by the original £300,000 investment.

3.1.2 Fields

NO.	TITLE	DEPARTMENT	LEVEL	JOBS
1	Customer Liaison and Registration Apprentice	Corporate Support	3	1
2	Childcare Apprentice	Children and Families	3	2
3	Adults Care Apprentice (North)	Adults, Health and Well-being	2	1
4	Adults Care Apprentice (South)	Adults, Health and Well-being	2	1
5	Administration and Business Apprentice	Corporate Support	3	1
6	Learning Disabilities Apprentice - Residential	Adults, Health and Well-being	2	1
7	Learning Disabilities Apprentice - Support	Adults, Health and Well-being	2	1
8	Civil Engineering Apprentice	YGC	3	1
9	Digital Degree Apprentice	Finance	6	1
10	Street Lighting Electrician Apprentice	Highways and Municipal	3	2
11	Civil Engineering Apprentice	ACGCC	3	2
12	Business Apprentice	ACGCC	3	1
13	Cyber Security Degree Apprentice	ACGCC	6	1
14	Civil Engineering Apprentice	Highways and Municipal	3	1
15	Social Media and Digital Marketing Apprentice	Byw'n lach	3	1

4. September 2021 Summary

4.1 Recruitment

30 apprentices have been recruited since the Apprenticeships Scheme commenced in 2019

- 17 apprentices were recruited in 2019-20
 - 9 of the apprentices in 2019-20 have already accepted a job at the Council
- 13 apprentices have been recruited so far in 2020-21
 - 7 women and 6 men (including women in the fields of Cyber Security and Electrical)
- 7 other jobs to be advertised before the end of the 2020-21 year
 - This includes two more jobs than the original ambition noted for the period (see 3.1.2)
 - Mechanic Apprentice
 - Communication and Engagement Apprentice

This will be a total of **37 apprentices** by the end of 2021 (if we can fill every vacancy).

4.2 Achievements

- The support for the Apprenticeships Scheme has been excellent - from a member of parliament, the cabinet, Heads of Department, site managers, parents and educational organisations.
- The Apprenticeship Scheme has attracted a high number of quality applications.
- Effective recruitment process has led to appointing a higher than expected number of apprentices including women in technical fields.
- The Council will have recruited 37 apprentices with the original investment of £300,000 made in 2019. The numbers are much higher than the original target. The main reason for this is that the services have been able to contribute more than expected towards the salary.
- Appointments in priority fields including degree apprenticeships in Information Technology, Health and Social Care and the Civil Engineering field.
- The appointed apprentices live across a wide geographical area (Dwyfor 4, Meirionnydd 3, Arfon 21, Anglesey 1)
- Although there is a lack of quality bilingual provision for apprentices, especially on higher levels, the Council has encouraged providers to offer most of their provision through the medium of Welsh. To this end, we have introduced the "Statement of Ambition for the Welsh Language for Gwynedd Council Apprenticeships" which outlines linguistic expectations for the apprentice, the Council and the provider and highlights our ambition. Every provider and apprentice have signed up to the statement and committed to the expectations.
- The feedback from managers and teams about our apprentices has been positive on the whole e.g. feedback about Aimee Parry who works as an apprentice at Maesincla Residential Home - "I cannot praise Aimee enough. For a young woman she has been fantastic. All the staff praise her. She looks for something to do and does it without any fuss. Aimee has become a key part of our team here".
- A satisfaction questionnaire was sent to our apprentices, and generally the results suggest that our apprentices are very satisfied. The following is an overview of the findings:
 - The current apprentices' assessment is either "Good" or "Excellent" for most of the apprenticeship elements.
 - In choosing words to describe their apprenticeship, most have selected 'Eye opening', 'Prepared me well for the job', 'interesting, lots of experiences' and 'challenging' as the most suitable descriptions.
 - The apprentices have written a sentence to describe their apprenticeship so far including - " I have enjoyed every second of being a Gwynedd Council apprentice. I feel that the apprenticeship has given me a lot of support with my self-development, which has enabled me to reach my true potential."

5. Looking to the Future

- We will begin investing the £600,000 approved in May after appointing each of the 37 apprenticeships that have already been established.
- Numbers (5 years) - 'conservative' estimate

		SEPTEMBER 2022	SEPTEMBER 2023	SEPTEMBER 2024	SEPTEMBER 2025
Apprentices	New	20	20	20	20
	Current	10	15	20	20
TOTAL		30	35	40	40

- Developing 'Joint apprenticeships'
 - We will be looking at the possibility of establishing joint apprenticeships with local companies and contractors, in maintenance fields (e.g. Joiner, Electrician, Plumber).
 - The Council will support the companies and the contractors to establish the apprenticeship and possibly contribute to the wage of the apprentice.
- The Organisational Learning and Development Team are carefully quantifying the work to identify the staff resource required to address the increasing 'demand'.

Agenda Item 12

Committee	Audit and Governance Committee
Title of Report	Keeping the Benefit Local
Purpose of the Report	This report is submitted following the Audit Committee's request for an update on the progress of one of the priority projects within the Council Plan, namely the Keeping the Benefit Local Project .
Date of Meeting	14.10.21
Author	Arwel Evans, Procurement Manager
Head of Department	Geraint Owen
Cabinet Member	Councillor Nia Jeffreys

Purpose of the project:

The Council is responsible for buying a broad range of goods and services and is keen to try to ensure that local businesses can compete for and win these contracts. This in order to ensure that as much of the Council's expenditure as possible stays in Gwynedd for the benefit of the local economy.

To facilitate this, we have introduced new procurement arrangements in the Council since April 2016 and have established specific Teams that are responsible for coordinating procurement activities. We call these procurement arrangements 'Category Management'. These Category Teams focus on Procurement activities in three specific areas, which are i) Environment, ii) People and iii) Corporate. These teams are based within the following departments: Highways and Municipal, Adults, Health and Well-being and Environment, but they are all supported by the central Procurement Service, which is based within the Corporate Support Department.

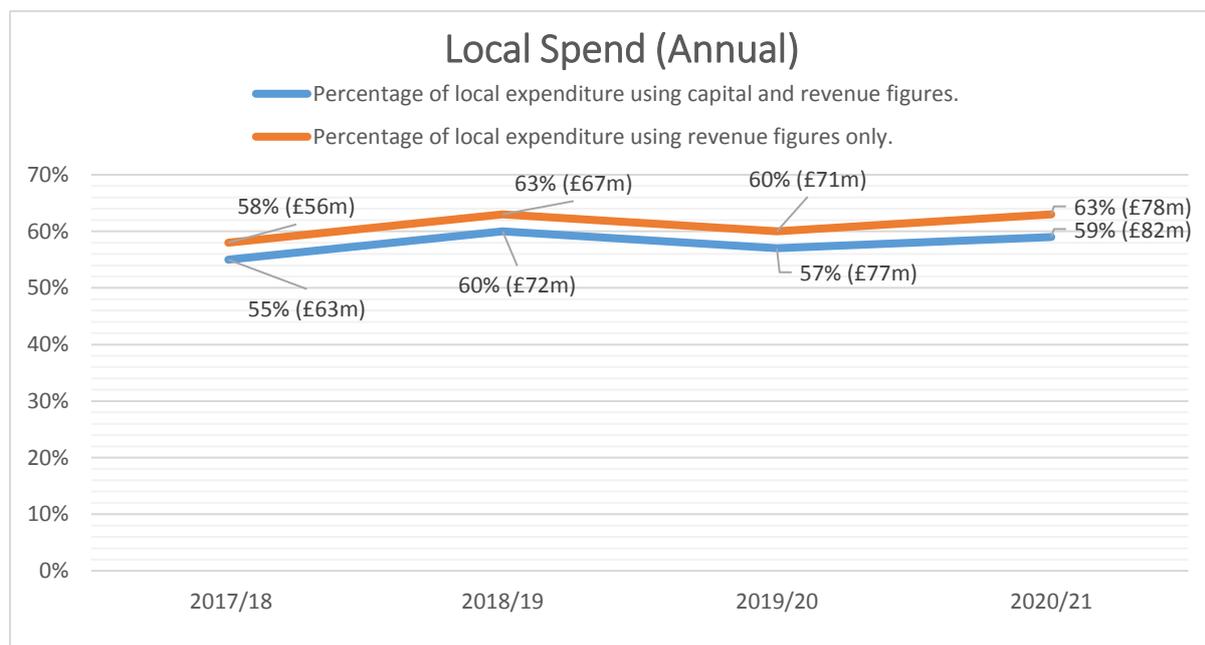
Over the past eighteen months, in response to the challenges posed by the pandemic, the Category Teams and central Procurement Service have been involved in arrangements for securing supplies of Personal Protective Equipment (PPE). The three Category Teams have been a key part of these arrangements and continue to be involved with the purchasing, distribution and stock management aspects. The People Category Team also deals directly with older people's homes and wider social services. This led to a reduction in the overall Procurement activity over that particular period, which will inevitably affect the project's progress in the short term.

