



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

AUDIT AND GOVERNANCE COMMITTEE

Date and Time

10.00 am, THURSDAY, 10TH FEBRUARY, 2022

Location

Virtual Meeting

For public access to the meeting, please contact us

Contact Point

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(DISTRIBUTED 03/02/22)

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
Angela Russell
Vacant Seat

John Pughe Roberts
Richard Medwyn Hughes

Llais Gwynedd (1)

Councillor
Alwyn Gruffydd

Gwynedd United Independents (1)

Vacant Seat - Gwynedd United Independents

Individual Member (1)

Councillor
Sion W. Jones

Lay Member

Mrs Sharon Warnes

Ex-officio Members

Chair and Vice-Chair of the Council

AGENDA

1. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

2. APOLOGIES

To receive apologies for absence.

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 - 11

The Chairman shall propose that the minutes of the meeting of this committee, held on 18th November 2021, be signed as a true record.

5. CABINET DECISION 18/01/2022 ITEM 6 - CELEBRATING ST. DAVID'S DAY

12 - 20

A decision has been called in for scrutiny, in accordance with section 7.25 of the Council's Constitution

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

21 - 46

To consider the report and 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 NOVEMBER 2021 REVIEW

47 - 58

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

8. SAVINGS OVERVIEW - PROGRESS REPORT ON REALISING SAVINGS SCHEMES

59 - 71

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

9. OUTPUT OF THE INTERNAL AUDIT SECTION

72 - 88

To consider 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 | 89 - 95 |
| <p>To update the Committee on progress against the 2021/22 Audit Plan</p> | |
| 11. 2022/23 BUDGET | 96 - 158 |
| <p>To submit the budget which the Cabinet intends to recommend to the Council for scrutiny by the Audit and Governance Committee</p> | |
| 12. CAPITAL STRATEGY 2022/23 (INCLUDES INVESTMENT AND BORROWING STRATEGIES) | 159 - 197 |
| <p>To receive the information, consider any risks arising from the strategy before it is presented to the full Council for adoption.</p> | |
| 13. WORKING FOR THE FUTURE AND THE MENTAL WELLBEING SUPPORT | 198 - 204 |
| <p>To provide an overview of the plans for working in the future and identify the support offered to staff in relation to mental well-being. The Audit and Governance committee are invited to consider the information presented</p> | |
| 14. AUDIT WALES REPORTS | 205 - 283 |
| <p>To provide the Committee with an update on the Audit Wales work programme for Quarter 3 and reports published recently</p> | |

AUDIT AND GOVERNANCE COMMITTEE 18-11-21

Present:

Councillors: Vice-chair: Councillor Medwyn Hughes

Aled Ll Evans, Selwyn Griffiths, Alwyn Gruffydd, John Brynmor Hughes, Peredur Jenkins, Berwyn P Jones, Dewi Roberts, Paul Rowlinson, Angela Russell and Gethin Glyn Williams

Sharon Warnes (Lay Member)

Officers:

Dafydd Edwards (Head of Finance Department), Dewi Morgan (Assistant Head - Revenue and Risk), Ffion Madog Evans (Senior Finance Manager), Delyth Jones-Thomas (Investment Manager), Luned Fôn Jones (Audit Manager), Caleb Wyn Elis (Professional Trainee - Finance and Accounting), Iwan Evans (Head of Legal Services), Vera Jones (Democracy and Language Service Manager) and Lowri Haf Evans (Democracy Services Officer)

Others invited:

Councillor Ioan Thomas (Cabinet Member for Finance)
Alan Hughes (Audit Wales)
Yvonne Thomas (Audit Wales)
Bethan Adams (Scrutiny Adviser)

1. APOLOGIES

Apologies were received from Councillors John Pughe Roberts, Aled Wyn Jones, Huw W Jones and Sion W Jones

2. DECLARATION OF PERSONAL INTEREST

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

3. URGENT ITEMS

None to note.

4. MINUTES

The Chair signed the minutes of the previous meeting of this committee held on 14 October 2021 as a true record

5. 2022/23 BUDGET STRATEGY

A report was submitted at the request of the Cabinet Member for Finance, noting the timetable, projections and relevant risks in relation to the Council's budget strategy to the Committee. The context of the report was set out, highlighting that the Cabinet should consider the report from 28 September 2021. The Cabinet decided to approve the procedure and timetable for producing the Budget for 2022/23, noting that if there was a funding gap in balancing the 2022/23 budget, the Council would use contingency budgets and reserves to mitigate resource losses in the short-term, and assess the situation before

identifying any additional savings required during the summer of 2022. Also, the Cabinet decided to accept the contents of the report as the Council's Medium Term Financial Plan, while noting that financial planning was extremely challenging.

It was noted that there were a number of bids for additional resources this year as a result of additional pressures on the Council's services. It was noted that the Council's main financial source was the Welsh Government Grant and that the Government had noted its intention to publish a 2022/23 draft settlement for local authorities on 21 December, and the final settlement on 2 March 2022. It was explained that the timetable was very challenging and that there was financial uncertainty as a result of the pandemic.

The Cabinet Member for Finance emphasised the importance of the virtual seminars on the budget for members in January, and he encouraged everyone to attend the sessions.

The Head of the Finance Department noted that there was a request to minimise any change between the draft settlement and the final grant settlement, as it was difficult, under the current circumstances, to plan for 2022/23. He added that Covid figures remained high in Gwynedd and that there was currently no clear indication when the country and the world would recover. He referred to the support of the Hardship Fund that was currently funding additional significant costs in the fields of homelessness, care and free school meals, but stated his concern that arose from the Minister for Finance and Local Government's statement that there would be no Hardship Fund from April 2022 onwards. Consequently, the Council's ability to continue to fund the above services on a higher level was dependent on an additional funding allocation in the settlement.

Reference were made to assumptions that set three scenarios - best, medium and worst, within reason. Although they were broad assumptions, it was noted that the Council's financial position was robust, and healthy reserves meant that these funds could be used to mitigate the short term situation. Attention was drawn to the challenges that would face the Council, which included Covid recovery, an inflationary increase in salaries, national insurance, the cost of fuel etc.

It was expressed that there was no reason to adapt the strategy, as there was currently insufficient evidence to do so.

Thanks were expressed for the report

During the discussion, members raised the following matters:-

- The recommendation to use reserves to mitigate the situation was a very positive step in the short-term.
- Agreement with the use of reserves in order to avoid cuts.
- Has consideration been given to the implications of new ways of working?
- There was a robust and successful procedure of monitoring savings - it would be easy to use reserves - a message should be shared with departments noting, although there were no new planned savings, that the Council would need to work effectively, and it was suggested that efficiency arrangements should be put in place.

In response to a question about the future impact of Covid on the Council's budgets, the Head of Finance Department noted that Covid had meant a significantly higher expenditure over the past 18 months. However, Gwynedd had been able to claim an extremely respectable sum from the Hardship Fund. The Council decided early during the pandemic to prioritise the County's residents' health and safety, and as the Government later stepped in with contributions, Gwynedd's budgets were in a favourable position by the end of 2020/21, with the reserves available to deal with the potential of a financial blow in 2022/23.

In response to a comment regarding the savings relating to office running costs and travel expenses, it was noted that travel costs of elected members and staff were not significant in the context of the Council's entire budget, and that there had been no huge reduction in these costs as care staff and other external staff had continued to travel in order to fulfil their duties.

In relation to establishing efficiency arrangements, it was suggested that there was always room for improvement, even in a crisis. It was considered that the approach should not be hurried, that historical savings should continue to be monitored, with an emphasis on departments taking ownership.

RESOLVED

- **To accept the report**
- **To note the timetable, the forecasts and relevant risks in the context of the Council's budget**
- **To accept the Cabinet's decisions (28 September 2021)**

6. TREASURY MANAGEMENT 2021/22 MID-YEAR REVIEW

Submitted, for information, a report highlighting the Council's actual Treasury Management activity during the current financial year. It was highlighted that during the six months between 1 April and 30 September 2021, the Council's borrowing activity had remained within the limits originally set. There were no defaults by banks in which the Council had deposited money. It was reiterated that it was estimated that the Council's investment income exceeded the expected income in the 2021/22 budget.

Reference was made to the external context that referred to the economic background, the financial markets and credit review. In the context of borrowing, it was noted that local authorities could borrow from the Public Works Loan Board (PWLB) on condition that they were able to confirm that they did not intend to buy 'investment assets primarily for yield' in the current or next two financial years, with a confirmation of the purpose of capital expenditure by the Section 151 Officer. The Authority did not intend to buy any investment assets primarily for yield within the next three years, and therefore could fully access the PWLB - borrowing from the PWLB was considered the best option.

It was explained that £10m of the Council's investments were held in externally managed strategic pooled property and equity funds where short-term security and liquidity were lesser considerations. Although the pooled capital value of £9.243m was less than the initial investment of £10m, the investments were made in the knowledge that the capital values were unstable at months, quarters and even years; but with the confidence that the total returns over a three to five year period would be higher than the interest rates on cash. Consequently, the objectives would be realised through the stability of mid-term prices.

Reference was made to the use of the Debt Management Office as an investment vehicle that had modestly higher returns than others and that was flexible, easy and secure to use. Although the rates were low and the outlook was weak and unstable, it was reported that the Council was investing as much as possible in a challenging period;

It was confirmed that all the treasury management activities that were held during the period fully complied with the CIPFA code of practice as well as the Council's Treasury Management Strategy Statement, and in the context of investment training, officers had attended investment training with Arlingclose and CIPFA during the period that was relevant to their posts. Attention was drawn to amendments to the CIPFA codes, which included

- Incorporating ESG issues as a consideration within TMP 1 Risk Management.

- Additional focus on the knowledge and skills of officers and elected members involved in decision making.

It was highlighted that Arlingclose expected the Bank Rate to increase in Q2 2022, due as much to the Bank of England's aspiration to move out of emergency levels as to the fear of inflationary pressures. Investors had factored in a number of increases in the Bank rate to 1% by 2024 in their valuations. Although Arlingclose believed that the Bank rate would rise, it would not be as high as market expectations.

The Head of Finance noted that performance was acceptable despite the dreadfully low interest rates.

The members expressed their thanks for the report.

During the ensuing discussion, the following observation by a member was noted:

- The use of PWLB was to be welcomed - it should be ensured that the funding was not available for trading.

In response to a question regarding the Local Authority's ability to invest in property or local house construction / purchasing, the Head of Finance noted that the Authority was doing this via the Housing Strategy (although Welsh Government restricted what was possible). It was added that no houses had yet been bought, as the 'model' was searching for a specific / suitable property.

In response to a question about how frequently the restrictions were monitored, it was noted that this was undertaken annually. In response to a question regarding not investing further in banks and building societies, it was noted that there were Bank restrictions on these elements, and that it was imperative to keep within the restrictions and make the most of what was available despite the lack of flexibility.

RESOLVED

to accept the report and note its contents.

7. FINANCIAL SUSTAINABILITY ASSESSMENT

The Head of Finance Department submitted a report outlining the Gwynedd Council's responses from Audit Wales in relation to the Council's financial sustainability. Attention was drawn to four recommendations that were contained in the report. Alan Hughes, Lead Auditor from Wales Audit Office, was welcomed to present the findings.

It was noted that the Council had a good understanding of its financial position, although a number of financial challenges remained, including continuing to carry over savings that were yet to be realised, that caused unresolved financial pressures on services, and that identifying and delivering savings would be more challenging in future.

The Head of Finance referred to the responses, and asked the Committee to support the actions.

Thanks were expressed for the report

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

- In recommendations 2 and 3 there was a need to consider the fact that these were not financial data requirements
- It was important for the Council to use background information

- All financial decisions were based on data
- Why was a 3 year forecast needed? The Government did not have a 3-year plan, and therefore why was the Council required to have one in place? It was accepted that forecasting was possible, but projections would not have a firm foundation
- Note regarding 'evidence to demonstrate the utilisation of reserves to improve and transform services, which may in turn support the financial sustainability of the Council' - Audit Wales was asked to provide an example of a situation - need broader information
- Were these general observations, or weaknesses within departments?

There was agreement with the observation that data was used to make investment decisions, but current data could also be used to divest where there might be a reduced demand or a need to do things differently. It was considered that £71m in reserves was a substantial sum that could contribute towards transformation programmes that would lead to sustainable services.

In response, the Head of Finance Department noted that the reserves contributed to new projects e.g. schools information technology strategy, climate management project post, Galw Gwynedd improvements, and departments were encouraged to submit plans and bids for funding.

In response to a question regarding departments submitting plans, and the need to ensure that the money went to the right places when in considering those plans, it was noted that many bids had been submitted and the Cabinet would discuss the bids in January.

In response to an observation about the three-year projections, the Auditor noted that there was value in forecasting, despite no funding sources having been agreed. It was suggested that although financial data was part of the current conversation, background information such as an increase in demand, complex cases or market prices could be examples that would enrich the conversation. It was noted that the performance management process was being modernised with the setting of measures and indicators, although unfortunately not all departments did this. He added that the Council's direction was promising, and that he was confident in the Council's ability to identify changes by using the context of situations - the Council would therefore be well placed.

In response to the observations, the Cabinet Member noted that all types of data should be considered and used in order to offer a better service to residents.

RESOLVED

- **To accept the report**
- **To approve Gwynedd Council's response to the recommendations of Audit Wales**

8. AUDIT WALES – WORK PROGRAMME AND TIMETABLE

Submitted: Audit Wales quarterly update (up to 30 September 2021) on its work programme and timetable. A discussion was held on the financial audit and local performance audit work, noting that the Review of Performance Management would be submitted in the new year. Reference was made to national reports and other outputs that had been published by Audit Wales since April 2021.

During the ensuing discussion, the following observations were made by a member:

- The timetable for the performance management was extremely tight if it was to be completed in February

- Despite the significant increase in inward migration, there was no reference to this field in the work programme. This matter had a huge impact on the Health Board and Local Authorities - and especially in the poorest counties

In response to an observation that Welsh Government were now planning three years ahead, and the implications of this on the commitments and funding of the Well-being of Future Generations Act that planned ahead for 50 years, it was noted that the five sustainable principles that public bodies had to consider as part of their work would assist them to collaborate better, to avoid repeating past mistakes and address some of the long-term challenges. The Auditor added that he also accepted the observation about inward migration and that the matter would receive attention when the risks were examined.

DECISION:

- **To accept Audit Wales' Quarter 2 work programme**

9. LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

Submitted – the report of the Monitoring Officer updating the Committee on progress with the draft work programme in response to Legislation that introduced a number of changes and powers in relation to the governance of Local Government in Wales. Members were reminded that the Committee had adopted a work programme (May 2021) that responded to the provision and requirements of the Act, and addressed the steps in a timely and appropriate manner.

Attention was drawn to specific statutory changes to the functions and constitution of the Audit and Governance Committee within the Act, referring to the appendix that outlined the main amendments to the Constitution. It was reported, as one third of the membership were lay members, that an advertisement for members had been published, and that arrangements and an appointment panel was in place to make a recommendation to the Full Council that would approve the appointments in accordance with the arrangements established in May 2017.

Thanks were expressed for the report.

During the ensuing discussion, the following questions and responses were received:

- Would it be possible for a retiring Councillor to submit their name as a Lay Member?
There would have to be a gap of 12 months between retirement and submitting an application
- Would the Chair receive remuneration for the post of Chair?
The Chair would receive a co-opted member's allowance that has been set by the Independent Remuneration Panel for Wales
- Had there been any response to the advertisement?
The closing date was 25 November - information had been shared with the Members in order to encourage suitable applicants
- Who would appoint the Lay Members?

In accordance with the arrangements established in May 2017, the panel would include the Chair of the Council, the Chair of the Audit and Governance Committee and the Cabinet Member for Finance, advised by the Statutory Finance Officer and the Monitoring Officer. Applications would be considered and a recommendation would be submitted to the Full Council.

- Would neighbouring Councils also be seeking the same Members, and could one person serve as a member on two committees?

It would be acceptable for Members to be Committee members in more than one County

- If it is not possible to make an appointment, will a 'vacant seat' be noted?
Although appointing may be challenging, if not all seats are filled, a vacant seat must be noted
- Do Lay Members have to be Gwynedd residents?
Members do not have to be from Gwynedd, but they must have a link to the County
- Who will monitor quality? Will political balance be considered?
Lay members have an independent opinion - any interest would have to be recorded, to include registration details with a political party.
- Would it be possible to consider holding an informal meeting for everybody to get to know each other before commencing the new procedures?
This had not been discussed officially. It was noted that in addition to lay members, there would potentially be new members on the Committee, and therefore it was decided to accept the suggestion to hold a preliminary conversation noting the aspirations of the role, possibly prior to appointing a Chair.
- Given that a Lay Member would be appointed as the Committee Chair, it was suggested that the panel should ask the applicants if they considered themselves to be suitable to be the Committee chair.
It would be possible to ask whether the applicant was 'interested' in being the Chair. It was reiterated that the advertisement also noted this
- -If four lay members were appointed, would it be acceptable to have two vacant seats if it was decided to continue with 18 members?
If it was decided to continue with 18 members, this would be the composition of the membership of the Committee - efforts should continue to fill the vacant seats.
- It was accepted that there were significant changes to this Committee - a number of experienced members would be lost

RESOLVED

- **To accept the report**
- **To approve the progress of the Work Programme and seek an update for the February meeting**
- **To recommend to the Full Council a composite membership of 18 members for the Audit and Governance Committee - 12 Co-opted Members and 6 Lay Members. To be operational from 5 May 2022**
- **To accept the proposed changes to the Constitution – statutory changes to be achieved by the Monitoring Officer in accordance with its rights under the Constitution.**

In concluding the meeting, the Chair noted that this was Mr Dafydd Edwards' (Head of Finance Department) last meeting - he was thanked for his work, his support to the Committee and his professional attitude towards ensuring that the Council was in good hands. He was wished a happy flexible retirement.

The meeting commenced at 10.00 and concluded at 12.25

CHAIR

Agenda Item 5

| | |
|------------------|---------------------------------------------------------------------|
| COMMITTEE | Audit and Governance Committee |
| DATE | 10 February 2022 |
| SUBJECT | Cabinet Decision 18/01/2022 Item 6 – Celebrating St. David’s Day |
| AUTHOR | Geraint Owen, Head of Democratic Services |

1. The following decision has been called in for scrutiny, in accordance with section 7.25 of the Council's Constitution.

Item 6: Celebrating St. David’s Day, Cabinet decision 18/01/2022

“For the purpose of celebrating our Patron Saint’s Day, to recognise St. David’s Day 2022 as an additional holiday for those Council staff who work in accordance with local government workers’ conditions of service, to be financed in accordance with paragraph 2.10 of the report.”

2. The request to call in the item to be scrutinised was made by Councillors John Pughe Roberts (Chair of the Committee), Angela Russell and Sion Jones within the necessary requirements and timeframe.
3. The reasons for calling in, namely the aspects of the decision that it is considered should be scrutinised, and within the requirements of the constitution have been noted as follows:

“Concerns regarding the cost to Gwynedd Council of providing an extra bank holiday to the authority’s staff, a cost of approximately £200 thousand which has been found during this very difficult financial period for everyone. We believe that these funds could be better used for the benefit of residents of Gwynedd. We ask the Cabinet to reconsider their decision until the Welsh Government are able to provide an additional bank holiday on St David’s Day on 1st March for the whole of Wales.”

4. In order to assist the Committee to scrutinise the matter in accordance with the aspects of the decision that it is considered should be scrutinised, the following documents are enclosed with this report.
 - Appendix 1 - Cabinet Decision Notice (Item 6, 18/01/2022)
 - Appendix 2 - Cabinet Report (Item 6, 18/01/2022)

No specific response has been provided by the Cabinet Member, as all the information is included in the report to Cabinet on the 18th of January, 2022.

GWYNEDD CABINET DECISION NOTICE

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Date of Cabinet Meeting: | 18 January 2022 |
| Date decision will come into force and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution | 2 February 2022 |

SUBJECT

Item 6: CELEBRATING ST. DAVID'S DAY

DECISION

- a. For the purpose of celebrating our Patron Saint's Day, to designate St David's Day 2022 as an additional holiday for those Council staff who work in accordance with local government workers' conditions of service, to be financed in accordance with paragraph 2.10 of the report.
- b. To authorise officers to investigate possible options to establish such an arrangement as a permanent one and for this purpose to hold further discussions with the recognised trade unions whilst continuing to lobby for the support of the Westminster Government to devolve the power to establish bank holidays to Welsh Government.

REASONS FOR THE DECISION

The following was resolved at a meeting of the Full Council on 7 October:

- a. That the Council asks the Cabinet to consider officially recognising St David's Day by giving a day's leave to its workforce in order to celebrate our Patron Saint's Day on 1 March 2022 and every year thereafter.
- b. That the Council calls on Westminster Government to devolve to Welsh Government the power to create bank holidays for Wales (via the Banking and Financial Dealings Act 1971) - in the same manner as already happens in Scotland and Northern Ireland.

It was noted that annual leave is contractual issue involving the employment of Council staff and, as a result, the Council is required, as the employer, to discuss the matter at a local level, as part of the local government workers' conditions of service, with representatives of the three recognised unions.

It was explained that school teachers' conditions of service is a matter that would need to be discussed at a national level and consequently it is not possible to establish St David's Day as an additional holiday for teachers by securing a local agreement.

Consequently, it was noted that possible options needed to be investigated to establish such an arrangement as a permanent one.

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

CYNGOR GWYNEDD

Report to a Meeting of Gwynedd Council's Cabinet

| | |
|-------------------------|------------------------------------------------|
| Date of Meeting: | 18th January, 2022 |
| Cabinet Member: | Councillor Nia Jeffreys |
| Contact Officer: | Geraint Owen, Head of Corporate Support |
| Contact Tel. No. | 32335 |
| Item Title: | Celebrating St. David's Day |

1. DECISION SOUGHT

- a. For the purpose of celebrating our Patron Saint's Day, to recognise St. David's Day 2022 as an additional holiday for those Council staff who work in accordance with local government workers' conditions of service, to be financed in accordance with paragraph 2.10 of the report.
- b. Authorise officers to investigate possible options to establish such an arrangement as a permanent one and for this purpose to hold further discussions with the recognised trade unions whilst continuing to lobby for the support of the Westminster Government to devolve the power to establish bank holidays to Welsh Government.

2. BACKGROUND AND REASON FOR THE REQUIREMENT OF A DECISION

2.1 At a meeting of the full Council on the 7th October, 2021, it was resolved as follows:

- a. *That the Council asks the Cabinet to consider officially recognising St David's Day by giving a day's leave to its workforce in order to celebrate our Patron Saint's Day on 1 March 2022 and every year thereafter.*
- b. *That the Council calls on the Westminster Government to devolve to Welsh Government the power to create bank holidays for Wales (via the Banking and Financial Dealings Act 1971) – in the same manner as already happens in Scotland and Northern Ireland.*

2.2 Annual leave is a contractual issue involving the employment of Council staff. This means that we are required, as the employer, to discuss the matter at a local level, as part of the local government workers' conditions of service, with representatives of the three recognised unions, namely Unison, GMB and Unite. In this respect, it is expected that the Council, as the employer, and the recognised trade unions reach a consensus on the way forward.

- 2.3 However, our school teachers' conditions of service is a matter that would need to be discussed at a national level and consequently it is not possible to establish St. David's Day as an additional holiday for teachers by securing a local agreement. On the other hand, the remainder of our schools' staff do work in accordance with the local government workers' terms and therefore any agreement made at a local level will be relevant to them.
- 2.4 In the context of that which can be agreed upon locally, officers have already brought the trade unions' attention to the proposal approved at full Council and have held an informal discussion on the options to be considered if the Cabinet concludes that an attempt should be made to establish an additional day's holiday. These are the options:
- Approve an additional day's annual leave to all relevant staff, to be taken annually on the 1st March or on the closest working day if the 1st March falls on the weekend – with those staff who would be required to work on that day able to take the additional day at another time during the year.
 - The Council already provides an additional day and a half on top of staff's annual leave entitlement. It is possible to propose that one day of that additional day and a half can be utilised for the purpose of ensuring a holiday on St. David's Day. It should be noted that on implementing this proposal, a significant percentage of Council staff would lose the current freedom to take that one day's leave at a time of their choosing.
 - The Unions submitted another option to be considered which is a combination of the previous two options i.e. that the Council finances an additional half day's leave whilst re-allocating the current additional half day's leave in order to establish St David's Day as a holiday for staff.
- 2.5 The annual cost to the Council of approving an additional day's leave in order to celebrate St. David's Day would be approximately £200,000 (approximately £100,000 if the option of the Council financing an additional half day's leave whilst re-allocating the current additional half day's leave was to be approved). These costs are primarily due to the requirement to employ casual staff in order to ensure service continuity during staff absences on the additional day's leave.
- 2.6 Obviously, there would be no requirement to ensure a formal agreement with the recognised trade unions in respect of the first option but there would be a need to provide a period of consultation with a view to ensuring a collective agreement with union representatives if the Cabinet favoured either of the other two options. This means that there would be insufficient time to introduce the possible amendment to the conditions of service by St. David's Day 2022.
- 2.7 This leads to one other short term option, which is the option recommended as the decision which is being sought, whereby the Cabinet approves an additional day's leave for this year only and establishes that day for the purpose of celebrating St. David's Day (with the exception of those staff who would be required to work on that day who would be able to take that day's leave at an alternative time during the year). This would lead to a one-off cost of approximately £200,000 but would also allow the necessary time in order to investigate possible options to establish such an arrangement as a permanent one by means of further discussions with the recognised trade unions.

- 2.8 Even if the Cabinet did not wish to proceed to establish a permanent arrangement at this point, the approval of one day's additional leave for this year would follow the path recently taken by some other public organisations e.g. Snowdonia National Park, Conwy Council.
- 2.9 By resolving to initially establish an additional day's holiday for this year only, it would also provide the opportunity to identify possible further options to those three which have already been identified, as noted in paragraph 2.4 of this report. It must be acknowledged that there is a cost to realising these options and this period over the coming months will provide an opportunity to also identify any other additional possible options.
- 2.10 For this year, as highlighted in the Head of Finance's comments, it is possible to fund the cost of realising this proposal from net underspend. However, if a permanent arrangement is to be realised for the following years, a specific provision will be required within the Council's revenue budget. Since we have not as yet fully investigated all options and established the costs associated with those options, a permanent resolution is not possible at this point. Therefore, following the establishment of all the possible options, the Cabinet will need to evaluate the cost of realising a permanent arrangement against other Council priorities.
- 2.11 Again, in this context, Cabinet members are reminded that it would not be possible to include teachers since the Council has no power to amend those conditions of service at a local level. Obviously, if we were to establish an additional day's holiday on a permanent basis, then we would wish to include teachers in such an arrangement. It is therefore also recommended that the Council should persist in calling on the Westminster Government to devolve power to Welsh Government for the purpose of establishing bank holidays in Wales.
- 2.12 It can be confirmed that the equality implications have been assessed and that the recommendation put forward is compatible with the Council's duty under the Equality Act 2010.

3. REASONING AND JUSTIFICATION FOR RECOMMENDING THE DECISION

- 3.1 At its meeting on the 7 October, 2021, the Council also called on the Westminster Government to devolve the power to establish bank holidays in Wales to the Welsh Government, as is already the case in Scotland and Northern Ireland in terms of the Scottish and Northern Irish Governments. The Council Chair subsequently wrote to the Westminster Government and a response was received on the 10th December, 2021 from the Under-Secretary at the Department for Business, Energy and Industrial Strategy which noted that the Westminster Government had no plans to change current arrangements for establishing bank holidays in Wales (see the correspondence in appendix 1 & 2).
- 3.2 On the basis of this extremely disappointing response, it is evident that the current Westminster Government has no intention, at this moment in time, to devolve this power and it will not therefore be possible to respond positively to the full Council's wishes by means of a decision by Welsh Government for the time being.

- 3.3 Consequently, the recommendations are submitted to the Cabinet as the only current practical possibilities of establishing St. David's Day 2022 as a holiday for Council staff.

4. NEXT STEPS AND TIMETABLE

If the Cabinet favours the option to establish St. David's Day as an additional holiday for 2022 only and is keen to further consider options for the longer term, it will be possible to immediately adjust staff's annual leave entitlements for the current year whilst also conducting further discussions with the recognised trade unions in respect of future arrangements, with a view to report on the recommendations in June of this year.

5. ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION

Monitoring Officer:

The report notes that the recommendation stems from a request to the Cabinet by the Full Council on the 7th of October to consider designating St David's Day a staff holiday. As the decision is a Cabinet matter there is no obligation to implement this Council decision and the Cabinet must give appropriate consideration to the recommendation. The reasoning for a one-off recommendation is set out and acknowledges the further consultation and discussion requirements in order to establish a permanent arrangement if desired. I'm content that the recommendation is appropriate.

Head of Finance:

I can confirm that officers from the Finance Department have assisted the author of the report in identifying the costs that the Council would face in designating St David's Day as a holiday for the workforce and I am satisfied that the financial information as set out in the report is a fair reflection of those estimates.

The Revenue Budget 2021/22 - End of November 2021 Review report, which is a separate item on this meeting's agenda, states that the pressures on a number of budgets of a Corporate nature are not as great as anticipated this year and a decision is sought to transfer the net underspend on these budgets to the Financial Strategy Support Fund. This transfer, if permitted by Cabinet, would significantly exceed the costs of designating St David's Day as a holiday for the workforce. It would therefore be appropriate and reasonable to compensate from the Financial Strategy Support Fund those departments that would see a one-off increase in their costs as a result of this decision, as necessary. On the other hand, if the Cabinet were to decide not to transfer the underspend it would still be available to be used for this purpose.

Cadeirydd y Cyngor
Chairman of the Council
Y Cynghorydd / Councillor Simon Glyn



Gofynnwch am/Ask for: **Eirian Roberts**
 (01286) 679018 Ein Cyf / Our Ref: ER
 (01286) 671072 Eich Cyf / Your Ref:
E-bost / E-mail: eirianroberts3@gwynedd.llyw.cymru

The Right Hon. Kwasi Kwarteng, MP
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
London. SW1H 0ET

17 November, 2021

Dear Mr Kwarteng,

I wish to draw your attention to the following motion which was unanimously adopted at a recent meeting of Gwynedd Council:-

“RESOLVED:-

- 1. That the Council asks the Cabinet to consider officially recognising St David’s Day by giving a day’s leave to its workforce in order to celebrate our Patron Saint’s Day on 1 March 2022 and every year thereafter.**
- 2. That the Council calls on Westminster Government to devolve to Welsh Government the power to create bank holidays for Wales (via the Banking and Financial Dealings Act 1971) - in the same manner as already happens in Scotland and Northern Ireland.”**

The proposer set out the context to his motion by tracing the history of St David, patron saint of Wales, and his significance to the Welsh people, and also emphasised that the motion served to reclaim an element of self-respect in terms of our separateness and identity as a nation.

Some of the comments made during the discussion included:-

- Agreement with the principle, and support for the call to establish St David’s Day as a bank holiday in Wales.
- That it was scandalous and an embarrassment that powers to create bank holidays have been granted to the Governments of both Scotland and Northern Ireland, but not to the Welsh Government.
- That it has been an affront to the Welsh people for centuries that, as a country, we do not have the power to celebrate our patron saint’s day. The cost is always put forward as an argument, but a bank holiday is a great boost for the economy of rural areas.
- That we, and anyone who lives in Wales, has a duty to support our patron saint, regardless of background and tradition.

I look forward to receiving your response to this motion so that I can report back to the forthcoming meeting of the Council.

Yours sincerely,

Councillor Simon Glyn
Council Chairman

Swyddfa'r Cyngor
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Department for
Business, Energy
& Industrial Strategy

Paul Scully MP
Parliamentary Under-Secretary of
State

**Department for Business,
Energy & Industrial Strategy**
1 Victoria Street
London
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Councillor Simon Glyn
Gwynedd Council

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By email: eirianroberts3@gwynedd.llyw.cymru

Our ref: MCB2021/27892

10 December 2021

Dear Councillor Glyn,

Thank you for your letter dated 17 November to the Rt Hon Kwasi Kwarteng MP, regarding the motion on officially recognising St David's Day as a bank holiday in Wales. I am responding as this matter falls within my ministerial portfolio.

While we appreciate that the people of Wales want to celebrate their patron saint, more people work across the English/ Welsh border than across the English/ Scottish border. This closer degree of integration could cause greater business disruption. If we had separate bank holidays in England and Wales, the impact on both employees and businesses is difficult to predict.

While an additional bank holiday may benefit some communities and sectors, the cost to the economy of an additional bank holiday remains considerable. An assessment following the additional bank holiday for the Diamond Jubilee in 2012 showed that (across the UK as a whole) the additional bank holiday cost the economy around £1.2 billion.

Each devolution settlement has been developed against a backdrop of different histories, economic, social and cultural and legal systems. Different factors will require separate considerations. What works in one place may not work for another and we should not assume that devolution is the right solution because the matter is devolved elsewhere.

For this reason, the Government has no current plans to change the well-established and accepted arrangements for bank holidays in Wales.

The UK Government remains committed to working together with all the Devolved Administrations to ensure that the UK's institutions are working collectively as one United Kingdom. We appreciate the ongoing close working with the Welsh Government, while also respecting their devolved nature, ensuring we build a strong, enterprising economy across the United Kingdom.

Thank you again for taking the time to write.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Scully', with a stylized, cursive style.

PAUL SCULLY MP

Minister for Small Business, Consumers & Labour Markets

Minister for London

Agenda Item 6

MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: 10 FEBRUARY 2022

TITLE: REVENUE BUDGET 2021/22 –
END OF NOVEMBER 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 November 2021 Review) was submitted to the Cabinet on 18 January 2022.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is requested to note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the Cabinet's decisions and comment as necessary.

Appendices:

Cabinet Decision Notice 18/01/2022

Cabinet report 18/01/2022: Revenue Budget 2021/22 – End of November 2021 Review

GWYNEDD COUNCIL CABINET DECISION NOTICE

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Date of Cabinet Meeting: | 18 January 2022 |
| Date decision will come into force and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution | 2 February 2022 |

SUBJECT

Item 7: REVENUE BUDGET 2021/22 - END OF NOVEMBER REVIEW

DECISION

- The report on the end of November 2021 review of the Revenue Budget was accepted, and the latest financial situation regarding the budgets of each department / service was considered.
- It was noted 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.
- It was noted that the Welsh Government's Covid support system via the hardship fund was continuing, however, it did not address overspend due to a slippage in the savings programme.
- It was noted that there was significant overspend in the Adults, Health and Well-being Department and the Highways and Municipal Department this year.
- The following recommendations and financial virements on Corporate budgets were approved, that:
 - An underspend of (£20k) relating to capital costs is earmarked to a fund to finance the capital programme.
 - A net underspend of (£1,846k) 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.

REASONS FOR THE DECISION

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

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET

18 JANUARY 2022

Cabinet Member: Councillor Ioan Thomas, Cabinet Member – Finance

Subject: Revenue Budget 2021/22 - End of November 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 November 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.
- Approve the following recommendations and virements (as explained in **Appendix 2**).
 - On Corporate budgets, that:
 - An underspend of (£20k) relating to capital costs is earmarked to a fund to finance the capital programme.
 - A net underspend of (£1,846k) 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 November 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 £10.4 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 £8.4 million have been submitted to the Welsh Government to compensate the Council for the additional expenditure for the period up to the end of November, with £5.5 million already received.

In terms of income losses, the value of the application for the first half of the year exceeded £1.7 million, with £1.4 million already received from the Welsh Government.

4. The Savings Situation

Following a review of the savings situation, it appears that over £32.8 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 £666k.

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 £995k 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 Covid has had a substantial impact on the Adults, Health and Well-being Department again this year, with over £3 million already claimed from the Welsh Government for the increased pressure up to the end of November.

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, with a forecasted underspend of £113k.

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 £666k. 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 to the end of October, 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 £1.4 million will be submitted to the Government for the period up to the end of November. With the expectation 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, 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 May 2022 regarding the situation at the end of the financial year 2021/2022.

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 crisis

2021/22 Revenue Budget - Summary of the position by Department

| | End of November Review | | | | Estimated End of August 2021/22 Position £ '000 |
|-----------------------------------------------------|----------------------------------------|-----------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|
| | 2021/22 Proposed Budget £'000 | Estimated Gross Over / (Under) Spend 2021/22 £ '000 | Recommended Adjustments £'000 | Estimated Adjusted Over / (Under) Spend 2021/22 £ '000 | |
| Adults, Health and Well-being | 57,875 | 995 | 0 | 995 | 1,370 |
| Children and Families | 19,304 | (113) | 0 | (113) | (36) |
| Education | 98,048 | (54) | 0 | (54) | (89) |
| Economy and Community | 5,043 | (86) | 0 | (86) | (203) |
| Highways and Municipal | 25,671 | 862 | 0 | 862 | 982 |
| Environment | 3,691 | (178) | 0 | (178) | (228) |
| Gwynedd Consultancy | (130) | 5 | 0 | 5 | (30) |
| Housing and Property | 5,567 | (306) | 0 | (306) | (175) |
| Corporate Management Team and Legal | 2,073 | (87) | 0 | (87) | (94) |
| Corporate Support | 6,984 | (83) | 0 | (83) | (92) |
| Finance (and Information Technology) | 6,567 | (56) | 0 | (56) | (62) |
| Corporate Budgets <i>(Variances only)</i> | * | (1,866) | 1,866 | 0 | 0 |
| Totals (net) | 230,693 | (967) | 1,866 | 899 | 1,343 |

| | |
|--------------------------------------------------|--------------|
| Transfer to the Financial Strategy Support Fund | 1,846 |
| Transfer to the Capital Programme Financing Fund | 20 |
| | <u>1,866</u> |

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|-------------------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field: - | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adult Services | | | | | | |
| Older People's Services | | | | | | |
| Residential and Nursing - Homes | 15,957 | 15,067 | (890) | 0 | (890) | (825) |
| Domiciliary Care | 7,451 | 8,084 | 633 | 0 | 633 | 616 |
| Others | (123) | 690 | 813 | 0 | 813 | 905 |
| | 23,285 | 23,841 | 556 | 0 | 556 | 696 |
| Physical Disabilities Services | 2,531 | 2,486 | (45) | 0 | (45) | (165) |
| Learning Disabilities Services | 21,379 | 21,890 | 511 | 0 | 511 | 724 |
| Mental Health Services | 3,629 | 3,844 | 215 | 0 | 215 | (2) |
| Other Services (Adults) | 3,264 | 3,185 | (79) | 0 | (79) | 88 |
| Adults Services Total | 54,088 | 55,246 | 1,158 | 0 | 1,158 | 1,341 |
| Provider Services (shows net budget) | | | | | | |
| Residential Care | (54) | (353) | (299) | 0 | (299) | (371) |
| Day Care | (2) | (140) | (138) | 0 | (138) | (131) |
| Community Care | 223 | 765 | 542 | 0 | 542 | 640 |
| Others | (4) | (17) | (13) | 0 | (13) | (16) |
| Provider Services Total | 163 | 255 | 92 | 0 | 92 | 122 |

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|---------------------------------------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Other Services</u> | | | | | | |
| Departmental Central Services <i>(including Department savings)</i> | 3,424 | 3,573 | 149 | 0 | 149 | 236 |
| Care Workforce Additional Expenditure due to Covid-19 | 200 | 125 | (75) | 0 | (75) | 0 |
| Use of the Department's Underspend Fund | 0 | (329) | (329) | 0 | (329) | (329) |
| <u>Other Services Total</u> | 3,624 | 3,369 | (255) | 0 | (255) | (93) |
| <u>Adults, Health and Well-being Total</u> | 57,875 | 58,870 | 995 | 0 | 995 | 1,370 |

Adults, Health and Well-being

Older People's Services - a reduction in demand for residential and nursing, and although there was a reduction in demand for Home Care last year due to Covid, increasing demand was evident this year. In 'Other' overspends on Supported Accommodation with the costs of the Hafod y Gest scheme and Awel y Coleg accounting for a significant proportion of the relevant overspend, there was also an increase in the number of direct payment packages and the inability to achieve savings.

Physical Disability Services - new residential and nursing case and increased pressure on supported accommodation but reduced demand for home care.

Learning Disability Services - costly new cases in supported accommodation and increased pressure on direct payments which is being reduced by one-off funding this year.

Mental Health Services - increasing pressure on residential and nursing and support schemes.

Provider Services - staff costs are over budget and loss of income are issues in Community Care, whilst staff turnover has led to underspends in many older people's homes and the implications of Covid disrupting Day Care provision thus underspending.

Departmental Central Services - some savings plans remain unrealised but impact reduced by staff turnover and grant receipt.

Budget 2021/22 - this year, the department received over £1.6 million worth of bids for increased pressure on the 2021/22 budget including for Learning Disability, Older People and Physical Disability.

Expenditure / Covid19 Grant - The impact of Covid has had a significant impact on the Department for Adults, Health and Well-being, again this year over £3 million already claimed by the Welsh Government towards the additional pressures up to the end of November.

Savings - A failure to achieve savings is a clear factor in the department's overspend with £855k remaining to be realised.

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|-----------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Service Management | 591 | 573 | (18) | 0 | (18) | (13) |
| Operational | 2,082 | 2,257 | 175 | 0 | 175 | 147 |
| Placements | | | | | | |
| Out-of-County Placements | 4,701 | 4,568 | (133) | 0 | (133) | (196) |
| Fostering through an Agency | 1,633 | 1,517 | (116) | 0 | (116) | (129) |
| Fostering – Internal | 2,406 | 2,435 | 29 | 0 | 29 | 80 |
| Support Services and Others | 1,688 | 1,651 | (37) | 0 | (37) | (52) |
| | 10,428 | 10,171 | (257) | 0 | (257) | (297) |
| Post-16 | 1,238 | 1,303 | 65 | 0 | 65 | 116 |
| Specialist/Derwen | 1,826 | 2,089 | 263 | 0 | 263 | 259 |
| Youth Justice | 252 | 215 | (37) | 0 | (37) | (37) |
| Early Years | 137 | 83 | (54) | 0 | (54) | (35) |
| Youth | 889 | 707 | (182) | 0 | (182) | (150) |
| Others | 1,861 | 1,793 | (68) | 0 | (68) | (26) |
| Children and Families Total | 19,304 | 19,191 | (113) | 0 | (113) | (36) |

Children and Families

Following the allocation of over £1.8m of additional funding to the department for 2021/22 together with the removal of £1.1 million worth of savings, this year's forecast is therefore much more promising with an underspend forecasted by the end of the year.

Operational - overspend on support schemes, but are below levels seen pre-Covid period, as well as overspend on staff costs.

Placements - bid allocation and removal of savings have had a significant impact on this area which has been overspending significantly over recent years. Although there have been 5 new out-of-county placement cases this year, the average number is down to 21.7 compared to 22 for 2020/21. Average numbers also down for agency fostering are 31.5 this year compared to 33.4 in 2020/21. In Internal Fostering, the Skills Payment and Staying On scheme are forecast to overspend.

Post 16 - this area has been the subject of a bid worth £100k this year, which has helped to reduce the budget pressures arising from the impact of a full year of cases.

Specialist / Derwen - the impact of an increase in demand for specialist support and support schemes over recent years is responsible for the overspend, as well as a shift in emphasis in how the service is provided, with increasing pressure on direct payments, now obvious.

Youth Justice - staff turnover means that this heading is underspending.

Early Years - the use of grants to fund core expenditure and receipt of grants in childcare field are the reasons for the underspend.

Youth - Higher grant receipt this year against core expenditure plus underspend following remodeling of service. Service activity effected by Covid and therefore reduced expenditure.

REVENUE BUDGET 2021/22 - END OF NOVEMBER REVIEW

| Education 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|-----------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Devolved Schools | 82,309 | 82,309 | 0 | 0 | 0 | 0 |
| Schools Quality Services | (813) | (1,122) | (309) | 0 | (309) | (313) |
| Infrastructure and Support Services | | | | | | |
| Transport | 5,518 | 5,619 | 101 | 0 | 101 | 262 |
| Ancillary Services | 461 | 839 | 378 | 0 | 378 | 177 |
| Others | 3,324 | 3,289 | (35) | 0 | (35) | (51) |
| | 9,303 | 9,747 | 444 | 0 | 444 | 388 |
| Leadership and Management | 2,240 | 2,088 | (152) | 0 | (152) | (129) |
| Additional Learning Needs and Inclusion | 5,009 | 4,972 | (37) | 0 | (37) | (35) |
| Education Total | 98,048 | 97,994 | (54) | 0 | (54) | (89) |

Education

School Quality Services - the underspend is due to a combination of grant receipts, staff turnover, reduced spending and reduced demand on some budgets.

Transport - although an additional £291k of funding has been allocated for this area for 2021/22, the latest estimates suggest a £164k overspend on Taxi Transport this year. Extra pressures on the budget came with the relocation of Grŵp Llandrillo Menai's educational courses to Llangefn, and an increase in the demand in taxis for pupils at Hafod Lon and Pendalar special schools. Grant receipt and one-off underspend on school buses this year reduces the reported overspend.

Transport has been subject to a strategic review to try and manage the increase in expenditure, with the need for further work from the Education Department and the Environment Department continuing, so that it is possible to take advantage of efficiency opportunities.

Infrastructure and Support Services - Ancillary Service - staff overspends, losses of school meals income and the care element of breakfast clubs. Covid-affiliated schools' additional cleaning requirements are also evident, with a proportion of the relevant income losses and additional expenditure being claimed by the Welsh Government.

Infrastructure and Support Services - Other - less demand on various budgets.

Leadership and Management - grant receipt and underspend on a number of various budget headings.

Additional Learning Needs and Inclusion - a mixed picture that is a combination of vacancies and underspends on a variety of headings, while circumstances relating to one particular centre remain and account for an overspend of £223k.

| REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Management | 375 | 375 | 0 | 0 | 0 | 0 |
| Community Regeneration and Support Programmes | 374 | 432 | 58 | 0 | 58 | 12 |
| Maritime and Country Parks | 438 | 222 | (216) | 0 | (216) | (251) |
| Leisure Contracts | 1,078 | 1,099 | 21 | 0 | 21 | 25 |
| Sports Programmes | 32 | 32 | 0 | 0 | 0 | 0 |
| Economic Development Programmes | (77) | (23) | 54 | 0 | 54 | 0 |
| Marketing and Events | 288 | 302 | 14 | 0 | 14 | 0 |
| Gwynedd Libraries | 1,627 | 1,571 | (56) | 0 | (56) | (33) |
| Museums, Arts and Gwynedd Archives | 908 | 947 | 39 | 0 | 39 | 44 |
| Economy and Community Total | 5,043 | 4,957 | (86) | 0 | (86) | (203) |

Economy and Community

Community Regeneration and Support Programmes - one-off additional spend on regeneration programmes this year.

Maritime and Country Parks - a combination of reasons responsible for the forecast underspend including staff turnover, exceeding income at Hafan Pwllheli, due to the increasing number of tourists to the area and therefore the demand for moorings following the easing of Covid restrictions over the summer period. It was also seen that the beaches income exceeded the income targets following a busy tourist season for the area.

Leisure Contracts - the leisure provision was transferred to Cwmni Byw'n Iach on 1 April 2019, but responsibility for running the property remains with the Council, from the latest projections it is forecasted that there will be an overspend of £21k by the end of the year.

As Covid has impaired the ability of the leisure centers to open and the provision of a service, thus having an impact on 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 £1.4 million to the end of November 2021 (£2.7 million in 2020/21).

Economic Development Programs - additional expenditure on various schemes this year.

Gwynedd Libraries - underspend is mainly due to staff vacancies and staff turnover.

Gwynedd Museums, Arts and Archives - Covid has had a detrimental effect on income levels, there has been a slippage in Neuadd Dwyfor's opening schedule following the refurbishment, which in turn has led to a lack of income this year. Problems persist in Storiell with a deficit forecast of £42k by the end of the financial year.

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|------------------------------------------------------------------|-------------------------|----------------------------|-----------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Highways Services (including Trunk roads) | 9,990 | 9,842 | (148) | 0 | (148) | (65) |
| Engineering Services | 468 | 577 | 109 | 0 | 109 | 136 |
| Municipal Services | | | | | | |
| Waste | 11,135 | 11,831 | 696 | 0 | 696 | 663 |
| Others | 4,078 | 4,283 | 205 | 0 | 205 | 248 |
| Highways and Municipal Total | 25,671 | 26,533 | 862 | 0 | 862 | 982 |

Highways and Municipal (including Trunk roads)

Highways Services - forecast underspend on various budget headings, together with increased income which helps offset the delay in realising savings plans.

Engineering Services - failure to realise savings plans including CCTV and Barmouth Bridge (Pont Abermaw) savings but negotiations are ongoing to seek a solution.

Waste - a number of matters are responsible for the overspend, but mainly on waste collection and recycling. Although the department has taken steps to change shifts and waste collection cycle arrangements, implementation has been delayed. The new arrangements are in place in Dwyfor and Arfon and have been operational in Meirionnydd since the beginning of the financial year, so transitional costs associated with staff and sickness are evident this year. There is also an increase in the tonnage of recyclable and recyclable waste collected, which is an increase of 6% and 9% since the 2019 levels. In addition, there is a projected overspend on the costs of handling recyclables, fleet costs and trouble to realise savings.

Other Municipal Services - a mixed picture which is a combination of factors with some of the main reasons including loss of grounds maintenance income, additional pressures on commercial waste budgets, public conveniences and street cleansing and savings remaining undiscovered.

The impact of Covid19 has had a significant impact on the department in terms of additional expenditure and loss of income, with over £1.3 million already claimed by the Welsh Government this year (£2.4m in 2020/21).

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|---------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Department Management | 704 | 633 | (71) | 0 | (71) | (82) |
| Planning and Building Control Service | 391 | 393 | 2 | 0 | 2 | 145 |
| Street Care and Transport Services | | | | | | |
| Network Management (Transport) | 391 | 112 | (279) | 0 | (279) | (281) |
| Parking and Parking Enforcement | (1,845) | (1,707) | 138 | 0 | 138 | (89) |
| Integrated Transport | 1,827 | 1,992 | 165 | 0 | 165 | 150 |
| | 373 | 397 | 24 | 0 | 24 | (220) |
| Countryside and Access | 625 | 636 | 11 | 0 | 11 | 10 |
| Public Protection | 1,598 | 1,454 | (144) | 0 | (144) | (81) |
| <u>Environment Total</u> | 3,691 | 3,513 | (178) | 0 | (178) | (228) |

Environment

Management - staff turnover and general underspend resulting in one-off savings on the Management heading.

Planning and Building Control Service - income forecasts have improved since the review at end of August following the submission of significant applications in recent months. Underspend 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 headings.

Parking and Parking Enforcement - lack of parking income which is reduced by underspends on various budgets including employment costs.

Integrated Transport - an overspend on public bus contracts is forecasted, with the work of conducting a review to consider the provision now recommencing following a delay due to the Covid crisis.

Public Protection - an increase in the number of vacancies and forecasted increase in income has led to a further underspend. Reduced expenditure on a number of budget headings this year including food and water samples and advertising.

| REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Roads and Engineering Services | (692) | (724) | (32) | 0 | (32) | (102) |
| Sustainable Urban Drainage Systems Unit (SuDS) | 0 | 0 | 0 | 0 | 0 | 0 |
| Flood Risk Management Unit | 584 | 584 | 0 | 0 | 0 | 29 |
| Building Service | (22) | 15 | 37 | 0 | 37 | 43 |
| Consultancy Total | (130) | (125) | 5 | 0 | 5 | (30) |

Consultancy

Roads and Engineering Services - an increasing number of staff vacancies have had a negative impact on the levels of income being recouped from schemes by external organisations such as other Councils and the Welsh Government.

Flood Risk Management Unit - improvement in forecasts with a balanced position now forecast by year end.

Construction Service - staff turnover which results in a lack of income generation.

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|------------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Management | 209 | 153 | (56) | 0 | (56) | (33) |
| Housing Services | | | | | | |
| Homelessness | 1,105 | 1,072 | (33) | 0 | (33) | 53 |
| Private Sector Housing | 393 | 391 | (2) | 0 | (2) | (5) |
| Others | 398 | 363 | (35) | 0 | (35) | (74) |
| | 1,896 | 1,826 | (70) | 0 | (70) | (26) |
| Property Services | | | | | | |
| Property | 3,479 | 3,338 | (141) | 0 | (141) | (92) |
| Caretaking, Catering and Cleaning | (17) | (56) | (39) | 0 | (39) | (24) |
| | 3,462 | 3,282 | (180) | 0 | (180) | (116) |
| <u>Housing and Property Total</u> | 5,567 | 5,261 | (306) | 0 | (306) | (175) |

Housing and Property

Management - underspend due to staff turnover and training costs account for the position.

Housing Services - again this year in Homelessness, significant pressure on the Temporary Accommodation service arising from the Covid crisis, in terms of moving the homeless off the street. It is expected that the Welsh Government will compensate the Council for a significant proportion of the related £2.3 million of additional expenditure. Another noticeable pressure this year is the cost of meeting the maintenance of the private Housing Leasing Scheme, with catching up to do with the maintenance work following the delay due to Covid. Concurrently, underspends on staff costs in Homelessness and in the Gypsy and Traveller field under 'Others'.

Property Services - vacancies and secondments are largely responsible for the forecast underspend on the Property side, with a combination of reduced expenditure on services and supplies and increased income in Caring, Catering and Cleaning.

REVENUE BUDGET 2021/22 - END OF NOVEMBER REVIEW

| Central Departments | 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|--------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Corporate Management Team and Legal | 2,073 | 1,986 | (87) | 0 | (87) | (94) |
| Finance (and Information Technology) | 6,567 | 6,511 | (56) | 0 | (56) | (62) |
| Corporate Support | 6,984 | 6,901 | (83) | 0 | (83) | (92) |
| Central Departments Total | 15,624 | 15,398 | (226) | 0 | (226) | (248) |

Central Departments

Corporate Management Team & Legal - staff turnover and vacancies account for the underspend with a proportion of the underspend arising from the Corporate Director vacancy.

Finance (and Information Technology) - the underspend is due to a combination of reasons, including a one-off underspend due to vacancies and receipt of income in a number of fields.

Corporate Support - staff turnover and a number of services exceeding their income, however, the impact of Covid has had a negative impact on the Printroom's internal income, with a projected shortfall of £70k by the end of the financial year. Underspend on supplies and services across the department also contributes towards the overall underspend position.

REVENUE BUDGET 2021/22 - END OF NOVEMBER 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 | Estimated Over/(Under) Spend August Review 2021/22 |
|--------------------------------------------|-------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|
| Field:- | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Council Tax | * | * | (359) | 359 | 0 | 0 |
| Council Tax Reductions | * | * | (332) | 332 | 0 | 0 |
| Capital Costs | * | * | (20) | 20 | 0 | 0 |
| Interest Received | * | * | 0 | | 0 | 0 |
| Corporate Provision | * | * | (545) | 545 | 0 | 0 |
| Budgets and Bids returned | * | * | (463) | 463 | 0 | 0 |
| Other | * | * | (147) | 147 | 0 | 0 |
| Corporate Total | * | * | (1,866) | 1,866 | 0 | 0 |

Corporate

Council Tax - up to the end of November, the Valuation Office allowed 305 properties to transfer from Council Tax to Non-Domestic Rates (506 in 2020/21, 397 in 2019/20, 453 in 2018/19). Nevertheless, a favorable position of additional tax yield is anticipated due to prudent assumptions in setting the 2021/22 budget. £6.5m of Council Tax Premium is planned to be received during 2021/22 and to be earmarked for consideration for the Housing Strategy.

Council Tax Reductions - a reduction in the numbers who claim the discount in Gwynedd compared to 2020/21 together with setting prudent estimates.

Capital Costs - existing treasury management policy means that external borrowing can be avoided, which creates an underspend against the capital costs budget. It is suggested that the underspend be diverted to a fund to be used to assist with the financing of the capital programme.

Corporate Provision - due to circumstances the demand on the provision has not been as high as anticipated when setting the budget.

Budgets and Bids returned and Others - the pressure on many budgets is not as great as anticipated this year.

It is recommended that (£20k) relating to capital costs be allocated to the capital program funding, with the remaining net underspend on Corporate budgets of (£1,846k) going to the Financial Strategy Support Fund to assist in meeting the financial challenges facing 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 the Council | Byw'n lach | Rest of the Council |
| | | £'000 | £'000 | | £'000 | £'000 | | £'000 | £'000 | | |
| April | 1 | 483 | 474 | 1 | 1,020 | 811 | 1 | 116 | 5 | 116 | 5 |
| May | 2 | 811 | 760 | | | | 2 | 35 | 5 | 35 | 5 |
| June | 3 | 824 | 823 | | | | 3 | 26 | 4 | 26 | 4 |
| July | 4 | 1,434 | 1,088 | 2 | 687 | 567 | 4 | 27 | 3 | 27 | 3 |
| August | 5 | 787 | 733 | | | | 5 | 26 | 2 | 26 | 2 |
| September | 6 | 891 | 808 | | | | 6 | 16 | 2 | 16 | 2 |
| October | 7 | 1,392 | 773 | 3 | - | - | 7 | | | | |
| November | 8 | 1,773 | - | | | | 8 | | | | |
| TOTAL | | 8,395 | 5,459 | | 1,707 | 1,378 | | 246 | 21 | 246 | 21 |

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Overview of all Claims:

| | Claim Value £'000 | Grant Received £'000 |
|----------------------------|----------------------|-------------------------|
| TOTAL | 10,369 | 7,105 |
| Byw'n lach Element | 1,147 | 1,092 |
| Rest of the Council | 9,222 | 6,013 |

Agenda Item 7

| | |
|------------------|--------------------------------------------------------------------------------------------------------------------------------|
| MEETING: | AUDIT AND GOVERNANCE COMMITTEE |
| DATE: | 10 FEBRUARY 2022 |
| TITLE: | CAPITAL PROGRAMME 2021/22 – END OF NOVEMBER 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 November 2021 Review) was presented to the Cabinet on 18 January 2022 for decisions regarding the revised programme and its financing.
3. The Cabinet Member for Finance and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is asked to note the position and any risks regarding the Council’s capital programme, scrutinise the Cabinet’s decisions, and comment as necessary.

Appendices:

Cabinet Decision Notice 18/01/2022

Cabinet report 18/01/2022: Capital Programme 2021/22 – End of November 2021 Review

GWYNEDD COUNCIL CABINET DECISION NOTICE

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Date of Cabinet Meeting: | 18 January 2022 |
| Date decision will come into force and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution | 2 February 2022 |

SUBJECT

Item 8: CAPITAL PROGRAMME 2021/22 - END OF NOVEMBER REVIEW

DECISION

To accept the report on the end of November review (30 November 2021 position) of the capital programme.

To approve the revised financing as shown in part 4 of the report, namely:

- a decrease of £15,000 in the use of borrowing,
 - an increase of £3,134,000 in the use of grants and contributions,
 - an increase of £104,000 in the use of capital receipts,
 - an increase of £75,000 in the use of revenue contributions,
 - a decrease of £1,000 in the use of the capital reserve, and
 - an increase of £363,000 in the use of renewal and other reserves.
-

REASONS FOR THE DECISION

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

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET
18 JANUARY 2022

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2021/22 –
End of November Review (30 November 2021 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought

- To accept the report on the end of November Review (30 November 2021 position) of the capital programme.

 - Approve the revised financing as shown in part 4 of the report, that is:
 - a decrease of £15,000 in the use of borrowing,
 - an increase of £3,134,000 in the use of grants and contributions,
 - an increase of £104,000 in the use of capital receipts,
 - an increase of £75,000 in the use of revenue contributions,
 - a decrease of £1,000 in the use of the capital reserve, and
 - an increase of £363,000 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 £127.675m capital programme for the 3 years 2021/22 – 2023/24.

Part 4: The sources of finance for the net increase of approximately £3.660m since the previous review.

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 £52.1m in 2021/22 on capital projects, with £27.4m (53%) 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 37% of the budget having been spent by the end of November this year, compared to 31% for the same period a year ago and 51% two years ago (2019/20, prior to the Covid19 disruption).
- An additional £22.1m 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 November 2021.

| DEPARTMENT | END OF NOVEMBER REVIEW | | | | INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000 |
|----------------------------------|------------------------|---------------|---------------|----------------|-------------------------------------------------------------------|
| | 2021/22 | 2022/23 | 2023/24 | TOTAL | |
| | £'000 | £'000 | £'000 | £'000 | |
| Education | 8,999 | 14,909 | 4,310 | 28,218 | 2,664 |
| Environment | 13,748 | 1,019 | 121 | 14,888 | (975) |
| Corporate Support | 60 | - | - | 60 | 60 |
| Finance | 944 | 1,282 | 838 | 3,064 | 3 |
| Economy and Community | 3,245 | 1,666 | 180 | 5,091 | 701 |
| Housing and Property | 8,920 | 21,250 | 6,929 | 37,099 | (468) |
| Adults, Health and Wellbeing | 3,383 | 3,361 | 625 | 7,369 | 2 |
| Children and Supporting Families | 1,785 | 482 | - | 2,267 | 35 |
| Highways and Municipal | 9,273 | 5,995 | 3,134 | 18,402 | 167 |
| Consultancy | 1,834 | 7,013 | 42 | 8,889 | 1,471 |
| Corporate | - | 1,828 | 500 | 2,328 | - |
| TOTAL | 52,191 | 58,805 | 16,679 | 127,675 | 3,660 |

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £3.660m since the previous review. The proposed sources of financing for this are noted below:

| SOURCE OF FINANCE | END OF NOVEMBER REVIEW | | | | INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000 |
|----------------------------------|------------------------|---------------|---------------|----------------|-------------------------------------------------------------------|
| | 2021/22 | 2022/23 | 2023/24 | TOTAL | |
| | £'000 | £'000 | £'000 | £'000 | |
| Supported Borrowing | 8,164 | 6,610 | 6,610 | 21,384 | - |
| Other Borrowing | 2,074 | 7,863 | 3,289 | 13,226 | (15) |
| Grants and Contributions | 27,423 | 11,843 | 247 | 39,513 | 3,134 |
| Capital Receipts | 236 | 750 | 0 | 986 | 104 |
| Departmental & Corporate Revenue | 2,685 | 34 | 0 | 2,719 | 75 |
| Capital Fund | 843 | 9,345 | 204 | 10,392 | (1) |
| Renewals & Other Funds | 10,766 | 22,360 | 6,329 | 39,455 | 363 |
| TOTAL | 52,191 | 58,805 | 16,679 | 127,675 | 3,660 |

5. Additional Grants

Since the previous review at the end of August, the Council succeeded in attracting the following additional grants totalling £4,936k. A number of adjustments including a reduction in the use of grants brings the total movement to £3,134k (see Appendix A for more information) :

- £2,331k Schools Repairs and Maintenance Grant
- £1,452k Welsh Government Grant for Flood Alleviation
- £409k Economic Stimulus Fund grant
- £308k 21st Century Schools Grant – Ysgol Trefferthyr Childcare
- £285k Welsh Government Grant towards countryside schemes
- £151k Grants from Welsh Government towards Maritime and Country Parks' schemes

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 8 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 | | |
| • Schools Repairs and Maintenance Grant (<i>Education Department</i>). | 2,331 | |
| • 21st Century Schools Grant – Ysgol Treferyth Childcare (<i>Education Department</i>). | 308 | |
| • Economic Stimulus Fund grant (<i>Economy and Community Department; Highways and Municipal Department</i>). | 409 | |
| • Grants from Welsh Government towards Maritime and Country Parks' schemes (<i>Economy and Community Department</i>). | 151 | |
| • Welsh Government Grant for Flood Alleviation – additional grants and replacement for an element of the Local Borrowing Finance Initiative (LGBI) (<i>Consultancy Department</i>). | 543 | 909 |
| • Reduction in the utilisation of Local Transport Fund (LTF) Grants from Welsh Government towards several different and schemes (<i>Environment Department</i>). | (1,154) | |
| • Reduction in the utilisation of Active Travel Fund (ATF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). | (106) | |
| • Welsh Government Grant towards countryside schemes including sustainable landscapes (<i>Environment Department</i>). | 285 | |
| • Adaptation to the Homelessness Grant funded scheme from Welsh Government – third party to be paid directly rather than via the Council (<i>Housing and Property Department</i>). | (530) | |

| | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|--|
| Other Borrowing | | | |
| • Highways and Municipal Vehicles (<i>Highways and Municipal Department</i>). | (15) | | |
| Capital Receipts | | | |
| • Adjustment to the match funding for the Llandygai Recycling Centre (<i>Highways and Municipal Department</i>). | 104 | | |
| Departmental and Corporate Revenue | | | |
| • Contributions from schools towards schemes (<i>Education Department</i>). | 26 | | |
| • Adjustment to the match funding for the Llandygai Recycling Centre and other schemes (<i>Highways and Municipal Department</i>). | (93) | | |
| • Match funding contributions/additional funding towards several schemes (<i>Economy and Community Department; Adults, Health and Wellbeing Department; Housing and Property Department; Corporate Support Department</i>). | 142 | | |
| • Technical Adjustment (<i>Corporate</i>). | 406 | (406) | |
| Capital Fund | | | |
| • Technical Adjustment (<i>Corporate</i>). | (406) | 406 | |
| Renewals and Other Funds | | | |
| • Match funding towards Country Parks' schemes (<i>Economy and Community Department</i>). | 32 | 50 | |
| • Vehicles and equipment renewals (<i>Children and Families Department; Highways and Municipal Department</i>). | 175 | | |
| • Contributions towards several schemes (<i>Consultancy Department; Housing and Property Department; Corporate Support Department</i>). | 102 | | |

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>) | (5,370) | 5,370 |
| Caernarfon Coast and Town Regeneration (<i>Economy and Community Department</i>) | (140) | 140 |
| Maritime, Country Parks' and Leisure Schemes (<i>Economy and Community Department</i>) | (366) | 366 |
| Neuadd Dwyfor Investment Scheme (<i>Economy and Community Department</i>) | (114) | 114 |
| Maesgeirchen Integrated Centre Scheme (<i>Children and Families Department</i>) | (232) | 232 |
| Penygroes Health and Care Hub (<i>Adults, Health and Wellbeing Department</i>) | (750) | 750 |
| Adults Day Care Establishments' Schemes (<i>Adults, Health and Wellbeing Department</i>) | (1,161) | 1,161 |
| Vehicle Renewals (<i>Highways and Municipal Department; Consultancy Department</i>) | (1,219) | 1,219 |
| Municipal Schemes (<i>Highways and Municipal Department</i>) | (48) | 48 |
| Flood Alleviation Schemes (<i>Consultancy Department</i>) | (5,816) | 5,816 |
| 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 |
| Environment Department Specialist IT Systems (<i>Environment Department</i>) | (48) | 48 |
| Housing Grants and Other Schemes (<i>Housing and Property Department</i>) | (2,210) | 2,210 |
| Housing Strategy Schemes (<i>Housing and Property Department</i>) | (6,187) | 6,187 |
| Office Adaptation Schemes (<i>Housing and Property Department</i>) | (123) | 123 |
| Capitalised Repairs and Maintenance schemes (<i>Housing and</i> | (126) | 126 |

| | | |
|-------------------------------------------------------------------------------------------|---------|-------|
| <i>Property Department)</i> | | |
| Council's Carbon Management Schemes (<i>Housing and Property Department</i>) | (1,347) | 1,347 |
| 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 |
| IT Equipment Renewal (<i>Finance Department</i>) | (500) | 500 |
| Asset Scheme Resources not allocated until 22/23 (<i>Corporate</i>) | (1,328) | 1,328 |

Note:

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

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

Capital Expenditure First 8 Months 2021/22

| SUMMARY | CAPITAL PROGRAMME FULL YEAR (reviewed November) 2021/22 £'000 | ACTUAL EXPENDITURE FOR THE 8 MONTHS TO 30/11/2021 £'000 |
|--------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Education | 8,999 | 3,496 |
| Environment | 13,748 | 3,752 |
| Corporate Support | 60 | 59 |
| Finance (and Information Technology) | 944 | 300 |
| Economy and Community | 3,245 | 1,341 |
| Housing and Property | 8,920 | 4,525 |
| Adults, Health and Wellbeing | 3,383 | 1,014 |
| Children and Supporting Families | 1,785 | 448 |
| Highways and Municipal | 9,273 | 4,335 |
| Consultancy | 1,834 | 119 |
| Corporate | - | - |
| TOTAL | 52,191 | 19,389 |

Note:

The percentage that has been spent this year (37%) is higher than the position this time last year (amount spent in 8 months in 2020/21 was 31%), but lower than two years ago (51% in 2019/20, prior to the Covid19 disruption).

Agenda Item 8

MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: 10 FEBRUARY 2022

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 position

CABINET MEMBER: COUNCILLOR IOAN THOMAS

CONTACT OFFICER: DEWI MORGAN, HEAD OF FINANCE

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 18 January 2022.
3. The Cabinet Member for Finance, and the Chairman of the Audit and Governance Committee have asked us to present this report to the Audit and Governance Committee to be scrutinised, together with the relevant decision notice which is on the next page.
4. The Audit and Governance Committee is requested to note the position and the relevant risks regarding the savings overview, consider the Cabinet's decisions and comment as necessary.

Appendices:

Cabinet Decision Notice 18/01/2022

Cabinet report 18/01/2022: Savings Overview – Progress Report on Realising Savings Schemes

GWYNEDD COUNCIL CABINET DECISION NOTICE

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Date of Cabinet Meeting: | 18 January 2022 |
| Date decision will come into force and be implemented, unless the decision is called in, in accordance with section 7.25 of the Gwynedd Council Constitution | 2 February 2022 |

SUBJECT

Item 9: SAVINGS OVERVIEW : PROGRESS REPORT ON REALISING SAVINGS SCHEMES

DECISION

To accept the information in the report and to note the progress towards realising the savings schemes for 2021/22 and previous years.

It was noted that the impact of Covid-19 had contributed to a slippage in the savings programme, as the Council had given the utmost priority to safeguarding the health and lives of the people of Gwynedd in response to the crisis.

In preparing the 2022/23 budget, as set out in Appendix 3 for the 2022/23 savings plans: - acknowledge that the situation had now changed so much that savings schemes totalling £489,750 cannot be achieved, by deleting them from the budget, namely

- End to End Review (Children and Families Department) worth £279,750
- Transfer of playing fields to others (Highways and Municipal Department) worth £210,000
 - move the delivery profile for schemes worth £1,290,250 to 2023/24 and subsequent years
 - it was noted that the savings value of the remaining schemes to be deducted from the 2022/23 budget, as set out in Appendix 3, is £595,000.

REASONS FOR THE DECISION

Realising the individual schemes is the responsibility of the relevant Cabinet members who challenge the performance of the relevant departments, including the progress of the savings schemes. It is the responsibility of the Cabinet Member for Finance to maintain an overview of the full picture.

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

No declarations of personal interest or relevant dispensations were received.

ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION

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

REPORT TO THE CABINET

| | |
|------------------------|---------------------------------------------------------------------------|
| Date | 18 January 2022 |
| Cabinet Member | Councillor Ioan Thomas, Cabinet Member – Finance |
| Subject | Savings Overview: Progress Report on Realising Savings Schemes |
| Contact Officer | Dewi Morgan, Head of Finance |

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 and previous years.
- 1.2 To note that the impact of Covid19 contributed to slippage in the savings program, as the Council had given priority to safeguarding the health and lives of the people of Gwynedd in response to the crisis.
- 1.3 In preparing the 2022/23 budget, as set out in Appendix 3 for the 2022/23 savings plans:
 - acknowledge that the situation had now changed so much that savings schemes totalling £489,750 cannot be achieved by deleting them from the budget, namely
 - End to End Review (Children and Families Department) worth £279,750
 - Transfer of playing fields to others (Highways and Municipal Department) worth £210,000
 - move the delivery profile for schemes worth £1,290,250 to 2023/24 and subsequent years
 - note that the savings value of the remaining schemes to be deducted from the 2022/23 budget, as set out in Appendix 3, is £595,000.

2. INTRODUCTION / BACKGROUND

- 2.1 This report is an overview report on the Council's savings' position for 2021/22 and previous years and also looks at savings schemes planned for 2022/23.
- 2.2 Progress against savings schemes worth £966,720 in 2021/22, together with the savings yet to be achieved from previous years, will be reported following a review of the position at the end of November 2021.
- 2.3 It can now be reported that savings of £32.8 million have been realised since 2015/16, which is 94% of the required £34.8m over the period. 45% of the 2021/22 savings have been realised to date and a further 19% are 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 |

3.3 Following a review of the departmental savings position which was presented to Cabinet on 12 October 2021, it was noted that realisation of savings was most evident from the Adults, Health and Well-being Department and the Highways and Municipal Department. During November 2021, a meeting was held between the Chief Executive, the Head of Finance and the Highways and Municipal Department and the Adults, Health and Well-being Department to discuss the schemes which are proving to be challenging for them, these schemes will be considered further when drawing up the 2022/23 budget.

4. SAVINGS SCHEMES 2015/16 – 2020/21

4.1 **Appendix 1** summarises each department's attainment against the savings target that had been set for them from 2015/16 - 2020/21, **a total of nearly £34m. It is encouraging for me to be able to report that over £32m, or 96% 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 and 2020/21 schemes, and the challenge of realising them continues.

- 4.3 25 schemes totalling nearly £820k have slipped. Responding to the Covid crisis has meant slippage in some of the savings schemes but the Departments are not anticipating problems in realising them.
- 4.4 There are a further 6 schemes worth a total of £652k with risks to complete. 4 schemes from the Department for Adults, Health and Well-being, and 1 scheme each from the Highways and Municipal Department and the Economy and Community Department. Responding to the Covid crisis has meant slippage in some elements of the 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 2021/22

- 5.1 **Appendix 2** summarises the position in terms of realising the savings schemes for 2021/22. The total savings target is £967k with a value of £436k, which is 45% of schemes already having realised and a further £188k, or 19% are on track to deliver on time by the end of the financial year.
- 5.2 Clearly the departments have focused on responding to the crisis since March 2020.
- 5.3 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 in the Highways and Municipal Department.
- 5.4 Risks to deliver savings of 3 schemes across the Council totalling £129k are envisaged which include *Income generation by fraud prevention* scheme (£20k) in 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.

6. SAVING SCHEMES UP TO 2021/22

- 6.1 It is inevitable that realising over £32.8m 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.
- 6.2 The table below summarises the latest position of savings schemes since April 2015 which states that 94% of all schemes having realised.

Table 2: Summary of the status of all savings schemes since April 2015

| Status of Savings | Portal | £m | % |
|---------------------------------------------------|---------------|-------------|----------|
| Realised | 1 | 32.8 | 94.3 |
| On track to achieve savings in full and on time | 2 | 0.2 | 0.5 |
| Delay, but moving forward | 3 | 1.0 | 3.0 |
| Some risks to achieve - slip or fail | 4 | 0.8 | 2.2 |
| Significant risks to realise in full or partially | 5 | 0.0 | 0.0 |
| Total savings | | 34.8 | |

7. DEPARTMENTAL SCHEMES 2022/23

7.1 The 2022/23 savings are listed in **Appendix 3**. Following a recent review of the 2022/23 programmed savings schemes by the Chief Executive, Corporate Director and Finance Officers, what is clear is that it must be acknowledged that the situation has now changed so much that 2 saving schemes totalling £489,750 cannot be achieved. 1 scheme 'End to End Review' worth £279,750 in the Children and Families Department and 1 scheme 'Transfer Playgrounds to others' in the Highways and Municipal Department, that should be removed from the budget.

7.2 Due to a number of factors including the impact of Covid it is no longer feasible for savings of £1,290,250 to be achieved in 2022/23, which includes a £155,000 savings scheme in the Economy and Community Department and 4 savings schemes worth £1,135,250 in the Adults, Health and Well-being Department. The savings schemes should therefore be re-profiled to 2023/24 and subsequent years as set out in **Appendix 3**.

7.3 Following the deletion and slippage of savings noted in 7.1 and 7.2 above, note that the savings value of the remaining schemes to be deducted from the 2022/23 budget, as set out in **Appendix 3**, is £595,000.

8. CONCLUSION

8.1 Therefore, I ask the Cabinet to note the achievement outlined in this report towards realising the savings schemes up to 2021/22. In addition, to note that the impact of Covid contributed to slippage in the savings program and support Departments to move forward with the savings program despite the crisis.

8.2 It is recommended that the Cabinet approves the actions to delete and slip savings identified in part 7 of the report and **Appendix 3** and accept that the revised savings available to support the 2022/23 budget will be £595,000.

Local Member's Views

Not relevant

Views of the Statutory Officers**The Monitoring Officer:**

No observations to add in relation to propriety.