Measures of Success: Keeping the Benefit Local:

The main measure for measuring the success of the project is as follows:

- The percentage of local procurement expenditure with businesses within the County (Capital and Revenue Expenditure Plans)

The following graph illustrates the Council's performance over the past four years:



As seen above, the percentage has improved over this time, with the expenditure increasing from £56m in 2017/18 to £78m in 2020/2021 (a 39% increase).

In terms of the distribution across the Category Teams, this is illustrated in the following table:

Category Team	Local Percentage – Revenue Expenditure only		
	2018/19	2019/20	2020/21
Corporate	59% (£22.8m)	55% (£23.3m)	55% (£24.18m)
Environment	40% (£6m)	35% (£5.5m)	38% (£5.46m)
People	74% (£38.2m)	72% (£42.1m)	71% (£48.36m)
Total Local Expenditure	£67m	£71m	£78m

As can be seen from the table, the performance varies according to Category Team, but this is due to the nature of the relevant purchasing categories. For example, most of the expenditure within the People Category Team relates to commissioning a care provision, where the majority of the providers are based in Gwynedd. However, in the Environment Category Team, there are no local suppliers available of core materials for the Highways and Municipal area of work, therefore the local expenditure is lower as a result.

In order to further improve performance, there are a range of work streams that collectively contribute to increasing the percentage of local procurement expenditure. Below is a summary of these work streams:

1. Market Support Schemes

There are a range of plans being implemented with the aim of supporting the market to submit tenders for work. These include working alongside the Economy and Community Department to identify what support is needed by local suppliers. At present, the teams provide support by:

- Supporting Local Businesses to tender – assistance packs to support suppliers to gain Health and Safety accreditations (SSIP), use of Civil Engineering contracts (NEC4) and respond to Well-being Act questions in tenders.
- Preparing the Market – they arrange and hold meet-the-buyer sessions with the teams, various construction, transport and care field contracts.

Market participation varies from scheme to scheme, but it is generally very difficult to get the market to commit to taking advantage of all the support that is available.

2. Innovative Procurement – Social Value Procurement Model

This work stream is new this year and is currently being piloted. The aim is to introduce a new tender assessment methodology throughout the Council in future that will enable the Council to include a Social Benefit for Gwynedd clause as a basis for assessing the tenders.

In practice, this will mean assessing tenders using a combination of price, quality and social benefit. This introduces a new scoring aspect which means that companies are required to identify what benefits they can deliver to the County beyond achieving the core requirements of the contract e.g. companies can offer employment to staff, provide an apprenticeships scheme or provide work experience opportunities etc.

Using the social benefit clause will mean that local companies will have new opportunities to demonstrate their contribution to the local economy if they are awarded a contract by the Council.

The pilot referred to above has now reached a stage where the first contract has been offered to a supplier using the new methodology. In this case the value of the contract was calculated as £181k, but the social benefit to Gwynedd was calculated as being £105k.

As a result, the winning company have committed to employ three officers who live in Gwynedd, conduct four training sessions for social care students, provide 4 weeks of work experience for two students, offer 20 hours' worth of voluntary time to support local charities, and they have committed to 2.5 hours a week to further develop the workforce's Welsh language skills.

Without a doubt, had the Council not included the Social Benefit clause in the tender, these benefits would not have been available to Gwynedd. This is therefore a sign of the possible potential from applying the new methodology across the Council. We now intend to continue to run the pilot and identify opportunities across the three Procurement Category Teams.

3. Future Procurement Legislation

In light of Brexit, new Legislation concerning local procurement has been published for low value contracts. Consequently, we have introduced a change to the procurement regulations that now allow us to advertise opportunities within the County only. In introducing the new arrangements to the Category Teams we have also attempted to identify the main categories where we can take advantage of this arrangement.

It is fair to note that these opportunities will be limited due to the thresholds set by the Government, but it does present another opportunity that the Council can use to increase the rate of Keeping the Benefit Local.

Therefore, to summarise, we have made good progress over the past four years to increase the percentage of the Council's expenditure that stays local. However, the past 18 months have been extremely challenging and have hindered the Council's ability to further improve on that percentage. The work that is in progress to recover the economy and day to day activities will mean that opportunities will emerge to improve the situation, but taking advantage of those opportunities will depend on the Council's ability to respond effectively.

Agenda Item 13

MEETING	AUDIT AND GOVERNANCE COMMITTEE
DATE	14 October 2021
TITLE	Recommendations and Improvement Proposals of External Audit Reports
PURPOSE	Ensure that the Audit Committee satisfies itself that the actions created in response to recommendations in external audit reports are realised.
AUTHOR	Geraint Owen, Head of Corporate Support Department

1 The decision sought/purpose of the report

- 1.1 The Committee will need to satisfy itself that appropriate arrangements are in place in order to ensure that the improvement proposals that arise from external audit reports are implemented.

2 Introduction

- 2.1 The Audit and Governance Committee has a responsibility to consider external audit reports (national, and those local to Gwynedd), the recommendations contained in them, and the implications of these for governance, risk control or management.
- 2.2 The role of the Audit and Governance Committee in this matter is to satisfy itself that arrangements and processes are underway to ensure that these improvement proposals are implemented, and the Committee should not duplicate an investigation into matters that are within the remit of one of the other scrutiny committees. However, if the Committee is of the view that the arrangements - including the operation of one of the Scrutiny Committees - are inadequate, it may call in any matter for further consideration, either to the full committee or to the Controls Improvement Working Group.
- 2.3 The role and responsibilities of the Committee in the context of performance audit work has been confirmed in a letter from Derwyn Owen, Audit Director, Audit Wales to all Chairs of Governance and Audit Committees of Welsh local authorities in June. This letter is appended as **Appendix 1** for information.

3 Relevant Considerations

- 3.1 In **Appendix 2**, a chronological list is submitted of inspections undertaken by external auditors between 2018 and August 2021, along with their improvement proposals. The 'local/relevant [reports] for Gwynedd Council' have been listed first, followed by the national reports.
- 3.2 We have noted 'the direction of the discussion on the recommendations' in order to show where the report and its recommendations have been discussed and, therefore, how any action plan was agreed upon.
- 3.3

3.4 We have noted 'Progress against improvement proposals' focusing on what has been achieved since the Committee last discussed this matter in November 2019.

3.5 We then note our 'Conclusion' of the progress made - have sufficient steps been taken to satisfy the Committee that the work of realising the recommendation is 'completed', or is it still 'on-going'? These conclusions have been agreed by the Council's Governance Group. It is a matter for this Committee to determine whether or not it agrees with the 'Conclusions'. A key to the meaning of the conclusions can be viewed at the beginning of Appendix 2.

All of the reports in Appendix 2 had recommendations deemed 'not commenced', 'plan in progress' or 'on-going' when the matter was last discussed by this Committee in November 2019, or are reports that have been published since then. The Governance Group is of the opinion that reports that are older than three years old have been addressed or the recommendations have dated so they are not relevant any more.

4 Reasons for Recommending the Decision

4.1 The Audit and Governance Committee needs to ensure correct governance within the Council by having overview of how we will respond to improvement proposals made in external audit reports.

5 Next steps and timetable

5.1 Responding to most of the improvement proposals is continuous work. Should the committee agree with the conclusions on the progress made against the proposals for improvement, then those that have been "completed" will not be addressed by this Committee again. Those "in progress" will be returned to this Committee to be considered again in 6 months' time.

6 List of Appendices/Literature

Appendix 1 - A letter from Derwyn Owen, Audit Director, Audit Wales to Chairs of Governance and Audit Committees regarding the Reports and Recommendations of Audit Wales

Appendix 2 - Improvement Proposals in External Audit Reports 2018-2021.

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Reference: DO21-04

Date issued: 3 June 2021

Dear Governance and Audit Committee Chair

Audit Wales Reports and Recommendations

I hope you are well.

You may recall that at the end of November 2020, some Audit Wales staff came along to a meeting of the Audit Committee Wales chairs' network to talk about the implications for audit committees as a result of the then Local Government and Elections (Wales) Bill. As part of this session, we also briefly mentioned our expectation that audit committees actively consider our reports. The purpose of this letter is to clarify and expand upon this.

As you will be aware, our performance audit work comprises national studies, local government studies (such as our recent report about discretionary services), thematic work (such as our financial sustainability assessments) and more locally risk-based work. We consult audited bodies about potential topics for our national and local government studies, and our local risk-based work is determined through our assurance and risk assessment process. Our programme of work for each council is set out in our annual audit plans.

We have found that councils' approaches to dealing with our performance audit reports, proposals for improvement and Local Government studies' recommendations are variable. Councils' approaches vary from regular reviews, audit trackers and action plans to reports and recommendations only being seen when we present our annual audit summary. We are, therefore, not assured that all councils are consistently actively considering the findings of our reports.

Given the role of the Governance and Audit Committee is to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council, we would expect that all councils' Governance and Audit Committee formally consider all reports of external review bodies – principally; Audit Wales, Estyn and the Care Inspectorate Wales (CIW).

As well as actively considering reports we would expect committees to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. The focus here should be on holding executives and officers to account to ensure that reports and recommendations have been acted upon. Some of our reports may be relevant for consideration by scrutiny committees also.

To help councils to do this, we will have a more targeted approach of distributing final reports upon publishing, set out our expectations of how councils should deal with our recommendations and find out whether these expectations have been met. In addition, under the Local Government and Elections (Wales) Act, the Auditor General for Wales must produce a timetable which sets out the dates or periods when Audit Wales, Estyn and Care Inspectorate Wales will be undertaking their work. We intend to issue this timetable to councils and cc to Governance and Audit Committee chairs every quarter. We don't intend to formally present this to Governance and Audit Committees each quarter but will liaise with councils to discuss our local approach.

Audit Wales staff will continue to work flexibly to deliver our programme of work. In response to any government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.

I hope you find this letter helpful. Please liaise with our local team if you have any specific needs or concerns.

Yours sincerely



Derwyn Owen

Audit Director

Improvement Proposals in External Audit Reports 2018-2021

PART 1 - Local or regional reports that assess the work of Gwynedd Council

Key to the conclusions –

1. **Not commenced** - the report not yet considered.
2. **In the planning stages** - hold discussions in order to determine how to respond to the recommendations and plan if/how to implement.
3. **On-going** - agreement or action plan in place in order to respond to the recommendations and work has commenced.
4. **Completed** - action plan to respond to the recommendations being realised but it can be argued that the work of achieving the recommendations will never end as it is continuous work / or: the recommendations have been realised.

1. **Gwynedd Council - Overview and Scrutiny - Suitable for the Future?** - Local report to Gwynedd published June 2018
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Further develop scrutiny forward planning processes in order to:
 - provide a clear logic for selecting subjects;
 - focus more on outcomes and explain this to the public; and
 - ensure that the most suitable scrutiny method for the subject field and the desired outcome is used, and explain this to the public, and consider more innovative methods to undertake scrutiny activities
2. Review the type of scrutiny support needed to enable the scrutiny function to respond to current and future challenges.
3. Explain the role of scrutiny committee members and officers at service performance review meetings, ensure that committee members challenge the performance of services appropriately and hold officers to account.

The direction of the discussion on the recommendations

Scrutiny arrangements were reviewed before the start of this Council's term back in March 2017, and a thorough review of the efficiency of the arrangements was undertaken during 2019/20. A small working group of members and officers was established to undertake the review and as part of the work, workshops were held to consult with all elected members, Scrutiny Forum members, reporting to the Audit

and Governance Committee before the Full Council adopted the recommendation on 19 December 2019.

Progress against improvement proposals

1. Annual workshops are held to identify scrutiny forward programmes, prioritising the matters that genuinely need to be addressed. All members are given an opportunity to identify any matters that need to be scrutinised, and then the work is prioritised during the workshops ensuring a rational work programme for the coming year.
2. Our arrangements in terms of ensuring scrutiny support was reviewed during 2019/20 and the posts of Scrutiny Advisor and Senior Language and Scrutiny Advisor were established to support the scrutiny work on a joint basis with the Democracy and Language Manager. Training for scrutiny members was developed as part of the workshops noted above, along with specific training for prospective scrutiny Chairs and Vice-chairs when undertaking virtual meetings.
3. Representatives from the scrutiny committees have attended internal performance challenge meetings since 2017, and they continue to attend under new arrangements that came into force since summer 2021. Scrutiny members are regularly reminded of the duty placed on them to challenge the work of officers and Cabinet Members, and they are supported to do so by members of the Democracy and Language Service. Scrutiny members, in turn, can report back to the scrutiny committees on any matters of concern they believe need further attention.

Conclusion

Completed.

2. **Gwynedd Council - Human Resources Information System** - Local report to Gwynedd published November 2018
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

- (i) Establish a formal benefit verification programme to be able to appropriately evaluate the aims of the development project.
1. Review technology options within the project:
 - (i) Improve access to enable more staff (for example, those who are in a remote location) to engage with the system.

The direction of the discussion on the recommendations

The Project Board is monitoring the benefits of the project in order to assess whether the resolution offers value for money to the Council. As a result, it is intended to undertake a market assessment in the near future in order to carry out a desktop comparison of what the Council is developing internally against what is available by commercial providers.

Progress against improvement proposals

A project has been established that is involved with finding out the IT skills level of staff who work in remote locations to see if they are making the best use of the Staff Self-service System. After the results are published, it is intended to draw up a work programme in order to address any gaps in terms of skills and also the availability of equipment.

Conclusion

On-going

3. The use of data by Local Government: Gwynedd Council

Local report for Gwynedd from Audit Wales published in January 2019

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

The Authority needs to develop a more unified and corporate method to use data. Therefore, a change in culture and a stronger leadership in relation to data is essential in Gwynedd, and it will support the work of creating an environment that deals with data as a key resource. This will help to extend the advantages of making decisions under the guidance of data to every service area, and help to improve transparency and democracy.

Updating the data sharing protocols and providing refresher training sessions, focusing on what people can do instead of what they cannot do, will help to ensure that service managers know what they can share and at what times they can do so and, therefore, will help to avoid any case of evading from unnecessary and incommensurable risks in relation to data sharing.

The Authority should build on the work undertaken by its research and analytics unit in order to review the range and quality of information that is required by decision-makers, along with the format to submit that information. This will enable the Authority to determine standards in terms of reporting on data in order to ensure that the data submitted to senior officers and Elected Members is

accessible, easy to understand and supports decision-makers to exercise their responsibilities in a way that is as effective as possible.

The direction of the discussion on the recommendations

The report and improvement recommendations were discussed at the Information Governance Operational Panel, and the matter is included in the Council's Risk Register (Governance level): "Fails to maximise the potential of information when supporting the business of the Council and fails to meet statutory standards".

Progress against improvement proposals

The Council's Information Plan 2021-26 was adopted by the Cabinet in January 2021. Along with the associated action plan, this sets out the Council's direction in the field of information over the coming years and includes the matters noted in the report.

Conclusion

On-going

4. **Inspection Report: Gwynedd Domiciliary Care Services** - Local report for Gwynedd from Care Inspectorate Wales published in January 2019

Improvement Proposals arising from the report –

1. Staff training (Regulation 16 (2)(a)). We saw that the frequency of staff training was inconsistent and staff training records had not been updated. The idea of providing a consistent and equal level of training for staff had also been recommended in the previous inspection. We have not served a notice on this occasion as we did not see that this had had a negative impact on the well-being of people or on staff development. Every staff member we spoke to stated that they believed the training provision could be improved and this was acknowledged by the management team.
2. Report on service quality (Regulation 23 (1), (2) and (3)). We saw that the service had not completed an annual report on the quality of the service and it had not consulted with those using the service or their representatives. We have not served a notice on this occasion as we did not see that this had had a negative impact on the well-being of people or on the care and support provided.
3. There is a need to review service delivery plans and risk assessments in a timely manner.

4. The service needs to improve the way it documents and records formal and informal discussions with families/representatives and staff. This will ensure that a clear audit direction can be followed.
5. Ensure that staff receive timely and regular formal supervision sessions and an annual evaluation, and keep an up-to-date record of the meetings held.
6. There is a need to update the service's information sheet and it needs to include the correct CIW contact details.

The direction of the discussion on the recommendations

All of these matters have been addressed at internal and external meetings with partners to discuss the proposals of the Domiciliary Care Project. These meetings continue and they include one-to-one and group conversations with providers, conversations with staff and unions and of course presentations to Council members on the project via the Care Scrutiny Committee and other forums. Another cycle of conversations with members on the progress of the project will be held during September/October this year.

Progress against improvement proposals

The Department has responded to all recommendations based on seeking short-term resolutions to improve services. Also, priority was given to learn lessons and ensure that all matters that needed to be addressed are considered in the Domiciliary Care Project, which reshapes the domiciliary care provision and the working model/method in the field of domiciliary care for the next few years. Unfortunately, the Covid-19 situation has been given priority over this work programme and the Department has now restarted the work. It is hoped that the new arrangements will be in place by spring 2022 and that outcomes will be realised at that time for county residents and of course care staff. It should be noted that the Domiciliary Care Project aims to achieve outcomes across all provision, whether internal or external.

Conclusion

On-going.