Head of Finance:

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

Appendices:

Appendix 1 - Overview of 2015/16 - 2020/21 Savings Schemes per Department

Appendix 2 - Overview of 2021/22 Savings Schemes per Department

Appendix 3 - Overview of 2022/23 Savings Schemes

OVERVIEW OF 2015/16 TO 2020/21 SAVINGS SCHEMES PER DEPARTMENT

| Department | Total Savings 2015/16 to 2020/21 | Realised Schemes | Schemes that have slipped but in the process of implementation. | | Schemes with some risks in achieving the savings | | Head of Finance Department's comments |
|-----------------------|----------------------------------------|---------------------|--------------------------------------------------------------------------|---|-----------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | £ | £ | £ - number | | £ - number | | |
| Education | 1,889,360 | 1,889,360 | - | | - | | All schemes of the period have been achieved. |
| Schools | 4,037,000 | 4,037,000 | - | | - | | All schemes of the period have been achieved. |
| Environment | 2,751,213 | 2,695,593 | 55,620 | 3 | - | | There has been slippage on three schemes; <i>Achieve savings through cheaper purchasing</i> (£20k), <i>Increase water quality assessment fee to reflect the cost of providing the service</i> (£12.5k) and <i>Rationalisation and Integration of the back office in the Environment Department</i> (£23.12k). |
| Corporate Support | 2,351,468 | 2,351,468 | - | | - | | All schemes of the period have been achieved. |
| Finance | 1,756,636 | 1,736,636 | 20,000 | 1 | - | | Realisation of savings of £20k slipping on the <i>Income generation through fraud prevention</i> scheme. |
| Economy and Community | 2,896,422 | 2,766,422 | 85,000 | 3 | 45,000 | 1 | There has been a slippage with 2 schemes <i>Reconcile/review parking fees</i> totaling £60k and <i>Delete 1 post from the Tourism and Marketing Service</i> worth £25k. There is a risk of realising the remaining savings of £45k on the <i>Establish parking fees on Dinas Dinlle beach and increase launch fees across Gwynedd beaches from £10 to £15</i> scheme. |

OVERVIEW OF 2015/16 TO 2020/21 SAVINGS SCHEMES PER DEPARTMENT

| Department | Total Savings 2015/16 to 2020/21 £ | Realised Schemes £ | Schemes that have slipped but in the process of implementation. £ - number | | Schemes with some risks in achieving the savings £ - number | | Head of Finance Department's comments |
|----------------------------------------------|-------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adults, Health and Well-being Page 67 | 6,969,411 | 6,193,051 | 302,360 | 6 | 474,000 | 4 | There are some risks of achieving the savings of 4 schemes namely <i>Integration and Transformation of Older People's Services</i> which has a target of £210k in 2019/20 and several factors are contributing to the ongoing challenge of achieving it, <i>Collaboration with the third sector to take over day care provision in Crickieth and Blaenau Ffestiniog</i> (£100k), <i>Reviewing physical disability care packages by meeting objectives in an alternative way</i> (£100k) and <i>Automate the Department's financial processes</i> (£64k) but the Department is working to progress these. A further 6 schemes totaling over £302k have slipped but the Department is acting to move these forward; the largest 3 being <i>Review of Continuing Healthcare packages</i> (£150k), <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) and <i>Restructuring the Business Service</i> (£49k). |
| Children and Supporting Families | 2,295,738 | 2,295,738 | - | - | - | - | 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 | 6,038,160 | 5,593,410 | 311,750 | 9 | 133,000 | 1 | With the <i>Fleet Arrangements</i> scheme (£133k) there has been a delay due to the re-opening of negotiations with the Unions and then the Covid situation. This scheme is now receiving additional attention and it is hoped to move forward in April 2022. A further 9 schemes totaling nearly £ 312k have slipped but the Department is working to move these forward, the 4 largest scheme are <i>Garden Waste: increased income generation or cost reduction</i> (£66k), <i>Recycling Centers: new fees</i> (£90k), <i>Departmental Restructuring</i> (£50k) and <i>Cilgwyn Closure Scheme</i> (£35k). |
| Consultancy | 602,670 | 602,670 | - | - | - | - | All schemes for the period have been achieved. |

OVERVIEW OF 2015/16 TO 2020/21 SAVINGS SCHEMES PER DEPARTMENT

| Department | Total Savings 2015/16 to 2020/21 | Realised Schemes | Schemes that have slipped but in the process of implementation. | | Schemes with some risks in achieving the savings | | Head of Finance Department's comments |
|----------------------------------------|----------------------------------------|---------------------|--------------------------------------------------------------------------|------------|-----------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | £ | | £ | £ - number | number | £ - number | |
| Corporate Management Team and Legal | 403,240 | 383,220 | 20,020 | 2 | - | - | There is a slippage on 2 schemes namely <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 and the <i>Two day reduction of administration support to the Election and Legal Services</i> scheme (£6.22k). |
| Housing and Property | 641,180 | 616,180 | 25,000 | 1 | - | - | Due to Covid 19 there has been a slippage on the <i>Reduce reliance on temporary accommodation scheme by investing in purpose built accommodation</i> . The pods are now ready in Caernarfon and other units in Bangor will be ready soon. |
| Sub-total | 32,632,498 | 31,160,748 | 819,750 | 25 | 652,000 | 6 | |
| Managerial Savings | 1,200,360 | 1,200,360 | - | - | - | - | All schemes of the period have been achieved. |
| TOTAL | 33,832,858 | 32,361,108 | 819,750 | 25 | 652,000 | 6 | In financial terms (£), 96% of 2015/16 – 2020/21 savings schemes have been realised. |

OVERVIEW OF 2021/22 SAVINGS SCHEMES

| Department | Total 2021/22 Savings | | Realised Schemes | | Schemes on track to be completed on time | | Schemes slipping and with some risks in achieving the savings | | Head of Finance Department's comments |
|-------------------------------|-----------------------|-----|------------------|---|------------------------------------------|---|---------------------------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | £ - 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> worth £20k is on track to deliver on time. The <i>Provision of electric car charging points in car parks</i> scheme worth £37.5k has been delayed, but is progressing. |
| Corporate Support | 117,750 | 4 * | 45,250 | 2 | 72,500 | 2 | - | | Two schemes are on track to realise the savings in a timely manner namely <i>The Deletion of one HR officer post</i> and <i>one HR consultant post (20% staff reduction) by changing our operating model</i> (£60k in 2021/22) and <i>Deleting the Organisation Development Service</i> (£12.5k in 2021/22). An alternative scheme was approved in Cabinet on 12/10/21 to replace the remaining savings (£28k) of the second scheme mentioned above. |
| 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) as barriers on other schemes and Covid have impeded the ability to move the scheme forward. 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). |

| Department | Total 2021/22 Savings | | Realised Schemes | | Schemes on track to be completed on time | | Schemes slipping and with some risks in achieving the savings | | Head of Finance Department's comments |
|-------------------------------------|-----------------------|-----------|------------------|-----------|------------------------------------------|----------|---------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | £ - number | | £ - number | | £ - number | | £ - number | | |
| Children and Supporting Families | 23,170 | 1 | 23,170 | 1 | - | - | - | - | The one scheme that had a target in 2021/22 has been realised. |
| 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 left to deliver and are on track for a timely delivery. |
| Managerial Savings | - | 0 | - | - | - | - | - | - | |
| TOTAL | 966,720 | 23 | 436,340 | 11 | 187,880 | 5 | 342,500 | 7 | In financial terms (£), 45% of 2021/22 savings schemes have already been realised and a further 19% 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. |

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

SAVING SCHEMES 2022/23

APPENDIX 3

| Department | Scheme Title | 2022/23 | Delete | Slippage * | Revised 2022/23 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|------------------|-----------------|
| | | £ | £ | £ | £ |
| Environment | Provision of electric car charging points in car parks | 12,500 | | | 12,500 |
| Corporate Support | Reduction in the number of Councillors | 100,000 | | | 100,000 |
| Finance | Attract additional income through an Internal Collection Agency | 25,000 | | | 25,000 |
| Economy and Community | Invest in improvements that would make Neuadd Dwyfor more efficient and prepare to look for an alternative model for the future | 70,000 | | | 70,000 |
| | In the long term, aim to reduce the subsidy for the newly formed Leisure Company by 20% | 155,000 | | 155,000 | 0 |
| | Economy and Community Total | 225,000 | | | 70,000 |
| Adult, Health and Well-being | Integration and transformation of Older People's Services | 300,000 | | 300,000 | 0 |
| | Develop 3 other extra care housing projects in Gwynedd (Pwllheli, Ffestiniog, South Meirionnydd areas) | 300,000 | | 200,000 | 100,000 |
| | Review operational arrangements within the Adults Department | 101,250 | | 101,250 | 0 |
| | Extend the principles of the Alltwen Pilot Scheme across the service | 534,000 | | 534,000 | 0 |
| | Adult, Health and Well-being Total | 1,235,250 | | | 100,000 |
| Children and families | End to End review | 279,750 | 279,750 | | 0 |
| Highways and Municipal | Transfer of playgrounds to others | 210,000 | 210,000 | | 0 |
| | Rationalise Fleet workshops from 3 to 2 in the County | 32,500 | | | 32,500 |
| | Changing CCTV system monitored by officers into an officer free system | 105,000 | | | 105,000 |
| | Changing waste collection arrangements to smaller shifts and circuits (which may mean changing collection day for residents) | 150,000 | | | 150,000 |
| | Highways and Municipal Total | 497,500 | | | 287,500 |
| Total | | 2,375,000 | 489,750 | 1,290,250 | 595,000 |

* Slippage of schemes into 2023/24 except for the Adult's 'Develop Care Housing project' scheme which will not be able to be delivered before 2025/26.

Agenda Item 9

| | |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| COMMITTEE | AUDIT AND GOVERNANCE COMMITTEE |
| DATE | 10 FEBRUARY 2022 |
| TITLE | OUTPUT OF THE INTERNAL AUDIT SECTION |
| PURPOSE OF REPORT | TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 30 JANUARY 2022 |
| 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 November 2021 to 30 January 2022.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 30 January 2022:

| Description | Number |
|---------------------------------------------|---------------|
| Reports on Audits from the Operational Plan | 7 |
| Grant Audits | 1 |

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 30 January 2022, indicating the relevant assurance level and a reference to the relevant appendix.

| TITLE | DEPARTMENT | SERVICE | ASSURANCE LEVEL | APPENDIX |
|---------------------------------------------|-----------------------|-------------------------------------|-----------------|------------|
| Employment Statements | Corporate | - | Limited | Appendix 1 |
| Social Economic Responsibilities 2021 | Corporate | - | N/A | Appendix 2 |
| Regional Consortia School Improvement Grant | Education | Resources | High | Appendix 3 |
| Health and Safety - Playing Areas | Education | Resources | Limited | Appendix 4 |
| Lloyd George Museum | Economy and Community | Record Offices, Museum and the Arts | High | Appendix 5 |
| Lockdown Discretionary Grants | Economy and Community | Business Support | High | Appendix 6 |
| Project Management Arrangements | YGC | Across the Department | Satisfactory | Appendix 7 |

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 31 January 2022:

- Business Continuity Plans and Lessons Learned (*Corporate*)
- Brexit (*Corporate*)
- Financial Management Code (*Corporate*)
- Complaints Procedure (*Corporate*)
- Language Designations (*Corporate*)
- Use of Purchasing Cards (*Corporate*)
- Unofficial School Funds (*Education*)
- Food Hygiene (*Environment*)
- Countryside Grants (*Environment*)
- Disaster Recovery Arrangements (*Finance*)
- Project Management – Upgrading E-financials (*Finance*)
- Changes in Standing Data (*Finance*)
- Bonus Payments to Care Workers (*Finance*)
- Storiell (*Economy and Community*)
- North Wales Economic Ambition Board
- Risk Assessment and Training Programme (*Children and Family Support*)

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 November 2021 to 30 January 2022, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

STATEMENTS OF EMPLOYMENT

1. Background

- 1.1 In accordance to the Employment Rights Act 1996, statements of employment must be presented to staff (including agency workers, occasional workers and workers with zero hour contracts) on or before their first working day, replacing the previous legislation allowing the statements to be presented within two months of the start date. Following changes to the Act on April 6th, 2020, it is required to include a clause relating to undertaking necessary training, such as safeguarding in all employee statements of employment.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that a clause relating to mandatory training such as safeguarding is included in all Council staff's statements of employment, whatever their roles, in order to reinforce the message that this responsibility is applicable to all. In order to achieve this, the audit scope included selecting a sample of individuals who have accepted new jobs and reviewing their statements of employment to ensure that a specific clause has been included. The sample included a cross section of officers across the Council's departments, employed since January 2021.

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 | 0 |
| LOW | 0 |

5. Main Findings

- 5.1 Since January 2021, approximately 500 new staff members have joined the Council, with over 1,000 current staff having started new jobs within the Council. A sample of 50 new staff and 100 current staff was selected (10%), ensuring that a clause relating to undertaking mandatory training was included in their statements of employment, and that the relevant e-training modules had been completed.
- 5.2 No clause regarding the undertaking of mandatory training was included in the statements of employment. The Human Resources Advisory Services Manager confirmed that the matter was receiving attention, with different options being considered. Due to the Council's size as an employer, deciding which training is mandatory for each role, and how to update this list over time is time consuming. It was confirmed that a relevant clause regarding training requirements had been tailored to different jobs, but that consideration was needed for more corporate training which is relevant to all.
- 5.3 From the complete sample (150 staff members), checks were made to ascertain the number of officers who had completed training in order to determine if the numbers attending training are high, even though no clause is included in their statements of employment. Only 3% of the sample have completed the following training modules: Safeguarding Adults, Protecting and Safeguarding Children, Domestic Abuse, Prevention, and Modern Slavery, with 18 staff members (12%) having completed the Data Protection module. 32% of staff have completed between 1 and 4 modules, with 65% of staff members having completed none. This highlights the level of risk the Council is facing.

6. Actions

The Human Resources Advisory Services Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Continue to action the need to include a clause regarding undertaking necessary training in the statements of employment.**

SOCIO-ECONOMIC DUTIES 2021

1. Background

- 1.1 The duty, which came into force on 1st April 2021, aims to encourage better strategic decision-making, which places a duty on the Authority to consider inequalities arising from socio-economic disadvantages.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to review what steps have been put in place to comply with the duty on a day to day basis. This was done by reviewing what socio-economic data has been collected to inform decisions, the training in place for officers and the assessments that have been made to consider inequality.

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 |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Not Applicable | It is considered premature to declare a level of assurance as arrangements are still being implemented, and few decisions at a strategic level had been presented for consideration at the time of the audit. |

4. Main Findings

- 4.1 The Equality Act 2010 requires the Council to consider the impact of strategic decisions on a range of equality characteristics, such as race, gender, sexuality and disability. The socio-economic duty is part of the Equality Act 2010, which was adopted by the Welsh Government on 1 April 2021. The new guidance encourages the Council to use existing methods to assess the impact of policies, in order to ensure that full consideration is given to socio-economic deprivation as well as the equality characteristics that are already considered.
- 4.2 To assist officers with considering the impact of policy on equality, a new impact assessment template form has been created, which builds on the template that has been in place for a few years, in conjunction with the North Wales Public Sector Equality Network, composed of northern local authorities, BCU Health Board, SNPA, Police and the Ambulance Service. Following positive feedback from the Equality and Human Rights Commission, the region is in the process of agreeing the final impact assessment form. In Gwynedd, meanwhile, an interim impact assessment form is in place. In Gwynedd, the final assessment form will be an electronic document, with integrated support available to the user when completing the sections to ensure quality and consistency.

- 4.3 Reports presented to Cabinet since the duty came into effect on 1st April 2021 were reviewed. It was seen that many of the reports used the old equality assessment template, instead of the interim form that has been adapted to include socio-economic aspects, and therefore it was not possible to confirm that these aspects were properly considered. The reports are reviewed by the Monitoring Officer prior to submission to Cabinet, and it is likely that a number of equality impact assessments were completed at the last minute following the review, rather than when forming the proposed policies, which suggests inadequate awareness, and a lack of appreciation for the reasons behind conducting the assessments in the first place. Although usually equality assessments are not needed for 'Member Decisions' as they are for very specific matters, concern was expressed that they aren't considered on every occasion.
- 4.4 The definition of what constitutes a strategic decision is contentious. According to the Welsh Government *"In general, strategic decisions will be those which affect how the public body fulfils its intended statutory purpose (its functions in regards to the set of powers and duties that it uses to perform its remit) over a significant period of time and will not include routine 'day-to-day' decisions."* It depends on the context whether the decisions are strategic or not, but if there is any doubt the Monitoring Officer is in favour of incorporating the duty.
- 4.5 The reports submitted to Cabinet since the duty came into force were discussed with the Monitoring Officer. The Monitoring Officer was of the opinion that many of the reports were not truly strategic, and therefore it was agreed that not enough time had elapsed to form a view on compliance with the duty. However, it was agreed to revisit the subject in 2022/23, including the efforts to raise awareness and understanding behind conducting the equality impact assessments.
- 4.6 Impact assessments should be supported by data to justify the statements made. The data can come from a variety of sources, and will likely be different data for each assessment. Statistics on their own are unlikely to be sufficient and so taking the perspective of residents is also important to properly assess impact, but COVID has stopped a number of activities planned to gain an understanding of the lives and challenges of the public and organisations in different areas.
- 4.7 Training has been provided for officers and Members, and there is a dedicated page on equality on the Council's intranet, which includes details about the new duties. However, in light of the apparent lack of awareness, it is intended to further raise awareness amongst Members and officers to coincide with the new impact assessment form, with plans in hand to update the e-learning module and to create a course for assessing impact.

5. **Actions**

The Equality Adviser has committed to implementing the following steps to mitigate the risks highlighted:

- **Raise awareness amongst Members and managers of the new equality impact assessment form, as well as provide specific training to encourage full consideration of socio-economic inequality when considering strategic decisions.**
- **Use the socio-economic duty progress tracking tool to help the Council meet, and go beyond the requirements to make meaningful change in the way important decisions are made.**

REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT

1. Background

- 1.1 The purpose of the grant is to improve educational outcomes for all learners and to reduce the impact of deprivation on learner outcomes. The core principle of the grant is that the vast majority is used for frontline provision with the terms and conditions of the 2020-21 grant setting out the expectation that a minimum of 80% of the total Regional Consortia School Improvement Grant (RCSIG) will be made available and devolved directly to the schools. Gwynedd Council is the lead Authority for RCSIG and GwE is responsible for ensuring that the schools meet the grant requirements and supporting the schools to this end.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate internal controls are in place for the administration of the RCSIG 2020-21, to mitigate risks associated with the terms and conditions of the grant, as well as to substantiate and confirm the accuracy and appropriateness of the figures presented on Gwynedd Council's and GwE's grant expenditure statements by tracing the figures to the ledger.

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 to the accuracy of Gwynedd Council's and GwE's statements of expenditure in relation to the Regional Consortia School Improvement Grant. A sample of the figures were traced back to the Council's financial ledger which were accurate, reasonable and in line with the objectives of the grant. The percentage of the funding delegated directly to the schools was appropriate as well as the percentage reserved for administration purposes in accordance with the terms and conditions of the grant.
- 4.2 In addition to presenting a School Development Plan, schools are now also required to present a Grant Development Dashboard. The dashboards enable the schools to summarize how the grant funding will be allocated in terms of objective, description of the activity, type of expenditure and timeline.

HEALTH AND SAFETY - PLAYING AREAS

1. Background

- 1.1 Whilst undertaking an audit on the maintenance of playgrounds under the care of the Highways and Municipal Department in 2019-20, the need to review the Education Department's arrangements for maintaining the playing fields and equipment on school grounds was identified.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that equipment and playground maintenance arrangements on school premises were appropriate in order to ensure the safety of users. In order to achieve this, the audit encompassed reviewing the inspection of school playgrounds and equipment, which are not under the remit of the Highways and Municipal Department, whilst ensuring adequate procurement of appropriate equipment, identifying defects and risks, and undertaking improvements.

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 | 4 |
| MEDIUM | 0 |
| LOW | 0 |

5. Main Findings

- 5.1 In order to mitigate the risk of injury to a user on play equipment, it is important that adequate procedures are in place to regularly examine the equipment, and to identify and repair defects as soon as possible. Although the risks cannot be completely eliminated, it is expected that reasonable arrangements are in place to mitigate them as much as possible. To this end, the Health, Safety and Welfare Service and the Insurance Unit have prepared checklists for the schools.

A sample of 7 schools was selected to find out what arrangements are in place, and it was seen that the biggest risk is the failure to provide proof that adequate checks are made, which is essential in the event of a claim following an accident. Not all schools provided a response, which reinforces this point.

- 5.2 A general checklist for site managers has been shared with the schools to carry out an audit on a half-term basis. It was seen that there is no direct reference to play equipment in the checklist which creates a risk that checks are not being carried out. The lack of a direct reference to it in the checklist also impairs the Council's ability to prove that proper maintenance arrangements are in place should a complaint be made against a school following an injury. It was agreed to adapt the form to refer to play equipment, and to remind schools of the need to complete and keep them for the appropriate retention period.
- 5.3 In terms of the daily or weekly informal checks, responses showed that they are carried out by caretakers but no records of these inspections are kept.
- 5.4 The Council's Insurance Unit only insures the liability element - not the equipment itself. In addition, they arrange for an engineer from the Council's insurers, 'Zurich Municipal', to inspect all playgrounds on an annual basis, and provide a report of their findings, including recommendations to address any deficiencies. However, the Insurance Unit relies on the schools to inform them of the existence of any equipment, and when comparing their records with external information (Google Maps, school website etc), it was found that the Insurance Unit had not been informed about each school's play equipment, possibly because the equipment has not been funded from the official schools' budget. This means that a review of the equipment's condition will not be carried out by an experienced and qualified 'Zurich Municipal' engineer, and will instead have to be relied on by the Headteacher's inspections as a Site Manager, or another external company at the Headteacher's request.

6. Actions

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

- **Include a reference to playgrounds and equipment in the half-term checklist, and distribute it to schools.**
- **Periodically remind schools to contact the Insurance Unit if they purchase external play equipment to arrange an annual inspection by 'Zurich Municipal', unless they have arranged audits with qualified alternative companies.**
- **Prepare a pack for Headteachers to help them meet their responsibilities for external equipment, such as keeping audit records, risk assessments, Governors self-assessments, retention periods etc.**
- **Maintain play equipment in accordance with Health, Safety and Welfare Service checklists and guidelines from the Insurance Unit, and keep inspection records for the correct retention period.**

LLOYD GEORGE MUSEUM ACCOUNTS

1. Background

- 1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of the UK. The museum is a registered charity and is administrated by Gwynedd Council with help from Friends of the Museum who support and assist with the development of the museum and it's educational use. Because the museum's income exceeded the threshold of £25,000, the trustees' accounts and annual report 2020-21 must be submitted to the Charities Commission, including an independent examiner's report of the accounts.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to complete the independent examiner's report on the museum's 2020-21 accounts, giving assurance that what is presented to the Charities Commission is correct. This was done by reconciling the accounts with the Council's main accounting system, ensuring that all transactions were relevant to the museum.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

| Assurance Level | Description |
|-----------------|------------------------------------------------------------------------------------------------------------|
| HIGH | Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives. |

4. Main Findings

- 4.1 Following the Council's decision to cease running the Lloyd George Museum from 1 April 2017, the UK Government announced that the annual funding gap of £27,000 would be met by the UK Government for 3 years up to 31 March 2020. At its December 2019 Cabinet meeting, it was decided in its role as a Local Authority, to contribute £27,000 for 2020-21 from the Council's Transformation Fund to allow more time for the Trustees, which is also the Cabinet in a separate role, to consider new business models for the future. Of course, COVID-19 had an unforeseen significant impact on the museum, and on 12/01/21 Gwynedd Council's Cabinet was asked to make a one-off contribution to the museum's costs for 2021-22 to buy more time. The position and options for managing the charity were discussed at the Cabinet meeting - sitting as the charity's Trustees - on 14/09/21.
- 4.2 The accounts for 2020-21 were found to be appropriate and so the independent examiner's report was completed to state this.

LOCKDOWN DISCRETIONARY GRANT

1. Background

1.1 The Welsh Government created a fund (Discretionary Grant) to support businesses and sole traders who have been directly affected by the restrictions to control the spread of Covid-19. The purpose of the grant was to provide cash flow assistance to businesses and help them survive the economic consequences of the extended restrictions. At the time of the audit, the grant had been available to businesses on 3 occasions after the first lockdown: October 2020, December 2020 / January 2021 and February / March 2021.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper administration of Welsh Government business support grants. To achieve this, the audit encompassed reviewing the information available to the public as well as the processing, management and administration of the grant.

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 The discretionary grant has been available on 3 occasions during the lockdown period. The terms of the grant have been similar for each occasion albeit with slight differences. Because of this, 3 different information pages have been available at different times during the grant. These have been made available to the public on the Council website. They were easy to find and contained all relevant Welsh Government information. There was also a link to the application forms when the grant was live.

4.2 During the first grant phase, Sharepoint was used to store and verify application data. The service evolved to use the FFOS system by the second and third series of grants because they believed that cases are processed more effectively and efficiently using this system.

4.3 A sample of 42 cases out of 1,685 that had been processed at the time of the audit was reviewed (30 paid and 12 refused). The average time taken from application to payment was 16.05 days and from applications to rejection was 8.21 days. These processing times are much shorter than the 30 day goal set by the Welsh Government.

4.4 The information submitted to the Council in the applications was reviewed against Welsh Government requirements. That is, the business was trading before 1 October 2020, the business was operating in Wales, the business had to close or had reduced revenue due to Covid etc. Service officers stated that there was a Government directive of 'self-certification' to accept the information presented in applications. Nevertheless, officers challenged and sought additional evidence from businesses on all occasions if any part of the application was unclear or the applicant's rationale for requiring assistance was questionable. The service also requested a bank statement from the applicants confirming their bank details and address. Out of 30 tested in the sample, bank statements were found to be saved on the system as additional evidence for all successful applicants. The auditor agreed with the decisions made (to pay or refuse) for the sample of 42 applications following checks against Welsh Government requirements.

PROJECT MANAGEMENT PROCEDURES

1. Background

- 1.1 YGC manage a range of design and build projects. The procedures for managing a project can vary dependant on factors such as the project's value, the source of funding and the qualifications and experience required to manage. As a result, a number of different staff members undertake the role of project manager leading to variations in procedures and methods used to manage different projects.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that YGC's project management procedures are appropriate with consistency in the procedures followed by the project managers. In order to achieve this, the audit encompassed verifying the procedures of a sample of projects and reviewing the systems used to register and record the information.

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 Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 YGC is in the process of adopting the K2 system with the intention to either replace various systems currently used or integrate some of their elements so as to avoid possible duplication and inconsistencies with administrative procedures.
- 5.2 YGC staff register projects using their sharepoint system by completing a PM1 Form which is integrated into sharepoint. This process creates a unique project number and gives the user the opportunity to input project details such as project manager's name,

whether CDM 2015¹ is applicable, YGC's role and the funding source. Project details are also recorded into the KeyedIn system, mainly in order to record hours worked by staff and raise invoices. In projects where North and Mid Wales Trunk Road Agency is the client, their PMS² system is also used to record project details.

- 5.3 In line with international management systems standards, YGC undertake an internal audit function which is independent of Gwynedd's Internal Audit Service. A sample of projects are audited periodically by a specified officer within YGC in order to ensure conformity with the industry's requirements including legal, environmental, health and safety, contracts and financial processes.
- 5.4 The Quality Assurance and Environmental Officer is responsible for this role within YGC. There is a schedule of Audits every 4 months. YGC is split into 4 services with each comprising 5 or 6 teams. The usual procedure is to select a sample of 10 projects in each period so that all teams receive one project audit annually. This schedule is also reviewed on an annual basis.
- 5.5 The BSI³ assess and review the internal audit process. Their assessments look specifically at the following standards: ISO 9009:2015 (Quality), ISO14001:2015 (Environmental) and ISO45001:2018 (Occupational Health and Safety). There is a requirement for YGC to report on any non-conformities and produce an action plan to meet these standards. If the plan isn't deemed sufficient there is a risk that YGC could lose their accreditation status.
- 5.6 A sample of 9 YGC projects from 2019-20 to 2020-21 were selected. Not all the projects have been completed but the steps taken to date at the time of the audit have been assessed. YGC's sharepoint system includes a template of folders for the required elements of project management with the majority of the folders unused in some instances. Project requirements vary significantly in different areas. Despite the fact that the existence of information/evidence is the most important factor as opposed to the filing procedures, this can create difficulties and delays when reviewing work or in a scenario where a staff member adopts the responsibility from the original project manager. YGC's standard operating procedures document SOP-02⁴ is followed on projects but the variance in terms of project size and complexity require a degree of flexibility as it's unrealistic and impractical to replicate the exact procedure on all projects. This was discussed with the Quality Assurance and Environmental Officer who explained that this is an example of another element they intend to tidy and facilitate by implementing the K2 system which will offer a more dynamic and fit for purpose system to streamline required processes.

¹ Construction (Design and Management) Regulations – HSE (Health and Safety Executive)

² Project Management Systems – Partner Authorities

³ British Standards Institute

⁴ Standard Operating Procedures – Project Management

5.7 Internal Audit are of the opinion that the current controls to verify conformity with the BSI's required project management standards and proposed arrangements to improve consistency can be relied upon to achieve their objectives. However, full assurance cannot be provided until the new system is adopted and verified.

6. **Actions**

The Quality Assurance and Environmental Officer has committed to implementing the following steps to mitigate the risks highlighted.

- **Adopt the K2 system and monitor the progress of the project management procedures while identifying and acting on any barriers identified early in its development.**

| | |
|-------------------|-----------------------------------------------------------------------------------|
| COMMITTEE | AUDIT AND GOVERNANCE COMMITTEE |
| DATE | 10 FEBRUARY 2022 |
| 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 31 January 2022 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 | 5 |
| Field Work Started | 14 |
| Awaiting Review | 1 |
| Draft Report Issued | 3 |
| Closed | 1 |
| Final Report Issued | 18 |
| Total | 42 |
| Cancelled | 14 |

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 31 January 2022 was **45.24%** - out of **42** individual audits contained in the 2021/22 plan, **19** had been released in a finalised version/completed.

3. AMENDMENTS TO THE PLAN

3.1 A total of 225 days has been included in the 2021/22 Annual Plan for assisting the Test, Trace and Protect Service and also the Benefits Service in assisting to administer payments made under the Winter Fuel Support Scheme as well as Self Isolation Support Payments which have increased due to the increased number of Covid-19 cases in Gwynedd. Both these services have been classified as Priority 1.

3.2 To reflect the above in the Audit Pan, it was inevitable that some audits could not be conducted despite the additional resource of 73.5 days as a result of the end of secondment of a Senior Auditor. Hence, it was decided to modify or cancel the following audits and transfer the days to undertake to assist the services detailed in paragraph 3.1 above.

| Audits | Days | Amendment/Cancelled |
|-----------------------------------------------|-------------|----------------------------|
| Safeguarding Arrangements - Establishments | 4 | Cancelled |
| Information Management - Establishments | 5 | Cancelled |
| Local Transport Fund | 12 | Cancelled |
| Beach Management Plan | 10 | Cancelled |
| Llanbedr Project | 12 | Cancelled |
| Statutory Assessments (AMHP) | 20 | Cancelled |
| Land Maintenance | 15 | Cancelled |
| Smallholdings | 12 | Cancelled |
| Liberty Protection Safeguards | 10 | Cancelled |
| Risk Assessment – Highways Maintenance | 15 | Cancelled |
| Climate Change | 15 | Cancelled |
| Pupil Development Grant | 10 | Cancelled |
| Business Arrangements as a result of Covid-19 | 15 | Cancelled |

3.3 An audit of the Lloyd George Museum Accounts has been added to the Plan – a total of 3 days.

3.4 The days allocated to the audit of Cwmni Cynnal has been transferred to undertake an audit of Unofficial School Funds – a total of 25 days.

3.5 Traditionally, it would have been customary to plan for the next financial year by reflecting on the risks and challenges of the current year, but yet again this year, that practice is of limited use when planning for 2022/23, therefore it will be inevitable to plan ahead by considering the changes envisaged over the next 12 months.

- 3.6 In accordance with best practice and the Public Sector Internal Audit Standards, the Internal Audit Plan is subject to continuous review to ensure that it remain current and reflects changes in the business environment. This is even more important given the significant and rapid impact of the Covid-19 pandemic on the Council. To this end, the Audit Plan needs to be flexible and the plan is reviewed and updated on a regular basis.
- 3.7 It is inevitable that any audit plan will need to be flexible to be able to respond to emerging high risk developments and issues. Therefore, conducting the audits will be dependent on a timely assessment of risks/priorities and any new developments or risks that emerge during this unstable period.

4. RECOMMENDATION

- 4.1 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 | 2.88 | Planned |
| 1-CORFF-11/2022/001 | Employment Statements | 8.00 | 0.00 | 8.00 | 9.73 | Final Report Issued |
| 1-CORFF-15/2022/001 | Climate Change | 15.00 | 0.00 | 15.00 | 0.00 | Cancelled |
| 1-CORFF-19/2022/001 | Safeguarding Arrangements | 15.00 | 0.00 | 15.00 | 3.47 | Planned |
| 1-CORFF-19/2022/002 | Safeguarding Arrangements - Establishments | 4.00 | 0.00 | 4.00 | | Cancelled |
| 1-CORFF-20/2022/001 | Business Arrangements as a result of Covid-19 | 15.00 | 0.00 | 15.00 | | Cancelled |
| 1-CORFF-20/2022/002 | Business Continuity Plans (across the Council) and Lessons Learned | 20.00 | 0.00 | 20.00 | 25.39 | Draft Report Issued |
| 1-CORFF-20/2022/003 | Test, Trace and Protect Service | 0.00 | 125.00 | 125.00 | 97.69 | Closed |
| 1-CPGV-01/2022/001 | Brexit | 15.00 | 0.00 | 15.00 | 9.50 | Field Work Started |
| 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 | 12.30 | Final Report Issued |
| 1-CPGV-01/2022/004 | Complaints Procedure | 10.00 | 0.00 | 10.00 | 11.86 | Draft Report Issued |
| 1-CPGV-01/2022/005 | Language Designations | 12.00 | 0.00 | 12.00 | 4.18 | 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 | 32.49 | Field Work Started |
| 2-ADN-CGC-DPA/2022 | Information Management - Establishments | 5.00 | 0.00 | 5.00 | | Cancelled |
| AE-TAL-06/2022001 | Use of Purchasing Cards | 25.00 | 0.00 | 25.00 | 16.59 | Draft Report Issued |
| EDUCATION | | | | | | |
| Resources | | | | | | |
| 4-DAT-X-ADD/2022/001 | Pupil Development Grant | 10.00 | 0.00 | 10.00 | | Cancelled |
| 4-DAT-X-ADD/2022/002 | Regional Consortia School Improvement Grant | 15.00 | 0.00 | 15.00 | 9.16 | Final Report Issued |
| 4-DAT-X-ADD/2022/003 | Post-16 provision in Schools Grant | 3.00 | 0.00 | 3.00 | 0.55 | Final Report Issued |
| EADDA02/2022/001 | Cwmni Cynnal - Services to Schools | 25.00 | -25.00 | 0.00 | | Cancelled |
| EADDA29/2022/001 | Health and Safety - Playing Areas | 20.00 | 0.00 | 20.00 | 19.31 | Final Report Issued |
| Schools | | | | | | |
| EADDA32/2022/001 | Unofficial School Funds | 25.00 | 0.00 | 25.00 | 3.61 | Field Work Started |

| Audit Code | Audit Name | Original Plan | Adjustment | Revised Plan | Actual Days | Audit Status |
|---------------------------------------|---------------------------------------------------------------------|----------------------|-------------------|---------------------|--------------------|---------------------|
| EADDA35/2022/001 | Schools - General | 5.00 | 0.00 | 5.00 | 0.14 | Planned |
| ENVIRONMENT | | | | | | |
| Public Protection | | | | | | |
| 2-ADN-GYC/2022/001 | Food Hygiene | 15.00 | 0.00 | 15.00 | 2.85 | Field Work Started |
| Transportation and Street Care | | | | | | |
| 3-RHE1-X-GRANT/2022 | Local Transport Fund | 12.00 | 0.00 | 12.00 | | Cancelled |
| Countyside and Access UNit | | | | | | |
| 3-AMG-GWLAD/2022/001 | Countryside Grants | 12.00 | 0.00 | 12.00 | 3.69 | Field Work Started |
| 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 | Field Work Started |
| Accountancy | | | | | | |
| AN-ACY-02/2022/001 | Project Management - Upgrading E-Financials | 12.00 | 0.00 | 12.00 | 4.00 | Field Work Started |
| 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 | 10.00 | Manager Review |
| 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 | 3.55 | Field Work Started |
| AP-PEN-11/2022/001 | New Starters | 12.00 | 0.00 | 12.00 | 5.57 | Final Report Issued |
| Revenue | | | | | | |
| AB-BD-01/2022/001 | Self-isolation - Winter Fuel Payments | 0.00 | 100.00 | 100.00 | 0.00 | Field Work Started |
| 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 |

| Audit Code | Audit Name | Original Plan | Adjustment | Revised Plan | Actual Days | Audit Status |
|---------------------------------------------|-----------------------------------------------------|---------------|------------|--------------|--------------|---------------------|
| Record offices, museums and the arts | | | | | | |
| EDIW-MU-03/2022/001 | Storiell | 6.00 | 0.00 | 6.00 | 0.34 | Field Work Started |
| EDIW-OR-01/2022/001 | Lloyd George Museum | 0.00 | 3.00 | 3.00 | 0.00 | Final Report Issued |
| Business support | | | | | | |
| DDAT-AD-04/2022/001 | Lockdown Discretionary Grants | 15.00 | 0.00 | 15.00 | 18.04 | Final Report Issued |
| Maritime and country parks | | | | | | |
| EHAMT-01/2022/001 | Beach Management Plan | 10.00 | 0.00 | 10.00 | | Cancelled |
| Strategy and development Programmes | | | | | | |
| DDAT-AD-05/2022/001 | North Wales Economic Ambition Board | 20.00 | 0.00 | 20.00 | 0.00 | Field Work Started |
| DDAT-CON-01/2022/001 | Llanbedr Project | 12.00 | 0.00 | 12.00 | | Cancelled |
| ADULTS, HEALTH AND WELLBEING | | | | | | |
| Across the department | | | | | | |
| GCC-02/2022/001 | Liberty Protection Safeguards | 10.00 | 0.00 | 10.00 | | Cancelled |
| Adults | | | | | | |
| GGWAS-H02/2022/001 | Debtors | 30.00 | 0.00 | 30.00 | 0.00 | Planned |
| Residential and Day | | | | | | |
| GDAPR-H01/2022/001 | Safeguarding Clients' Assets | 15.00 | 0.00 | 15.00 | 6.38 | Planned |
| CHILDREN AND FAMILY SUPPORT | | | | | | |
| Children and Families | | | | | | |
| GGWAS-P03/2022/001 | Risk Assessment Arrangements and Training Programme | 12.00 | 0.00 | 12.00 | 10.55 | Field Work Started |
| GGWAS-P06/2022/001 | Statutory Assessments (AMHP) | 20.00 | 0.00 | 20.00 | | Cancelled |
| HIGHWAYS AND MUNICIPAL | | | | | | |
| Highways Maintenance and Municipal | | | | | | |
| PBW-02/2022/001 | Land Maintenance | 15.00 | 0.00 | 15.00 | | Cancelled |
| PZ01/2022/001 | Risk Assessment - Highways Maintenance | 15.00 | 0.00 | 15.00 | | Cancelled |
| 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 |

| Audit Code | Audit Name | Original Plan | Adjustment | Revised Plan | Actual Days | Audit Status |
|----------------------------------|---------------------------------|----------------------|-------------------|---------------------|--------------------|---------------------|
| Council Land and Property | | | | | | |
| BA-EID-04/2022/001 | Smallholdings | 12.00 | 0.00 | 12.00 | | Cancelled |
| M-GMG-G02/2022/001 | Cleaning Arrangements | 15.00 | 0.00 | 15.00 | 14.68 | Final Report Issued |
| GWYNEDD CONSULTANCY | | | | | | |
| Across the department | | | | | | |
| PYMG-CON/2022/001 | Project Management Arrangements | 20.00 | 0.00 | 20.00 | 20.65 | Final Report Issued |

Agenda Item 11

| | |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| MEETING: | AUDIT & GOVERNANCE COMMITTEE |
| DATE: | 10 FEBRUARY 2022 |
| TITLE: | 2022/23 BUDGET |
| PURPOSE: | To submit the budget which the Cabinet intends to recommend to the Council for scrutiny by the Audit and Governance Committee |
| ACTION REQUIRED: | To scrutinise the information before the Cabinet recommends the 2022/23 budget to the full Council |
| CABINET MEMBER: | COUNCILLOR IOAN THOMAS |
| CONTACT OFFICER: | DEWI MORGAN, HEAD OF FINANCE |

1. At its meeting on 15 February, the Cabinet will consider the attached report and come to a conclusion regarding the budget to be proposed to the Council, which will include a recommendation regarding the Council Tax increase for 2022/23 (see the decision sought on the front of the attached Cabinet report).
2. Following thorough consideration in a series of members' workshops, the budget will include a programme of savings schemes presented in Appendix 3, together with 'bids' added to the budget which are listed in Appendix 2.
3. A number of the financial risks, and relevant actions to ensure that the budget estimates are robust, are considered in Appendix 10.
4. The Cabinet will give consideration to the report soon after the meeting of the Audit and Governance Committee, and following this scrutiny, we will report to the Cabinet on the conclusions of the Committee.
5. The Audit and Governance Committee is hereby given the opportunity to consider the financial propriety of the proposals and relevant risks, and to submit comments to the Cabinet on the options.

Appendix:

2022/23 Budget (Cabinet report 15/02/2022)

Meeting: Cabinet

Date: 15 February 2022

Cabinet Member: Councillor Ioan Thomas, Cabinet Member for Finance

Subject: 2022/23 Budget

Contact Officer: Dewi Morgan, Head of Finance

2022/23 BUDGET

Decision Sought

Recommend to the Council (at its meeting on 3 March 2022) that:

- 1. A budget of £295,232,820 should be set for 2022/23, to be funded by £213,210,400 of Government Grant and £82,022,420 of Council Tax income, with an increase of 2.95%.**
 - 2. Establish a capital programme of £59,074,980 in 2022/23 to be funded from the sources set out in Appendix 4 of the report.**
-

1. INTRODUCTION

- 1.1 The Council must set a balanced budget for 2022/23.
- 1.2 The Council has received a grant increase for 2022/23 which is a significant increase on what we received in previous years. Gwynedd Council has received a grant increase of 8.8%, equivalent to an £18.1m increase in external funding. In addition, an additional £311k has been included to reflect the transfer of responsibilities to the settlement (matters previously funded through specific grants).
- 1.3 Despite this year's reasonable settlement, there are a number of factors that will create additional spending pressures on our services in 2022/23. Therefore, as well as addressing an inflation rate that is currently higher than it has been for several years, there is an opportunity to deal with wider spending pressures including addressing ongoing costs arising from the Covid crisis and removing or postponing savings plans that are not feasible to realise in 2022/23. Taking these decisions would mean a Council Tax increase of 2.95%.