5. **The Well-being of Future Generations: Audit of 'Establishing a New Youth Service to Support Young People' - Gwynedd Council** - Local report for Gwynedd from Care Inspectorate Wales published in September 2019

Improvement Proposals arising from the report –

1. Although it had responded to the opinion of service users, the Council's method is mainly reactive and it is steered by a changing operational context - specifically, financial constraints. The Council's perception of the advantages of establishing an implementation model that can be increased or reduced in response to needs, is mainly involved with helping to respond easier to budgetary pressures.
2. Data sources used to enlighten the new model mainly focused on understanding the needs of current service users and not much use of data was made to model the service demand in future.
3. The newly remodelled mobile service is more able to be present on a temporary basis, as and when required and it has more ability to be more dynamic in terms of responding to social matters, helping to prevent them from exacerbating.
4. Increasing the effective use of data will give the Council a better understanding of fundamental cases, matters and service demand. This will help the Council to think more widely and use a more integrated method in terms of early intervention and prevention.
5. There is limited evidence to reflect that the Council has considered how this step contributes towards its wider well-being objectives, those of its partners or the seven national well-being aims. The Council did not use an integrated method when remodelling its youth service. Although the well-being objectives of the Council and partners had not been confirmed when the remodelling process commenced, its reactive method in nature, which was stimulated by financial considerations, meant that wider priorities were not considered effectively.
6. The Council places a large emphasis on applying a 'citizen-focused' method, namely 'Ffordd Gwynedd', when implementing the action. However, in the action reviewed, the Council could not fully show that 'Ffordd Gwynedd' incorporated the sustainable development principle and the five ways of working. Doing so would facilitate more integration.
7. Although it created more opportunities to collaborate on an operational level, the Council cannot show that it has considered how to work strategically with partners to achieve the step. This reflects our findings in relation to integration.
8. One partner stated that a negative change had been seen in terms of engaging with the Council's youth service after it was newly remodelled, as this had unfavourably affected the preventative objectives and activities of the partner. Again, this reflects our findings in relation to integration.

9. The absence of a clear message stating the intention to close all the existing youth clubs in the 'Gwynedd Youth Service for Tomorrow' video is a key weakness in terms of how the Council conveyed potential changes to service users and citizens.

The direction of the discussion on the recommendations

In the report to the Audit Committee on 18 November 2019, it was noted that the Council had noted a desire to seek a further discussion with Wales Audit Office on the outcomes and improvement proposals of the Youth Service audit. See the minutes of the Full Council dated 3 October 2019.

A Progress Report on remodelling the Youth Service was submitted to the Education and Economy Scrutiny Committee on 23 January 2020. This report did not refer to the improvement recommendations as the discussion with the Audit Office continued.

Progress against improvement proposals

Audit Wales agreed to undertake a follow-up review of the implementation of the new youth service model as a response to the concerns of the Full Council that their original report had not considered the quality of the new youth model.

It had been intended to complete the review during 2020-21 but due to the Covid-19 crisis, the work had been postponed. An agreement was made on a brief for the review in January 2021 but a completion timetable is yet to be confirmed. The review intends to examine the quality of the provision under the arrangements of the new model. The Youth Service has not implemented the new model since the beginning of the crisis due to the need for them to adapt to respond to the needs of young people, and due to the fact that pandemic restrictions prevented them from providing some elements of the service entirely. Remedial work is already afoot but we do not anticipate that the Youth Service will fully restore to the new model for some time yet.

Conclusion

On-going.

6. **Gwynedd Council - The Well-being of Future Generations: Audit - Presenting Care Services with Five Area Teams** - Local report for Gwynedd from Audit Wales published in January 2020
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Long-term - The Council celebrates the functional differences seen in each area, but it is unclear whether the differences are intended or not or can the Council be certain that citizens across the county have fair access to services.
2. Long-term - Without the analysis of rational data to understand the demand and impact in terms of current and future need, the Council uses verbal imagery and case studies to capture individuals' stories. A better use of data would improve the Council's ability to formulate the service and to determine whether or not it was successful.
3. Long-term - Time-out and a review while considering the effectiveness, the economy and efficiency of current resolutions in each of the area teams, assessing what works well and not as well, would assist the Council to note the next steps for every location.
4. Long-term - The Council needs to develop a sustainable resources model for the Area Teams (people, place, funding) in the medium-term to the long-term, which would reduce uncertainty.
5. Prevention - Although the preventative agenda is an inherent part of the operation of the five area teams, the Council and its partners could:
 - a. do much more to encourage people to present earlier and benefit from the advantages of preventative/earlier intervention.
 - b. further examine the potential of data analytics to move forward with the preventative agenda. For example, demand/size, the types of services required and a deeper understanding of the fundamental causes of issues the service seeks to address.
6. Integration - Council officers we spoke to verbally expressed an awareness of the impact of their activity on the Council's other well-being objectives and the national well-being aims, but this is not formally recognised or recorded.
7. Integration - The Council is aware of the impact of its activity on BCUHB well-being objectives, but it can do more to engage and integrate with other stakeholders and potential partners.
8. Integration - Moving forward to search for and develop a full range of internal and external partners and helping to support the action to provide a genuinely joined-up service would bring benefits.

9. Collaboration - Third sector bodies expressed a desire to engage more with the Council, and they were eager to develop more opportunities to contribute to the well-being agenda;
10. Collaboration - Although it is not intended for hubs to be a physical location for individuals to present themselves, the result of the hubs potentially is that people will be present at those locations, therefore, the Council needs to consider how it would manage this situation as it appears that there is no formal presence in some of the hubs.
11. Collaboration - Staff recognises the additional value of proactive cooperation with groups such as general practitioners and the third sector, but the Council needs to do more to ensure that such benefits are provided in every community.
12. Contents - Community connectors map opportunities for individuals to undertake activities and support in the community. Although there are plans to publish the information in booklets, the Council needs to make the best use of other outlets such as social media and on-line content.
13. Contents - Some representatives from the third sector suggested that engaging with the Council had become difficult, and that opportunities to contribute were more limited, mainly due to concerns that the third sector collaborative body is not entirely independent in providing services any more, and there could be a conflict when representing the range of third sector viewpoints.
14. Corporate - The Council places a large emphasis on applying its 'citizen-focused' approach, 'Ffordd Gwynedd'. When managing the messages that relate to its way of working, the evidence or examples of Council officers who are educated in the Well-being of Future Generations (Wales) Act 2015 are scarce. As a result, a number of officers could not show that they had given consideration to the principle of sustainable development or the five ways of working. The Council could better demonstrate that 'Ffordd Gwynedd' fully incorporates the five way of working by using key phrases within its general vision. This would show more clearly how these aspects are included as part of the Council's decision-making process.

The direction of the discussion on the recommendations

A number of the improvement proposals highlighted by Audit Wales in this report are observations rather than clear recommendations. The report was published in January 2020 and the Department recognises that the response to the Covid-19 pandemic has been a priority in the period since then. A number of the improvement

proposals are very similar to actions taken under other work programmes within the Department such as developing the arrangements of the Community Resource Teams, integrating with the Health Board, supporting carers, promoting preventative work and co-production with service users, carers and providers. They are also relevant to priorities such as Ffordd Gwynedd and the Department continues to strive to root these principles in every aspect of its work.

Progress against improvement proposals

Improving arrangements to gather and use data and information is addressed within the Department in order to facilitate the day-to-day work and also to feed the corporate performance challenge system. Whilst good data is gathered in some fields, gaps remain in other fields due to historical arrangements, the weaknesses of systems or a lack of multi-agency arrangements. Steps are in the pipeline to try to overcome some of these problems and to ensure that data in future will be a more solid foundation to shape and provide care services.

It is intentionally attempted to shape services based on very local needs, while also reflecting the support and supporting and preventative provision that are in those local areas. The Department does not believe that a 'one size fits all' system is suitable due to the differing circumstances between communities. The Department reflects on progress on a regular basis and provides an opportunity to adapt where appropriate.

The improvement proposals made in relation to integration and collaboration reflect the observations of Department officers during the work of preparing the report. The wider work programmes of the Department already include measures that will contribute to the delivery of the proposals presented by Audit Wales. Whilst elements are adapted as we reflect and learn, it is not considered that a separate work programme is needed to respond to the matters raised here.

The Department gives high priority to establish a strong working relationship with partners across the sectors and seeks to include them when reviewing work processes and plans and when redesigning those arrangements where practically possible. It is recognised that there is always room to strengthen this as we emerge from the Covid-19 period, there will be an opportunity again to consider how we could build on what is already in place, whether it be adaptations to the work arrangements of the Department or among the partners.

It is believed that the Council is very aware of the possibility that the relationship and correlation between Ffordd Gwynedd and the objectives of the Well-being of Future Generations Act is not entirely clear to all. However, the basic principles in both are pretty constant and are moving us in the right direction. Over time, as arrangements will mature further, communicated messages will be able to make the connection

more apparent with the hope that this will increase momentum to deliver the joint-objectives.

Conclusion

Completed.

7. **Review of the work of local authorities to support their learning communities in schools and pupil referral units (PRUs)** - Local report (letter) for Gwynedd from Estyn dated 18 January 2021.

This letter is a follow-up to a national thematic report published on 15 January 2021 - [Support for local authorities and regional consortia for schools and PRUs to respond to COVID-19](#)

A letter was received from the Chief Inspector of Estyn describing the work undertaken by Gwynedd Council between March and October 2020 to respond to learning challenges during the Covid-19 pandemic. There are descriptions of the work undertaken and a few observations on the success of the work; there are no firm recommendations for future implementation. To summarise; the letter does not highlight matters of concern that require action.

The direction of the discussion on the recommendations

The letter was shared with the Chief Executive, the Cabinet Member for Education, the Head of Education Department and members of the Education and Economy Scrutiny Committee.

The annual report of the Education Department was submitted to the Education and Economy Scrutiny Committee on 4 February 2021, and sections of the contents of the letter are quoted in this report.

Progress against improvement proposals

The observations made in the letter are receiving consideration from the Department and the Cabinet Member whilst planning how to support schools and learners during the next phase as the pandemic fades.

Conclusion

On-going

8. **Care Inspectorate Wales (CIW) Assurance Audit 2021: Social Services, Gwynedd Council** - Local report for Gwynedd from Care Inspectorate Wales published in March 2021

[Link to the letter on the Gwynedd Council website](#)

Improvement Proposals arising from the report –

As there is no list or summary of improvement proposals within the letter, but instead observations that need to be read within their contexts, there will be a need to read the letter in its entirety by following the above link.

The letter states - "The main purpose of this assurance audit was to see how well the social services of the local authority continue to help and support adults and children, focusing on safety and well-being."

The letter, along with a supporting report, was submitted to a meeting of Gwynedd Council Cabinet in May - [Report to a meeting of the Cabinet 18 May 2021](#) - asking them to accept the contents of the letter. The report that accompanied the letter summarises the main matters the Council believe that should be addressed in future.

The direction of the discussion on the recommendations

An agreement was reached on the response of the Council to the improvement proposals in the letter following discussions:

- Social Services Statutory Team (Corporate Director, Head of Adults, Health and Well-being Department, Head of Children and Supporting Families Department)
- Strategic Safeguarding Panel
- Cabinet

The letter was also shared with the Chair of the Care Scrutiny Committee.

Progress against improvement proposals

The proposals to improve elements of all services are addressed within the work programmes of the Adults, Health and Well-being Department and the Children and Supporting Families Department. Some of these matters were already being addressed when the letter was received, and others have been newly added.

The progress in performance on all of these matters is addressed in performance challenge meetings (where members of scrutiny committees are present) and in the Annual Report of the Statutory Director of Social Services.

Conclusion

Completed.

PART 2 - national or general reports that are relevant to Local Government

1. **How does Local Government Manage Demand - Homelessness** - National Report by Audit Wales published in January 2018
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. We recommend that local authorities should do the following:
 - ensure that their staff are sufficiently able to deal with the new requirements of mediation, problem-solving, negotiating and influencing with homeless people; and
 - review and reorganise their services to engage more effectively with homeless people and those who could be homeless in order to prevent homelessness.

2. We recommend that local authorities should do the following:
 - draw up services to ensure that there is early contact with service users;
 - use triage methods to note and filter individuals who ask for help in order to determine the most appropriate response to address their needs; and
 - test the effectiveness of first point of contact services in order to ensure that they are fit for purpose.

3. We recommend that local authorities publish service standards that clearly note what their responsibilities are and how they will provide services in order to ensure that people know what they have the right to receive and what they have to do for themselves. Service standards should:
 - be written in accessible and simple language.
 - be accurate in terms of what applicants can expect and not expect, and when they can expect it to be resolved.
 - note clearly the role of the applicant in the process and how they can help the process to run more smoothly and quickly.
 - be drawn up on a joint basis with experts in the field and include people who use the service(s).
 - integrate effectively with the individual assessment process.
 - offer viable alternative options to authority services.
 - note the appeals and complaints processes. These should be based on fairness and equality for everyone in question and they should be available for all.

4. In order to improve current performance, we recommend that local authorities make better use of their websites in order to help manage demand by:

- testing the usefulness and effectiveness of existing information on websites by using our enquiry phone lines noted in Appendix 5;
 - increase and improve the range, quality and scope of on-line information; make better use of on-line programmes; and
 - link more effectively with information from specialist providers and advice experts, such as Citizens' Advice Bureau.
5. We recommend that local authorities note and agree on what they expect from partners, noting how they will collaborate in order to alleviate homelessness. This agreement should be reviewed regularly and the performance of partners should be reviewed in order to note fields for improvement.
6. We recommend that local authorities address weaknesses in their equality monitoring method and ensure that their homelessness service records and evaluates appropriate data correctly in order to show equal access for service users of which the local authority has a duty towards.

The direction of the discussion on the recommendations

Our working arrangements in relation to homelessness have been the subject of many internal and public meetings recently including the Care Scrutiny Committee in March 2021 and the Cabinet on 20 April 2021. The recommendations of the report have underpinned the restructuring within our Homelessness units, which are currently being implemented following the Cabinet's approval in April.

The number of homelessness presentations has substantially increased during the pandemic and the restructuring will enable us to respond and increase our capacity to provide support and early intervention to those who present as homeless.

Progress against improvement proposals

In July 2019, the Cabinet approved our Housing Strategy. Furthermore, our Housing Action Plan was approved by the Cabinet at its meeting on 15 December 2020 noting how we would proceed to achieve the objective that no one is homeless in Gwynedd. Collaborating with partners is a key part of realising this objective.

We have planned on a joint basis with experts to ensure that our service standards and the information we provide, which includes our responsibilities, is understandable.

One of the projects of the Housing Action Plan, which is currently being developed, is the establishment of a 'One Stop Shop' for housing issues and, as a result, our website and engagement arrangements will further evolve over the next few months.

Conclusion

On-going.

2. **Housing Adaptations** - National Report by Audit Wales published in February 2018

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. We recommend that local authorities should work with partner authorities (health bodies, housing associations and Care and Repair) to reinforce their strategic focus when providing adaptations by:
 - setting appropriate strategic objectives for adaptations that focus on well-being and independence;
 - improve the quality of information on the demand for adaptations by using a wide range of data to assess need, including seeking and using information by partners working in the local authority area; and
 - connect the system to manage and deliver adaptations with policies and adapted housing registers in order to make the best use of homes already adapted.

2. We recommend that supply organisations should provide information on housing adaptation in Welsh and English, in accessible forms including Braille, large fonts, audio versions and other languages. Information should be promoted widely via a range of media, including social media, websites, and published information, and also through key partners. Ideally, information should be produced on a joint basis and policies should be aligned between supply bodies in order to extend their scope and increase their use.

3. As there is a vast number of pathways to follow in order to access services, supply organisations need to ensure that they have robust systems to deal with applications quickly and effectively. However, we saw that the processes used by supply organisations varied greatly, and that they often created difficulties for disabled people and older people who seek support (paragraphs 2.16 to 2.19). We recommend that supply organisations should simplify the application process by creating one comprehensive application form for every organisation within a local authority area. The form should be available via partners and on-line.

4. A variety of factors can cause delay when undertaking adaptations (paragraphs 2.20 to 2.33). In order to improve the timeliness of supply, we recommend the following:
 - that local authorities provide or use home improvement agency services to assist disabled and older people to pursue their DFG applications efficiently;

- that supply organisations work with planning authorities to speed up and simplify the process for adaptations that require approval;
- that supply organisations use Trusted Assessors to undertake assessments for adaptation work of a simpler nature.

5. We recommend that supply organisations:

- introduce formal systems to accredit contractors to deliver adaptation work.

These should include:

- customer care standards such as keeping appointments, keeping the site tidy, noise control etc.;
 - audit financial position, tax status and VAT;
 - promote good health and safety practices;
 - a requirement to use guarantee schemes;
 - ensure sufficient insurance cover; and
 - request references.
- use framework agreements and contracts through a partnership to deliver adaptations;
 - address weaknesses when issuing adaptations on a contract, update the Rates List used to tender out work and undertake competitive tendering exercises in order to support value for money when tendering work out in a contract;
 - develop effective systems to manage and evaluate the performance of contracts by:
 - determining an appropriate range of information in order to determine the performance and achievement of the work, including the timeliness of the work; quality of the work; feedback of applicants/tenants; cost of the work (including variations); record in terms of health and safety; and customer feedback.
 - evaluate and report on performance regularly in order to find opportunities to improve services; and
 - provide formal feedback to contractors on their performance, discussing key matters such as client satisfaction, the level of any variation and how acceptable it is, work that is accurate the first time, post-inspection assessment and completing on time in accordance with the budget.

6. We recommend that local authorities should collaborate with partner authorities (health bodies, housing associations and Care and Repair) to develop and improve collaboration arrangements. The aim will be to increase the maximum use and benefit associated with adaptations in terms of supporting independence by merging resources, co-locating staff and creating integrated delivery teams.

7. In order to improve the use and number of people who take advantage of adaptations with health bodies, we recommend that supply organisations should jointly agree on joint service standards to deliver adaptations in every local

authority area, and publish those joint-standards. It should be clearly noted in the service standards how every agency will go ahead to deliver adaptations, and provide services to ensure that people know what they have the right to receive.