- 1.4 The draft budget has been the subject of consultation with the majority of Council members at a series of workshops in January, and scrutinised by the Governance and Audit Committee on 10 February. The Cabinet's role is to recommend a balanced and appropriate budget to the Council meeting on 3 March for 2022/23.
- 1.5 By 2022/23, our spending would need to be increased by £20.2m in order to "stand still" (details are in part 3 below). This includes £7.1m to meet pressures on service budgets (details of the individual 'bids' are in Appendix 2).
- 1.6 In addition to £6.7m to address the pressures on budgets, it is recommended that £1.4m be included to provide a corporate budget to cope with costs and loss of income from the continuation of the Covid-19 crisis, as the Welsh Government will not continue to fund this in 2022/23 as its Hardship Fund draws to a close on 31 March 2022. Given that the Council will have claimed around £14.4m from the Hardship Fund in 2021/22, we do not anticipate that the £1.4m will be sufficient in itself to address the pressures; a Covid Recovery Fund was established with the closure of the 2019/20 accounts to this end, and use can also be made of the Financial Strategy Fund if necessary.
- 1.7 A Medium Term Financial Strategy (for 2022/23 – 2024/25) was adopted by the Cabinet on 28 September 2021. The report noted that financial planning was extremely challenging in 2021, with a range of possible scenarios suggesting a funding gap for 2022/23 which could be any amount between £0 and £7.5m, with the range of potential outcomes increasing widely by 2023/24 and beyond. On the basis of the information available at the time, the "best case" envisaged was an increase in the Government Grant of 4.5%. As the settlement exceeds even this "best case" it is possible for the Council to be able to deal with the pressures on services while at the same time abolishing or delaying the majority of savings schemes programmed for the year.
- 1.8 Therefore, £595k is expected to be realised in 2022/23 from the savings programme already planned (details are in part 4 below and individual plans listed in Appendix 3), which will go some way to addressing the financial gap due to the additional pressures.
- 1.9 There has been a thorough review of the Asset Strategy in 2019, and it was reviewed in 2020, and this year we propose to establish a capital programme worth £59.1m in 2022/23, as set out in Appendix 4.
- 1.10 The 2022/23 budget seeks to protect the services the Council provides to the people of Gwynedd, and recommends a 2.95% increase in Council Tax to achieve that objective this year.
- 1.11 It is for full Council to consider the budget and set Council Tax by 2022/23 based on the issues identified in the following report. This detailed report sets out the factors influencing the proposed revenue budget for 2022/23, and outlines the main changes since 2021/22.

2. WELSH GOVERNMENT GRANT

2.1 The Welsh Government has announced the indicative local authority funding settlement for 2022/23. Details as announced officially 'like-for-like' by the Welsh Government are set out in the table below, along with the true "cash" figures:

| Revenue Support Grant 2021/22 – 2022/23 | Total Welsh Authorities £ | Gwynedd Council official £ | Gwynedd Council "cash" £ |
|----------------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------------------|
| 2021/22 Government Grant | 4,670,079,770 | 195,904,720 | 194,793,140 |
| 2022/23 Government Grant | 5,107,507,200 | 213,210,340 | 213,210,340 |
| Increase £ | 437,427,430 | 17,305,620 | 18,417,260 |
| Increase % | +9.4% | +8.8% | - |

The Government will not publish its final settlement until 2 March 2022. Further details of the provisional settlement can be found here –

[Local government revenue and capital settlement: provisional 2022 to 2023 | GOV.WALES](#)

- 2.2 Official Welsh Government figures in the table above show notionally that Gwynedd Council is receiving a grant increase of £17.3m by next year (after adjusting the relative 2021/22 figure to reflect the transfers into the settlement), which is an 8.8% increase, while the average across Wales is 9.4%.
- 2.3 A number of factors feed into the local government grant allocation formula, such as the county's population, the number of pupils in our schools, and the number of income support claimants. This year, there has been a significantly greater increase in these numbers in other authorities.
- 2.4 A significant increase in "cash" was received due to a taxbase adjustment which re-distributes grant between Welsh local authorities. This was due to a relative reduction in council tax properties in Gwynedd (making up for the impact of migrating 'holiday homes' to the non-domestic rates list), compared to a usual overall increase in council tax properties across other Welsh local authorities.
- 2.5 The Welsh Government will publish the final grant settlement for local authorities on 2 March, together with the Welsh Government's own final budget, and there will be a relevant debate in the Senedd on the 9 March. Following discussion with Welsh Government officials, no significant change is expected from the 'indicative' grant figures in the draft settlement.

2.6 If the grant figure changes up or down at the time of the publication of the Final Settlement, so late in the 2022/23 budget and tax-setting round, it would be too late to change council tax figures. We will therefore either use the Council's overall balances to reconcile a reduction in grant funding, or contribute to general balances to reconcile an increase in grant funding

3. COUNCIL REVENUE EXPENDITURE - 2022/23

3.1 The increase in expenditure required to "stand still" in 2022/23 is set out in the table below.

Additional Expenditure Requirements

| | £ | £ |
|----------------------------------------------------|------------------|--------------------|
| Base Budget | | 275,669,610 |
| Staff Salary Inflation | 8,475,440 | |
| Other Inflation (suppliers) | 3,979,720 | |
| Levies (Fire, NRW & CJC) | 493,200 | |
| Demography | (26,700) | |
| Bids – Pressures on Services | 6,732,590 | |
| Various Budget Adjustmenets | (788,400) | |
| Borrowing Costs / Interest on Covid-19 | <u>1,400,000</u> | |
| Net total of increases | | <u>20,158,210</u> |
| Total spending 2022/23 requirements before savings | | <u>295,827,820</u> |

3.2 Base Budget 2021/22

Although the net expenditure for 2021/22 is £276m, it is important to note that the Council's actual expenditure is £470m, because we receive a host of specific grants worth £134m and charge an overall income of £60m for services we provide.

3.3 Salary Inflation £8.5m

At the time of writing this report, the workforce pay agreement (other than for teachers) for April 2021 to March 2022 had not been agreed, but on the basis of the latest information we are assuming an increase of 1.75%. Provision is made here for a 1.75% pay increase for Gwynedd school teachers for the period April – August 2022 (full year impact of September 2021 pay agreement).

The budget then sets aside an estimated increase of 4% in the 2022/23 pay agreement for the whole workforce (teachers from September 2022, the rest of the workforce from April 2022).

It is also noted that a 1.25% increase in National Insurance contributions will become effective in April 2022.

Also included here is the net turnover cost which this year means allocating an additional £171,000 to primary schools, but £9,100 less to secondary schools, giving a net increase of £161,900.

3.4 **Other Inflation £4m**

A 'net' amount which includes provision for the impact of the 'living wage' (minimum wage) on costs and fees payable to our private suppliers (including £636k for independent residential care homes, and £806k for non-residential care companies), together with inflationary increases on fuel and energy budgets (£467k) and price increases following re-tendering (such as £234k for insurance).

3.5 **Levies £493k**

The levies paid to the relevant bodies will increase as follows between 2021/22 and 2022/23:

- North Wales Fire and Rescue Authority £421k
- Snowdonia National Park Authority £0
- Natural Resources Wales (Special Levies) £10k
- North Wales Corporate Joint Committee (CJC) £62k

Members' attention is particularly drawn to the North Wales Corporate Joint Committee which is a new body that has set its first budget for 2022/23.

3.6 **Demography (£27k)**

A net total reflects -£57k due to a net reduction in pupil numbers in schools and +£30k due to an increase in children looked after by the Children and Supporting Families Department.

The net figure of -£57k for schools masks a different situation in different sectors, namely secondary +£372k and primary -£429k.

3.7 **Pressures on Services £6.7m**

Appendix 2 contains details of each individual request for additional expenditure arising from pressures on the services.

It is recommended that bids worth £6.7m for additional permanent resources submitted by Council departments to meet inevitable pressures on their services are approved.

It is also recommended that 'one-off' bids worth £6.2m to be funded from the Transformation Fund are approved.

Each department is asked to identify any expenditure the Council must deliver to ensure continuity of basic service. This procedure is not for desirable new developments, but rather for the continuation of existing basic services.

An element of these applications of course manifests itself as we review the current year's spending patterns. Others are the result of issues arising where spending is necessary to protect outcomes for the public, or to meet statutory requirements. There is also an element of central government creating pressures and expectations, followed by the Council having to cope with the knock-on effects.

The items presented in Appendix 2 have been thoroughly challenged by the Leadership Team before being recommended for Cabinet approval. Furthermore, all these spending requests were presented at the Budget Seminars held on 24, 25 and 26 January 2022, where the majority of Council members agreed that the expenditure was inevitable.

3.8 Various Budget Adjustments (£788k)

A total reflecting a significant number of adjustments to different budgets across the Council.

3.9 Borrowing Costs and Interest on Balances (£108k)

Projected reduction (£38k) in interest payable on loans in 2022/23, as old long-term loans wind down, plus an increase (£70k) in returns on balance investment and Council cash flow.

3.10 Covid-19 £1.4m

Since April 2020 the Welsh Government has compensated local authorities for additional costs and loss of income as a result of the pandemic out of their Hardship Fund. Total Government support was in the region of £20m in 2020/21, and support is estimated to be in the region of £14.4m during 2021/22.

However, the Welsh Government Finance Minister has stated unequivocally that this support will cease on 31 March 2022 and local authorities will be expected to fund any additional costs / loss of income due to Covid-19 thereafter.

Therefore, the financial pressures in the budget include a further £1.4m that has been provided to establish a corporate fund, to cope with the situation. We do not anticipate that the £1.4m will be sufficient in itself to address the pressures but other funds are available to assist. The Covid Recovery Fund was established in the closure of the 2020/21 accounts to this end, and also use can be made of the Financial Strategy Fund if necessary.

4. SAVINGS

4.1 **Gwynedd Council has delivered over £32.8m of savings plans since 2015/16**, but yet again this year, the Covid crisis has had an impact on the departments' ability to deliver a number of their plans.

4.2 On 18 January 2022, in considering a progress report on the delivery of savings plans, the Cabinet determined as follows in respect of the 2022/23 savings plans:

- acknowledge that the situation had now changed so much that savings schemes totalling £489,750 cannot be achieved, by deleting them from the budget, namely
 - End to End Review (Children and Families Department) worth £279,750
 - Transfer of playing fields to others (Highways and Municipal Department) worth £210,000
- move the delivery profile for schemes worth £1,290,250 to 2023/24 and subsequent years.

| Savings | Postpone to 2023/24 or later £ | Delete £ |
|---------------|-----------------------------------|-------------|
| 2022/23 Plans | 1,290,250 | 489,750 |

4.3 Therefore, £1,780,000 worth of savings originally planned for realisation in 2022/23 will no longer contribute to closing the 2022/23 budget gap. The result is that the value of the remaining savings in the programme to be taken out of the 2022/23 budget is £595,000, rather than £2,375,000. Further details can be found in Appendix 3, and in the Cabinet report of 18 January.

4.4 Following the above adjustments to the savings programme, all individual plans to be implemented by departments in 2022/23 are listed in Appendix 3 for information, and the departmental totals are summarised in the following table.

| Savings to cope with the 2022/23 Funding Gap | |
|-------------------------------------------------------|----------------|
| | £ |
| Adults, Health and Wellbeing Department | 100,000 |
| Corporate Support Department | 100,000 |
| Economy and Community Department | 70,000 |
| Finance Department (& I.T.) | 25,000 |
| Environment Department | 12,500 |
| Highways and Municipal Department | 287,500 |
| Savings available to reduce budget gap 2022/23 | 595,000 |

5. FUNDING GAP 2022/23 AND COUNCIL TAX

- 5.1 Part 3 above shows that the Council's spending needs (before savings are removed) for 2022/23 are £295.8m. Part 2 noted that the grant from the Welsh Government will be £213.2m.
- 5.2 As explained in part 4 above, there are a total of £595,000 of savings to be used to reduce the funding gap.

| Establishing the 2022/23 Budget | |
|-------------------------------------------------|-------------------|
| | £ |
| 2021/22 Base Budget | 275,669,610 |
| Additional Expenditure Requirements | <u>20,158,210</u> |
| 2022/23 Expenditure Requirements before Savings | 295,827,820 |
| less Welsh Government Revenue Grant Income | (213,210,400) |
| less Total Savings to close the Gap | (595,000) |
| Funding Gap from Council Tax | <u>82,022,420</u> |

- 5.3 This means that there is a residual gap of £82m, and it is recommended that the gap be addressed through Council Tax. The Tax will need to be raised by 2.95% in order to generate adequate income.
- 5.4 Background information and the context for setting the level of Tax (together with details of the Premium on second homes and long-term empty properties) is presented in Appendix 6.
- 5.5 It is therefore recommended that the tax be raised by 2.95%, which will generate £82m of tax by 2022/23, which is £1.2m of additional income towards the gap when compared to the 2021/22 budget. This would equate to a Council Tax increase of £43.76 for a Band D property, or £0.84 per week. The tax charged by the Police and Crime Commissioner (an increase of 3.68% for 2022/23) and the community councils (% variable) will of course be in addition to this.
- 5.6 In 2021/22 Gwynedd's Band D level was £1,483, while the average tax level for Welsh counties was £1,402. However, that is for historical reasons, as the increase seen in Gwynedd Council Tax since 2015/16 is an average of 4.2%, which is less than the 4.3% increase seen on average across Wales during the same period.

- 5.7 If Council members wanted a less than 2.95% increase in the level of Tax, then fewer permanent resources would have to be committed to deal with the pressures on services.
- 5.8 The choice between maintaining services and taxation is always a difficult one. For 2022/23 it is expected that the proposal to raise the tax by 2.95% to meet the pressures on services while setting a balanced budget will be a similar level to the majority of authorities in north Wales.

6. CONCLUSIONS / BUDGET 2022/23

- 6.1 This report and the appendices set out the factors that should be taken into account in establishing the 2022/23 budget and despite a grant increase above inflation this year, some historic savings – although the majority can be postponed or eliminated – will still have to be harvested and the level of tax raised to set a balanced budget.
- 6.2 It is recommended that revenues of £295.2m be spent, having added £20.2m, which includes the provision of £6.7m to address demand for services.
- 6.3 Having received a grant from Welsh Government of £213.2m and relying on £595k of savings, the level of Council Tax will need to increase by 2.95% to generate £82m of income to close the 2022/23 funding gap.

| Balanced budget for 2022/23 | | £ |
|-------------------------------------------------|--|--------------------|
| 2022/23 Expenditure Requirements before Savings | | 295,827,820 |
| 2022/23 Savings Total | | (595,000) |
| 2022/23 Budget | | <u>295,232,820</u> |
| To be funded from - | | |
| Grant Income | | 213,210,400 |
| Council Tax (yield after raising 2.95%) | | <u>82,022,420</u> |
| 2022/23 Budget | | <u>295,232,820</u> |

- 6.4 This will involve setting a net budget of £295,232,820. A breakdown of the budget per service is given in Appendix 1.

7. CAPITAL

- 7.1 The 2019/20 – 2028/29 asset strategy was established by full Council on 7 March 2019. The new asset strategy is operational for the period 2019/20 to 2028/29. It will be incorporated as part of the Capital Programme, and we are adding to that by 2022/23. Details of the current capital programme can be found in Appendix 4.
- 7.2 The two tables shown in Appendix 4 reflect the capital requirements, together with the funding, for setting the 2022/23 to 2024/25 capital budget, in order to establish a whole programme worth £59,074,980 in 2022/23, to be funded from the sources analysed in Appendix 4.
- 7.3 The table at Appendix 4 states that £500k is available annually for the funding of capital bids. For 2022/23, this budget has been earmarked for the 7 relevant capital bids detailed in Appendix 2ch.

8. LONGER TERM STRATEGY

- 8.1 The 2022/23 Budget Strategy was adopted by Cabinet on 28 September 2021. Its purpose was to give an outline of the budget setting procedure for the year 2022/23, together with a Medium Term Financial Plan for the Council. The Cabinet's decision was:
- i. The procedure and timetable to draw up the 2022/2023 Budget was approved.
 - ii. If there was a funding gap in balancing the 2022/23 budget, it was noted that the Council would use contingency budgets and reserves to mitigate resource losses in the short-term, and carefully identify any additional savings required during the summer of 2022.
 - iii. The contents of the report were accepted as the Council's Medium Term Financial Plan, whilst noting that, in the current context, financial planning was extremely challenging.
- 8.2 In announcing the draft 2022/23 settlement in December 2021, Welsh Government has confirmed that Welsh Local Authorities will receive +3.5% overall in 2023/24 and then +2.4% in 2024/25. Of course, Gwynedd may receive less than the Welsh average. For example, +8.8% was received this year compared to the Welsh average of +9.4%.
- 8.3 This means that the increase in government funding for the following two years will be significantly less than we will receive in 2022/23. Given inflation rates, in planning for these years setting a balanced budget will mean re-visiting the savings plans that have slipped into those years.

9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS

- 9.1 The current level of the Council's overall balances is £7m, and having addressed the impact of Covid-19 on the 2021/22 end of year accounts, it is considered that keeping this level of balances will be appropriate for practical cash flow and unexpected expenditure. Information on the balances and reserves is presented in Appendix 7.
- 9.2 This budget recommends the use of £6,172,960 from the Transformation Fund to fund the one-off revenue bids that have been noted in Appendix 2.
- 9.3 Appendix 5, 'Addressing the Schools Budget in 2022/23', explains the position of the Gwynedd schools budget.
- 9.4 In determining a budget, Cabinet and Council must consider the impact of their decisions in terms of equality, in line with the statutory duties placed on the Council through the **Equality Act 2010**. This will be lighter this year, as we are not introducing any additional new savings plans. Appendix 8 deals specifically with the duty, including the statutory finance officer's comments on the whole Budget in terms of equality. The assessment confirms that there will be a positive overall impact from the continuity of services considered a priority to protect and fund to the additional level of demand and it is not believed that any negative impacts will be significant, as no new savings plans are recommended.
- 9.5 The Council complies with the requirements of the **Well-being of Future Generations (Wales) Act 2015** and the recommendations in the report are based and developed in accordance with the statutory duty on the Council under Section 3 to undertake sustainable development in all its activities. As usual, more detailed information about the Well-being Act and relevant conclusions is provided at Appendix 9.
- 9.6 The statutory finance officer must express a view on the robustness of the estimates. An appropriate risk assessment and confirmation is presented at Appendix 10.
-

Views of the local member

Not a local issue

Views of statutory officers

Monitoring Officer:

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

Head of Finance:

I have worked with the Cabinet Member to prepare this report and confirm the contents. Having considered all the risks outlined in Appendix 10 to the report, and the mitigation, I consider that the Council's Budget for 2022/23 is robust, adequate, and achievable.

APPENDICES

- 1 Proposed Budgets
- 2 Summary of Bids
- 2a Permanent Revenue Bids
- 2b One-off Revenue Bids
- 2c Capital Bids
- 3 Savings
- 4 Capital
- 5 Dealing with the Schools Budget in 2022/23
- 6 Council Tax
- 7 Balances
- 8 Assessing the Impact on Protected Characteristics, the Welsh Language and Socio-Economic Disadvantage
- 9 Well-being of Future Generations (Wales) Act 2015
- 10 Robustness of Estimates

APPENDIX 1 - BUDGET SUMMARY

| PROPOSED BUDGETS BY SERVICE 2022/23 | | | | | | | | | | |
|-------------------------------------|----------------|--------------|--------------|-------------|--------------|------------|---------------|--------------|--------------|----------------|
| | Base | Pay | Other | Demography | Income, | Transfer | Pressure | Efficiency | Various | Base |
| | Budget | Inflation | Inflation | | Fees and | to the | on | Savings | Adjustments | Budget |
| | 2020/21 | | | | Prices | Settlement | Services | | | 2022/23 |
| DEPARTMENTS | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Central Education | 17,292 | 396 | 210 | | | | 163 | | (198) | 17,863 |
| Schools Budget | 80,572 | 2,993 | 492 | (57) | | | | | 37 | 84,037 |
| Economy and Community | 5,250 | 198 | (13) | | (279) | | 785 | (70) | 22 | 5,893 |
| Adults, Health and Wellbeing | 56,607 | 1,260 | 1,663 | | | 193 | 1,585 | (100) | 383 | 61,591 |
| Children and Supporting Families | 19,341 | 563 | 330 | 30 | | | 1,090 | | (12) | 21,342 |
| Highways and Municipal | 25,663 | 868 | 371 | | 84 | 118 | 1,072 | (288) | 35 | 27,923 |
| Environment | 3,697 | 310 | (16) | | (66) | | 398 | (13) | 2 | 4,312 |
| Housing and Property | 6,677 | 276 | 23 | | 88 | | 590 | | 239 | 7,893 |
| Gwynedd Consultancy | (134) | 302 | 14 | | (150) | | | | 3 | 35 |
| Corporate Management Team and Legal | 1,958 | 74 | 9 | | (10) | | | | 121 | 2,152 |
| Corporate Support | 7,226 | 299 | 256 | | | | 495 | (100) | (69) | 8,107 |
| Finance (and I.T.) | 6,616 | 388 | (12) | | | | 480 | (25) | 32 | 7,479 |
| DEPARTMENTAL TOTAL | 230,765 | 7,927 | 3,327 | (27) | (333) | 311 | 6,658 | (596) | 595 | 248,627 |
| Corporate and Capital Matters | 47,793 | 548 | 1,145 | | | | 4,064 | | (1,468) | 52,082 |
| TOTAL GROSS | 278,558 | 8,475 | 4,472 | (27) | (333) | 311 | 10,722 | (596) | (873) | 300,709 |
| Less Community Council Precepts | (2,544) | | | | | | - | | | (2,544) |
| TOTAL GROSS EXPENDITURE | 276,014 | 8,475 | 4,472 | (27) | (333) | 311 | 10,722 | (596) | (873) | 298,165 |
| Balances and Specific Reserves | (344) | | | | | | (2,588) | | | (2,932) |
| NET EXPENDITURE TOTAL = | 275,670 | 8,475 | 4,472 | (27) | (333) | 311 | 8,134 | (596) | (873) | 295,233 |
| Financed By:- | | | | | | | | | | |
| Grant | 194,794 | | | | | | | | | 213,211 |
| Council Tax | 80,876 | | | | | | | | | 82,022 |
| Total Income | 275,670 | | | | | | | | | 295,233 |

APPENDIX 2 - SUMMARY OF BIDS

| | Bid Title | Permanent (£) | One Off (£) | Capital (£) |
|----------------------------------------------------|----------------------------------------------------------------------------------|----------------------|--------------------|--------------------|
| Education Department | | | | |
| Bid 1 | Taxis and Trains School Transport | 150,000 | | |
| Bid 2 | Secondary Education Officer | 89,530 | | |
| Bid 3 | Post-16 Travel Pass | 218,070 | | |
| One Off 1 | Free School Meals Promotion Officer | | 42,920 | |
| Cap 1 | Caernarfon Community Field on Ysgol Syr Hugh Owen site | | | 118,000 |
| Children and Supporting Families Department | | | | |
| Bid 4 | Autism Scheme (in collaboration with Adults, Health and Well-being Department) | 48,000 | | |
| Bid 5 | When I'm Ready Scheme | 50,000 | | |
| Bid 6 | Skills Pay for Foster Carers | 65,000 | | |
| Bid 7 | Safeguarding and Protection Team | 16,000 | | |
| Bid 8 | Derwen Support Service | 100,000 | | |
| Bid 9 & One Off 2 | Post 16 Team - Social Care Workers and Social Workers posts | 200,000 | 100,000 | |
| Bid 10 | Direct Payments for Disabled Children | 102,500 | | |
| One Off 3 | Supporting People | | 350,000 | |
| Environment Department | | | | |
| Bid 17 | Staffing Resources for the Public Protection Services | 16,860 | | |
| Bid 18 | Senior Executive Officer | 55,850 | | |
| One Off 8 | Countryside Projects Officer | | 36,500 | |
| One Off 9 | Support and communicate the preparation of the Revised Local Development Plan | | 114,750 | |
| One Off 10 | Public Protection Engagement Officers | | 261,720 | |
| One Off 11 | Pilot for the introduction of designated areas for overnight camping motor homes | | 100,000 | |
| Cap 6 | Improvements to Llanberis Road, Caernarfon crossing | | | 50,000 |
| Economy and Community Department | | | | |
| Bid 19 | Lloyd George Museum | 27,000 | | |
| Bid 20 | Maintain a business support / recovery and economic development service | 139,570 | | |

| Bid Title | | Permanent (£) | One Off (£) | Capital (£) |
|-----------------------------------------------------|-------------------------------------------------------------------------|----------------------|--------------------|--------------------|
| Economy and Community Department (continued) | | | | |
| One Off 12 | Town Center Promotion Program | | 257,520 | |
| One Off 13 | Empty Property Scheme | | 111,680 | |
| One Off 14 | Gwynedd Regeneration Framework | | 240,210 | |
| One Off 15 | Byw'n Iach Leisure Center Maintenance | | 36,000 | |
| Cap 2 | Voluntary Development Fund (Cist Gwynedd) | | | 50,000 |
| Cap 3 | Resurfacing Y Glyn Car Park, Llanberis | | | 100,000 |
| Cap 4 | Upgrading and Protecting Parc Padarn | | | 50,000 |
| Consultancy Department | | | | |
| Cap 7 | Hirael - flood prevention scheme and green transport links improvements | | | 75,000 |
| Highways and Municipal Department | | | | |
| Bid 23 | Public Realm Protection Order (PRPO): Dogs Control | 75,620 | | |
| Bid 24 | Community Gangs | 507,910 | | |
| Bid 25 | Changes in Health and Safety Arrangements - Waste Collection | 342,000 | | |
| Bid 26 | Ash Dieback | 100,000 | | |
| Bid 27 | Re-bated Diesel Fee | 65,000 | | |
| One Off 16 | Extra Recycling Circuit (Arfon Area) - Waste Collection | | 141,190 | |
| One Off 17 | Circular Economy Project Officer | | 40,040 | |
| One Off 18 | Recycling - Engagement and Behavioural Change Officer | | 40,040 | |
| Cap 5 | Flare for dealing with landfill gases at Ffridd Rasmus, Harlech | | | 56,900 |
| Adults, Health and Wellbeing Department | | | | |
| Bid 11 | Learning Disability Transfer Age | 223,050 | | |
| Bid 12 | Supportive Accommodation - Learning Disability Area | 300,000 | | |
| Bid 13 | Staffing of Learning Disability Residential Homes | 160,070 | | |
| Bid 14 | Residential and Nursing Fees (Independent Care Homes) | 2,695,000 | | |
| Bid 15 | Casual Staff Agreements | 125,000 | | |
| Bid 16 | Staffing needs of Plas Hedd, Bangor dementia care unit | 70,000 | | |

APPENDIX 2 - SUMMARY OF BIDS

| | Bid Title | (£) | (£) | (£) |
|------------------------------------------------------------|------------------------------------------------------------------------------------|------------|------------|------------|
| Adults, Health and Wellbeing Department (continued) | | | | |
| One Off 4 | Strengthening Community Resource Teams - Social Workers / Care Practitioners | | 250,000 | |
| One Off 5 | Transition Co-ordinator | | 47,420 | |
| One off 6 | Quality Assurance | | 48,930 | |
| Housing and Property Department | | | | |
| Bid 21 | Homelessness - additional costs of temporary accommodation | 358,560 | | |
| Bid 22 & One Off 7 | Increase the capacity of the Housing Solutions Homelessness Unit | 100,000 | 131,200 | |
| Finance and Information Technology Department | | | | |
| Bid 28 | Microsoft Software Agreement Renewal | 332,000 | | |
| One Off 19 | Increase the Council's IT capacity to support the Gwynedd Schools Digital Strategy | | 148,000 | |
| Corporate Support Department | | | | |
| One Off 20 | Development of Hunaniaith | | 203,880 | |
| One Off 21 | Health and Safety Project | | 40,035 | |
| One Off 22 | Mental wellbeing of the Council's workforce | | 50,000 | |
| One Off 23 | Democratic Services Officer | | 36,445 | |
| One Off 24 | Language Consultant | | 94,480 | |
| One Off 25 | Office conversions to meet future working arrangements | | 250,000 | |
| Council | | | | |
| One Off 26 | Climate Plan | | 3,000,000 | |

APPENDIX 2a - PERMANENT REVENUE BIDS

2022/23 PERMANENT REVENUE BIDS

| | Title of Bid | Bid Details | Recommended Sum (£) |
|------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| EDUCATION | | | |
| Bid 1 | Taxis and Trains School Transport | <p>Latest contracts based on the number of days in 2022-23 financial year, showing expenditure of £3,044,427 against a budget of £2,554,360 (including a contribution of £100k from the Education Improvement Grant towards the cost of Language Center taxis) leaving a deficit of £490,067.</p> <p>The overspend relates to -</p> <ul style="list-style-type: none"> - a deficit of £145k in the bid submitted for the financial year 2021-22. (bid for £290,440 submitted and received £145,440 permanent and £145k one time), - using savings of (£65,980) arising from the re-tendering of Arfon Area agreements in April 2021. | 150,000 |
| Bid 2 | Secondary Education Officer | <p>Cabinet 28 April 2020 has approved funding for a two year period to appoint an officer to target, support and offer appropriate and timely challenge to secondary schools.</p> <p>Request to fund the post permanently, to ensure the continuation of the Department's additional capacity to support the secondary sector in times of pandemic, as well as to support those schools causing concern, and in need of additional challenge and support in their journey towards self-improvement.</p> | 89,530 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| | | | |
|------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Bid 3 | Post-16 Travel Pass | <p>Young people aged 16+ are charged a fee of £300 to travel to their educational establishments whether at school or college. The fee is the same for everyone no matter if they travel for 1 day or 5 days. Gwynedd Council is the only fee charging authority in the North Wales region.</p> <p>Research shows that the pandemic has had a detrimental effect on young people aged 16-25 in their wellbeing and NEETs rates. The rate of NEETs was highest last year during the pandemic (though lower this year, not reaching pre-pandemic level yet). The cost of the Post-16 Travel Pass is thought to be a barrier to some young people accessing further education.</p> <p>The People Well-being Support Board, have identified the well-being of 16+ as a cross-departmental priority following the pandemic, making it one of the Education Department's priorities in the Council Plan.</p> <p>Removing the fee would provide unhindered access to further education. And ensure consistency in the opportunities for Gwynedd's young people to access free further education in the same way as their peers in other counties.</p> | 218,070 |
| CHILDREN AND FAMILY SUPPORT | | | |
| Bid 4 | Autism Scheme (in collaboration with Adults, Health and Well-being Department) | <p>Specialist input was commissioned to develop a plan to respond to requests for assessments and support relating to autism following a critical report by the Public Services Ombudsman for Wales. A draft plan has been developed, which will be submitted to Cabinet shortly. Also, in September 2021 a Code of Practice for Autism came into force. The plan was developed in conjunction with Anglesey Council and Betsi Cadwaladr University Health Board.</p> <p>The bid would fund an Autism Co-ordinator post and 2 Social Work posts at an annual cost of £144k. The Council would contribute towards a third of the cost.</p> | 48,000 |
| Bid 5 | When I'm Ready Scheme | <p>Since 2016, offering a stay arrangement in their foster placement to young people turning 18 has been a statutory requirement, but no additional Government funding has been made available to implement it. For the first 2 years of the scheme funds were transferred from an internal fostering budget. Further transfer is not possible to manage the budget.</p> <p>Between 5 and 8 young people in foster placement turn 18 annually. Not all choose to stay on, with between 60% and 80% eligible doing so. This year 11 are part of the scheme up to the end of September. 3 of the arrangements will come to an end before the end of March 2022, with 4 new schemes anticipated.</p> | 50,000 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| | | | |
|-------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Bid 6 | Skills Pay for Foster Carers | <p>Foster Carers are paid a Fostering Allowance for each child in their care. Foster carers do not otherwise receive a salary, but a fee can be paid in recognition of their role depending on personal development, training and willingness to complete a childcare qualification.</p> <p>The number of foster carers is relatively stable and the local authority aims to secure sufficient numbers of foster carers to try to avoid placement with private agencies.</p> <p>There are now more foster carers who are eligible for a fee payment than the budget available. The budget for payment of carers allowances was increased last year, but there was no increase for the foster carer fee element.</p> | 65,000 |
| Bid 7 | Safeguarding and Protection Team | <p>In response to increased demand, the establishment was adjusted for the position of Independent Review and Protection Officer from 0.7 FTE to 1 FTE, resulting in a budget deficit of £16k.</p> | 16,000 |
| Bid 8 | Derwen Support Service | <p>The demand for a service from the Derwen Support Team has increased significantly and the nature of the needs have become more intense. Due to the intense nature of the needs, a home situation can be stressful resulting in emergency packages for a period of time to ease the situation. In parallel, the number of intensive care packages in conjunction with the Health Service for un-well children has also increased, these are very complex packages.</p> <p>With more children being diagnosed early in life it is not expected that demand for services will decrease.</p> | 100,000 |
| Bid 9 | Post 16 Team - Social Care Workers and Social Workers posts | <p>Over the last 5 years there has been an increase in the number of cases open to the teams (from 441 to 600), but the number of Social Workers has not increased. That has resulted in a significantly higher workload for the Social Workers.</p> <p>Over the past 12/18 months the service has experienced increasing challenges in maintaining a qualified Social Work workforce.</p> <p>Due to the failure to recruit, it was decided to add to the staff of the teams by adding unqualified Social Care Worker posts, redefining temporary Senior Practitioner posts and moving some experienced Social Workers from other parts of the Service for a fixed period .</p> | 200,000 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| | | | |
|-------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Bid 10 | Direct Payments for Disabled Children | <p>Over recent years there has been an increase in the number of families choosing Direct Payments to arrange their own care packages. Coupled with that, the nature and complexity of needs are now more intense which means larger packages of care are needed. Between these two factors the Department's Direct Payments expenditure for disabled children is likely to be in the region of £238k against a budget of £81k.</p> <p>The average cost of a case has risen from £3,740 in 2018-19 to £8,810 in 2021-22. With the average cost of a heavy pack case now £20k.</p> | 102,500 |
| ADULTS, HEALTH AND WELLBEING | | | |
| Bid 11 | Learning Disability Transfer Age | <p>Many individuals who have been receiving services from the Department for Children and Families will turn 18 and will receive service from the Learning Disabilities Service during 2022/23. 9 of these individuals have been identified as care packages with significant additional costs. In addition, a further 2 individuals have turned 18 during 2021/22 where there is a need to bid for the full year effect of their care packages.</p> | 223,050 |
| Bid 12 | Supportive Accommodation - Learning Disability Area | <p>The needs of individuals supported by the Team are becoming more complex. And the numbers living in supported housing are increasing. There is a shortage of suitable accommodation, a project is on going to address the need across the county.</p> <p>The option of living in a supported house is a better option when it comes to meeting the needs of a large number of individuals and getting best value for money. In some cases, more specialist accommodation in the community will be required. As part of this bid, there are a number of reasons why the individuals concerned need housing / support / have moved into supported housing / specialist accommodation:</p> <ul style="list-style-type: none"> * Significant change of need (1) * Individuals returning home from prison or specialist hospital (3). * Individuals living at home with their parents / carer, where the situation is very fragile, or broken down (2) | 300,000 |
| Bid 13 | Staffing of Learning Disability Residential Homes | <p>The staffing structure of Frondeg (Caernarfon) and Tan Y Marian (Pwllheli) Learning Disabilities Residential Homes has been inadequate to meet the needs of the residents as the needs of the residents change and intensify.</p> <p>Although additional staff have been put in place to maintain the rota, the financial structure has not kept pace over the years, and therefore the staffing budget for both homes is overspent annually.</p> <p>With £35.070 for the appointment of a residential assistant manager at Tan Y Marian.</p> | 160,070 |

APPENDIX 2a - PERMANENT REVENUE BIDS

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|--------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Bid 14 | Residential and Nursing Fees (Independent Care Homes) | <p>Work is underway to consider whether the standard fees for commissioning Residential and Nursing care reflect the true cost of providing care.</p> <p>This work is at national, regional and local level. As a North Wales region a task group has been set up, and one of the recent exercises has been to compare our current standard fees with that suggested by the Laing & Buisson Toolkit. The financial difference per the 4 categories of care we have is significant. Evidence gathering and discussions with local providers have also taken place and need to be developed further over the coming weeks. We'll need an opportunity to consider the implications for service users, providers and other stakeholders before coming to a final conclusion on the fees for the coming year.</p> <p>The sum is an estimate of the additional cost we would need as an authority if we increased our standard fees to the levels suggested by the latest Toolkit and the evidence from our local providers. The estimate also takes into account the income collected by individuals who can contribute / pay for their care.</p> | 2,695,000 |
| Bid 15 | Casual Staff Agreements | <p>Casual staff work regular hours and for continuous periods so can be seen as essential to the service.</p> <p>The service wishes to offer variable hours yet permanent contracts to these staff.</p> <p>There is unfairness to the salaries paid, although they contribute equally to the service as a permanent member of staff but are on the lowest wage and have no opportunity to rise because of their status.</p> <p>The home's staffing structure needs an additional 70 staff, an average of 5 per home and Bryn Blodau higher as it is a larger home.</p> | 125,000 |
| Bid 16 | Additional staffing needs of Plas Hedd, Bangor dementia care unit | <p>One Dementia Unit has been developed at Plas Hedd and investment is now being made to convert another 7 bed unit. This bid is for staffing the additional unit to double the provision of dementia care at home.</p> <p>The dementia unit is constantly full and for some months the waiting list for the unit's beds has been greater than the number of beds in the Unit. At one time there were 12 individuals waiting for this type of care provision in the local area. Over the same period up to 7 ordinary residential beds have been vacant at times and no one has been on the waiting list for placement.</p> | 70,000 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| ENVIRONMENT | | | |
|-------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Bid 17 | Staffing Resources for the Public Protection Services | All 3 Public Protection services do not follow the 'management tier' procedure as there are no Team Leaders to support the managers. Therefore, there is too much day-to-day pressure on Service Managers with approximately 14 officers seeking guidance. Replacing 6 officer posts with 6 Team Leader posts (2 for each service) will not only ensure that managers have the management capacity but also ensure that structures are established to align with management tier principles. | 16,860 |
| Bid 18 | Senior Executive Officer | <p>The department has a key role or lead in many corporately important areas of work, such as Holiday Homes, joint committees, test, trace and protect service. In addition, the department now has more responsibility in relation to the performance management system and will need support to implement the system and ensure that everything, including the risk register, is kept up to date.</p> <p>We have identified the need for additional support on the Management Unit in order to meet our departmental and corporate requirements.</p> <p>Appointing a Senior Executive Officer to work in conjunction with the Head of Department / Assistant Headteacher would address the gap and ensure a more effective overview of our day to day operations.</p> | 55,850 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| ECONOMY AND COMMUNITY | | | |
|-----------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Bid 19 | Lloyd George Museum | <p>The future of the Lloyd George Museum Charity Trust remains uncertain since the budget received by the Council was cut by £27k as a result of 'Gwynedd Challenge'.</p> <p>Charity law issues make the transfer or closure of the museum very difficult because of the need for the charity's best interests to be taken into account by the Trustees (namely the Cabinet).</p> <p>The preferred option is for the Council to continue to run the museum, but to develop formal joint working arrangements between the charity and the Council.</p> <p>A Business Case has been developed to continue with a key role for the Council in running the site with a contribution of £20k per annum from peers.</p> | 27,000 |
| Bid 20 | Maintain a business support / recovery and economic development service | <p>The bid would stabilize and intensify the Department's efforts to support local businesses and develop the economy by:</p> <p>a) Secure permanent funding to fund two posts (High Value Jobs Program Manager and Gwynedd Rural Development Program Manager) which are key to our efforts to improve the economy for the benefit of the people of Gwynedd.</p> <p>b) To stabilize and increase the Council's ability to support local businesses by creating an additional post within the Business Support Team and funding a temporary post of Communications Assistant within the Department's Tourism and Marketing Service on a permanent basis.</p> | 139,570 |
| HOUSING AND PROPERTY | | | |
| Bid 21 | Homelessness - additional costs of temporary accommodation | <p>Over 500 individuals are homeless, with over 250 in temporary accommodation such as bed and breakfast or hotel accommodation. At the outset of the pandemic the Welsh Government abolished the requirement for 'priority need' and it is now a requirement that we house everyone ensuring that no individuals are sleeping rough. This requirement is likely to continue. It is anticipated that until the end of the financial year, the Hardship Grant will be received from the Welsh Government to meet the costs of temporary accommodation for the homeless. There is a risk that the grant will end at the end of the financial year. The additional budget will enable us to continue to meet our statutory duty to house anyone presenting as homeless.</p> | 358,560 |
| Bid 22 | Increase the capacity of the Housing Solutions Homelessness Unit | <p>Create 4 additional posts for the Housing Solutions Unit to respond to the significant increase in homelessness referrals, for a temporary period of two years.</p> <p>The numbers of officers in the Housing Solutions Team have not changed to cover the additional work due to an increase in the number of referrals, and therefore the Unit is not currently fulfilling all its statutory duties.</p> | 100,000 |