Service Standards should:

- be in an accessible and comprehensible language;
- be accurate in terms of what people can expect/not expect to receive;
- be drawn up on a joint basis to include all adaptation services within an area;
- note eligibility for the different funding streams, the application and assessment processes, time-scales and review processes; and
- offer the potential options and the alternative choices to adaptation, which include linking with adapted housing registers to make the best possible use of homes that have already been adapted.

The direction of the discussion on the recommendations

The Housing Action Plan was submitted to Gwynedd Council Cabinet in December 2020, which includes our commitment to housing adaptations over the coming years. It was also discussed in detail at the Scrutiny Committee in January 2020.

We hold quarterly meetings with partners (Council departments, Health Board, Care and Repair) that encompass those recommendations.

Progress against improvement proposals

In December 2020, the Housing Action Plan was approved by Gwynedd Council Cabinet with £7.2m earmarked for 6 years for DFG and £600k for smaller adaptations (Enable).

The recommendations have been considered when drawing up our working arrangements. We are collaborating with partners such as Care and Repair, other Council departments, and the Health Board, with referrals being made via the Authority's Occupational Therapists.

We have appropriate systems in place to administrate the housing adaptations. Our contractors have been verified through a robust process and we are currently in the process of establishing a new framework of qualified and accredited contractors to undertake the adaptations. We are appointing agencies to facilitate the process for applicants of cases that require substantial adaptations.

One of the projects of the Housing Action Plan, which is currently being developed, is the establishment of a 'One Stop Shop' for housing issues and, as a result, access to this service via our website and engagement arrangements will further evolve over the next few months.

Conclusion

On-going.

3. Speak my language: Overcoming language and communication barriers in public services - National Report by Audit Wales Audit published April 2018

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Public bodies must ensure that everyone can get the services they need. To be mindful of the requirements of the Equality Act 2010 and other legislation, we recommend that public bodies should undertake regular reviews to ascertain how they make services available to people who do not speak Welsh or English as their main language, including deaf people who use sign language. Our checklist can be used as part of this assessment.

The direction of the discussion on the recommendations

The improvement proposal has been addressed in developing the Strategic Equality Plan 2020-24 and the Equality and Inclusion Policy.

Progress against improvement proposals

The following work has been achieved in the field since April 2018:

- In the Annual Report 2017-18, Strategic Equality Plan 2016-20 (accepted by the Cabinet in September 2018) an Objective was added namely "Improve our information provision for people who do not use Welsh or English as a first language".
- In preparing Objectives for the Strategic Equality Plan 2020-24 (adopted by the Cabinet in September 2020) it was decided that the best way forward would be to work on an Objective to gather information about local needs and aspirations (namely Objective 2 in the Plan). A public consultation was planned to collect the information but the work had to be delayed slightly due to the Covid-19 pandemic, as it was not possible to meet face to face, which made it much more difficult for us to target user groups such as those who do not speak Welsh or English as a main language, and deaf people.
- An on-line questionnaire was held between February and May 2021 to find the obstacles our service users face when dealing with the Council and we will continue to do this consistently in the future. There is also an intention to carry out further work between September and December and target specific groups using different methods of engagement.

- The Equality and Inclusion Policy was adopted by the Cabinet on 6 July 2021. It includes the principle of providing information in alternative formats and we will be raising awareness on the contents of the Policy between September 2021 and August 2022. To help to realise this we are updating information on how to provide alternative formats on the Council's intranet, and the work will be completed between August and October 2021.

Outcome

Completed.

4. **Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities** - National Report by Audit Wales published in May 2018
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. We recommend that local authorities should continue to focus on preventing people from becoming dependent on more expensive placements in care homes by providing effective support at home and a range of step up accommodation by doing the following:
 - improving the evaluation of prevention activity so local authorities understand what works well and why.
 - utilising the mapping of prevention services under the Social Services and Well-being (Wales) Act 2014 that covers other agencies and service providers;
 - improving the signposting of additional help so carers and support networks can be more resilient and self-reliant. This should include encouraging carers to make long-term plans for care to maintain and protect their dependant's wellbeing.
 - sharing risk analysis and long-term planning data with other local authorities, service providers, and partners to agree a shared understanding of the range of options.
2. We recommend that local authorities improve their approach to planning services for people with learning disabilities by building on the Regional Partnership Boards population assessments for people with learning disabilities and agreeing future priorities.
3. We recommend that local authorities do more to integrate commissioning arrangements with partners and providers and take account of the work of the National Commissioning Board by:

- understanding the barriers that exist in stopping or hindering further integration;
 - improving the quality of joint strategic plans for learning disability services (see also paragraphs 3.11 to 3.14);
 - establishing investment models and sustainable financial structures, joint workforce planning and multi-year budgeting; and
 - developing appropriate governance and data sharing frameworks with key local partners that include a clear process for managing risk and failure.
4. We recommend that local authorities do more to involve people with learning disabilities and their carers in care planning and agreeing pathways to further independence by:
- consistently including people with learning disabilities and their carers in the writing, monitoring and development of care plans;
 - systematically involving carers and advocacy groups in evaluating the quality of services;
 - include people with learning disabilities in procurement processes; and
 - ensuring communications are written in accessible and appropriate language to improve the understanding and impact of guidance and information.
5. We recommend that local authorities collaborate with providers, the third sector and suppliers in understanding challenges, sharing data, and pooling expertise by:
- improving the quality range, and accessibility of tendering information; and
 - working with providers to shape local markets by coming to a common understanding of the opportunities, risks, and future priorities in providing learning disabilities services.
6. We recommend that local authorities develop a more appropriate set of performance indicators and measures of success that make it easier to monitor and demonstrate the impact of service activity by:
- co-designing measures, service and contract performance indicators with service providers, people with learning disabilities and their carers;
 - ensure commissioners have sufficient cost and qualitative information on the full range of placement and care options available;
 - equipping commissioners with data to demonstrate the long term financial benefits of commissioning choices, this includes having the right systems and technology;
 - integrating the outcomes and learning from reviews of care plans into performance measures;
 - evaluating and then learning from different types of interventions and placements; and

- including learning disability services in local authority scrutiny reviews to challenge performance and identify improvements.

The direction of the discussion on the recommendations

This matter was being addressed before this national work was commissioned. This field has been discussed in internal meeting for years and specific work has been done to establish a clear picture of accommodation needs in the learning disability field. The focus of these discussions has been on finding and programming local interventions to respond to the demand rather than on strategic matters. The general recommendations of this report have been part of the context of these internal discussions.

A report on the latest situation was submitted to the Care Scrutiny Committee in July 2021.

Progress against improvement proposals

The Department has looked at the local information and data which provides an accurate picture to try to anticipate the real demand for accommodation for individuals with learning disabilities in Gwynedd. This has included an analysis of the needs of individuals who receive service and young people in transition age. The Department has also continued to review out of county cases with the long-term objective of seeking to provide them support close to home where practicably possible.

The Department's work programme includes looking at housing provision in the community and a provision of more specialist placements to meet more severe needs. With these two elements the Department is working closely with our partners who include housing associations, care services providers and of course individuals and their families. The Learning Disabilities Transformation Group which includes providers and carer representatives has also contributed.

There are discussions in the pipeline to improve accommodation and care provision at Y Frondeg, Caernarfon with the intention also of expanding the provision on a new model basis and create opportunities to facilitate individuals to receive care nearer to home.

There has been significant investment in Tan y Marian, Pwllheli to offer respite care accommodation provision to support carers and their families and there is further investment to upgrade the home itself.

There are discussions in the pipeline with the housing associations, the Housing and Property Department and care providers to upgrade existing accommodation on offering a new purpose-built provision for individuals who are already being supported and others who could benefit from care in the community.

The need for suitable accommodation provision for individuals with learning disabilities and/or physical disabilities is a core consideration in shaping plans for social housing and for health and care placements. This includes potential developments of the Dyffryn Nantlle Health and Care Hub and redeveloping the Penrhos site near Pwllheli.

Outcome

Completed.

5. Local Government Services to Rural Communities - National Report by Audit Wales published in December 2018

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). We recommend that PSB public services partners respond more effectively to the challenges faced by rural communities by:
 - assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and
 - ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for 'place' with joint priorities co-produced by partners and with citizens to address agreed challenge

2. To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). We recommend councils provide a more effective response to the challenges faced by rural communities by:
 - ensuring service commissioners have cost data and qualitative information on the full range of service options available; and
 - using citizens' views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.

3. To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). We recommend councils do more to develop community resilience and self-help by:
 - working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;

- providing tailored community outreach for those who face multiple barriers to accessing public services and work;
- enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;
- encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services
- enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and
- improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.

The direction of the discussion on the recommendations

The report has not been discussed at Public Services Board meetings.