APPENDIX 2a - PERMANENT REVENUE BIDS

| HIGHWAYS AND MUNICIPAL | | | |
|-------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Bid 23 | Public Realm Protection Order (PRPO): Dogs Control | Cabinet at its meeting on 27/07/21 had already approved the PRPO and the need to fund 2 Street Enforcement Wardens (Dog Control). It will not only focus on PRPO but also have a strong emphasis on raising public awareness. | 75,620 |
| Bid 24 | Area Gangs | As part of Our Area 2035 initial consultation work, several comments have been received about improving the appearance of our streets. The application is intended to fund area gangs who will respond to the clean-up, "seeding", weeding and responding to emergency works adding visual value to our areas / community. | 507,910 |
| Bid 25 | Changes in Health and Safety Arrangements - Waste Collection | Changes to the Waste Collection Service's working arrangement agreed by collective agreement. One of the conditions of the agreement was for the Service to re-evaluate posts within the collection team. This work has now been completed, with the need to re-evaluate some posts. The re-evaluation of these posts will improve the organization and understanding of the responsibilities and duties of the team, which will see service improvement. | 342,000 |
| Bid 26 | Ash Dieback | The Department has already received one time bids in recent years in response to the disease, but the permanent funding would allow the Department to continue to prepare a program of cutting and pruning of trees identified as dangerous following inspections by expert auditors. | 100,000 |
| Bid 27 | Re-bated Diesel Fee | Due to a legislative change, from April 2022 the Council cannot use the re-bated diesel fee and fuel will have to be used with a full tariff. | 65,000 |
| FINANCE AND INFORMATION TECHNOLOGY | | | |
| Bid 28 | Microsoft Software Agreement Renewal | Agreement with provider expires end of June 2022. The agreement is agreed between the UK Government Cabinet Office and Microsoft, thus there is no scope for the Council to influence prices. There has also been a significant increase in the number of users supported by the Council, with numbers rising from 2,390 in 2017/18 to 2,711 by now. The increase is estimated to be between £215k and £332k per annum. | 332,000 |
| TOTAL PERMANENT REVENUE BIDS | | | 6,732,590 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

ONE OFF 2022/23 REVENUE BIDS

| | Title of Bid | Bid Details | Recommended Sum (£) |
|------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| EDUCATION | | | |
| One Off 1 | Free School Meals Promotion Officer | <p>Fund an officer to encourage parents to claim free school meals and to encourage more eligible pupils to take the meal in school. In July and September 2021, only 60% of pupils eligible for free school meal took up the offer.</p> <p>The cost of the post would be £32,920 with £10k towards free school meal entitlement promotional resources.</p> | 42,920 |
| CHILDREN AND FAMILY SUPPORT | | | |
| One Off 2 | 3 Social Care Worker posts and 4 Social Worker posts (Post 16 Team) | A permanent revenue bid for the same amount has also been submitted by the Department, should the permanent bid be unsuccessful then Cabinet is asked to consider funding the bid on a one off basis. | 100,000 |
| One Off 3 | Supporting People | <p>The Supporting People Board Task and Finish Group has identified the need to invest in the following:</p> <p>Poverty Changes to Universal Credit payments affect 9,600 households in Gwynedd, with over half being families with children. Some issues include the Money Advice Service being unable to cope with current demand. Number of foodbank consumers increasing. With fuel prices also increasing and having a bigger impact on low-income families, and pre-payment supply homes.</p> <p>Bid for Poverty Coordinator and two Income Maximization and Inclusion Officers.</p> <p>Front Head Model / Front Doors Request for a Support Officer to establish joint working arrangements across the 4 departments to look at working arrangements, referral arrangements, agree "What Matters" training program etc in order to harmonise customer engagement culture and practice across the front doors.</p> | 350,000 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

| ADULTS, HEALTH AND WELLBEING | | | |
|-------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| One off 4 | Strengthening Community Resource Teams - Social Workers / Care Practitioners | <p>Demand for CRT support has increased since the start of the pandemic which has put huge demands on services and staff.</p> <p>We are unable to support individuals in a timely manner with 130 individuals on waiting list for assessment, 380 people awaiting review of care and support plan and 99 individuals awaiting for home care support and large number of individuals unable to return home from hospital in a timely manner on 20th September 2021.</p> <p>An element of the bid is necessary to meet the statutory responsibilities of the service in accordance with the Social Services and Well-being (Wales) Act 2014. And the budget will enable us to appoint 5 Social Work posts, and secure the necessary expertise within the service in order to meet the needs of Gwynedd residents.</p> | 250,000 |
| One Off 5 | Transition Co-ordinator (joint application with the Children's Department) | Post to improve the collaboration between the two departments when a child transfers to the Adult Department. | 47,420 |
| One Off 6 | Quality Assurance | <p>Capacity needs to be increased in relation to audits of care providers within the County. The Department currently has 2.5 Quality Assurance Officers and they do not have the capacity to audit all external provision (i.e. residential care, nursing care, supportive accommodation, day care and domiciliary care providers) and also all our in-house provision.</p> <p>The Department has temporarily moved a resource from the Contracts Unit to increase the capacity of the audit work.</p> | 48,930 |
| HOUSING AND PROPERTY | | | |
| One off 7 | Increase the capacity of the Housing Solutions Homelessness Unit | <p>Create 4 additional posts for the Housing Solutions Unit in order to be able to respond to the significant increase in homelessness referrals, for a temporary period of two years.</p> <p>The numbers of officers in the Housing Solutions Team have not changed to cover the additional work due to an increase in the number of referrals, and therefore the unit is not currently fulfilling all its statutory duties.</p> | 131,200 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

| ENVIRONMENT | | | |
|--------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| On Off 8 | Countryside Projects Officer | <p>Welsh Government and Natural Resources Wales have established several grant programs to support Local Authorities in implementing schemes that enable them to upgrade rights of way, establish active travel routes, encourage volunteering and conserve biodiversity.</p> <p>In addition the Council's actions to look at the future of tourism in Gwynedd, the designation of a World Heritage Site and the preparation of the Climate Change plan demonstrate the need to take advantage of funding opportunities to upgrade and protect our natural assets. The Department has prepared a Rights of Way Improvement Plan (draft) which will identify priorities and resource needs for the next few years in the field of countryside access.</p> <p>In order to ensure that the Department takes full advantage of the opportunities an additional staff resource is requested for 3 years (£36,500 per annum) to fulfill the following duties:</p> <ul style="list-style-type: none"> - Implement projects across the Service's areas of work. - Plan ahead and get a package of projects ready. - Assist in preparing applications and monitoring progress. - Implement the recommendations of the Rights of Way Improvement Plan (draft) and contribute to cross departmental work programs. | 36,500 |
| One Off 9 | Support and communicate the preparation of the Revised Local Development Plan | <p>Request to fund an additional resource within the Communications and Engagement Service to assist the work of the Joint Planning Policy Service. £60k from April 2022 to April 2025.</p> <p>Also a request to contribute 50% towards a post to support the day to day work of the Service (which does not require a Co-ordinator). It is noted that an agreement will be required with Angelsey for a 50% contribution. £54,750 from April 2022 to April 2025.</p> | 114,750 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

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| One Off 10 | Public Protection Engagement Officers | <p>Through the use of the Hardship Fund Grant funding and Cabinet support, through bid funding, the Department has appointed 3 Public Protection Engagement Officers on a temporary basis until April 2022.</p> <p>These posts have not only enhanced the resilience of the services but also responded to the need for more stringent enforcement and a visible presence in our towns and villages; responded and investigated positive outbreaks of the Covid infection; and advising businesses, other Council departments, Bangor University and the Colleges.</p> <p>The expenditure will ensure that we not only continue to improve the resilience of the services, facilitate the work out in the field but also enable us to put in place a training program to develop future qualified officers. Application to fund officers for a period of 3 years (£87,240 per annum).</p> | 261,720 |
| One Off 11 | Pilot for the introduction of designated areas for overnight camping for motor homes | <p>Research was undertaken jointly with the Economy and Community Department with the aim of finding out more about motor home owner trends and identifying ways to better manage motorists who do not pre-book overnight camping at bespoke caravans sites. Over 8,800 responses were received to the questionnaires.</p> <p>Arising from the research, it was highlighted that the majority of local residents state that trialling new ideas e.g. a series of 'aires' in more urban locations using existing Council or private business car parks, would be a more suitable solution. It was also highlighted that they would be happy for the Council to trial the use of car parks in more urban locations and allow overnight parking for a fixed period of time e.g. 48 hours.</p> <p>A report was submitted to the Cabinet on 9 November 2021, seeking approval to pilot the use of up to 6 Council car parking spaces (or part of the site) for an overnight stay facility for motor homes. Implementation will require capital investment.</p> | 100,000 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

| ECONOMY AND COMMUNITY | | | |
|-----------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| One Off 12 | Town Center Promotion Program | <p>To fund a Project Manager and Professional Trainee for 3 years, to fulfill the following roles:</p> <ul style="list-style-type: none"> - Develop and implement town center improvement and promotion projects (including Bangor City Regeneration Plan) - Support cross-departmental efforts to develop a priority arising from the Regeneration Framework and associated 13 local plans - Target external grants for individual projects <p>With the work falling within Improvement Priority 1 of the Council's Plan.</p> | 257,520 |
| One Off 13 | Empty Property Scheme | <p>Funding a 2 year Project Manager, to implement the Empty Property Action Plan, which has the aims of:</p> <ul style="list-style-type: none"> - Strengthen existing practices and adopt an integrated corporate approach - Integrate and support wider town center regeneration and promotion efforts - Identify and develop community-based approaches and solutions to help tackle empty properties. <p>The Action Plan includes activities that exceed Departmental work programs and existing capacity. With the work falling within Improvement Priority 1 of the Council's Plan.</p> | 111,680 |
| One Off 14 | Gwynedd Regeneration Framework | <p>The new Regeneration Framework has identified 13 local areas with the intention of developing local regeneration plans for them. As a result, there is a need to increase capacity within the Community Support Service to co-ordinate the work, and to support the local communities. There is also the opportunity to establish liaison officers within the communities to facilitate cross-departmental links.</p> <p>The Service currently consists of a manager and 3 community support officers (with temporary officer arrangements ending March 2022).</p> <p>The additional expenditure will enable the Service to appoint 2 additional Community Support Officers. The intention is to pilot each team member to focus on 2 areas each (with one officer focusing on 3 areas).</p> | 240,210 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

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| One Off 15 | Byw'n lach Leisure Center Maintenance | <p>Compensate Byw'n lach Company for loss of income due to the need to close Caernarfon swimming pool for a period of 8 weeks in order to carry out maintenance. The closure of the swimming pools is planned for the summer of 2022 to minimize the impact on swimming lessons and loss of income.</p> <p>The development of a new full size synthetic pitch at Arfon Leisure Center during 2022/23 and the resurfacing of the Llanrug synthetic pitch. The Company will need to be compensated for loss of income due to the fields not being available for a period of 6 months - a cost of £4k.</p> | 36,000 |
| HIGHWAYS AND MUNICIPAL | | | |
| One Off 16 | Extra Recycling Circuit (Arfon Area) - Waste Collection | <p>The Covid pandemic saw an increase in recycling levels in all three areas, with the largest increase in the Arfon area of 15% compared to the 2019/20 baseline. It is not clear what has driven this change, but the increase in materials means that the service is unable to cope with the work at the same level of vehicles / crew. The costs of the additional circuit have been reclaimed from the Welsh Government Hardship Grant this year and last year.</p> <p>The increased tonnage of recycling in the Arfon area means we have an extra vehicle and crew out every day to cope with the work. Assurance of a 'One-off' funding will bridge us for the next financial year while we follow two major pieces of work within the service, namely the 'Ffordd Gwynedd Review' and the 'WRAP Review' of the current routes. Request to fund additional crew for £83,190 (3 x FTE) and fleet £58k.</p> | 141,190 |
| One Off 17 | Circular Economy Project Officer | <p>Fund an officer who would be responsible for drawing up bids due to difficulty submitting bids within the timescale set by the Government as well as leading the department's circular economy projects.</p> <p>An example of a scheme is the provision of 11 food hubs with appliances such as fridges and freezers. As a result of this project food was provided to a wide range of people within their communities while also reducing food waste from supermarkets.</p> <p>Amount of application subject to job evaluation.</p> | 40,040 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

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| One Off 18 | Recycling Engagement and Behavioural Change Officer | <p>Fund a officer as the main point of contact between the department and the public. The post would strengthen our communication streams, and enable us to share the department's successes through the use of creative methods of communication and most appropriate and recent methods of engagement methods.</p> <p>At times we miss opportunities to be proactive in raising awareness, celebrating success and responding to departmental enquiries. In addition, the Department has a 'Strengthening Communication and Engagement' scheme and the post would ensure the scheme's objectives were achieved.</p> <p>Amount of application subject to job evaluation.</p> | 40,040 |
| FINANCE AND INFORMATION TECHNOLOGY | | | |
| One off 19 | Increase the Council's IT capacity to support the Gwynedd Schools Digital Strategy | Need to increase the Council's in-house IT capacity to provide support to the schools (following the implementation of the Gwynedd Schools Digital Strategy). Reported to Cabinet on 9th November 2021. | 148,000 |
| CORPORATE SUPPORT | | | |
| One off 20 | Development of Hunaniaith (Hunaniaith Chief Officer, Hunaniaith Digital Development Officer and Project Funding to support digital projects / Project 15) | <p>It has come to light that it is not timely for Hunaniaith to move into an independent entity at this time due to the lack of grants and high costs. The need for a full time chief officer to lead on future work was also identified.</p> <p>The additional expenditure would also help Hunaniaith pay more attention to promoting the Welsh language to Gwynedd residents in the digital department.</p> <p>Application for funding: Hunaniaith Chief Officer (PS3) £53,060 x 4yr Hunaniaith Digital Development Officer (S2) £36,490 x 2yr Digital project funding / Project 15, £10k for year 1 and a further £10k for year 2.</p> | 203,880 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

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| One Off 21 | Health and Safety Project | <p>A project on effective health and safety management identified in the Council Plan 2022/23 as a corporate priority. There is a full review of all aspects of health and safety management within the Council. However, due to the additional work that the Health Safety and Well-being Service continues to face as a result of the Covid pandemic, there is a risk that there is insufficient capacity within the team to drive the project forward.</p> <p>Request to employ a Project Officer (S3), temporarily to secure a designated resource to drive the project forward</p> | 40,035 |
| One Off 22 | Mental wellbeing of the Council's workforce | <p>Stress continues to be the leading cause of work absence within the workforce. The pandemic has brought additional stress on many sections of the workforce for a variety of reasons, be they care staff, education staff or office staff who have been working from home for 18 months. There is a need to improve the training available to all managers on how to manage workforce stress.</p> <p>This has been on the Occupational Health Unit's work program for some time but due to the significant additional work caused by COVID and that referrals to the Unit in general are increasing, there is currently no capacity to do so without an additional resource.</p> <p>Application to fund an officer (PS1) for three days a week in 2022/23 with associated training costs.</p> | 50,000 |
| One Off 23 | Democratic Services Officer | <p>Application for funding to fund the post of Democratic Services Officer for two years at grade S2 to ensure that the service meets the new requirements of the Local Government and Elections (Wales) Act 2021.</p> <p>Demand for the Democracy officers' service has increased over recent months with virtual meetings.</p> | 36,445 |

APPENDIX 2b - ONE-OFF REVENUE BIDS

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| One Off 24 | Language Consultant | <p>Request to fund a Language Consultant post for a period of 2 years at PS1 scale to enable the team to give due attention to Welsh language impact assessments</p> <p>Demand for the service and language planning expertise of the language unit has increased and is likely to increase in the coming months (due to the success of a World Heritage Site nomination, reviewing the Local Development Plan, conducting equality assessments) but there is not enough capacity in the current team to cope with the work.</p> <p>At present we are unable to comment on the language assessments / statements submitted with planning applications within the official 20 day consultation period due to other requirements.</p> | 94,480 |
| One Off 25 | Office adaptations to meet future working arrangements | Hybrid working arrangements for the future will mean that staff use of offices will change. The current office design is not suitable for enabling hybrid working arrangements. The building will require modifications e.g. creating hot desks space, more meeting rooms, equipment storage space. There will be a need to invest in modernising the offices e.g. IT equipment and meeting rooms with the technology to conduct virtual meetings. | 250,000 |
| COUNCIL | | | |
| One Off 26 | Climate Plan | Request for the Council as a whole for climate related schemes e.g. Electric waste collection vehicles, biodiversity schemes, building improvements etc. | 3,000,000 |
| TOTAL ONE OFF REVENUE BIDS | | | 6,172,960 |

APPENDIX 2c - CAPITAL BIDS

2022/23 CAPITAL BIDS - TO BE FUNDED FROM THE BUDGET WITHIN THE ASSET MANAGEMENT PLAN

| | Title of Bid | Bid Details | Recommended Sum (£) |
|------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| EDUCATION | | | |
| Cap 1 | Caernarfon Community Field on Ysgol Syr Hugh Owen site | <p>The project aims to build a full-size 3G synthetic pitch in Caernarfon. The field will be approximately 100m x 64m with a modern synthetic 3G surface, will be fenced and floodlit with acoustic and landscaped. Predominantly for football and hockey although it will be possible to hold rugby and other sports such as athletics,</p> <p>Byw'n Iach will manage the pitch, with catchment schools using it free of charge during the day, and clubs and the community using it the rest of the time.</p> <p>Many organisations have identified the need for a new field and have committed financial backing to the project.</p> <p>£885k has been earmarked through the Capital Financing Program 2019-22 for improving the condition of the synthetic fields in the county. About £ 80k of the amount has been earmarked for improving the condition of the existing field. It is intended to use this amount towards the scheme.</p> <p>Approving the bid would allow a project worth £900k to be completed.</p> | 118,000 |
| ECONOMY AND COMMUNITY | | | |
| Cap 2 | Voluntary Development Fund (Cist Gwynedd) | CIST Gwynedd provides revenue and capital grants to voluntary groups across the county to develop and deliver community projects. In 2021/22, 7 projects were supported with the funding fully approved. | 50,000 |
| Cap 3 | Resurfacing Y Glyn Car Park, Llanberis | <p>There is no charge for the car park until parking enforcement is in place, when enforcement is in place, the standard of the car park will need to be improved. The car park therefore needs resurfacing.</p> <p>Another problem is that there are no marked parking bays, with vehicles parking untidily and the parking areas not holding as many cars as possible. It will be necessary to ensure that the bays are marked when parking enforcement is in place.</p> | 100,000 |

APPENDIX 2c - CAPITAL BIDS

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| <p>Cap 4</p> | <p>Upgrading and Protecting Parc Padarn</p> | <p>Gilfach Ddu Car Park Lighting Lack of lighting at the site is a concern. The installation of lighting would not only improve the security of the site but also offer motor homes the option of making future use of the site and generate additional income for the park.</p> <p>Bridges By The Lake - Parc Padarn Between the Ger y Llyn car park and the playground are two wooden bridges that cross the Red River. Both bridges are now deteriorating and will need to be replaced. If the bridges are to be demolished then pedestrians will have to walk alongside the main road to get to or from Ger y Llyn car park.</p> <p>Water Safety There are two elements to this work, the first is consumer protection. Request to fund a designer to create a new sign with a map of the lake identifying the safe areas for swimmers, an area for equipment and purchasing new rescue equipment for the lake. The second element is the protection of nature. Application for the installation of a washing location in the Glyn area (already a washing facility at Gilfach Ddu).</p> <p>Green Travel An application to fund the installation of a bike racks around the park to encourage locals and visitors to make use of the cycle route when traveling to Llanberis. And also install electric car charging points at Gilfach Ddu.</p> <p>Anti-Vandalism Measures Fund the installation of picnic tables and anti-vandal benches. There will be less maintenance on the tables and if some people set barbecues on the tables they would not burn.</p> | <p>50,000</p> |
| <p>HIGHWAYS AND MUNICIPAL</p> | | | |
| <p>Cap 5</p> | <p>Flare for dealing with landfill gases at Ffridd Rasus, Harlech</p> | <p>Landfill gas management has been contracted at this site for the past 5 years, the contractors have recently left the site, requiring gas management to be internally managed by the Council again. The volume and quality of the gas has reduced to a level where only a low caloric burning flare can adequately control the remaining gas. It is a statutory license requirement that Gwynedd Council has a responsibility to control the gas and its production.</p> | <p>56,900</p> |

APPENDIX 2c - CAPITAL BIDS

| ENVIRONMENT | | | |
|---------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Cap 6 | Improvements to Llanberis Road, Caernarfon crossing | <p>Upgrade the crossing at the bottom of the junction leading to Ysgubor Goch Estate, Llanberis Road. There is a red painted crossing on the highway at present but such a crossing does not place a statutory requirement on vehicles to stop.</p> <p>Llanberis Road is extremely busy and despite the efforts of the Department it has not been possible to appoint an officer to cross school children. The Department has also sought to attract funding for the crossing to be upgraded but the bid was unsuccessful.</p> <p>Numerous reports have been received of several near misses at the scene, where crossers have just avoided serious injuries. In September 2021 a pupil of Ysgol Syr Hugh Owen was hit by a car near the crossing point and the accident had to be handled by the air ambulance due to the traffic situation in the area.</p> | 50,000 |
| CONSULTANCY | | | |
| Cap 7 | Hirael - flood prevention scheme and green transport links improvements | <p>Work on the flood defense scheme is expected to begin in April 2022. In order to secure additional benefits that will boost the regeneration of the city of Bangor, the project wants to see green transport improvements (coastal path and national cycle lane) along the a new defense route that would promote links between the city center, Lon Las Ogwen and the pier.</p> <ul style="list-style-type: none"> - Raise the level of the coastal promenade to allow pedestrians to overlook the new flood wall - Promenade improvements including benches and signage - Improvements to the coastal path and the national cycle route. It will improve travel links from Lôn Las Ogwen (Porth Penrhyn) to the center of Bangor and to the pier - 'Outdoor gym' recreation equipment at Brenin Sior playground - Look at options to install retail units near the playground - Ancillary improvements (outside the flood prevention project) by improving the cycle path through Porth Penrhyn towards Hirael (feasibility report just completed). | 75,000 |
| TOTAL CAPITAL BIDS | | | 499,900 |

APPENDIX 3

SAVINGS

1. Gwynedd Council has delivered over £32.8m of savings plans since 2015/16, but again this year, the Covid-19 crisis has had an impact on the departments' ability to deliver several of their plans.
2. In previous years, the grant we had been receiving from the Welsh Government was not sufficient to meet inflation, and as demand in various areas such as adult and child care were also increasing, we had been in a continuous cycle of having to find savings.
3. As a result, while there would be limited opportunities to try to identify more efficiency savings, we had now reached a position where any need for significant savings would likely mean cuts to services.
4. The draft local government revenue and capital settlement for 2022 to 2023 provides local authorities with a significant increase in Welsh Government grant. That gives us more flexibility than in previous years to review the savings programme.
5. The Savings Overview report was presented to the Cabinet's meeting on 18 January 2022. The Cabinet decided to accept the information in the report and note progress towards delivering the savings plans for 2021/22 and previous years. It was also noted that the impact of Covid-19 had contributed to a slippage in the savings programme, as the Council had prioritised protecting the health and lives of the people of Gwynedd in response to the crisis.

[Report](#)

[Appendix 1, Overview of 2015/16 to 2020/21 Savings Schemes per Department](#)

[Appendix 2, Overview of 2021/22 Savings Schemes](#)

[Appendix 3, Saving Schemes 2022/23](#)

6. Savings worth a total of £2,375,000 were planned for delivery in 2022/23, which were a combination of savings that had slipped from previous years and new plans. Having considered the situation, Cabinet determined as follows in relation to these plans:
 - acknowledge that the situation had now changed so much that savings schemes totalling £489,750 cannot be achieved, by deleting them from the budget, namely
 - End to End Review (Children and Families Department) worth £279,750
 - Transfer of playing fields to others (Highways and Municipal Department) worth £210,000
 - move the delivery profile for schemes worth £1,290,250 to 2023/24 and subsequent years.

The table below summarises the impact of the decision:

| | Original £ | Postpone to 2023/24 or later £ | Delete £ | Revised Programme £ |
|---------------|-----------------------|-----------------------------------------------|---------------------|------------------------------------|
| 2022/23 Plans | 2,375,000 | 1,290,250 | 489,750 | 595,000 |

7. The result is that £595,000 worth of savings plans remain to be drawn from departmental budgets in **2022/23**. These plans have been approved in previous years and have already received approval from the Council, and are therefore not subject to a decision this year. They have also followed appropriate statutory processes, and have been listed below **for information**.

| Saving | Amount £ |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------|
| ENVIRONMENT DEPARTMENT | |
| Provision of electric car charging points in car park | 12,500 |
| CORPORATE SUPPORT DEPARTMENT | |
| Reduction in the number of Councillors | 100,000 |
| FINANCE DEPARTMENT (& I.T.) | |
| Attract additional income through an Internal Collection Agency | 25,000 |
| ADULT, HEALTH AND WELLBEING DEPARTMENT | |
| Develop 3 other extra care housing projects in Gwynedd (Pwllheli, Ffestiniog, South Meirionnydd areas) | 100,000 |
| ECONOMY AND COMMUNITY DEPARTMENT | |
| Invest in improvements that would make Neuadd Dwyfor more efficient and prepare to look for an alternative model for the future | 70,000 |
| HIGHWAYS AND MUNICIPAL DEPARTMENT | |
| Rationalise Fleet workshops from 3 to 2 in the County | 32,500 |
| Changing CCTV system monitored by officers into an officer-free system | 105,000 |
| Changing waste collection arrangements to smaller shifts and circuits (which may mean changing collection day for residents) | 150,000 |
| TOTAL SAVINGS 2022/23 | 595,000 |

8. The Government has already indicated that the increase in the settlement will be much smaller for 2023/24 and 2024/25 so it is expected that it is necessary to plan for the implementation of those schemes that have been slipped this year.

APPENDIX 4

CAPITAL

1. Whilst local authority revenue budgets face constraints, capital budgets are also under pressure, and there are revenue implications for capital expenditure which is not funded by specific grants.
2. A proposed programme for schemes for the next three years is set out below:

| CAPITAL PROGRAMME | | | |
|-------------------------------------------------------------|----------------|----------------|----------------|
| | 2022/23 | 2023/24 | 2024/25 |
| | £'000 | £'000 | £'000 |
| Council Asset Plan : | | | |
| 21st Century Schools | 3,861 | 3,854 | 2,901 |
| Housing Schemes | 4,435 | 1,300 | 1,300 |
| Penygroes Health and Care Hub | 1,750 | 0 | 0 |
| Adults' Homes/Centres | 1,611 | 625 | 0 |
| Highways, Bridges and Municipal | 1,193 | 1,640 | 2,271 |
| Coastal Flood Protection | 1,995 | 0 | 0 |
| Other Schemes | 3,831 | 1,628 | 1,241 |
| Capital Bids | 500 | 500 | 500 |
| Other Schemes: | | | |
| Additional General Capital Grant Resource to be apportioned | 270 | 1,646 | 1,646 |
| Decarbonisation | 0 | 917 | 917 |
| Housing Strategy – Council Tax Premium Fund | 0 | 0 | 2,549 |
| Housing Strategy – Buy to Let | 0 | 0 | 2,880 |
| Schemes already Approved : | | | |
| Housing Schemes/Strategy | 11,617 | 5,430 | 0 |
| 21st Century Schools (WG) | 11,026 | 455 | 0 |
| Coastal Flood Protection | 4,993 | 0 | 0 |
| Departmental Vehicles | 4,017 | 947 | 0 |
| Industrial Units | 2,925 | 0 | 0 |
| Property Schemes | 1,331 | 0 | 0 |
| Other | 3,720 | 300 | 0 |
| PROGRAMME TOTAL | 59,075 | 19,242 | 16,205 |

3. We will be funding the programme as follows:

| CAPITAL PROGRAMME FUNDING | | | |
|------------------------------------|----------------|----------------|----------------|
| | 2022/23 | 2023/24 | 2024/25 |
| | £'000 | £'000 | £'000 |
| Supported Borrowing | 4,073 | 4,073 | 4,073 |
| Other Borrowing | 3,791 | 3,289 | 2,880 |
| Grants and Contributions | 18,722 | 5,347 | 5,100 |
| Capital Receipts | 750 | 0 | 0 |
| Departmental and Corporate Revenue | 34 | 0 | 0 |
| Capital Fund | 9,345 | 204 | 0 |
| Renewals and Other Funds | 22,360 | 6,329 | 4,152 |
| PROGRAMME FUNDING TOTAL | 59,075 | 19,242 | 16,205 |

4. The new asset strategy from 2019/20 was approved by the Council on 7 March 2019. The new asset strategy is operational for the periods 2019/20 to 2028/29. It is incorporated as part of the Capital Programme.
5. A three year profile from 2019/20 was set by the Cabinet on 2 April 2019, with the subsequent years profiled in the capital programme from 2022/23 onwards.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2022/23 to 2024/25 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. The 2022/23 General Capital Grant in the Financial settlement from Welsh Government is higher than anticipated when the asset strategy was established. The intention is to present a follow up report to the Cabinet to revise the Asset Plan and ensure the use of this additional resource.
8. Therefore, the full Council is asked to establish a total programme worth £59,074,980 for 2022/23, to be funded from the sources noted in the table under part 3 above.

APPENDIX 5

DEALING WITH THE SCHOOLS BUDGET IN 2022/23

1. **Background:** The relevant elements of the Council's draft budget for 2022/23 was reported to the meeting on 7 February 2022 of the Schools Budget Forum, where it was noted that there will be a normal increase in the Gwynedd schools quantum this year, as the Council (unlike some local authorities) funds inflation, pay increments, and demography.
2. **Inflation:** The schools budget will increase by **£3.3m** this year for inflationary increases, including teachers' pay inflation, and an employer's National Insurance contribution increase of 1.25%. This will cover the cost of a 1.75% increase for the 5 months April – August, which is the full year effect of the September 2021 pay agreement, and the cost of the 3% increase that is estimated for the September 2022 pay agreement (for the 7 months September 2022 – March 2023) . Of course, schools' allocations for energy will also rise with the level of relevant inflation.
3. **Staff Pay Increments:** £168k will be added towards the Council's budget for 2022/23 due to net staff turnover. **£162k** of this addition will go to school budgets.
4. **Demography (pupil numbers):** The schools budget will increase this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual number of pupils in September 2021 will be used to calculate 2022/23 allocations. The situation differs from school to school, but overall the impact of increasing pupil numbers means that the schools budget as a whole would reduce by **£57k**, which includes a reduction of -£429k for the Primary sector and an increase of +£372k for the Secondary sector. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in schools.
5. **Recommended Bids Approval:** The bids section (Appendix 2) of this report shows that there is a recommendation to agree to fund 2022/23 permanent 'bids' for the Education Department totalling **£457.6k**, to fund the higher cost of taxi and train transport for pupils (£150k), a Secondary Education Officer (£89.5k) and the removal of the costs of the Post-16 Travel Pass (£218.1k). In addition, it is recommended that a Free School Meals promotion officer be funded with one-off funding (£43k).
6. **No New Savings:** Again this year, in developing the Council's budget for 2022/23, a way forward has been agreed to avoid asking Gwynedd schools for additional new savings. Since the Council on 5 March 2015, in the context of 'Gwynedd Challenge', decided a £4.3m savings target in setting the 2015/16 budget, Gwynedd schools have not been asked for any additional new savings. Since 2015/16, Gwynedd Council will have realised £32.8m of savings plans, of which £4.3m (13% of savings) has been harvested from schools (which represent 30% of the Council's net expenditure).

7. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2022/23 at a similar level to 2021/22.
8. **Overall Conclusion:** Having taken all the above factors into account, the schools budget will be significantly higher in 2022/23 than the 2021/22 cash level, but quite similar in 'real' terms (since the bids recommended for approval are on non-devolved headings).

APPENDIX 6

COUNCIL TAX

1. It is a key decision for full Council members to make, in light of the considerations presented here, to establish the exact level of Council Tax increase for 2022/23. The key to this is achieving an appropriate balance between the need to spend on services for the most vulnerable in our society, and the tax increases that are suitable to be levied on the residents of Gwynedd.
2. In the historical assumptions made in our medium-term financial strategy, we used a figure of 3.5%, as an estimate of the average increase in Wales. However, the level that has had to be raised has varied annually to a great extent because the Welsh Government's grant settlement has been disappointing. For example, in 2019/20 the tax had to be increased by 5.8%, by 3.9% in 2020/21 and by 3.7% in 2021/22.
3. This year, by 2022/23 it is recommended that the tax be raised by 2.95%. That would generate £82.1m of tax (compared to £80.9m in 2021/22), which includes £6m of Premium yield. That would equate to a Council Tax increase of £43.76 for a Band D property, or 84p a week. The tax charged by the Police and Crime Commissioner (an increase of 3.68% for 2022/23) and the community councils (% variable) will of course be in addition to this.
4. Over 8,700 of homes in Gwynedd receive some element of support towards their Council Tax, and over 60% of Gwynedd properties are in bands below band D. Every additional 0.1% tax would adjust the financial gap we would need to find by around £79,672. Therefore, 0.5% would mean adjusting the financial gap by approximately £398,359 while 1% would involve adjusting the financial gap by approximately £796,718.

5. The increase seen in Gwynedd Council Tax, and the average increase across Wales, since 2015/16 are set out below:

| Year | Gwynedd | |
|-----------------|---------|-------|
| | Council | Wales |
| 2021/22 | 3.7% | 3.6% |
| 2020/21 | 3.9% | 4.6% |
| 2019/20 | 5.8% | 6.2% |
| 2018/19 | 4.8% | 4.9% |
| 2017/18 | 2.8% | 3.0% |
| 2016/17 | 4.0% | 3.6% |
| 2015/16 | 4.5% | 4.3% |
| Average 2015-22 | 4.2% | 4.3% |

In 2021/22 Gwynedd Council's Band D Council Tax level was £1,483 while the average tax level for Welsh counties was £1,403.

More information is found in this document: [Council Tax Levels in Wales, 2021-22 \(llyw.cymru\)](#)

6. We do not yet know exactly what the average increase will be across Wales in 2022/23, but the latest information is that there will be quite a wide range across Wales. The proposal to raise the tax by 2.95% is consistent with the situation across north Wales.
7. The choice between maintaining services and taxation remains a difficult one, of course, and it is up to all members to take stock and come to the balance that they consider appropriate. However, further to several informal conversations at the members workshops, **a Council Tax increase of 2.95% is recommended, which would be a weekly increase of £0.84 or £43.76 annually, with a Band D tax of £1,526.99 for 2022/23.**

COUNCIL TAX PREMIUM PRODUCTS ON EMPTY PROPERTIES AND SECOND HOMES

8. At the full Council meeting on 2 December 2021, it was decided to continue with the 100% premium on second homes and on properties that have been empty for 12 months or more for 2022/23. It is estimated that the Council will receive £6m of additional income in 2022/23 by raising the premium, and the money is set aside in a fund to implement the Housing Action Plan, which will aim to provide housing for young people in our communities.
9. All income must be incorporated and relevant expenditure met in the 2022/23 budget.

APPENDIX 7

BALANCES

1. Local authorities need a prudent level of 'working capital' to maintain adequate cash flow and meet unforeseen expenditure. It is foreseen that the Council will have general balances of about £9m at the end of this financial year, representing around 1.9% of the Council's gross revenue expenditure.
2. We have noted, on more than one occasion, that due to the turbulent circumstances we will be facing in the years ahead, that it is appropriate to keep sums in reserve in order to deal with problems that could arise.
3. Nothing has happened in the meantime to change this opinion, with the continuous increase in demand for care services, the significant challenge of the Covid-19 crisis mean that the risk continues. Therefore, the need to ensure that we have appropriate balances to deal with any financial shocks is still relevant.
4. **The Council has a number of specific reserves** established to meet specific expenditure needs. These are also part of the Council's budget of course, and have been scrutinised annually. Attention was given to the specific reserves by the Cabinet on 18 May 2021 and also the Audit and Governance Committee on 27 May 2021, when it was approved to transfer £170k from reserves to assist the Children and Families Department that was overspending in 2020/21. I review the level of these reserves continually, and **it is intended to hold another review by May 2022**, to consider how much scope there will be for the Council to change its priorities within these reserves.
5. In their report "Meeting the Financial Challenges facing Local Authorities in Wales" (2014), the **Wales Audit stated** (in paragraph 1.8):

*"Councils can use reserves to help them to balance their budgets where savings plans do not achieve the expected results or where income is less than anticipated. However, **financing recurrent expenditure from reserves would not normally be appropriate**. A prudent level of useable reserves is a key element of financial stability; the minimum appropriate level will vary dependent on an authority's known and potential liabilities and its spending plans. There are signs that a few councils are over-relying on general reserves to deal with budget shortfalls, rather than seeking more sustainable approaches, which often involve making unpopular decisions."*

6. This message was echoed in recent meetings with Audit Wales, which has reported in October 2020 on the financial sustainability of Welsh local authorities as a result of the Covid-19 pandemic. While Gwynedd Council's usable reserves are in the upper quartile of the range of Welsh local authorities (in terms of the size of their usable reserves), **Audit Wales' opinion is that:**

“(9) some councils were much better placed than others to weather a financial challenge such as the pandemic. This is most clearly illustrated by the varying levels of usable revenue reserves held by councils” and (18) that “the level of usable reserves available to a council is one of the key indicators of financial resilience and sustainability”.

A copy of the report can be found here:

[Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic \(wao.gov.uk\)](https://wao.gov.uk/Financial-Sustainability-of-Local-Government-as-a-Result-of-the-COVID-19-Pandemic)

7. I am convinced that the Council's use of balances, by using £2 million in 2022/23 towards the Education Digital Strategy to establish a new computers renewals reserve, with the expectation that schools will pay for the other half, is a totally appropriate action.
8. Of course, the 2021/22 financial position could have been different. This year, in the midst of a crisis, the Council's balances have been a key instrument which allowed us to wait in order to see the grant settlement situation, before even asking the Council services to identify additional new savings plans. Gwynedd's services were able to focus on responding to the Covid-19 crisis, which is different to the situation in some other local authorities.
9. As well as giving us the confidence to act unfettered in the face of the costs of the crisis, the existence of our balances 'bought time' and avoided 'scaremongering' for additional cuts that were not required by 2022/23. As the Council will have balances of about £7 million following allocating £2 million towards the Education Digital Strategy, we will have kept the bulk of the balances in reserve again, in case they are needed to 'bridge' the financial position if required.

APPENDIX 8

Assessing the Impact on Protected Characteristics, the Welsh Language and Socio-Economic Disadvantage

For help to complete this form see the *How to Undertake an Equality Impact Assessment* leaflet. You are also welcome to contact Delyth Gadlys Williams, Policy and Equality Officer on ext. 32708 or DelythGadlysWilliams@gwynedd.llyw.cymru for further assistance.

The Council's is required (under the Equality Act 2010) to consider the effect any change in policy or procedure (or the creation of a new policy or procedure), has on people with protected equality characteristics. The Council also has a general duty to ensure fairness and foster good relations. A timely Equality Impact Assessment must be undertaken before making any decision on any relevant change (i.e. which has an effect on people with protected characteristics).

The Council is also required, under the requirements of the Welsh Language Standards (Section 44 of the Welsh Language (Wales) Measure 2011) to consider the effect of a change in any policy or procedure (or the creation of a new policy or procedure), in its opportunities for people to use Welsh and to ensure that Welsh is not treated less favourably than English. This document therefore ensures that these decisions protect and promote the use of the Welsh language.

From April 1st 2021 the Council has a duty to have due regard to tackling socio-economic disadvantage in strategic decisions.

1) Details

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

The Council's Budget for 2022/23

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

Setting an annual budget is a statutory requirement for the Council, as well as being a key step in maintaining good financial stewardship.

1.3 Who is responsible for this assessment?

Dewi Morgan, Head of Finance

1.4 When did you commence the assessment? Which version is this?

September 2021, when preparing a Medium-Term Financial Strategy, which was adopted by Cabinet on 28 September 2021. Detailed work could commence on 21 December 2021, the date of publication of the provisional local government revenue and capital settlement for 2022 to 2023.

2) Action

2.1 Who are the stakeholders or partners you need to work with to undertake this assessment?

A number of actions have been taken when preparing this budget:

- Discussions between service accountants and senior officers in the departments to consider bids and savings plans
- All Council members invited to budget seminars on 24 – 27 January 2022
- Close collaboration between the Chief Executive, Corporate Director and finance officers in the consideration of bids
- Cabinet Members have had the opportunity to express their views on the assessment of bids
- Governance and Audit Committee has opportunity to scrutinise budget on 10 February
- Cabinet to consider draft budget on 15 February and make recommendation to full Council
- Full Council to set budget for 2022/23 and set Council Tax rate on 3 March

2.2 What measures have you taken to engage with people with equality characteristics, regarding the Welsh language or with communities (either of place or of need) that live with socio-economic disadvantage?

The budget outlined here seeks to continue to provide appropriate outcomes for all residents of the county. As an increase in Government funding this year is sufficient to meet demand for services as well as inflation, it is possible to establish a balanced budget without looking for further financial savings.

All savings plans already in the programme for implementation have been subject to an Equality Impact Assessment at the time it was introduced. At that time, there was recognition that there was a potential for an impact that would disproportionately affect those with protected characteristics, but the departments that own the savings have proposed efficiency savings plans rather than cuts. In addition, the individual savings plans have been subject to appropriate impact assessments that support the financial decisions presented here.

As no new savings plans are being introduced this year, there has been no consultation process

2.3 What was the result of the engagement?

As no new savings plans are being introduced this year, there has not been a consultation process.

2.4 On the basis of what other evidence are you operating?

The 2022/23 budget is framed on an "incremental" principle. That is, the 2021/22 budget will be used as a base budget, making a number of adjustments before coming to a draft budget for 2022/23:

- Staff Pay Inflation
- Other Inflation (suppliers)
- Increase in levies (Fire and Rescue Authority, Natural Resources Wales and North Wales Corporate Joint Committee)
- Adjustments to reflect changes in demography
- Financial bids to address service pressures
- Technical adjustments to the budget
- Increase or decrease in borrowing and interest costs on balances
- Additional budget created to deal with ongoing financial pressures arising from Covid-19.
- Realising savings that have already been agreed

All of the financial bids and savings plans have been subject to equality impact assessments themselves.

In planning our budgets for the continuity of Council services, our accountants have taken account of equality at all levels, using data and evidence on demographics and trends when planning at a strategic level. Similarly (but more specifically) in reaching a decision on individual savings plans, the heads of Council departments have analysed the impact of plans on services, and monitored the impact appropriately.

As well as meeting inflationary pressures, all services have the right to submit a resource request if they consider that an additional budget is needed to ensure that services continue. The amounts shown under the heading "pressures on services" are recognition that the Council provides adequate funding to ensure that our financial arrangements do not adversely affect the level of services provided. Full details can be found in Appendix 2 and it is seen that a significant part of the total permanent revenue bids go to social care.

2.5 Are there any gaps in the evidence that needs to be collected?

No

3) Identifying the Impact

3.1 The Council must give due regard to the effect any changes will have on people with the equality characteristics noted below. What impact will the new policy/service or the proposed changes in the policy or service have on people with these characteristics?

| Characteristics | What type of impact?* | In what way? What is the evidence? |
|-------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Race (including nationality) | None | No impact has been identified |
| Disability | None | No impact has been identified |
| Sex | None | No impact has been identified |
| Age | Positive | The recommended budget includes a significant increase in the budget of the Adults, Health and Well-being Department to strengthen the residential and nursing care sector. |
| Sexual orientation | None | No impact has been identified |
| Religion or belief (or non-belief) | None | No impact has been identified |
| Gender reassignment | None | No impact has been identified |
| Pregnancy and maternity | None | No impact has been identified |
| Marriage and civil partnership | None | No impact has been identified |
| The Welsh language | Positive | The Council's budget includes ensuring that resources have been put in place to support fully bilingual services. There are a number of bids for additional resources to deal with pressures on services (Appendix 2) relating to the Welsh language. The application for £305,000 of one-off funding for the development of Hunaniaith (Hunaniaith Chief Officer, Hunaniaith Digital Development Officer and Project funding to support digital projects) is specifically noted). |

| | | |
|------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>To support this, the Council's Corporate Plan is the Council's main policy document and includes a number of schemes that promote the Welsh language. The budget is being drawn up to implement that policy.</p> <p>In drawing up the budget particular attention was given to the Well-being of Future Generations Act, including the seven well-being goals. That includes addressing the sixth aim of 'Culture and the Welsh Language'.</p> |
| Socio-Economic Disadvantage | Positive | The Council's budgets, and in particular the successful bids, are designed to ensure that the authority can continue to direct resources to reduce discrimination on the grounds of socio-economic disadvantage. |

3.2 The Council has a duty under the 2010 Equality Act to contribute positively to a fairer society by promoting equality and good relations in its activities regarding the following characteristics – age, gender, sexual orientation, religion, race, gender reassignment, disability and pregnancy and maternity. The Council must give due attention to the way any change affects these duties.

| General Duties of the Equality Act | Does it have an impact?* | In what way? What is the evidence? |
|------------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Abolishing illegal discrimination, harassment and victimisation | No | None of the effects mentioned in 3.1 are thought to be sufficient to lead to discrimination, harassment or victimisation |
| Promoting equal opportunities | Positive | The budget setting is based on considerable work over a number of years of ensuring that a budget is in place that reflects the needs and requirements of the people of Gwynedd |
| Encouraging good relationships | Neutral | Budget setting is being done within clear boundaries, and the balance of successful bids and savings responds to the real pressures on services. |

3.3 How does your proposal ensure that you work in accordance with the requirements of the Welsh Language Standards (Welsh Language (Wales) Measure 2011), to ensure that the Welsh language is not treated less favourably than English and that you seize every opportunity to promote the Welsh language (beyond providing services bilingually) and increase opportunities to use and learn the language in the community?

The Council's Corporate Plan is the Council's main policy document and includes a number of schemes that promote the Welsh language. The budget is being drawn up to implement that policy.

This year, in drawing up the 2022/23 Budget, the Council has not had the need to identify new savings plans. The savings to be drawn from departmental budgets in 2022/23 have already been approved in previous years. Appropriate statutory processes have been followed prior to approval and are therefore not subject to a decision this year. The statutory processes included the completion of an equality assessment which includes a question about impact on the Welsh language. In treating savings decisions in the Budget 2020/21 report, it was concluded that **no impact** had been identified on the Welsh language but that there was a need to keep track when implementing.

In preparing the Budget 2021/2022 report consideration was given to the intended impact of the 2021/2022 Budget on the Welsh language. In line with practice an equality assessment has been completed which includes a question about the impact on the Welsh language. This procedure continues for 2022/23.

Successful applications for funding on this occasion include a commitment of £305,000 of one-off funding for Hunaniaith Development (Hunaniaith Chief Officer, Hunaniaith Digital Development Officer and Project Funding to support digital projects).

3.4 What other measures or changes could you include to strengthen or change the policy / practice in order to have a positive impact on people's opportunities to use the Welsh language, and to reduce or prevent any adverse effects that the policy / practice may have on the Welsh language?

This is financial policy, and we believe that the current policy goes to the best of our legal and statutory capacity in that regard in terms of having a positive impact on the language.

3.5 How does the proposal show that you have had due regard to the need to address inequality caused by socio-economic disadvantage? (Note that this is about closing inequality gaps rather than just improving outcomes for everyone)?

The establishment of the Council's budget is the result of specific actions that take account of the previous year's base budget and the steps that need to be taken to then reflect adjustments that need to be considered to deal with budget pressures for the following year. In addition, the budgetary position of all Council services is subject to detailed review three times a year, to identify any areas where action is needed to deal with underspends or overspends – particularly if budgets are not sufficient to deal with pressures on services. The nature of the Council's services means that the pressures on services reduce socio-economic inequality as the measures to deal with pressures on services take this into account.

No new savings plans are being proposed this year, and those that exist in the programme from previous years have been subject to a detailed assessment to ensure that inequality due to socio-economic disadvantage is reduced.

3.6 What other measures or changes might you include to strengthen or change the policy / practice to show that you have had due regard to the need to reduce disproportionate outcomes as a result of socio-economic disadvantage, in accordance with the Socio-Economic Act?

The requests for additional expenditure to deal with service pressures ("bids") have been the subject of detailed assessments by a number of officers and members and we are therefore confident that all steps that are practically possible to reduce socio-economic disadvantage in drawing up the budget have been taken.

4) Analysing the Results

4.1 Is the policy therefore likely to have a significant, positive impact on any of the above and what is the reason for this?

There will be an overall positive impact of the continuation of services which were seen as a priority to protect and fund them to the additional level of demand.

4.2 Is the policy therefore likely to have a significant, negative impact on any of the above and what is the reason for this?

Impact has been identified, but it is not thought to be significant, as no new savings plans are recommended.

4.3 What should be done?

Choose one of the following:

| | |
|----------------------------------------------------------------------------------------------------|---|
| Continue with the policy / service as it is robust | ✓ |
| Adapt the policy to delete any barriers | |
| Suspend and delete the policy as the detrimental impacts are too big | |
| Continue with the policy as any detrimental impact can be justified | |
| No further action at this time because it is too soon to decide, or there is insufficient evidence | |

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

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

4.5 If you are not taking any further action to delete or reduce the negative impacts, explain why here.

Elected members will come to a decision on the appropriate balance to be found between council tax increases and the need to provide services to the people of Gwynedd.

5) Monitoring

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

The budget setting and tax rate will require an annual decision of the full Council.

The savings will be challenged at the Performance Challenge Meetings three times a year and reported to Cabinet as part of individual Cabinet Members' performance reports. In addition, a Savings Overview report will be presented to Cabinet and to the Governance and Audit Committee three times a year.

APPENDIX 9

WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

1. The work of planning and preparing the recommendations has taken place within the context of the above Act's requirements. Although the recommendations are derived from difficult financial choices, the Council has acted on the basis of the principle of acting in a way that addresses the statutory duty in Section 3 to undertake sustainable development and achieve the Council's Well-being Objectives. This is addressed by identifying and evaluating options for savings, but also in decisions and choices from the perspective of providing sufficient resources in order to support an appropriate level of services.
2. This budget reflects the following five ways of working that the Council is required to consider when applying sustainable development.
 - Looking to the long term - The budget plans for the future, identifying future needs and demand for services, not for 2022/23 only, taking a strategic approach to ensure services are sustainable.
 - Understanding issues and preventing them – The budget process facilitates an understanding of the financial position, so that issues can be tackled at the source. Also, the series of Members' Workshops have aided an understanding of the financial strategy.
 - Taking an integrated approach – Gwynedd Council's policies and budgeting practices, and this year's budget proposals, have been considered from the perspective of all well-being goals.
 - Working in a collaborative way – Where better services can be provided by collaboration and working with partners, the budget process and savings strategy encourages this, internally and externally, where that is more sustainable.
 - Including the population in decisions – Part of the budget process and long-term savings strategy included engagement with residents, customers and partners.
3. Main conclusions for the 2022/23 budget regarding the 7 well-being goals:
 - Prosperous – Neutral (add to the resources of services which put an end to poverty)
 - Resilient - Positive (prudential long-term approach to funding services and enable the Council's Plan)
 - Healthier – Positive (funding additional 'care' service requirements)
 - More Equal - Positive (taxing in order to fund 'welfare' services)
 - Cohesive Communities – Neutral (continue to fund services that protect people)
 - Culture and Language – Positive (by funding bilingual services)
 - Globally Responsible – Neutral (continue to fund digital, environmental and cooperative projects)

4. Regarding specific financial savings schemes, as part of the corporate and departmental savings regime in previous years when the savings schemes were approved, where appropriate there was a specific wellbeing assessment for each individual scheme, and consideration thereof in the scrutiny committees organised to consider them and to prioritise savings to be implemented.
5. Generally, coupled with the Council's Plan and Wellbeing Objectives, this budget supports the Council to realise strategic objectives

APPENDIX 10

ROBUSTNESS OF ESTIMATES

1. In accordance with Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the budget estimates and the adequacy of the proposed reserves. Appendix 7 outlines the position of the balances and reserves, while this appendix confirms the robustness of the budgetary estimates underpinning the budget.
2. The budget estimates are based on assumptions about future expenditure and income and inevitably include an element of risk from assumptions. The impact of this risk can be mitigated through contingency plans, contingency budgets and financial reserves.
3. The robustness of the budgetary estimates is not a simple question if they have been calculated correctly. In practice, many budgets are based on estimation or forecasts, and there will be an element of risk about the delivery of plans and the achievement of targets. Various risks to the budget are considered below:
4. **Inflation Risk** - There is a risk that inflation can turn out to be significantly different from the assumption made in the budget. For 2022/23, following a recent period of inflationary increases, inflation was allowed on the basis of the latest pay and price information. The current high level of inflation is expected to fall during 2022/23, but there is a risk that inflation will rise again and there is more uncertainty than usual this year about the likely level. An increase in inflation can add to the Council's costs, but this can be alleviated by using a contingency budget as necessary.
5. **Interest Rate Risk** - Interest rates can affect the revenue budget through the interest earned - i.e. an interest rate increase would mean more income. In line with the Council's Investment Strategy (in a subsequent item on the programme of this meeting), the budget does not depend on excessive returns. In 2021 interest rates remained at record lows, but have started to rise and further increases in 2022/23 seem inevitable. Therefore, interest rate risk is considered low and would compensate for the inflation risk, as one is likely to increase with the other.

6. **Specific Grant Risks** – There are risks which relate to the large number of specific grants from the Welsh Government and others that support a proportion of the Council's expenditure. We know, of course, that there will not be Covid grants from the Welsh Government Hardship Fund (see paragraph 8 below) and some of the other specific grants may fall, or be cut, and we do not have a complete picture as the financial year begins. We have received significant specific grants in social care in recent financial years, with associated commitments, which make fiscal planning difficult. In general, the associated expenditure will have to end when a grant ends, but the terms of a contract may mean that expenditure cannot be cut as quickly as the grant, or that redundancy costs are to be funded. Furthermore, funded activity may be so important to the delivery of the Council's own priorities, that the Council decides to continue with the expenditure. We will mitigate this risk by ensuring that we have the best information available about grants, but the funding bodies (Government, etc.) manage this situation.
7. **Income Risks** - The budget is based on securing a specific increase in fee income equivalent to the increase in relevant costs. If demand for Council services falls, and income targets are not met, this can lead to an overspend on departmental budgets. The actual budget position will need to be closely monitored during the year and, if necessary, cut back on expenditure to match the reduction in income. That will not be possible with some large corporate budgets, where income estimates must be set at a prudent level.
8. **Risk with Covid-19** – Due to the Covid-19 crisis, it is expected that the Welsh Government Hardship Fund will have compensated Gwynedd Council with grant assistance totalling around £14.4m in 2021/22, in addition to the £20m of support received in 2020/21. However, the Finance Minister in the Welsh Government has stated unequivocally that the Hardship Fund, which has funded this support, will end on 31 March 2022. Therefore, in Gwynedd Council's 2022/23 budget, we have included an additional permanent provision of £1.4m to cope with costs and losses from the continuation of the crisis. Also, specific funds (the Covid Fund, and the Financial Strategy Fund) have been protected in reserve to support any expenditure or loss of income above the £1.4m in the 2022/23 budget. In 2020/21, prior to confirmation of grant aid in the face of significant costs early in the crisis, the existence of council balances had given us the confidence to act unfettered for the benefit of the people of Gwynedd. By claiming an appropriate grant from the Government Hardship Fund in 2020/21 and 2021/22, we have been able to protect the bulk of these balances for 2022/23.
9. **Risk with Savings** – The settlement from Welsh Government means that the Council has been able to write off or postpone around £1.8m of the £2.4m of savings schemes that were to meet their programming for 2022/23. The remaining £595,000 of savings plans appear achievable but some Council departments have a history of failing to deliver their savings plans. As usual, we will mitigate the risk by ensuring that savings plans are owned by departments and Cabinet members, and regularly monitoring the relevant progress.

10. **Staff Redundancy Costs** - Some services restructure their staff to achieve savings, and staff are made redundant. There will not be many cases this year, but redundancy costs will be appropriately funded from a central reserve, and a suitable amount has been set aside to this end, which mitigates the risk.
11. **Council Tax Premium** - In determining the taxbase, the number of second homes and empty homes to be included in the figures was assessed prudently. There is a risk that the number of properties that will pay is over-objective and the income collected is lower than the estimated amount (due to property transferring to the business tax list). We manage the risk by employing fact-checking inspectors, and by not committing all potential tax products from the Premium before the situation becomes clearer.
12. **Statutory Finance Officer's Opinion** - Having considered all the risks identified above and the mitigation, the Head of Finance (Section 151 Officer) considers that the budgets are robust, adequate, and achievable.

| | |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MEETING: | AUDIT AND GOVERNANCE COMMITTEE |
| DATE: | 10 FEBRUARY 2022 |
| SUBJECT: | CAPITAL STRATEGY 2022/23 (INCLUDES INVESTMENT AND BORROWING STRATEGIES) |
| PURPOSE: | TO EXPLAIN AND SCRUTINISE THE PROPOSED CAPITAL STRATEGY FOR 2022/23 |
| ACTION: | Receive the information, consider any risks arising from the strategy before it is presented to the full Council for adoption. |
| RESOLUTION SOUGHT: | Due to relevant national regulations, a decision by the full Council on the annual Capital Strategy is required. Further to the presentation by officers from Arlingclose, the Council's Treasury Management Consultants, members of the Audit and Governance Committee are asked to receive the report, note the relevant information and risks, and support the Cabinet Member for Finance's intention to submit the strategy to full Council for approval |
| CONTACT OFFICER: | DEWI MORGAN, HEAD OF FINANCE |
| CABINET MEMBER: | COUNCILLOR IOAN THOMAS, FINANCE CABINET MEMBER |

INTRODUCTION

1. This capital strategy report for 2022/23, gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
2. Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

CAPITAL EXPENDITURE AND FINANCING

3. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, with some low value assets charged to revenue in year. All assets and schemes are assessed and charged on their own merits.

- Further explanation of the Council's policy on capitalisation can be seen in the Policy Notes of the Council's Statement of Accounts for 2020/21, see:

<https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Performance-and-spending/Statement-of-accounts/Statement-of-Accounts-2020.2....pdf>

4. In 2022/23, the Council is planning capital expenditure of £64m as summarised below:

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

| | 2020/21 Actual £m | 2021/22 Forecast £m | 2022/23 Budget £m | 2023/24 Budget £m | 2024/25 Budget £m |
|------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund Services | 28.5 | 52.2 | 59.1 | 19.2 | 16.2 |
| General Fund Leasing * | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| TOTAL | 28.5 | 52.2 | 64.1 | 19.2 | 16.2 |

* Capital Expenditure for 2022/23 includes £5m due to a change in the accounting for leases.

5. The main General Fund capital projects in 2022/23 include:

- Housing Schemes/Strategy - £16.1m
- 21st Century Schools - £14.9m
- Coastal Flood Protection - £7.0m
- Departmental Vehicles - £4.7m
- Industrial Units - £2.9m
- Property Schemes - £2.2m

6. **Governance:** The Council has a 10 year Asset Strategy, a plan of the Council's capital spending priorities based on the requirements of departments. Part of the strategy includes an unallocated sum. From this amount departments are able to bid annually for funding for capital schemes. Bids are collated by the Finance

Department. The Cabinet appraises all bids based on priorities and makes recommendations. The capital bids and asset strategy are presented to Cabinet and to full Council annually.

- For full details of the Council’s capital programme, refer to **Appendix A**.

7. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative (PFI)). The planned financing of the above expenditure is as follows:

Table 2: Capital Financing in £ millions

| | 2020/21 Actual £m | 2021/22 Forecast £m | 2022/23 Budget £m | 2023/24 Budget £m | 2024/25 Budget £m |
|------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| External Sources | 22.2 | 32.2 | 18.7 | 5.3 | 5.1 |
| Own Resources | 1.3 | 14.6 | 32.5 | 6.5 | 4.1 |
| Debt * | 5.0 | 5.4 | 12.9 | 7.4 | 7.0 |
| TOTAL | 28.5 | 52.2 | 64.1 | 19.2 | 16.2 |

** Debt for 2022/23 includes £5m due to a change in the accounting for leases.*

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

Table 3: Replacement of Debt Finance in £ millions

| | 2020/21 Actual £m | 2021/22 Forecast £m | 2022/23 Budget £m | 2023/24 Budget £m | 2024/25 Budget £m |
|---------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Own Resources | 7.7 | 7.5 | 8.2 | 8.2 | 8.3 |

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

9. The Council’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace

debt. The CFR is expected to increase by £4.7m during 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

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

| | 31.3.2021 Actual £m | 31.3.2022 Forecast £m | 31.3.2023 Budget £m | 31.3.2024 Budget £m | 31.3.2025 Budget £m |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| General Fund Services * | 174.0 | 171.9 | 176.6 | 175.8 | 174.5 |

* The Capital Financing Requirement for 2022/23 and subsequent years includes a £5m increase due to a change in the accounting for leases.

10. **Asset Management:** To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed and was approved by the full Council on 07/03/2019, see Item 11 on the agenda :

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

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

Table 5: Capital Receipts in £ millions

| | 2020/21 Actual £m | 2021/22 Forecast £m | 2022/23 Budget £m | 2023/24 Budget £m | 2024/25 Budget £m |
|--------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Asset Sales | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 |
| Loans Repaid | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 |
| TOTAL | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |

TREASURY MANAGEMENT

12. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be

met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

13. Due to decisions taken in the past, the Council currently has £102.2m borrowing at an average interest rate of 5.51% and £83.5m treasury investments at an average rate of 0.53%.
14. **Borrowing Strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.1%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).
15. Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

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

| | 31.3.2021 Actual £m | 31.3.2022 Forecast £m | 31.3.2023 Budget £m | 31.3.2024 Budget £m | 31.3.2025 Budget £m |
|-------------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Debt (incl. PFI and leases) | 112.3 | 105.4 | 108.2 | 105.0 | 98.8 |
| Capital Financing Requirement | 174.0 | 171.9 | 176.6 | 175.8 | 174.5 |

16. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
17. **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

| | 31.3.2021 Actual £m | 31.3.2022 Forecast £m | 31.3.2023 Budget £m | 31.3.2024 Budget £m | 31.3.2025 Budget £m |
|-----------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Outstanding Borrowing | 109.7 | 103.1 | 101.8 | 99.6 | 94.3 |
| Liability Benchmark | 58.7 | 65.3 | 77.6 | 83.8 | 89.2 |

18. The table shows that the Council expects to remain borrowed above its liability benchmark. This is because the Council holds reserves, and cash outflows to date have been below the assumptions made when the loans were borrowed.
19. **Affordable Borrowing Limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

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

| | 2021/22 Limit £m | 2022/23 Limit £m | 2023/24 Limit £m | 2024/35 Limit £m |
|--------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Authorised Limit – total external debt | 200 | 200 | 200 | 200 |
| Operational Boundary – total external debt | 190 | 190 | 190 | 190 |

The authorised Limit and Operational Boundary for 2022/23 and subsequent years include a £6m increase due to a change in the accounting for leases

- Further details on borrowing are in the Treasury Management Strategy in **Appendix C**.
20. **Treasury Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
21. The Council’s policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash

that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury Management Investments in £millions

| | 31.3.2021 Actual £m | 31.3.2022 Forecast £m | 31.3.2023 Budget £m | 31.3.2024 Budget £m | 31.3.2025 Budget £m |
|-------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Near-Term Investments | 50 | 40 | 25 | 15 | 5 |
| Longer-Term Investments | 10 | 10 | 10 | 10 | 10 |
| TOTAL | 60 | 50 | 35 | 25 | 15 |

- Further details on treasury investments are in the Treasury Management Strategy in **Appendix C**.
22. **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- The treasury management prudential indicators are on pages 16 to 17 of the Treasury Management Strategy in **Appendix C**.
23. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the Treasury Management Strategy approved by full Council. Half year and full year reports on treasury management activity are presented to the Audit and Governance Committee. The Audit and Governance Committee is responsible for scrutinising treasury management decisions. An annual seminar is held for the members of the Audit and Scrutiny Committee and Cabinet by Arlingclose, our investment advisors and was held on 7th February 2022 for the 2022/23 financial year.

INVESTMENTS FOR SERVICE PURPOSES

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

LIABILITIES

26. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £364m). It has also set aside £8m to cover risks of provisions, of which relates to Waste Sites. The Council is also at risk of having to pay for contingent liabilities relating to the capping and aftercare requirements for the Council's landfill Sites, and also a potential insurance liability relating to the insurance arrangements of its predecessor authorities and the closure of the Municipal Mutual Insurance (MMI) Fund. In accordance with the accounting requirements, no money has been set aside for such contingent liabilities.
27. **Governance:** Decisions on incurring new discretionary liabilities are taken by Heads of Services in consultation with the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Department. New material liabilities are reported to the Audit and Governance Committee.
- Further details on liabilities are on page 12 of the 2020/21 Statement of Accounts

<https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Performance-and-spending/Statement-of-accounts/Statement-of-Accounts-2020.2....pdf>

REVENUE BUDGET IMPLICATIONS

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

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

| | 2020/21 Actual | 2021/22 Forecast | 2022/23 Budget | 2023/24 Budget | 2024/25 Budget |
|----------------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| Financing Costs * (£m) | £13.2m | £12.9m | £13.5m | £13.4m | £13.3m |
| Proportion of Net Revenue Stream(%) | 5.0% | 4.7% | 4.6% | 4.5% | 4.4% |

* Financing costs for 2022/23 and subsequent years includes a £0.7m increase due to a change in the accounting for leases.

- Further details on the revenue implications of capital expenditure are included in the 2022/23 Budget:

<https://democratiaeth.gwynedd.llyw.cymru//ielistmeetings.aspx?cid=133&year=0&>

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

KNOWLEDGE AND SKILLS

30. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the new Head of Finance is a qualified accountant with a number of years' experience, and the Estates Manager is a chartered surveyor and member of the Royal Institute of Chartered Surveyors. The Council has qualified staff and pays for junior staff to study towards relevant professional qualifications including CIPFA, ACCA and AAT.
31. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly,

and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

32. The relevant staff attend CIPFA and Arlingclose training events to ensure that we are aware of the latest developments, and that knowledge and skills are kept up to date.

CAPITAL

1. Whilst local authority revenue budgets face constraints, capital budgets are also under pressure, and there are revenue implications for capital expenditure which is not funded by specific grants.
2. A proposed programme for schemes for the next three years is set out below:

| CAPITAL PROGRAMME | | | |
|-------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 |
| Council Asset Plan : | | | |
| 21st Century Schools | 3,861 | 3,854 | 2,901 |
| Housing Schemes | 4,435 | 1,300 | 1,300 |
| Penygroes Health and Care Hub | 1,750 | 0 | 0 |
| Adults' Homes/Centres | 1,611 | 625 | 0 |
| Highways, Bridges and Municipal | 1,193 | 1,640 | 2,271 |
| Coastal Flood Protection | 1,995 | 0 | 0 |
| Other Schemes | 3,831 | 1,628 | 1,241 |
| Capital Bids | 500 | 500 | 500 |
| Other Schemes: | | | |
| Additional General Capital Grant Resource to be apportioned | 270 | 1,646 | 1,646 |
| Decarbonisation | 0 | 917 | 917 |
| Housing Strategy – Council Tax Premium Fund | 0 | 0 | 2,549 |
| Housing Strategy – Buy to Let | 0 | 0 | 2,880 |
| Schemes already Approved : | | | |
| Housing Schemes/Strategy | 11,617 | 5,430 | 0 |
| 21st Century Schools (WG) | 11,026 | 455 | 0 |
| Coastal Flood Protection | 4,993 | 0 | 0 |
| Departmental Vehicles | 4,017 | 947 | 0 |
| Industrial Units | 2,925 | 0 | 0 |
| Property Schemes | 1,331 | 0 | 0 |
| Other | 3,720 | 300 | 0 |
| PROGRAMME TOTAL | 59,075 | 19,242 | 16,205 |

3. We will be funding the programme as follows:

| CAPITAL PROGRAMME FUNDING | | | |
|------------------------------------|----------------|----------------|----------------|
| | 2022/23 | 2023/24 | 2024/25 |
| | £'000 | £'000 | £'000 |
| Supported Borrowing | 4,073 | 4,073 | 4,073 |
| Other Borrowing | 3,791 | 3,289 | 2,880 |
| Grants and Contributions | 18,722 | 5,347 | 5,100 |
| Capital Receipts | 750 | 0 | 0 |
| Departmental and Corporate Revenue | 34 | 0 | 0 |
| Capital Fund | 9,345 | 204 | 0 |
| Renewals and Other Funds | 22,360 | 6,329 | 4,152 |
| PROGRAMME FUNDING TOTAL | 59,075 | 19,242 | 16,205 |

4. The new asset strategy from 2019/20 was approved by the Council on 7 March 2019. The new asset strategy is operational for the periods 2019/20 to 2028/29. It is incorporated as part of the Capital Programme.
5. A three year profile from 2019/20 was set by the Cabinet on 2 April 2019, with the subsequent years profiled in the capital programme from 2022/23 onwards.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2022/23 to 2024/25 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. The 2022/23 General Capital Grant in the Financial settlement from Welsh Government is higher than anticipated when the asset strategy was established. The intention is to present a follow up report to the Cabinet to revise the Asset Plan and ensure the use of this additional resource.
8. Therefore, the full Council is asked to establish a total programme worth £59,074,980 for 2022/23, to be funded from the sources noted in the table under part 3 above.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2022/23

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.
2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The WG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
 - For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £1.9m.
 - For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
 - For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
 - Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges

will be adjusted so that the total charge to revenue remains unaffected by the new standard.

- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the Capital Financing Requirement (CFR) instead.
4. Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.
 5. Based on the Council's latest estimate of its Capital Financing Requirement (CFR) on 31st March 2022, the budget for MRP has been set as follows:

| | 31.03.2022 Estimated CFR £m | 2022/23 Estimated MRP £m |
|------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------|
| Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008 | 131.2 | 5.2 |
| Unsupported capital expenditure after 31.03.2008 | 38.4 | 2.1 |
| Leases and Private Finance Initiative | 2.3 | 0.9 |
| Total General Fund | 171.9 | 8.2 |

Treasury Management Strategy Statement 2022/23

1. Introduction

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3 In accordance with the WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, change in the Council's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

2. External Context

2.1 Economic background

The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations. However, due to the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed

Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

2.2 Credit outlook

Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

2.3 Interest rate forecast

The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the

upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

- 2.4** For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 0.01% and that the Council will not need any new long-term loans in 2022/23.

3. Local Context

- 3.1** On 31st December 2021, the Council held £102.2m of borrowing and £83.5m of investments. This is set out in further detail at **Appendix 2**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

| | 31.3.21 Actual £m | 31.3.22 Forecast £m | 31.3.23 Budget £m | 31.3.24 Budget £m | 31.3.25 Budget £m |
|----------------------------------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| CFR | 174.0 | 171.9 | 176.6 | 175.8 | 174.5 |
| Less: Other debt liabilities * | (2.6) | (2.3) | (6.4) | (5.4) | (4.5) |
| Loans CFR | 171.4 | 169.6 | 170.2 | 170.4 | 170.0 |
| Less: External borrowing ** | (109.7) | (103.1) | (101.8) | (99.6) | (94.3) |
| Internal borrowing | 61.7 | 66.5 | 68.4 | 70.8 | 75.7 |
| Less: Balance sheet resources | (125.3) | (116.6) | (109.0) | (102.0) | (95.3) |
| Treasury Investments (or new borrowing) | 63.6 | 50.1 | 40.6 | 31.2 | 19.6 |

*PFI liabilities

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

- 3.2** The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

- 3.3** Table 1 shows that the Council does not need to borrow long term during the next three years. If there is a requirement, short term borrowing will be used to reduce the interest rate.

- 3.4** CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next

three years. Table 1 shows that the Council expects to comply with this recommendation during 2022/23.

4. Liability benchmark

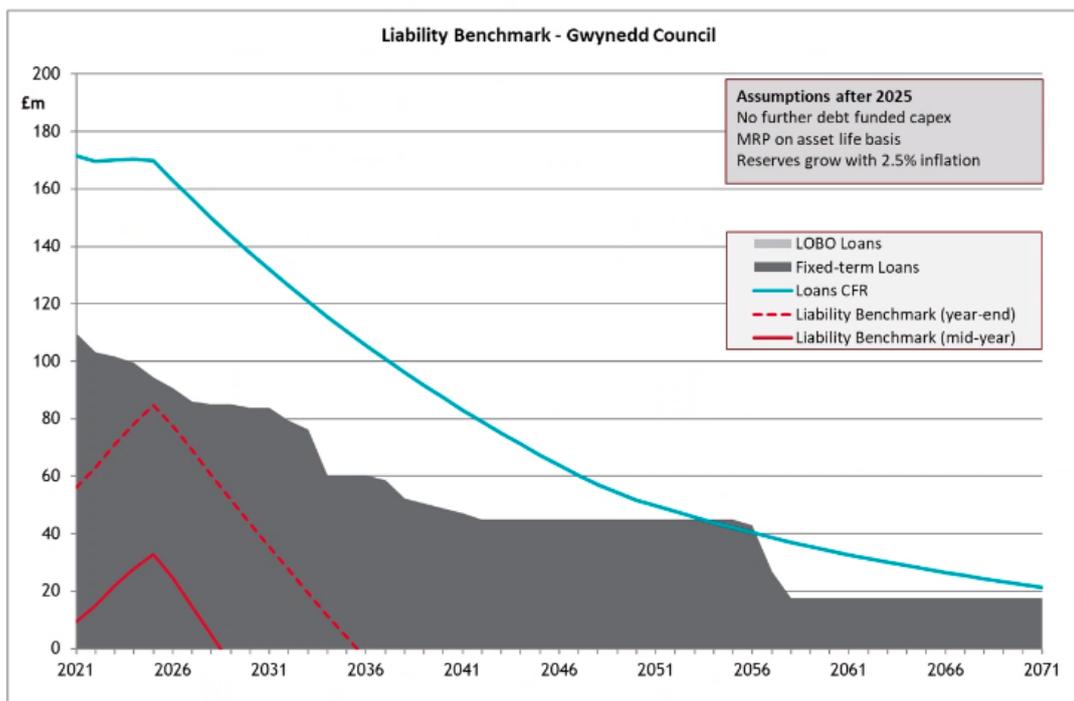
- 4.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Last year, an additional consideration was added to the liability benchmark as Gwynedd Council is the host authority of the North Wales Economic Ambition Board where a requirement to borrow will arise in future years. However, it was approved in principle by the Cabinet on 21st December 2021 for the North Wales Economic Ambition Board to be transferred to the Corporate Joint Committee before any borrowing will take place. This borrowing requirement therefore has been removed.

Table 2: Liability Benchmark

| | 31.3.21 Actual £m | 31.3.22 Forecast £m | 31.3.23 Budget £m | 31.3.24 Budget £m | 31.3.25 Budget £m |
|-------------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| CFR | 174.0 | 171.9 | 176.6 | 175.8 | 174.5 |
| Less: Balance sheet resources | (125.3) | (116.6) | (109.0) | (102.0) | (95.3) |
| Net loans requirement | 48.7 | 55.3 | 67.6 | 73.8 | 79.2 |
| Plus: Liquidity allowance | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Liability Benchmark | 58.7 | 65.3 | 77.6 | 83.8 | 89.2 |

- 4.2 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes no further debt funded capital expenditure, minimum revenue provision on asset life basis and reserves increasing by inflation of 2.5% a year. This is shown in the following chart:



The chart shows that there is no need to borrow based on current projections.

5. Borrowing Strategy

5.1 The Council currently holds £102.2 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow long term in 2022/23 but may need to borrow short term for cash flow reasons. In the future, the Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

5.2 Objectives

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

5.3 Strategy

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the

key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and/or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

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

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

5.4 Sources of borrowing

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

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Gwynedd Pension Fund)
- Capital market bond investors

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

5.5 Other sources of debt finance

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

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

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

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

5.6 Short-term and variable rate loans

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

5.7 Debt rescheduling

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

6. Treasury Investment Strategy

- 6.1** The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £62.9 and £147.9 million, and similar levels are expected to be maintained in the forthcoming year.

This includes the cash balances of Gwynedd Pension Fund which are pooled with the Council's funds for investment purposes. The Pension Fund requests this annually as the returns received are improved and the risks reduced by combining the cash with the Council's funds. The Pensions Committee will approve the relevant elements of this Strategy Statement and request the continuation of the pooling arrangements for 2022/23 at its meeting on 17 March 2022.

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

6.2 Objectives

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

6.3 Negative interest rates

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

6.4 Strategy

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will aim to continue to hold more secure and/or higher yielding asset classes during 2022/23. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, UK government deposits, local authorities and money market funds. This represents a continuation of the strategy adopted in 2015/16.

6.5 Business models

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

6.6 Approved counterparties

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

Table 3: Approved investment counterparties and limits

| Sector | Time limit | Counterparty limit | Sector limit |
|-----------------------------------------------|-------------------|---------------------------|---------------------|
| The UK Government | 50 years | Unlimited | n/a |
| Local authorities & other government entities | 25 years | £10m | Unlimited |
| Secured investments * | 25 years | £10m | Unlimited |
| Banks (unsecured) * | 13 months | £5m | Unlimited |
| Building societies (unsecured) * | 13 months | £5m | £10m |
| Registered providers (unsecured) * | 5 years | £5m | £25m |
| Money market funds * | n/a | £10m | Unlimited |
| Strategic pooled funds | n/a | £10m | £50m |
| Real estate investment trusts | n/a | £10m | £25m |
| Other investments * | 5 years | £5m | £10m |

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

6.7 Credit rating

Treasury investments in the sectors marked with a * will only be made with entities whose lowest published long- term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

6.8 Government

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

6.9 Secured investments

Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

6.10 Banks and Building Societies (unsecured)

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

6.11 Registered providers (unsecured)

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

6.12 Money Market Funds

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over

bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

6.13 Strategic Pooled funds

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

6.14 Real Estate Investment Trusts

Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

6.15 Other investments

This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

6.16 Operational bank accounts

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

6.17 Risk assessment and credit ratings

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

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

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

6.18 Other information on the security of investments

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall, but will protect the principal sum invested.

6.19 Investment limits

The Council's revenue reserves available to cover investment losses are forecast to be £100 million on 31st March 2022. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £500,000 in operational bank accounts count against the relevant investment limits.