Progress against improvement proposals

Response to Improvement Proposal 1 - The Public Service Board (PSB) will assess the state of our communities as part of the Well-being Assessments 2021/22. This will be an opportunity for all PSB partners to develop an understanding of the well-being matters that affect our communities. The PSB will give consideration to cooperative steps to respond to them in our Well-being plan that will be published in 2023.

The PSB has considered the questions of the Welsh Government's Rural Proofing tool and should the PSB introduce a change in policy they would be able to make use of the tool.

Improvement proposals 2 & 3 – the Economy and Community Department has worked closely with Arloesi Gwynedd Wledig to establish community hubs. At the moment 'makerspaces', 'repair cafes' and hot-desking facilities are being created in 8 communities across the county. These resources support and enhance activities and resources already in place.

Historically, some of the council's assets have been transferred to communities of community groups – eg. Rhyd Ddu Outdoor Centre transferred to Antur Nantlle to be run as a bunk house; the library in Deiniolen was transferred to Menter Fachwen.

Specific workshops have been held under the guidance of Arloesi Gwynedd Wledig and the LEADER programme for communities which have identified certain challenges – eg. how to preserve the Welsh language in the Nefyn area; workshops dealing with the problem of litter in Dyffryn Nantlle. A programme is being developed to deliver information/training to communities on how to recognise a challenge and how to respond, by looking at the principles of being innovative.

At the moment the council is working on establishing Regeneration Projects for the county. Gwynedd has been split into 13 areas and a project will be developed for each one. We are currently at the first stage of consulting with active community groups and community and town councils in order to discover their views on what is important to them and how to build a model of co-working which will deliver on those priorities.

In general, the council considers the needs of rural communities when planning all our work, but Ffordd Gwynedd and the requirements of the Socio-economic Duty means that we will record how those needs are met. Work is underway to update the equality impact assessment form for this purpose.

Outcome

Completed.

6. Provision of Local Government Service to Rural Communities: Community Asset Transfer - National Report by Audit Wales published in December 2018 [Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Local authorities need to do more to make CATs simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.
2. Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. We conclude that there is considerable scope to improve the business planning, preparation, and after-care for community asset transfer. We recommend that local authorities:
 - identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;
 - work with town and community councils to develop their ability to take on more CATs;

- identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;
- ensure their CAT policy adequately covers after-care, long term support, post transfer support, signposting access to finance, and sharing the learning about what works well; and
- support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.

The direction of the discussion on the recommendations

Please refer to comments regarding report number 5 above.

Progress against improvement proposals

Please refer to comments regarding report number 5 above. There are several active programmes to support rural communities, and some of these involve providing resources or assets which are fit for purpose. This does not always involve the transfer of Council assets, but these needs will become more apparent as the work on the regeneration projects proceeds.

Outcome

On-going.

7. **The maturity of local government in use of data** - National Report by Audit Wales published in December 2018
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. We recommend that local authorities:
 - have a clear vision that treats data as a key resource;
 - establish corporate data standards and coding that all services use for their core data;
 - undertake an audit to determine what data is held by services and identify any duplicated records and information requests; and
 - create a central integrated customer account as a gateway to services.
2. Part 2 of the report notes that whilst it is important that authorities comply with relevant data protection legislation, they also need to share data with partners to ensure citizens receive efficient and effective services. Whilst these two things are not mutually exclusive,

uncertainty on data protection responsibilities is resulting in some officers not sharing data, even where there is agreement to provide partners with information. We recommend that local authorities:

- provide refresher training to service managers to ensure they know when and what data they can and cannot share; and
- review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.

3. In Part 3 of our report, we conclude that adequate resources and sufficient capacity are ongoing challenges. However, without upskilling staff to make better use of data, authorities are missing opportunities to improve their efficiency and effectiveness.

We recommend that local authorities:

- identify staff who have a role in analysing and managing data to remove duplication and free up resources to build and develop capacity in data usage; and
- invest and support the development of staff data analytical, mining and segmentation skills.

4. Part 4 of our report highlights that authorities have more to do to create a data-driven decision-making culture and to unlock the potential of the data they hold. We recommend that local authorities:

- set data reporting standards to ensure minimum data standards underpin decision making; and
- make more open data available.

The direction of the discussion on the recommendations

The report and improvement recommendations were discussed at the Information Governance Operational Panel, and the matter is included in the Council's Risk Register (Governance level): "Fails to maximise the potential of information when supporting the business of the Council and fails to meet statutory standards".

Progress against improvement proposals

The Council's Information Plan 2021-26 was adopted by the Cabinet in January 2021. Along with the associated action plan, this sets out the Council's direction in the field of information over the coming years and includes the matters noted in the report.

Outcome

Completed.

- 8. The Effectiveness of Local Planning Authorities in Wales** - National Report by Audit Wales published in June 2019
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. That Local Planning Authorities:
 - (i) test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose;
 - (ii) use 'Place Plans' as a vehicle to engage and involve communities and citizens in planning choices and decision making; and
2. Improve capacity by working regionally to:
 - (i) develop joint supplementary planning guidance; and
3. We recommend that local planning authorities improve the effectiveness of planning committees by:
 - (i) reviewing their scheme of delegation to ensure planning committees are focussed on the most important strategic issues relevant to their authority;

The direction of the discussion on the recommendations

The recommendations have been discussed as part of the work of maintaining the Joint Planning Policy Service and reviewing the delegation plan. See the details in the 'progress' description below.

Progress against improvement proposals

1. We are already holding the Planning Committee, Joint Planning Policy Committee, training sessions and awareness raising, offering advice / discussions with developers on a virtual platform.
 We will consider opportunities to contribute towards Place Plans if they arise, but no opportunities / proposals have arisen so far. It is noted that there is no statutory requirement to prepare Place Plans.
2. We have established the Joint Planning Policy Service with Isle of Anglesey County Council since 2011, and have adopted the Joint Local Development Plan in 2017. Since then, 9 Joint Supplementary Planning Guidance have been adopted.
3. The planning delegation scheme was reviewed following a Scrutiny Investigation in 2017 with the new plan being reported to the Communities

Scrutiny Committee before being ratified by the Council in May 2018. A further report had been submitted to the Communities Scrutiny Committee in 2020 to provide an update on the implementation of the Delegation Scheme and to explain the arrangements for consulting on applications and the recommendations and associated work arrangements were supported.

Outcome

Completed.

9. **The 'Front Door' to adult social care** - National Report by Audit Wales published in September 2019
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. To improve awareness of the front door we recommend that - local authorities
 - review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely manner to avoid needs deteriorating and people presenting for assistance in 'crisis';
 - work in partnership with public and third-sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them;
 - ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and
 - to take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally.

2. To improve awareness of the front door we recommend that - local authorities
 - map the availability of preventative services in their area to better understand current levels of provision and identify gaps and duplication;
 - involve third-sector partners in co-producing preventative solutions to meet people's needs and ensure people have equitable access to these services;
 - work with third-sector partners to tailor and commission new services where gaps are identified; and
 - work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally.

The direction of the discussion on the recommendations

The matters raised in this report have fed into discussions on development plans and the broader transformation of the Department and this has and is being addressed through work programmes and other reports. Some of them have also been part of reports that have been submitted to the Care Scrutiny Committee. For example, it should be noted there is a need to strengthen and improve the front door to care services and the development of preventative services has received considerable attention through the Supporting People Board.

Progress against improvement proposals

The matters have been, and are being addressed as part of the Department's broader work and in fact through corporate efforts based on the priorities of the Supporting People Board. The departmental work includes the joint work with the Health Board to establish and develop the Community Resources Teams and the significant transformation work that is in the pipeline. It also intertwines with the Home Care Project. It is considered that the work to improve the front door and develop preventative services are central to these elements.

Outcome

Completed.

10. Review of Public Services Board - National Report by Audit Wales published in October 2019

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

We recommend that PSBs:

- conduct formal assessments to identify the potential impact on people with protected characteristics and the Welsh language and review agreed actions to ensure any adverse impacts are addressed;
- improve transparency and accountability by making PSB meetings, agendas, papers and minutes accessible and available to the public;
- strengthen involvement by working to the guidance in the National Principles for Public Engagement in Wales; and
- feed back the outcome of involvement activity identifying where changes are made as a result of the input of citizens and stakeholders.

To improve scrutiny arrangements, we recommend:

- that PSBs and public bodies use the findings of the Discussion Paper: Six themes to help make scrutiny 'Fit for the Future' by the Auditor General for

Wales to review their current performance and identify where they need to strengthen oversight arrangements and activity; and

- that PSBs ensure scrutiny committees have adequate engagement with a wider range of relevant stakeholders who can help hold PSBs to account

To help build capacity, consistency and resourcing of activity, we recommend that:

- PSBs take the opportunity to discharge other plan and strategy obligations through the Local Well-being Plan;
- the Welsh Government enables PSBs to develop flexible models of working including:
 - merging, reducing and integrating their work with other forums such as Regional Partnership Boards; and
 - giving PSBs flexibility to receive, manage and spend grant monies subject to PSBs ensuring they have adequate safeguards and appropriate systems in place for management of funding; effective budget and grant programme controls; and public reporting, scrutiny and oversight systems to manage expenditure.