Table 4: Additional limits

| | Cash limit |
|-----------------------------------------------------------|-------------------|
| Any group of pooled funds under the same management | £25m per manager |
| Negotiable instruments held in a broker's nominee account | £25m per broker |
| Foreign countries | £10m per country |

6.20 Liquidity management

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

The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

7. Treasury Management Prudential Indicators

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

7.1 Security

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

| Credit risk indicator | Target |
|--------------------------------|---------------|
| Portfolio average credit score | 6.0 |

7.2 Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

| Liquidity risk indicator | Target |
|--------------------------------------|---------------|
| Total cash available within 3 months | £10m |

7.3 Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

| Interest rate risk indicator | Limit |
|------------------------------------------------------------------------------|--------------|
| Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates | £643,000 |
| Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates | £643,000 |

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

7.4 Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

| Refinancing rate risk indicator | Upper limit | Lower limit |
|----------------------------------------|--------------------|--------------------|
| Under 12 months | 25% | 0% |
| 12 months and within 24 months | 25% | 0% |
| 24 months and within 5 years | 50% | 0% |
| 5 years and within 10 years | 75% | 0% |
| 10 years and above | 100% | 0% |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

7.5 Principal sums invested for periods longer than a year

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

| Price risk indicator | 2022/23 | 2023/24 | 2024/25 |
|---------------------------------------------|----------------|----------------|----------------|
| Limit on principal invested beyond year end | £20m | £20m | £20m |

8. Related Matters

8.1 The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

8.2 Financial Derivatives

In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

8.3 External Funds

Included within the Council balances are the balances for Gwynedd Pension Fund, Gwe, Welsh Church Fund and North Wales Economic Ambition Board. The interest income is allocated to each institution based on daily balances.

8.4 Markets in Financial Instruments Directive

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Finance believes this to be the most appropriate status.

9. Welsh Government Guidance

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

10. Financial Implications

10.1 The budget for investment income in 2022/23 is £0.4 million based on an average investment portfolio of £57.5 million at an interest rate of 0.01% for deposits and £10 million of pooled funds at a return of 4.08%. The budget for debt interest paid in 2022/23 is £5.6 million, based on an average debt portfolio of £101.5 million at an average interest rate of 5.47%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

11. Other Options Considered

11.1 The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

| Alternative | Impact on income and expenditure | Impact on risk management |
|-----------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|
| Invest in a narrower range of counterparties and/or for shorter times | Interest income will be lower | Lower chance of losses from credit related |

| | | |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| | | defaults, but any such losses may be greater |
| Invest in a wider range of counterparties and/or for longer times | Interest income will be higher | Increased risk of losses from credit related defaults, but any such losses may be smaller |
| Borrow additional sums at long-term fixed interest rates | Debt interest costs will rise; this is unlikely to be offset by higher investment income | Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain |
| Borrow short-term or variable loans instead of long-term fixed rates | Debt interest costs will initially be lower | Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain |
| Reduce level of borrowing | Saving on debt interest is likely to exceed lost investment income | Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain |

Appendix 1 – Arlingclose Economic & Interest Rate Forecast December 2021

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.

- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

| | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.00 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Arlingclose Central Case | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Downside risk | 0.00 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 |
| 3-month money market rate | | | | | | | | | | | | | |
| Upside risk | 0.05 | 0.05 | 0.25 | 0.35 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Arlingclose Central Case | 0.25 | 0.55 | 0.55 | 0.60 | 0.60 | 0.60 | 0.60 | 0.65 | 0.65 | 0.65 | 0.65 | 0.65 | 0.65 |
| Downside risk | 0.00 | -0.25 | -0.25 | -0.30 | -0.30 | -0.30 | -0.30 | -0.35 | -0.35 | -0.35 | -0.35 | -0.35 | -0.35 |
| 5yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.35 | 0.45 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | 0.50 | 0.50 | 0.45 | 0.45 |
| Arlingclose Central Case | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.65 | 0.70 | 0.75 | 0.75 |
| Downside risk | -0.10 | -0.20 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.40 |
| 10yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.10 | 0.25 | 0.35 | 0.40 | 0.45 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.55 | 0.55 | 0.55 |
| Arlingclose Central Case | 0.80 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.90 | 0.90 | 0.95 | 0.95 |
| Downside risk | -0.10 | -0.25 | -0.30 | -0.35 | -0.35 | -0.35 | -0.35 | -0.35 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 |
| 20yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.30 | 0.40 | 0.45 | 0.45 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Arlingclose Central Case | 1.00 | 1.05 | 1.10 | 1.10 | 1.10 | 1.10 | 1.15 | 1.15 | 1.15 | 1.20 | 1.20 | 1.20 | 1.20 |
| Downside risk | -0.15 | -0.30 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.45 | -0.45 | -0.45 | -0.45 |
| 50yr gilt yield | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.30 | 0.40 | 0.45 | 0.45 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Arlingclose Central Case | 0.70 | 0.75 | 0.80 | 0.85 | 0.90 | 0.95 | 1.00 | 1.05 | 1.05 | 1.10 | 1.10 | 1.15 | 1.15 |
| Downside risk | -0.15 | -0.30 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.45 | -0.45 | -0.45 | -0.45 |

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix 2- Existing Investment & Debt Portfolio Position

| | 31.12.2021 Actual Portfolio £m | 31.12.2021 Average Rate % |
|------------------------------------------|-----------------------------------------|------------------------------------|
| External Borrowing: | | |
| Public Works Loan Board | 86.0 | 5.75 |
| Other loans | 16.2 | 4.22 |
| Total external borrowing | 102.2 | 5.51 |
| Other long- term liabilities: | | |
| Leases | 1.4 | 0.0 |
| Total other long-term liabilities | 1.4 | 0.0 |
| Total gross external debt | 103.6 | 5.51 |
| Treasury investments: | | |
| Bank and Building Societies (unsecured) | 14.5 | 0.13 |
| The UK Government | 5.0 | 0.08 |
| Local Authorities | 27.0 | 0.06 |
| Money Market Fund | 27.0 | 0.04 |
| Pooled funds | 10.0 | 3.97 |
| Total treasury investments | 83.5 | 0.53 |
| Net debt | 20.1 | |

Appendix 3 – Additional requirements of Welsh Government Investment Guidance

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

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

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

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

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

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

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

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

The Council can demonstrate that its financial exposure to loans to local enterprises, local charities, wholly owned companies and joint ventures is proportionate by setting the limits in table 3a. These ensure that the total exposure is no more than 20% of the Council's usable reserves. The Council's loan book is currently within these self-assessed limits.

Table 3a: Loan limits

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

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

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

Table 3b: Non-specified investment limits

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

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2021, the Council considers that the scale of its non-financial investments as not significant.

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

Investment advisers: The Council has appointed Arlingclose as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is monitored by the Head of Finance and the Investment Manager on a regular basis.

Borrow in advance of need: The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £200 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

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

Capacity, skills and corporate governance: Elected members and officers were invited to a presentation by Arlingclose on 7th February 2022. The information and discussion at the presentation ensures that the members have the appropriate skills and information to enable them to:

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

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

Agenda Item 13

| | |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Committee | Audit and Governance Committee |
| Title of the Report | Working for the Future and the Mental Wellbeing Support |
| Purpose of the Report | Provide an overview of the plans for working in the future and identify the support offered to staff in relation to mental well-being The Audit and Governance committee are invited to consider the information presented |
| Date of Meeting | 10.02.22 |
| Author | Geraint Owen |
| Head of Department | Geraint Owen |
| Cabinet Member | Councillor Nia Jeffreys |

BACKGROUND

The report is presented in response to the request of committee members for information on the Council's plan in relation to future working arrangements and also the provision for supporting staff mental wellbeing.

The vision for working in the future is to be presented formally to a meeting of the Cabinet on the 15th February and the content and details of that vision is noted in the first part of this report.

The support provided for the health and wellbeing of staff by the Council is acknowledged to "Gold Level" Corporate Health Standard as sponsored by Wales Government and details of the basic service provided in relation to mental wellbeing, in addition to additional support provided during the pandemic, is summarized in the second part of the report.

WORKING TO THE FUTURE

1. VISION

- A Council that supports, empowers and trusts the workforce to work flexibly and productively to provide high-quality services, in a way that substantially reduces our impact on the environment.
- Build on the new ways of providing services that have been developed during the pandemic, by giving staff the flexibility to work flexibly and use technology to work and communicate virtually.

2. DRIVERS / ADVANTAGES

The main drivers for adopting new working arrangements for the future are as follows;

- Staff well-being will benefit from an improved work-life balance, which leads to staff being more productive. Staff see the benefits of flexible working, and this is reflected in their wishes for future working (see Part 7 below)
- Advantages for the Council in the recruitment market when offering flexible working arrangements where possible.
- Less travelling in vehicles to work, thus reducing the county's carbon footprint.
- Offers flexibility in terms of how offices are utilised, with potential to rationalise buildings in the future.

- The experience of working throughout the Covid crisis shows that the technology can support different ways of working; moving more in the direction where there is much less reliance on paper.
- Makes better use of staff time - less travelling.
- Flexible working arrangements can give better opportunities to disabled people and individuals who care for disabled people, thus having a positive impact on equality.

3. PRINCIPLES

Some principles will form a foundation for the flexible working arrangements;

- Where the circumstances of the post allow, any flexible working arrangement will be voluntary for staff.
- Any flexible working arrangement will be subject to the nature of the post and there will be a need to ensure that there will be no negative impact on services for the people of Gwynedd.
- The new working arrangements have nothing to do with altering current workforce numbers or structures; but it relates to how staff deliver their work and provide services for the people of Gwynedd.
- Any home or hybrid working arrangement will be subject to the space and circumstances of the home allowing the individual to undertake their post effectively and safely.
- Internal meetings will be held virtually (to include fellow officers and individual Members), using "Microsoft Teams" normally, whilst acknowledging the benefit of holding face-to-face team meetings occasionally during the year.
- That staff well-being is central to the arrangements and they will continue to receive regular support such as timely communication; training; health, safety and well-being support (including mental well-being) from their line manager and the Council more widely.
- The vision aligns with the Welsh Government's commitment to develop a remote working strategy, with the aim of enabling 30% of the Welsh workforce to work close to or from their homes.

4. WORKING ARRANGEMENTS

It is anticipated that the Council's staff, where it is possible to achieve their jobs flexibly, will adopt one of the following working arrangements:

- **Working from Home** - the staff member will carry out all of their work from home on a full-time basis, apart for occasions when they will be required to attend the office at the reasonable request of the manager (face-to-face team meetings) or due to the needs of the service.
- **Working from an Office** - the staff member will carry out all of their work from an office.
- **Hybrid Working** - the staff member will combine working from home and from the office. Meeting the service's needs will take priority in a hybrid working arrangement, and the work pattern must be agreed with the manager. Under hybrid working arrangements, the staff member is expected to work a minimum of 2 days a week from home (or a proportion that equates to a working week for part-time workers).

5. STAFF WISHES REGARDING FUTURE WORKING ARRANGEMENTS

- Approximately 1,800 staff within the Council undertake jobs that could be carried out from home in the future.
- In September 2021, discussions were held between these members of staff and their managers, in order to obtain an understanding and an initial overview of their wishes regarding their future working arrangements. The responses received from staff were not a formal commitment to adopt these specific working arrangements.
- In brief, the responses were as follows:
 - 59% wished to adopt a hybrid working arrangement
 - 25% wished to work from home
 - 15% wished to work from an office

Any flexible / new working arrangement will be subject to a trial period before it is finally agreed, in order to review the suitability of the arrangement from the perspective of the staff member and the Council as an employer.

6. OFFICES

- In adopting a new model of working, it is inevitable that changes will need to be made to offices in order to facilitate this. It is unlikely that a permanent designated workspace/desk will be available in the office for staff members who will be working to hybrid arrangements. An on-line desk booking system will be provided for times when hybrid staff members will work from the office.
- It is anticipated that zones/areas will be identified within the offices for specific services and teams in order to facilitate co-working and specific rooms will be provided to hold meetings and carry out confidential work.
- Further work will be needed in the future in order to consider the possibility of creating more local community hubs as workplaces for Council staff, or jointly with our partners.

7. WORKING CONDITIONS / EMPLOYMENT POLICIES

- A number of working conditions and employment policies are being reviewed in order to address and prepare for the new way of working in the future.
- We are consulting with the local Trade Unions representatives as we do this.

8. LEARNING AND DEVELOPMENT

- Remote Leadership Training is already available for managers and leaders. Developmental work is currently in progress to provide further training, e.g. leadership skills / sustaining hybrid teams. It will be essential for managers and employees to keep in contact through regular conversations on welfare and performance. Managers and employees will need to agree and plan how they will communicate effectively together, and both sides will be responsible for ensuring that the meetings and agreed communication are undertaken.
- Induction arrangements for new staff - getting to know colleagues and learning from others is much more challenging when working from home; virtual communication does not fully fill this gap every time. Robust induction and

communication arrangements will be required in order to give new staff the necessary support.

9. HEALTH, SAFETY AND WELL-BEING

- Every working environment (including home workspaces) will be the subject of a risk assessment to ensure the health and safety of employees.
- The Council is already committed to support and maintain the mental well-being of all staff and the guidance and support in the future will be reviewed regularly to ensure that it addresses the new work environment.

10. INFORMATION TECHNOLOGY

- We will review the desk phone provision, taking advantage of computer telephone software. Traditional desk phones (with some exceptions) will disappear over a period of time during 2022.

11. DATA PROTECTION

- Data protection policies will be reviewed and relevant guidance will be shared with staff in a timely way.
- Services will need to consider and implement appropriate responses to data protection liabilities, i.e. in terms of sensitive / confidential conversations that take place in homes, the security of hard copy documentation in the homes of officers and offices, which equates to the sensitivity and size of the personal data affected.

12. COSTS

- The new working arrangements must be at least cost-neutral to the Council following any initial investment.
- As part of the national negotiations on pay and working conditions for 2021, the trade unions have asked local authorities to pay a home working allowance (£26 per month) to staff who work from home regularly. Nationally, employers have refused this element of the request. The request has also been considered locally, but as any home working arrangement will be voluntary and since staff gain other benefits from being allowed to work from home, paying an allowance is not considered suitable. This decision also considered the fact that many of our staff will save on the costs of travelling to the office daily, and that this could then be offset against the additional costs of working from home.
- Every member of staff will continue to have a named corporate workplace, and they can claim travel and subsistence costs from this location, and therefore no changes will be made to the existing policy on claiming travelling costs.
- The savings made on staff travelling costs in the 2020-21 financial year came to a total of £977,499. As the Council is yet to return to work without any restrictions, it is difficult to estimate the total permanent saving on travelling costs.
- An estimated one-off amount has been allocated for the purpose of adapting offices and to address IT, equipment needs, etc.
- It is possible that savings will emerge in years to come in relation to property, by rationalising office space.

MENTAL WELBEING

1. OCCUPATIONAL HEALTH

The Occupational Health Service has been available to provide advice, information and support to individuals, managers and services. In addition, all fragile members of front-line staff (staff who have underlying medical conditions) have been referred for a 1 to 1 consultation with the Occupational Health Unit in order to receive medical advice on essential adjustments to protect them from the virus, and also to discuss any concerns they have as this has been an extremely anxious period for fragile individuals.

2. MEDRA

The counselling service has continued throughout the period, with Medra continuing to receive referrals. Because of the coronavirus situation most of the counsellors have been using either counselling over the phone or virtually. Proactive sessions (such as de-briefs) have been offered to care staff who have been working in difficult conditions, and a video was created by Medra to be shared with all front-line staff.

3. COVID19 SUPPORT PACKAGE

A Covid-19 Support Package was developed in order to support staff at a very challenging time. Specific information on mental and emotional wellbeing is part of the package and the Council have ensured that specific apps that give support with sleep and self-care are available free of charge to staff.

There is a host of information available as part of the package such as latest news, information on matters relating to health and safety, safeguarding, items that affect work e.g. holidays, sickness, salary as well as a section that gives advice on how to care for ourselves and a specific section for managers. The information and resources are all available on an external website in order to ensure that every member of the Council's staff is able to access the available information. It is also possible to access from a mobile phone, tablet (e.g. iPad) and on a laptop. The information is updated regularly in order to ensure that the information is current.

4. HEALTH AND WELLBEING PROMOTION PROGRAMME

The Health and Wellbeing promotion programme has continued during the pandemic but it is important to note that the programme has been adapted in order to meet and respond to the current situation.

In April 2020 a series of specific sessions for staff were arranged under the title '**Looking after your Mental Welfare**'. These sessions were held virtually by Andrew Tamplin of Canna Consulting. As well as the sessions for staff, specific sessions for managers were held under the title '**Looking after our staff's Mental Welfare**'. There was a follow up to these sessions in November / December 2020 when sessions on '**Selfcare and looking after ourselves**' and '**Dealing with anxiety**' were held. Over 300 members of staff attended these sessions and the feedback received was excellent. Some Departments have arranged additional sessions themselves e.g. Canna Consulting sessions have been arranged by the Education

Department for School Heads. **'Respite Sessions'** are currently being held by Andrew Tamplin.

The Occupational Health Service have also been giving short presentations to Departments and services in order to raise awareness of the support the service offers such as specialist advice, referrals to the counselling service and the physio service. Emphasis was given to mental welfare and how to achieve a work-life balance.

As part of the health and well-being promotion programme a new scheme has been established for Council staff called **'Camu Mlaen '21'**, a scheme based on the Five Ways to Wellbeing. The idea behind 'Camu Mlaen '21' is to create a place and time for members of the Council's staff to share their experiences, learn and meet new people.

As part of the scheme, a walking challenge for staff was established and a number have been taking part. It is an excellent opportunity to go for a walk and share experiences and staff are encouraged to take a photograph whilst on their walk and posting it on-line on the staff Facebook group or record the walk through the Strava app. Camu Mlaen 21 encourages people to do as much as suits their ability and situation, and within the national guidelines. It is possible for staff to load the Strava app free of charge to their phone and join the 'Staff Cyngor Gwynedd' club to record their walk and see where their colleagues have been for a walk.

At the other extreme, a chess club has been established for staff and it is suitable for beginners and experienced players. Also, a club, 'Palu Mlaen', has been set up so that those with an interest in gardening can share ideas, good practice and tips. Events were also held in conjunction with the Euros football competition as another way of encouraging staff to take part in something different and to engage with colleagues.

A 'Camu Mlaen '21' newsletter has been created and the first edition was published in February 2021. The newsletter is an opportunity to share the experiences of individuals who have been taking part in the scheme and inform staff of upcoming events.

5. NATIONAL HEALTH PROMOTION CAMPAIGNS

This year we have supported the following campaigns:

- International Sleep Day
- Stress Awareness Month
- Mental Health Awareness Week – Refer to the 5 Ways to Wellbeing, resources developed and shared, videos etc
- Men's Health Week – created specific resources on mental wellbeing for men along with a dedicated video for men
- World Suicide Prevention Day – a video produced discussing an individual's personal experience (member of staff) and support details
- World Mental Health Day
- Stress Awareness Week

6. LEADING REMOTELY

A remote management and leadership package has been developed to assist managers. A series of virtual sessions will be held under the heading of 'Leading Remotely'. The purpose of the sessions is to equip managers and team leaders to lead remotely to support their teams at large in an unsecure time where change is inevitable. Alongside the virtual sessions specific documents have been developed to support managers namely 'Steering the New Normal' and 'Working Remotely'.

All these provisions have been communicated to staff through the intranet, staff Facebook, staff self-service, 'Camu Mlaen' newsletter, Chief Executive's Bulletin, "Gair o Gyngor" as well as in specific and regular messages to Heads of Department and Managers.

7. FURTHER DEVELOPMENTS

A one-off bid of £50,000 has been submitted for 2022-23 to further invest in provision to support mental wellbeing. It is intended to use this money, if approved, to assist managers and leaders in identifying the symptoms of stress and depression amongst staff and how best to support such situations. We will also reinforce efforts to raise awareness amongst staff generally in the assumption that we face a higher number of situations where support and training is required following the situation faced over the last two years.

| | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| MEETING | Audit and Governance Committee |
| DATE | 10 February 2022 |
| TITLE | Audit Wales Reports |
| AMCAN | Provide an update to the Committee on the Audit Wales work programme for Quarter 3 and reports published recently |
| RECOMMENDATION | Members are asked to accept the report. |
| AUTHOR | Dewi W. Jones, Council Business Support Service Manager |

1. BACKGROUND

- 1.1. The Audit and Governance Committee has a role to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council and as part of this role there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.2. As well as actively considering reports the committee are expected to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them. To facilitate this work Audit Wales has prepared a quarterly update on the work of the review bodies and a copy of this document for Quarter 3 is included as **Appendix 1**.
- 1.3. A report on the current studies of Audit Wales, Estyn and Care Inspectorate Wales (CSSIW) and the progress made by the Council in response to proposals or recommendations was presented to the meeting of this Committee on the 14th of October 2021. The next report will be presented in June.
- 1.4. In the meantime, a copy of the 'Commissioning Older People's Care Home Placements' (Regional and National Report), 'Review of Performance Management' and 'Annual Audit Summary for 2021' have been included as **Appendix 2,3 and 4** for your consideration.

Audit Wales Work Programme and Timetable – Gwynedd Council

Quarterly Update: 31 December 2021

Annual Audit Summary

| Description | Timetable | Status |
|-------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------|
| A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2021. | January 2022 | Draft report issued to the Council in December 2021. |

Financial Audit work

| Description | Scope | Timetable | Status |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Audit of the Council's 2020-21 Statement of Accounts | To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2021. | June 2021 through to October 2021. | The Auditor General for Wales issued an unqualified opinion on the Statement of Accounts on 19 October 2021. |
| Audit of the Gwynedd Pension Fund Accounts | To provide an opinion on the 'truth and fairness' of the financial statements for the financial year ended 31 March 2021. | September 2021 through to November 2021 | The Auditor General for Wales issued an unqualified opinion on the accounts on 19 November 2021. |
| Grants | To certify the 2020-21 Housing Benefit Subsidy claims. | 31 January 2022 | The audit is still ongoing. |

| | | | |
|--|--------------------------------------------------|------------------|----------------------------------------------------------------------------------|
| | To certify the 2020-21 Teachers' Pension Return | 30 November 2021 | The audit has been completed and the certificate was issued on 25 November 2021. |
| | To certify the 2020-21 Non-Domestic Rates Return | 19 November 2021 | The audit has been completed and the certificate was issued on 8 December 2021. |

Performance Audit work

| 2020-21 Performance Audit Work | Scope | Timetable | Status |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------------------------|
| Commissioning Older People's Care Home Placements | A project common to North Wales councils and Betsi Cadwaladr University Health Board that reviewed how partners collaborate in the strategic commissioning of residential and nursing home care. | Completed | Final regional and national report issued in December 2021. |

| 2021-22 Performance audit work | Scope | Timetable | Status |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------|
| Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations | We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan. | N/A | N/A |
| Improvement reporting audit | Audit of discharge of duty to publish an assessment of performance. | Completed | Certificate issued August 2021. |

| 2021-22 Performance audit work | Scope | Timetable | Status |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------|
| Assurance and Risk Assessment | <p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Gwynedd Council the project is likely to focus on:</p> <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Recovery planning • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans | April 2021 to March 2022 | Presentation to Cabinet in February 2022. |
| Springing Forward – Examining the building blocks for a sustainable future | <p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p> | October 2021 to March 2022 | Fieldwork being undertaken. |
| Review of Performance Management | <p>Review the way performance management framework at the Council supports demand-led service delivery.</p> | August 2021 to January 2022 | Draft report issued to the Council in December 2021. |

Local government national studies planned/in progress

| Study | Scope | Timetable | Status | Fieldwork planned at Gwynedd Council |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Direct Payments | Review of how local authorities manage and promote the use of Direct payments | Publication Winter 2021-22 | Drawing conclusions mid-October, drafting and publication early 2022 | No – work being delivered via Direct Payment Forum and a selection of follow-up interviews. |
| Emergency Services | Review of how well emergency services (blue light) collaborate | Publication winter 2021-22 | Clearance with publication end of January 2022 | N/A |
| Follow-up on People Sleeping Rough | Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGW's report of July 2020 | N/A | N/A | This work is not progressing in 2021-22. |
| Poverty | Understanding how local authorities ensure they deliver their services to minimise or reduce poverty | Autumn 2021 to Autumn 2022 | Fieldwork | Yes – interview with nominated officer at the Council. |

| Study | Scope | Timetable | Status | Fieldwork planned at Gwynedd Council |
|-----------------------------|-----------------------------------------------------------------------------------------------------|----------------------------|-----------|--------------------------------------------------------|
| Social Enterprises | Review of how local authorities are supporting and utilising social enterprises to deliver services | Autumn 2021 to Autumn 2022 | Fieldwork | Yes – interview with nominated officer at the Council. |
| Community Resilience | Review of how local authorities can build greater resilience in communities | Autumn 2021 to Autumn 2022 | Fieldwork | Yes – interview with nominated officer at the Council. |

Estyn

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

Care Inspectorate Wales (CIW)

| CIW planned work 2021-22 | Scope | Timetable | Status |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Assurance Check 2020-21 | CIW has now published all assurance check letters. CIW has published its national assurance check report highlighting key findings and recommendations. | Published | Complete |
| Programme 2022-23 | CIW will run an annual programme of assurance checks, performance evaluation inspections and risk-based inspections. | April 2022 to March 2023 | Planning |
| National review | Support for disabled children and their families. | Published | Complete |
| Follow-up | CIW will be following up on areas for improvement identified in the Assurance Checks or through risk-based inspection activity with individual local authorities where necessary. | Ongoing | One follow-up risk-based inspection has occurred and is due to be published. Two further follow-up assurance checks have occurred and are due to be published in due course. |
| Inspection | Risk-based inspection activity will continue where required. | As required | No inspections are scheduled at this time (up until April 2022). |

| CIW planned work 2021-22 | Scope | Timetable | Status |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------|-------------|
| Development | CIW will continue to develop its approach to inspection and review of local authorities. | April 2022 | In progress |
| Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2020-21 | Annual monitoring report in draft format currently – this is a joint report with Health Inspectorate Wales. | December 2021 | In progress |
| Annual meeting with Statutory Directors of Social Services | CIW will meet with all Directors of Social Services | December 2021 and January 2022 | In progress |

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

| Report title | Publication date and link to report |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Care Home Commissioning for Older People | December 2021 |
| The Welsh Government's Warm Homes Programme | November 2021 |
| Taking Care of the Carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic | October 2021 |
| Financial Sustainability of Local Government | September 2021 |
| NHS summarised accounts infographic | September 2021 |

| Report title | Publication date and link to report |
|---------------------------------------------------------------------|-------------------------------------|
| Picture of Public Services ¹ | September 2021 |
| Town Centre Regeneration | September 2021 |
| Student finances | August 2021 |
| NHS finances data-tool 2020-21 | June 2021 |
| Rollout of the COVID-19 vaccination programme in Wales | June 2021 |
| Quality governance arrangements at Cwm Taf UHB – follow-up | May 2021 |
| Welsh Health Specialised Services Committee governance arrangements | May 2021 |
| At your Discretion – Local Government Discretionary Services | April 2021 |
| Procuring and Supplying PPE for the COVID-19 Pandemic | April 2021 |

¹ Main report published 15 September. Over the following six weeks we published five short sector commentaries: [A picture of local government](#), [A picture of healthcare](#), [A picture of social care](#), [A picture of schools](#), [A picture of higher and further education](#).

Audit Wales national reports and other outputs due to be published during 2021-22 (and other work in progress/planned)²

| Title | Anticipated publication date |
|---------------------------------------------------------------------------------------|------------------------------|
| Welsh Government accounts commentary | February 2022 |
| Welsh Government setting of well-being objectives | February 2022 |
| Unscheduled care – data tool and commentary | February/March 2022 |
| Collaborative arrangements for managing local public health resources | February 2022 |
| COVID response and recovery/Welsh Government grants management – third-sector support | February 2022 |
| NHS waiting times data-tool and planned care commentary | March 2022 |
| Welsh Government workforce | February/March 2022 |
| Orthopaedic services | March 2022 |
| Curriculum reform | Spring 2022 |
| Equality impact assessment | Spring 2022 |
| Climate change – baseline review | Spring/summer 2022 |

² We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for the new Public Accounts and Public Administration Committee.

| Title | Anticipated publication date |
|------------------------------------------------------------------------|------------------------------|
| COVID response and recovery/Welsh Government grants management – other | To be confirmed |
| Affordable housing | To be confirmed |
| Broadband infrastructure | To be confirmed |
| Flood risk management | To be confirmed |

Forthcoming Good Practice Exchange events and publications

| Title | Anticipated publication/event date |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Post event resources including session recordings for the Springing Forward event on organisational resilience held on 9 December 2021 | Late January 2022 |
| Direct Payments Event (title to be confirmed) | 30 March 2022 |

Commissioning Older People's Care Home Placements – North Wales Councils and Betsi Cadwaladr University Health Board

Audit year: 2020-21

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

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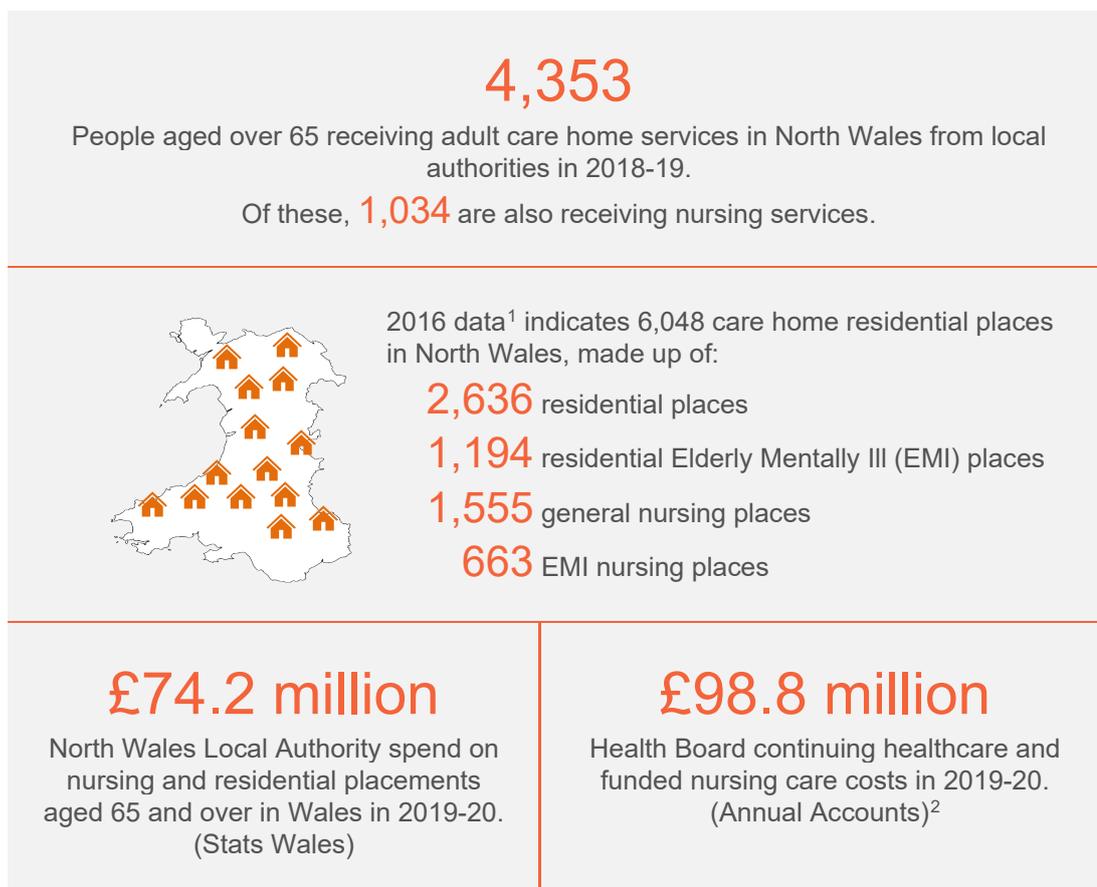
Summary report

Background

- 1 The Social Services and Well-being (Wales) Act 2014 (the Act) came into force on 6 April 2016. The Act provides the legal framework for improving the wellbeing of people who need care and support and for transforming social services in Wales.
- 2 Across Wales, the costs of care home commissioning for older people run into several hundreds of millions of pounds each year and many thousands of people are affected.

Exhibit 1: key facts about care home commissioning

The exhibit sets out some key facts about adult care home services in North Wales.



¹ [Market Shaping Statement: Care homes for older people in North Wales](#)

² Data sourced from Health Board Annual Accounts. The majority but not all Continuing Healthcare costs relate to care home placements.

- 3 The Act requires councils and health boards to work together to assess the care and support needs of the population in their area. Partners are to identify what services are needed and to use their resources effectively; for example, by establishing and maintaining pooled fund arrangements in relation to the exercise of their care home accommodation functions.
- 4 The Act established Regional Partnership Boards (RPBs) to prioritise the integration of services including for older people with complex needs and long-term conditions, including dementia. In North Wales, the RPB includes the statutory partners – Isle of Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham Councils and Betsi Cadwaladr University Health Board.
- 5 In early 2020, we identified strategic commissioning of care home placements for older people was a risk to both councils and the Health Board for the following reasons:
 - high level of spending on these services;
 - forecast increases in numbers of older people expected to need support;
 - recruitment and retention competition between health, social care providers and parts of the independent sector as well as retail and hospitality employers; and
 - potential untapped benefits of strategic commissioning across North Wales public sector bodies.
- 6 During 2020-21, the COVID-19 pandemic has highlighted the fragility and issues around capacity of the care market and the need to plan strategically on a regional level.

About this report

- 7 This report sets out the findings from the Auditor General's review of care home commissioning arrangements across North Wales. The work has been undertaken as a part of our statutory programme of local audit work at each of the local authorities in North Wales and the Betsi Cadwaladr University Health Board. Reflecting the cross-sector focus of this review we have presented our findings as a single report that includes recommendations for strengthening the pan-North-Wales approach to care home commissioning and associated partnership working. We have used the term care homes to reflect all types of residential and nursing care homes in a generic sense although where we specifically refer to one type we have noted that in the text.

Key messages and overall conclusions

- 8 Care home commissioning requires collaboration between councils, the Health Board, and providers to ensure that service users are accommodated in suitable placements.

- 9 **In overall terms, our review found that partners are working individually and collectively to provide care home placements for vulnerable service users; this is made more difficult by complex national processes, resulting in a significant focus on costs, which causes division amongst partners and has the potential to impact adversely on service users and their families. Strengthening accountability and developing a regional strategy and delivery plan has the potential to drive positive change and better partnership working, especially in relation to complex and more specialist care.**
- 10 Whilst some of the significant issues and challenges for care home commissioning that we identify in this report may be unique to North Wales, many exist because of the frameworks, policy and legislation which are nationally set out. While there is need for regional improvement, there is real opportunity to consider both the extent of these issues in other regions, and how national reform may help provide a platform for sustainable services. We have reported separately to the Welsh Government, recommending action that they should take to improve the framework within which regional partners operate. Private sector care home providers are not audited by the Auditor General per se, but public money paid to such providers is subject to the Auditor General's examination as part of the audit of public bodies. As part of commissioning and procurement activities, the Welsh Government and local authorities should consider how private sector providers can be encouraged further to support public bodies to improve care home provision. The findings that underpin the above conclusions are considered in the following sections.

Partners are working together to provide care for vulnerable service users but are carrying significant risks associated with market stability, workforce, and pre-placement agreements, along with a reliance on spot purchasing

- 11 At an operational level, officers continue to work through and around the complexities of the national funding structure to get the best they can from the care home market. When commissioning care home placements, operational managers work hard to ensure service users receive the best care to meet their needs, but those with budget responsibilities must also balance this against costs.
- 12 Sustainability of the care home market is a key issue for North Wales. There are publicly and privately owned care homes and income is dependent on demand and fee rates. The funding approach is short term in nature and does not address the longer-term financial viability of the market. Nor does it properly anticipate long-term changes in need and how to adapt the market to meet that need.
- 13 In business it is essential that supply and demand are closely aligned, and in North Wales, care home provision does not reflect demand. Managers told us that there is a lack of some specialist provision such as for people with dementia and some

parts of the region have an oversupply of care homes that are not specialist in focus. Where there is an under supply of suitable care homes in an area, a person may be placed some way from their home and local community, or it could result in a delayed discharge from hospital. If a placement was made, this could be in other parts of Wales or sometimes outside Wales altogether. Placement outside of Wales may well be sensible for residents of more easterly counties and at times, a placement away from where the resident lived is the correct decision: for example, to be nearer to relatives or to ensure that the resident can live in a home where the staff are predominantly Welsh speaking. However, this can also lead to relatives having long journeys to visit their relatives.

- 14 The care home market in North Wales also has some vulnerabilities. Some care-home owners are nearing retirement and will want to sell their businesses. Some homes do not currently meet the environmental standards required under the regulations³. Once sold, the new owners may need to comply if the homes are unoccupied at the point of sale. This will affect the marketability of their businesses, and the cost of building work to comply with the standards may not be reflected sufficiently in the fee toolkit methodology. Officers continue to contract with these care homes even though they do not fully meet the environmental standards, as without using them capacity would be too limited.
- 15 Partners, through the Care Home Operational Group, have supported care homes to improve quality standards such as practice development nursing support, monitoring officer support in development processes and improvement action plans and business continuity plans, recruitment and advertising vacancies, environmental health support with food hygiene, health and safety officers and Welsh learning courses for care home staff.
- 16 In addition, partners provide support to help people to stay well, be self-caring and to prevent escalation to managed care. This support includes falls prevention services and community wellbeing programmes.
- 17 Commissioners and providers continue to work together despite the obvious challenges posed by the current complexities of the market. Managers meet regularly with providers, and the Chief Executive of Care Forum Wales which represents providers is now the chair of the RPB. Frustrations are mainly around the process and fee structure, but providers and commissioners continue to work through this imperfect arrangement.
- 18 The social care workforce is another vulnerability and one that has been clearly documented in the North Wales Social Care and Community Health Workforce Strategy 2018-2021, developed by the North Wales Workforce Board (NWWB), which sets out its priorities as:
 - stabilising the workforce – recruitment and retention;

³ The Regulated Services (Service Providers and Responsible Individuals) (Wales) Regulations 2017

- learning and development – develop a workforce across the sector that has the skills, knowledge, and competencies to deliver high quality personalised services; and
- workforce planning and development in the care home sector.

Whilst the NWWB reports to the RPB and has undertaken work to begin delivery of these priorities, these are not part of a comprehensive regional delivery plan.

- 19 In line with other regions in Wales, the challenges that currently exist include a high turnover of staff, vacancies in both the health and social care sectors, variable pay in identical posts within the Health Board and councils, the impact of BREXIT, qualification requirements and the large sums paid out for agency staff by providers. The NWWB is working on the Foundation Economy Challenge Fund project which is developing a business model for a not-for-profit staffing agency to help tackle the workforce challenges across North Wales around recruitment, retention and training of the region’s social care and health workers.
- 20 The Social Care Workforce Development Partnership circulates information on training and recruitment which informs and encourages staff and potential recruits to get involved across North Wales. And Flintshire is working on value-based recruitment to attract people who want to work in the care sector.
- 21 The region is currently in the process of agreeing a new North Wales pre-placement agreement (PPA) and has extended the current version where these are in place, until the new version can be introduced. However, some placements are not covered by a PPA because those providers have decided not to sign the agreement. PPAs cover things like registration requirements, quality monitoring, reference to payment processes and payments after death. Service specifications are also not in place across the region. In working to introduce a new version of the PPA, partners should be aiming to limit and ideally eliminate instances where providers refuse to sign the new PPA. Not having these agreements and specifications in place poses a significant risk to the service users’ placement especially where disputes arise.
- 22 Councils and the Health Board commission on a spot purchase basis, generally within a pricing framework. Whilst this means that they only pay for the services they use, it also means that if there are potential financial benefits from block contracts or cost and volume contracts, they are not realised. As a result, service users and partners could be paying more than they should.