The direction of the discussion on the recommendations

The recommendations were discussed during a meeting of the Public Services Board on 11 December 2019 and the outcome is described in the 'progress' below. The following scrutiny committees were notified that the PSB was discussing the recommendations:

- Gwynedd Council Communities Scrutiny Committee: 5 December 2019
- Isle of Anglesey County Council's Partnership and Regeneration Scrutiny Committee: 12 November 2019.

Progress against improvement proposals

The PSB's response keeping to the order of the bullet points as above:

- The PSB support team has already considered and acknowledged the need for Language and Equality Impact Assessments. The impact assessments will be developed if projects are submitted to the attention of the PSB that will recommend changing policy or service, and that in order to measure and understand the impact of the decisions that will be made by the PSB.
- The Gwynedd and Anglesey Public Services Board has a website that operates under the name: <https://www.llesiantgwyneddaron.org> . Details and minutes of Board meetings are included on the website.
- Work on the PSB's Well-being Assessments is being planned in accordance with the National Principles for engaging with the public.

- The PSB support team has identified an opportunity here to make more use of their communication channels to inform our citizens of work done by the PSB and the progress it makes. This will involve experimenting along the lines of 'You said... - We did...!' to show how the things that our citizens have told us have contributed to our decisions.
- (2 scrutiny bullet points) - The PSB works with Gwynedd and Anglesey Scrutiny Committees on scrutiny timetables (to align with PSB meetings) and the matters to be scrutinised.
- (capacity) - The PSB has very much taken the lead in relation to the action in question. The West Wales Health and Care Sub-group, which reports to the Gwynedd and Anglesey Public Services Board, has been working with the Regional Partnership Board to ensure that services being planned for older people are suitable for local needs.
- The 'A Healthier Wales' document steers the governance arrangements and plans of the Integrated Health and Social Care Sub-group for Gwynedd and Anglesey.

Outcome

Completed.

- 11. Progress in relation to implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act** - National Report by Audit Wales published in November 2019
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Part 1 of the report highlights that despite public bodies having an increasing understanding of, and demand for, VAWDASV services, significant gaps remain and engagement with survivors and victims in reviewing and developing services is inconsistent. To address this, we recommend that needs assessment and mapping of service provision by public bodies are revisited and involvement widened and enhanced to include all relevant stakeholders to build a more accurate picture of current service provision and identify gaps.
2. Part 1 of the report describes how victims and survivors of VAWDASV often find it difficult to navigate a fragmented system of service delivery. To support

victims and survivors to access and use services we recommend that public bodies:

- produce comprehensive and relevant information in a variety of media on the full range of services available to protect and support victims and survivors; and
- create a joint pathway to access services and support for both victims and professionals and advertise access arrangements widely.

3. Part 2 of the report notes that whilst it is important that organisations comply with relevant data protection legislation, they also need to share data with partners to better meet the needs of victims and survivors. We recommend that authorities:
 - ensure staff who are likely to come into contact with victims and survivors have appropriate VAWDASV training;
 - provide refresher training to service managers to ensure they know when and what data they can and cannot share; and
 - review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.
4. Part 2 of the report highlights that while some good progress has been made with regional working, there are not always appropriate levers in place to support service transformation in line with VAWDASV legislation. To ensure the benefits of regionalisation are realised, we recommend that delivery agencies (local authorities, health bodies, the police, fire and rescue authorities and the third sector) review their approach to regional working to better integrate services and maximise the positive impact they can make on victims and survivors.
5. Part 3 of the report highlights that the complex and short-term funding mechanisms, lack of data and insufficient consultation with stakeholders, are not supporting sustainable commissioning of VAWDASV services. To address this, we recommend that local authorities review their commissioning arrangements to:
 - remove duplication and overlap between different approaches within the authority and with partners;
 - rationalise administration arrangements to improve efficiency and value for money;
 - streamline and standardise commissioning arrangements to reduce the burden of administration on all parties; and
 - set appropriate performance measures, targets and benchmarks to judge the impact and outcome of commissioned services.

The direction of the discussion on the recommendations

The report and recommendations have been discussed at the Safeguarding Operational Group and the Safeguarding Strategic Panel leading to the action/progress steps described below.

Progress against improvement proposals

The following have been numbered to correspond to the above-mentioned improvement proposals:

1. Efforts to map the whole provision regionally are currently taking place, we expect to receive an update at a steering group meeting soon.
2. Information about the support and services available has been regularly shared on the Council's social media. Also, there is comprehensive information on local support services on the 'Community Safety' page on the Council's website.
3. Data protection training has been arranged for every member of the Adults, Health and Well-being Department staff. The issue of when it is right to breach confidentiality for safeguarding reasons is an important part of this training.

A Domestic Violence e-learning package is available to staff. In 2019, all Gwynedd Council staff members were asked to complete the e-module. Progress to implement the national training framework - Ask and Act. By now, 4 trainers have received training during the period 2018-2020 (Adults, Education and Corporate Support fields). In addition, a new Ask and Act virtual training programme was developed, and we had to await approval from Welsh Government.

4. The relevant authorities have reviewed their method of working regionally, and by now MARAC (Multi-Agency Risk Assessment Conference) meetings are held weekly in addition to monthly meetings, and the Council is also part of local and regional steering groups. Regionally, the Vulnerability and Exploitation Board is leading on domestic violence and safeguarding, and the work is now in the mainstream.
5. Recommendation 5 comes under the Regional Commissioning Board. There was no budget to commission services internally. The Senior Community Safety Officer is a member of this board in terms of influencing spending.

Outcome

Completed.

12. Rough Sleeping in Wales - Everyone's Problem; No One's Responsibility

- National Report by Audit Wales published in July 2020

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

Public bodies and third sector partners should ensure they use data to plan the right future services, and to put in place effective data sharing protocols to ensure they respond effectively and safely to people sleeping rough. We recommend that councils and their partners:

- invest in data analytical skills to better understand the current situation and predict future demand to prevent future homelessness;
- review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities; and
- introduce a single data capture and risk assessment process for to help support safe decisions making in dealing with people sleeping rough.

Because public bodies are responding to people in crisis, they often deal with acute issues in isolation and rarely address the fundamental cause of the crisis. To do this requires public bodies to design and create service delivery models that are responsive. We recommend that public bodies use our complex needs self-reflection tool to improve how they can jointly address complex needs in the future (the tool is set out at Appendix 2).

The direction of the discussion on the recommendations

Homelessness and rough sleeping are discussed at a number of meetings including our Emergency Planning Action Panel and other internal and cross-departmental meetings by collaborating to ensure that no one sleeps rough in Gwynedd.

The recommendations of the report have underpinned the restructuring within our Homelessness units, which are currently being implemented following the Cabinet's approval in April, and were discussed in detail by the Cabinet at its meeting on 20 April 2021, and by the Scrutiny Committee in March 2021.

Progress against improvement proposals

We collaborate with a number of third sector agencies to provide support to individuals. We analyse data to identify trends and we will build on this work after appointing a new data officer to support the department, and the post is currently being advertised.

The recommendations have been relevant to restructuring our homelessness units and we are working closely with the health board including joint-employing a specialist staff member to provide mental health support to individuals.

Outcome

On-going.

13. Commercialisation in Local Government - National Report by Audit Wales published October 2020
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Undertaking commercialisation requires councils to have enough capacity, the right skills and robust but agile systems to be in place. We recommend that councils use our self-evaluation tools to develop a strategy for the extent to which they want to pursue commercialisation.

The direction of the discussion on the recommendations

Discussions regarding commercialisation are held when a relevant case arises – please see below. These discussions are held between senior officers, the Cabinet, scrutiny committees and the Audit and Governance Committee.

Progress against improvement proposals

Gwynedd Council has undertaken commercialisation in fields such as Gwynedd Consultancy and Byw'n Iach etc. but has not ventured to borrow to invest in other projects such as local retail premises.

Outcome

Completed.

14. The National Fraud Initiative in Wales - National Report by Wales Audit published October 2020
[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

1. Audit committees, or equivalent, and officers leading the NFI should review the NFI self-appraisal checklist. This will ensure they are fully informed of their organisation's planning and progress in the 2020-22 NFI exercise.
2. Where local auditors have identified specific areas where improvements could be made, the public bodies should act on these as soon as possible.
3. All participants should be aware of emerging fraud risks e.g. due to COVID-19, and take appropriate preventative and detective action.

The direction of the discussion on the recommendations

We report as needed to the Audit and Governance Committee on specific fraud risks. Where local auditors have identified specific areas where improvements could be made, the Audit and Governance Committee received specific reports on these.

Progress against improvement proposals

Recently, the outcomes of the National Fraud Initiative have not highlighted fraud of any significance in any field.

Outcome

Completed.