The Regional Partnership Board's 2018 Market Shaping Statement set out some aspirations for care home commissioning which were added to by the RPB's response to 'A Heathier Wales' in 2019, however, neither of these have driven the development of a clear regional strategy for commissioning care home placements for older people in North Wales or a delivery plan to take forward the aspirations that have been identified

- 23 The Social Services and Well-being (Wales) Act 2014 'codes and guidance' state that local health boards and councils should, in relation to care homes, agree an appropriate integrated regional market position statement and regional commissioning strategy. These should specify the outcomes required of care homes, including the range of services required. There should also be an agreement on the methods of commissioning (for example, some services may require a block contract, step up, step down intermediate care services, respite care, etc).
- 24 Partners in North Wales hold considerable data locally on their service users, the range of services across the region such as service users in care homes, those receiving domiciliary care support, extra care housing provision and other support services. Whilst the Statement projects potential increased care home placements based on current numbers and population forecasts, it does not provide any data or projections of the impact of preventative services on care home placements.
- 25 In North Wales, partners' preferred model of care home provision for older people differs. The demographics across the region vary considerably, which means that demand and commissioning needs vary. Some councils have retained their in-house care homes whilst others rely on the independent sector for care home placements. Those remaining councils have a mix of in-house and independent provision. Some parts of the region have an oversupply of some types of care home places although others lack capacity in specialist areas such as dementia care. Whilst some partners may prefer larger, newer care homes others prefer smaller care homes, but choice is largely down to what is actually available, or what could be supported in the locality. Most see extra care housing replacing some of the current care home capacity.
- 26 Despite these differences, to comply with the Act, North Wales regional partners developed their Market Shaping Statement – **Care homes for older people in North Wales** (the Statement) in 2018 based on its population assessment. The statement commits to tackling a range of issues including workforce skills, the Welsh language, and the fee methodology. The Market Shaping Statement stated

that: 'There may need to be a rationalisation of provision across North Wales; for example, in some areas there is a shortage of residential care provision and in others there is an over-supply – this will require joined-up strategic development to ensure that home owners are aware of projected future demand and that commissioners and owners work together to develop the workforce to meet the anticipated needs (dementia and complex physical health conditions).' Whilst it set out some of the issues, and aspirations for care, it did not provide a clear regional strategy or delivery plan for care for older people in care homes in the future.

- 27 Of course, a regional strategy does not mean that everything must be done on a regional footing. A regional approach may be appropriate where there is an explicit need for services to be commissioned and delivered consistently or where demand is low for very specialised services. A regional approach may also provide the platform for a North Wales solution and prevent costly and sometimes poor service-user experiences from out of area placements. There may also be opportunities to create economies of scale through regional commissioning and delivery. On the other hand, a sub-regional approach could be achieved where partners want to work together to shape and adapt services to meet local circumstances. A local approach could continue where things work well, but could benefit by alignment with regionally agreed standards, processes, and fee structures. Whilst national policy assumes a regional approach, partners will need to agree how a regional approach can benefit North Wales and what remains best managed locally. In North Wales, partners operate with a mix of regional, sub-regional and local arrangements but the merits and limitations of each have not been formally considered by the RPB.
- 28 Partners will need to be bold if they are to shape the care home market. This starts with an agreed vision, an understanding of the shape of the care market in the future and transparency in how they will deliver the transition, engaging meaningfully with providers.
- 29 Although the Market Shaping Statement committed to publishing a delivery plan to underpin it, this work has not been completed. Whilst the COVID-19 pandemic had major capacity implications for social care and health partners during 2020 and to date, it should be noted that the Statement was approved in 2018. Partners could therefore have been developing a delivery plan during 2018 and 2019 to set out how the important issues it raised would be addressed.
- 30 While the RPB through its response to 'A Healthier Wales', in 2019, talks about the potential changes needed in the volume and type of care home placements needed for older people, it did not capture this in an overall care home commissioning strategy or a delivery plan to explain how it will get from where it is now to where it needs to be.
- 31 We observed the North Wales Commissioning Board meeting on 24 February 2021 as part of this review. At this meeting attendees agreed the Board's priorities for 2020-2022 in respect of planning for the next iteration of the Market Shaping Statement. This gives the RPB an opportunity to update the Statement and

develop a clear strategy and delivery plan, to shape the market and pattern of care home provision especially in relation to the more complex and specialist care, which for some users is currently provided out of region.

As previously reported, the current pooled fund arrangement does not provide value for money or any of the intended benefits associated with the pooled fund model

- 32 As referred to earlier in this report, partners are required under the Act to establish and maintain a pooled fund arrangement to support the delivery of their care home accommodation functions. In 2020, Audit Wales raised concerns about how the six North Wales councils and Health Board had sought to meet these obligations. We concluded that whilst the current pooled fund arrangement meets the minimum technical compliance, as agreed by the Welsh Government, it does not provide value for money. The Auditor General wrote to each North Wales council and the Health Board in September 2020, proposing that they should review the current pooled fund arrangement for residential care for older people, to ensure that transfers of funds between public bodies have a tangible benefit such as better, more integrated commissioning of residential and nursing home care. The Auditor General also wrote to the Welsh Government raising his concerns.
- 33 The RPB was also advised about recommendations made in a separate Welsh Government commissioned report⁴ on pooled budget arrangements for older people's residential care across Wales. All RPB chairs have been asked by the Welsh Government for their improvement plans detailing how they will address the nine recommendations set out in that report, including how they will use the Association of Directors of Social Services Cymru toolkit, which has been available since summer 2019, to support the development of pooled funds. These plans were expected to strengthen pooled fund arrangements and identify the steps which can be taken at an all-Wales level to share learning. To support this approach, the Welsh Government asked the National Commissioning Board to work with RPBs to develop regional commissioning and pooling of resources.
- 34 The RPB chair replied to the Welsh Government on 1 March 2021 setting out partners' reasons for delaying any progress with the pooled fund arrangement until the Welsh Government had considered responses to the White Paper – **Rebalancing Care and Support** because of its potential impact on the role and function of the RPB. The RPB has clearly stated its view that pooled budgets should be based locally and not on a larger regional footprint. It is understood that

⁴ Welsh Government, [Welsh Government Pooled Budgets Evaluation Framework focusing on the use of pooled budgets relating to care home accommodation for people aged over 65](#), June 2020.

the RPB is in ongoing dialogue with the Welsh Government on the best way to implement the Act more broadly, and not just in relation to the use of pooled budgets.

- 35 Whilst the stance of partners on pooled budgets at the regional level up to this point is noted, there has been a recent Ministerial Statement setting out the next steps following the consultation on the White Paper. The Statement sets out an expectation of effective partnership working at all levels, including regionally. It also highlights the benefits of a regional approach in providing care to service users with complex needs. With that as context, the existing recommendation we made to all North Wales RPB partners in respect of pooled budgets remains in place. This stated that RPB partners should review the current pooled budget arrangement for residential care for older people, to ensure that transfers of funds between public bodies have a tangible benefit such as better, more integrated commissioning of residential and nursing home care.

Whilst the RPB network brings partners together to ‘think regionally’, its structures, largely set out by the Welsh Government, are extensive and complex, and lines of accountability need to be strengthened

- 36 The Act sets out RPB membership; it can comprise a councillor from one council in the region, Directors of Social Services, a Local Health Board member, a council housing and an education representative, a registered social landlord, a member of the public and a carer. Additional members can be co-opted as necessary such as members from the Wales Ambulance Service, Fire Service and Police. With the North Wales RPB comprising six councils and the Health Board, this routinely results in over 30 people attending each meeting.
- 37 The RPB structure has evolved over time; whilst it is subject to local context, much is as set out by the Welsh Government. The North Wales RPB is supported by a Regional Leadership Group and Regional Collaboration Team. Four Transformation Boards covering Learning Disabilities, Community Services and Children and Young People and the Together for Mental Health Board underpin the work of the RPB. There are three Local Implementation Teams, specific to mental health and three Area Integrated Service Boards operating sub regionally, covering Wrexham and Flintshire, Gwynedd and Anglesey, and Conwy and Denbighshire. The establishment of these boards and Local Implementation Teams shows that partners recognise the benefits of sub-regional working and have developed arrangements that cover local differences whilst supporting the regional approach. The RPB is further supported by groups, boards and networks as follows:
- Carers Operational Group
 - Commissioning Board

- Workforce Board
- Mwy na Geiriau Forum
- Dewis Cymru network
- Pooled Budgets Group
- Welsh Community Care Information System Board
- Social Value Steering Group
- Integrated Care Fund Operational Group
- Research Innovation and Improvement Hub
- Integrated Autism Service Strategic Group

Appendix 1 sets out these groups in an organisation chart.

- 38 The establishment of these groups shows that partners come together to address some of the detailed aspects of RPB business. Attendance at these meetings can be considerably time consuming but demonstrates commitment to partnership working across the region. Although this shows that the RPB is maturing in the way it conducts its business, the scale of the RPB structure and operation makes it quite unwieldy and presents challenges for the way it operates.
- 39 The Welsh Government has set out its expectations for integrated services clearly in legislation and supplementary guidance, which includes the role of the RPB in delivering this change. We identified barriers to more regional integration in North Wales as follows:
- organisational difference – priorities, approaches, and accountability;
 - perceived reduction in accountability presented by the additional layer of governance;
 - funding source and additional costs;
 - local control versus regional control;
 - scale and diversity of the region;
 - lack of willingness to share resources; and
 - lack of trust amongst some partners.
- 40 When taking part in RPB meetings, officers, and councillors, may not have delegated authority to commit their own organisation's resources or decide on policy and strategic direction. Whilst RPB members are accountable within their own organisational governance arrangements, there is no evidence to demonstrate decisions are taken back for approval, or that the RPB business is subject to formal scrutiny to hold it to account or challenge its proposals.
- 41 The Regional Leadership Board is briefed by members of the RPB on the activities and proposals made. However, this Board does not have the delegated authority to commit individual councils' resources or decide on policy and strategic direction. In addition, the RPB is not held to account for delivering impact or meeting legislative requirements by partners or the Welsh Government.

Nationally set fee structures are complex and result in a significant focus on cost which causes division amongst partners and has the potential to impact adversely on service users and their families

The fees paid for care home placements fluctuate depending on the service user's own resources, which public body makes the placement and contractual arrangements with providers, and fee rates do not necessarily reflect the complexity of residents' care needs

- 42 The funding arrangements for care homes are complex. At a high level, responsibility for care home fees is straightforward. A person can choose to move to a care home at their own expense if they have the resources to pay. If a person has primary health needs, then the health board is responsible for meeting the full costs. If a person has social care needs, the council is responsible for meeting these costs, but the service user will be assessed to determine how much they should pay towards their care. And if a person has a combination of health and care needs then the council and health board will share the costs. However, the detail that sits behind how this works in practice is complex and confusing.
- 43 For example, if a council contracts for the placement, the maximum amount a service user pays for their care per week varies depending on where they live. For example, a person with over £50,000 capital, living in Anglesey or Gwynedd, receiving the lowest level of care in a care home would pay £586.32 per week if they were placed in Anglesey or Gwynedd. However, if the same person were placed in Conwy, they would pay £611 per week, a difference of £1,283 per year. Alternatively, if placed in Wrexham, they would pay £608.72 per week, a difference of £1,164 per year. Some people may choose to move into a care home outside their area; but if the decision is made because of limited local care home capacity, service users are directly affected financially by market capacity.
- 44 Councils and the Health Board negotiate with providers each year to agree fees for residential care and nursing home placements. Councils pay an enhanced rate in each category for people with mental health problems.
- 45 The fees are calculated using a toolkit originally adapted in 2013 for North Wales. This toolkit is designed to set out the costs that have been considered in the calculation of the care home fees. It provides transparency in the process and should provide a fair fee structure, although some providers do not routinely share their business accounts to support the process. We were told during the review that over a third of providers consider that their costs are not covered by the toolkit

assumptions, so they renegotiate their fees separately with each council. One council told us that a provider in their area had six homes all with different fee rates and around 20% of providers in that area had renegotiated their fees in 2019-20. If a council places one of its residents into the home in a neighbouring council, it will pay the rate set by that council, whether it be higher or lower, not the rate it has agreed with that provider for in-county placements.

- 46 Where councils commission the placement, these should be at the agreed rates or the individually renegotiated weekly rate. Service users will be financially assessed in line with Welsh Government guidance to determine how much they should pay per week towards their care costs, and if they are able to pay the full cost themselves then they will pay the rate agreed by the council. Under the Welsh Government's COVID-19 hardship fund, a £50 per week per resident temporary fee uplift was awarded for council commissioned residential care and in-house residential care provision; this is in addition to the care home fees.
- 47 If a service user chooses a care home where the provider will not accept the prices agreed with the councils, another person, normally a relative or a friend may agree to pay a third-party top up which is the difference between the care home fees and the amount the Council would normally pay. If the third-party ceases to pay the top up amount there are three choices:
- the care home accepts the lower agreed rate;
 - the service user moves to a care home that accepts the agreed fees; or
 - the Council agrees to pay the top up in addition to the fees it has agreed to pay.

We understand that often councils agree to pay the top up to avoid disruption to the service user.

- 48 If the service user is entitled to Funded Nursing Care⁵, the Health Board pays £179.79 per week in addition to the Council's agreed fees. And if the Health Board makes a placement under its Continuing Health Care (CHC) arrangements, it will pay different fees again.
- 49 In 2019, the Health Board had started to review its fees and the method used to set the CHC rate. The review of fees is set to take up to three years. If the service user has higher than average complex care needs, the Health Board will assess the additional costs and agree a rate above the standard CHC rates.
- 50 In some cases, councils and the Health Board will agree to jointly fund a placement. This sometimes increases the complexity of the placement process. In such cases this may require a separate agreement with a different fee.
- 51 In some cases, the Health Board may place a person in a nursing home and their health might improve, resulting in the Health Board no longer being liable for the

⁵ NHS-funded Nursing Care (FNC) is funding provided by the NHS to cover the cost of care by a registered nurse in a care home or nursing home. The rate is set nationally.

costs. In these cases, councils may come under pressure to pay the same rates as agreed with the Health Board, which may exceed the agreed standard rate.

- 52 The Health Board has also been allocated additional COVID-19 hardship funding and has been able to use some of this funding to speed up discharge from hospital. Having another funding stream adds further complexity to the care home fee structures. However, it may in turn add further pressures to councils where they take over responsibility for the placement for which providers have been receiving a higher weekly rate but now need to drop to agreed rates.
- 53 When a service user's needs change, this can result in changes in funding packages, at which stage responsibility for funding may change from council to health board. In line with national policy, care funded by a health board is free to the service user. The Health Board is planning work to support care homes to help the homes better identify and evaluate when changes to care packages are needed.

Providers consider the fees paid to be unfair and inequitable

- 54 The public sector in Wales has been dealing with the consequences of financial austerity for many years. The emphasis has therefore been on providing and commissioning services at the lowest possible cost. For care homes this has resulted in scrutiny of their fees to set affordable rates balanced against the need for providers to remain viable as businesses. In North Wales, this is done using the fee setting toolkit.
- 55 Providers we spoke to during this review raised concerns about the toolkit used to calculate the fee levels. The size of the homes differs considerably, therefore economies of scale may vary. Providers accepted that there needs to be a transparent process to agree fees but questioned the extent to which the toolkit satisfies this need, and we noted that many providers do not share their accounts. The need for change is recognised within the Statement where in 2018, partners committed to 'Reviewing the true (full) cost of council homes & cost of care at home in relation to value for money comparisons and to develop an urgent response procedure to react to changes in the cost of running homes or when the providers identify a financial problem.' The Unit Cost and Financial Modelling Subgroup which includes providers' representatives has begun work to assess the true cost of care in line with the Welsh Government's 'Let's Agree to Agree' Framework.
- 56 Some providers have several homes in different parts of North Wales where the agreed fees are different for what they see as the same service level and infrastructure costs. And some providers may have homes in other parts of Wales where fees are higher than in North Wales. While in many cases this will be because of local differences in costs, in some cases these variations could

potentially result in other councils effectively cross subsidising the lower care home fees paid by North Wales councils and the Health Board.

- 57 Providers recognise that they compete when recruiting staff but raised the perceived inequalities in the toolkit calculation. The toolkit includes carer costs based on the minimum wage⁶ whereas councils and the Health Board pay their own staff the living wage⁷ or above.

Commissioners consider they have little control over the fees they pay

- 58 Care home costs are considerable. For example, basic care in a Denbighshire or Gwynedd care home would cost £30,489 per year, increasing to £48,776 for nursing home care with continuing health care in Conwy or Denbighshire. In some cases, councils are sometimes left with no choice other than to accept responsibility for commitments made by the Health Board or relatives or friends who discontinue third-party top up payments at higher rates than those described here. This is a symptom of two separate national funding models across Health and Social Care as well as an interface between partners that is not truly integrated. It is unsurprising therefore that public sector bodies have such a keen focus on managing cost.

Partners need to do more to demonstrate they are meeting their statutory responsibilities around the Welsh language, and the Well-being of Future Generations Act, when commissioning care homes provision and making individual placements

The Well-being of Future Generations (Wales) Act 2015 is not fully embedded in practice

- 59 The Well-being of Future Generations (Wales) Act 2015 (WFG Act) places a well-being duty on public bodies. To do this, they need to consider the sustainable development principle, acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. The WFG Act requires public bodies to implement five ways of

⁶ A 23-year-old and over would be entitled to £8.91 per hour living wage.

⁷ The UK Living Wage is £9.50 per hour for 2021-22.

working in respect of their future decision making. Our observations on the five ways of working in respect of care home commissioning is as follows:

- **Long-term.** Partners are facing considerable growth in the North Wales older population as referred to in the Shaping the Market Statement, but partners have not yet set out their plans for meeting the consequential increasing care home needs.
- **Prevention.** Under the WFG Act, public bodies are required to deploy resources to prevent problems occurring or getting worse. In the case of older people's need for care home placements, partners face a clear challenge with the forecast increases in the older population in North Wales. The Market Shaping Statement lacks detail about how partners plan to reduce the demand for care home placements by investment in preventative services, although preventative action is evident through the RPB demonstrating that partners are meeting the prevention obligations under the Act.
- **Integration.** Whilst the precise wording of well-being objectives varies across public sector bodies in North Wales, there is commonality around care for vulnerable people, suitability of where people live and addressing inequalities. North Wales partners have developed a Dementia Strategy and a Carers Strategy, which demonstrates integrated planning in these areas, however, the lack of a strategy or delivery plan linked to the Shaping the Market Statement indicates that integrated planning to meet the needs of older people requiring care home accommodation is in its early stages.
- **Collaboration.** The WFG Act states that a public body must take account of how acting in collaboration with others could assist the body to meet its well-being objectives or assist another body to meet its objectives. Partners meet in a range of settings to consider the challenges they face in relation to the increasing older population, however, what is less clear is how partners are 'acting' collaboratively to address the challenges within the commissioning process.
- **Involvement.** In North Wales, the RPB includes a carer, and they can contribute to the business based on their experiences. However, in practice many discussions take place outside the RPB meetings between statutory partners or in sub-groups, forums or boards which will not generally involve the carer representative. North Wales partners have processes in place to seek the views of people living in the care home. Whilst those involved in the commissioning of care home placements are aware of service users' experiences, such as the costs they bear through third-party top ups, partners do not collate, report, or quantify these experiences and have not acted effectively as partners to learn from this feedback.

Service user language requirements are sometimes not protected, leading to communication difficulties

- 60 The Welsh Language Act 1993 put the Welsh language on an equal footing with the English language in Wales, and the Welsh Government has subsequently set legally binding standards⁸ to improve the bilingual service that the people of Wales can expect to receive from certain public and statutory bodies. The Language Standards are divided into five different categories that include service delivery and policy making. Partners are working with providers to improve access to care services in the service user's language of choice.
- 61 The North Wales More Than Just Words Regional Forum was awarded a special commendation for their work which promotes collaboration, to fulfil the requirements of the Welsh Government's strategic framework relating to the quality and availability of the Welsh Language in social care and health settings.
- 62 However, as described earlier in this report, the shape of the care home market in North Wales sometimes results in service users being placed in other parts of Wales or in England, because the specialist nature of the care is not available locally or to accommodate family links elsewhere. For relatives and friends this can mean long journeys to visit the service user and for people whose preferred language is Welsh, this makes communication difficult if the home does not employ Welsh-speaking staff, with potential consequences for the quality of care for the individual. This also represents a break in culture and a sense of place.

⁸ www.welshlanguagecommissioner.wales/public-organisations/welsh-language-standards

Recommendations

Exhibit 2: recommendations

Exhibit 2 sets out recommendations for North Wales councils and Betsi Cadwaladr University Health Board arising from this review.

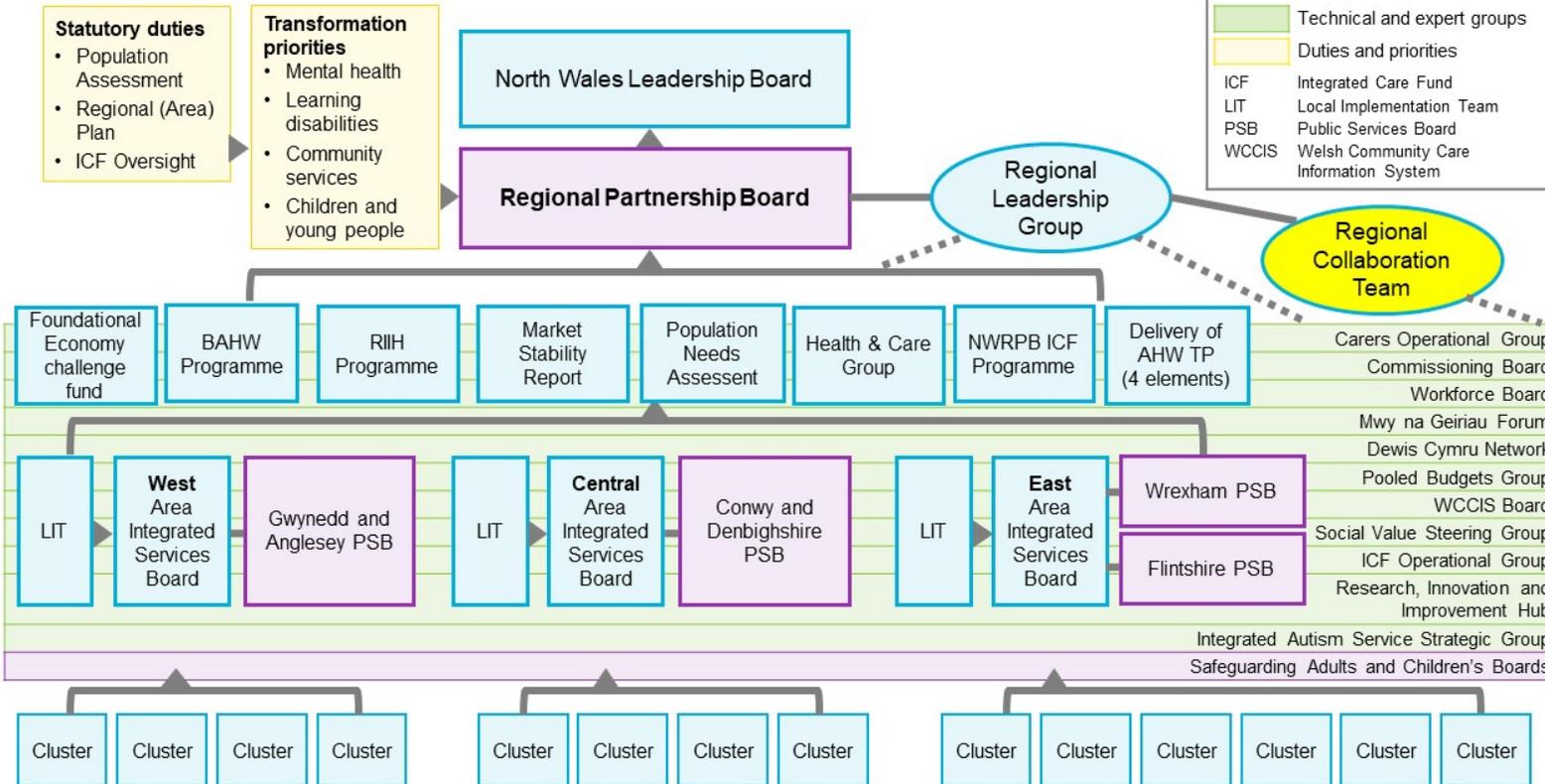
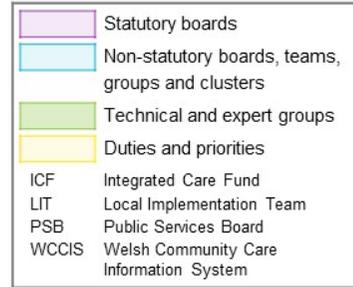
| Recommendations | |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| R1 | North Wales councils and Betsi Cadwaladr University Health Board need to ensure the consistent use of pre-placement agreements across the region. |
| R2 | The current approach for commissioning care home places can cause tensions between partners and result in poor value and poor service user experience. North Wales councils and Betsi Cadwaladr University Health Board need to work together to review local arrangements for commissioning care home placements to eliminate avoidable adverse impacts on service users, and each other. |
| R3 | Accountability is a cornerstone of public sector decision making. Governance arrangements need to scrutinise decisions and hold decision makers to account. North Wales councils and Betsi Cadwaladr University Health Board need to strengthen their partnership governance arrangements to ensure proper accountability and effective scrutiny. |
| R4 | North Wales councils and Betsi Cadwaladr University Health Board through the Regional Commissioning Board need to develop a regionally agreed care home commissioning strategy and following this, develop an associated delivery plan. |
| R5 | North Wales councils and Betsi Cadwaladr University Health Board need to review their commissioning arrangements for care home placements to ensure they fulfil their statutory responsibilities around the Welsh language, and the Well-being of Future Generations Act. |

Appendix 1

Regional Partnership Board structure chart

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North Wales Regional Partnership Board (NWRPB):
Delivering Transformation Regional Structure





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Care Home Commissioning for Older People

Report of the Auditor General for Wales

December 2021



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Summary report

Current arrangements for commissioning older people's care-home placements are not resolving some long-standing issues; the Welsh Government must assure itself that proposed policy reforms go far enough

About this report

- 1 We have recently completed a review of the commissioning of care-home placements for older people in North Wales. Our work involved a range of commissioning partners but focused primarily on the six local authorities¹ and Betsi Cadwaladr University Health Board. We have prepared a detailed report for these organisations to help drive improvement specifically in North Wales: Commissioning Older People's Care Home Placements – North Wales Councils and Betsi Cadwaladr University Health Board. Our review enabled us to consider in more detail, across the region, issues raised in previous audit work on social services budgetary pressures in two of the local authorities².
- 2 We have prepared this short report to draw out from our work in North Wales some issues of wider national significance and to make recommendations for the Welsh Government to consider. Our aim is to highlight challenges that should be considered as part of planned policy reform and to secure meaningful change and better outcomes for people across Wales. The report is rooted in evidence from our work in North Wales, but we have also drawn on our wider audit intelligence such as from our all-Wales review of the Integrated Care Fund in July 2019 and publicly available data on spending and activity.

1 The councils involved are Isle of Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham.

2 In 2020, we reported on social services budgetary pressures in Conwy County Borough Council and Denbighshire County Council.

Across Wales, the costs of care-home commissioning for older people run into several hundreds of millions of pounds each year and many thousands of people are affected

- 3 Care-home commissioning is the result of assessing population need, planning, shaping, procuring, and sometimes providing care-home services. It involves monitoring and managing service quality. It should be undertaken with the aim of delivering sufficient good-quality care-home capacity to meet current and expected future need. It should focus on value for the taxpayer and outcomes for service users. It is much more than the spot purchasing of care-home placements.
- 4 The public funds involved with care-home commissioning flow from local-authority and health-board budgets. Care-home commissioning also draws on large parts of individuals' life savings. At a high level, responsibility for care-home fees is straightforward:
 - a person can choose to move to a care home at their own expense;
 - if a person has continuing healthcare needs, then the health board is responsible for meeting the full costs;
 - if a person has social care needs only, the local authority is responsible for meeting these costs, but the service user will be assessed to determine how much they should pay towards their care; and
 - if a person has a combination of health and care needs then the council and health board will share the costs.

Complexity can arise when health boards and local authorities need to agree on eligibility for funding.

- 5 **Exhibit 1** provides some key facts and figures relevant to care-home commissioning across Wales. The figures are for different years depending on the latest available published data, as at the end of June 2021. We have reported 2019-20 costs for health boards for the purpose of comparison with local authorities. **Appendix 1** includes an additional breakdown of certain costs for individual local authorities and health boards relative to their populations. The data used in this report is the latest information available from before the pandemic; to use more recent data would not reflect normal activity levels.

Exhibit 1: some key facts relevant to care-home commissioning

6.24 million days

Total number of days adults aged 65 or over were supported in residential care homes in 2018-19 (StatsWales)



£297 million

Local authority spending on nursing and residential placements aged 65 and over in Wales in 2019-20 (StatsWales)



16,144

Aged over-65 receiving adult care-home services from local authorities in 2018-19.

Of these, 5,534 are also receiving nursing services.

Latest data indicates:

677 care homes in Wales

263 of these provide nursing care

96 Welsh local-authority-run care homes

22,706 care-home beds in Wales (CMA 2017)

25,500 residential care staff

£415 million

Health Board continuing healthcare and funded nursing-care costs in 2019-20 (Annual Accounts)



833 days

Average period that adults over 65 were supported in residential care homes as recorded in 2018-19 (StatsWales)

Sources:

- [Social Care Wales – workforce profile 2018](#)
- [The future of care in Wales, Wales Fiscal Analysis](#)
- Health Board Annual Accounts. The majority but not all continuing healthcare costs relate to care-home placements
- Competitions and Market Authority (CMA) – [Care-homes market study 2017](#)
- [StatsWales](#)

The Welsh Government expects local authorities and health boards to collaborate effectively as they deliver their care-home commissioning duties

- 6 The Social Services and Well-being (Wales) Act 2014 (SSWB Act) came into force on 6 April 2016. The Act provides the legal framework for improving the wellbeing of people who need care and support and for transforming social services in Wales. It includes some key requirements around care-home commissioning. The SSWB Act requires local authorities and health boards to work together to assess the care and support needs of the population in their area³. Local authorities and health boards were required to publish their first combined population assessments as required by April 2017. Thereafter, local authorities and local health boards are required to prepare one combined population assessment report per local government electoral cycle.
- 7 As well as existing specific public-sector equality duties⁴ for public authorities in Wales, the socio-economic duty which commenced on 30 March 2021 in Wales places a legal responsibility on relevant bodies. These include certain local authorities and local health boards⁵, when they are taking ‘strategic decisions’ to have due regard to the need to reduce the inequalities of outcome resulting from socio-economic disadvantage. Welsh Government guidance states strategic decisions are those which help a relevant body fulfil its intended statutory purpose. There is not an exhaustive list of decisions that will engage the duty, although examples include strategic policy development, major commissioning decisions such as those for care home commissioning and the setting of well-being objectives⁶.
- 8 The SSWB Act requires local authorities to undertake market stability reviews but did not set a commencement date for these. Regulations introduced in April 2021 have set specific requirements to publish the stability report by 1 June 2022, six years after the Act came into force. Therefore, the impact of these requirements on the care-home commissioning for older people remains to be seen.

3 Code of Practice in relation to measuring social services performance issued under section 145 of the Social Services and Well-being (Wales) Act 2014

4 The Public Sector Equality Duty Section 149 of the Equality Act 2010; The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011

5 Section 2(6) of the Equality Act 2010; The Equality Act (Authorities subject to the Socio-economic Inequality Duty) (Wales) Regulations 2021, relevant bodies include Local Health Boards and a County Council or County Borough Council

6 Welsh Government Guidance – A More Equal Wales – The Socio-economic Duty Equality Act 2010

- 9 The SSWB Act Statutory Guidance relating to partnerships arrangements⁷ states that local health boards and local authorities should in relation to care homes undertake a population needs assessment and market analysis to incorporate the needs of self-funders. They should also agree an appropriate integrated regional market position statement and regional commissioning strategy. These should specify the outcomes required of care homes, including the range of services required, and consensus on the methods of commissioning. In addition, the guidance states that local authorities and health boards should:
- agree a common contract and specification.
 - agree common contract monitoring criteria and processes that include service user feedback.
 - develop an integrated approach to agreeing fees with providers.
 - develop an integrated approach to quality assurance.
 - adopt a transparent use of resources. Budgets must be aligned with overall expenditure identified, together with the financial commitments of both agencies to the commissioning of care homes. These arrangements will need to be subject to a written agreement.
- 10 The Well-being of Future Generations (Wales) Act 2015 requires bodies covered by the Act – including health boards and local authorities – to work differently. They must show they are applying the sustainable development principle. This includes balancing short and long-term needs, considering how their objectives integrate with other partners, working in collaboration, involving stakeholders, and seeking preventative approaches. As mentioned above, when carrying out existing duties which could be strategic, such as the setting of well-being objectives, relevant bodies are also now required to demonstrate paying due regard to the socio-economic duty in their decision making.
- 11 In our recent regional report on Commissioning Older People’s Care Home Placements, we recommended that North Wales Councils and Betsi Cadwaladr University Health Board review their commissioning arrangements for care-home placements to ensure they fulfil their statutory responsibilities around the Welsh language, and the Well-being of Future Generations Act in particular.

7 Welsh Government ‘Social Services and Well-being (Wales) Act 2014’ Codes and guidance: Part 9 Statutory Guidance (Partnership Arrangements) Issued under Section 169 of the Social Services and Well-being (Wales) Act 2014

The Auditor General has raised concerns previously with the Welsh Government about whether regional pooled funds in relation to care homes for older people are delivering value for money

- 12 Our July 2019 report on the Welsh Government's Integrated Care Fund noted that before the SSWB Act and the introduction of the fund in 2014, health and social care partnerships had explored the potential to pool funds to develop integrated services. However, there had been only a handful of practical examples and the willingness of key public bodies to release funds into joint arrangements was a key barrier.
- 13 The SSWB Act led to statutory Regional Partnership Boards (RPBs) being established and with an expectation that they would develop pooled funds. Our report on the Integrated Care Fund noted that pooled funds for the commissioning of adult care-home provision had been in place across Wales since April 2018. The report reflected the view of Welsh Government officials that the maturing of partnership arrangements because of the Integrated Care Fund had provided a solid basis for taking pooled funding arrangements forward. However, it also found that there was little evidence of successful projects being mainstreamed and funded as part of public bodies' core service delivery.
- 14 In September 2020, the Auditor General wrote to the Welsh Government and copied the letter to all local-authority and health-board chief executives in Wales, raising concerns about regional pooled funds in relation to care homes for older people. These concerns emerged from audit work at two of the local authorities in North Wales earlier that year (**paragraph 1**). We had found that while funding from the relevant organisations was initially deposited into a pooled fund administered by Denbighshire County Council, each contributor got their funding returned to them 24 hours later.
- 15 Our findings raised some significant concerns around the practical application of pooled budgets for care-home provision in North Wales, and potentially more widely in Wales. While we had not tested the arrangements in other regions, we believed that they were of a similar nature. From speaking to Welsh Government officials at the time, we understood that the arrangement in North Wales met the minimal technical requirements under the SSWB Act. However, we concluded that the arrangement neither offered value for money, nor any of the intended wider benefits of a pooled fund. Welsh Government officials also emphasised to us that they did not regard this type of arrangement as a satisfactory response to the policy intention of enabling closer co-operation between care-home commissioners to benefit care and support recipients.

- 16 In response to the Auditor General's letter, he was informed that the [then] Deputy Minister for Health and Social Services had already discussed these matters with RPB chairs and had challenged regional partners to step up delivery.
- 17 In November 2020, the Welsh Government published a Pooled Budgets Evaluation Framework report (the Framework). The Welsh Government had commissioned the report to assess the progress each of the seven RPBs had made in developing pooled funds. The review focused on the use of pooled budgets relating to care-home accommodation for older people (aged 65 or over).
- 18 The review concluded that RPBs were predominantly meeting the minimum requirement in relation to the pooled funds for care homes for older people, but many RPBs did not physically pool the budgets or share risks for care homes for older people. Only two of the seven regions in Wales physically pool funds for older people's care homes, and most RPBs highlighted care homes for older people as a challenging first area to pool funds, under the legislation which demonstrates different levels of maturity across the RPBs. Some of the key challenges that were highlighted in the Framework were around managing a diverse cohort of need across localities as opposed to specialist services, which they deemed to be more suited to a pooled-fund approach, and the risk of cross-subsidisation across local-authority boundaries.
- 19 We found through our regional work in North Wales that the response to the Deputy Minister by the North Wales RPB provided no assurance that partners intended to act in the short term to address the Auditor General's concern. The response indicated that the RPB did not intend to make any changes to its pooled-budget arrangements until the Welsh Government had progressed further its White Paper proposals on Rebalancing care and support. We understand that the RPB is in ongoing dialogue with the Welsh Government on the best way to implement the Act more broadly, and not just in relation to pooled funds.
- 20 In 2020-21, we have seen many examples of partners effectively coming together in incredibly complex and challenging environments. For example, to develop the new COVID-19 test, trace and protect, and vaccination services. Goodwill and commitment of partners have led to improvement.
- 21 This, and some of our earlier work on the Integrated Care Fund, suggests that where partners come together to jointly manage additional funding, they have had some success but when they come together to share their own core resources, they have had much less success. Although the Welsh Government has directed local authorities and health boards to work collaboratively and pool funds for older people's care homes, progress is limited with little if any benefit seen by the service user.

Our work on commissioning older people's care-home placements across North Wales identified some fundamental issues that are likely to be reflected throughout Wales to some degree

- 22 Based on the findings from our previous Integrated Care Fund review and the Welsh Government's Pooled Budgets Evaluation Framework report, we anticipate that the findings from our North Wales review will be reflected throughout Wales to some degree. In our most recent work in North Wales, we concluded that **partners are working individually and collectively to provide care home placements for vulnerable service users; this is made more difficult by complex national processes, resulting in a significant focus on costs, which causes division amongst partners and has the potential to impact adversely on service users and their families. Strengthening accountability and developing a regional strategy and delivery plan has the potential to drive positive change and better partnership working, especially in relation to complex and more specialist care.**
- 23 While there is room for improvement in North Wales, where regional partners are responsible for the way that national legislation, frameworks and policy are implemented, some of the underpinning issues arise because of long-standing national legislative frameworks and policy and funding arrangements.

- 24 The findings from our regional work and our additional all-Wales analysis are summarised as follows:
- **Access to care homes by older people is complex and hard to navigate.** Commissioners are aware of the impact on service users but have not been able to simplify the process; the overall policy and guidance is set out by the Welsh Government.
 - **Public-sector funding approaches for different aspects of care can create division among partners.** Care-home placements are costly which can encourage an overemphasis on cost; while the implementation of the approach at a local level can increase tensions, the basis of the funding responsibilities is set out by the Welsh Government.
 - **The intended benefits and actual achievement have not been quantified.** Performance information collected and reported relating to health and social-care commissioning is fragmented across sectors and does not provide a good indicator of whether policy aims are being achieved, well-being goals delivered and there is no evidence of changes to service-user outcomes. Welsh Government officials and the Deputy Minister for Social Services meet RPB chairs and partners regularly to assess progress in implementing national policy but neither the Welsh Government nor regional partners have developed a performance framework to assess outcomes.
 - **Minimum technical compliance with the pooled-fund requirement fails to deliver any tangible benefit.** To comply with the law without achieving any benefits from the arrangement is a poor use of public money and poor value for money. The Welsh Government is aware of the overall progress in the implementation of pooled fund arrangements for older people's care home placements. It has developed a tool kit launched through the Association of Directors of Social Services Cymru to help tackle the challenges. However, this has had little impact and pooled fund arrangements are in general not being strengthened while the rebalancing care and support white paper is developed.
 - **The governance and operation of RPBs is maturing but, in line with legislation, structures are extensive and complex, and there are still issues about their accountability.** Following our Integrated Care Fund work, RPBs were expected (in line with [2020-21 ICF Guidance](#)) to have been putting in place arrangements to support effective scrutiny of their decisions. In addition, our work in North Wales has challenged governance and accountability more widely. The Welsh Government has a role in setting out how they should be held to account and to hold them to account for delivering on Welsh Government policy. However, RPB partners also have a responsibility to ensure suitable scrutiny and approval of key agreements takes place using their own organisations' governance arrangements.

- **There is inexplicable variation in expenditure on residential care and continuing healthcare costs, suggesting inequitable application of policy across Wales.** Factors such as local decision making and availability of preventative services to support people to live in the community will affect local spending on care-home placements. **Appendix 1** shows these variations in more detail.
- **The charging cap on service user contributions is different for care-home placements compared to people supported in the community.** This provides a potential perverse incentive for commissioners to place a person in a care home, or for a person to choose to remain at home, as many would prefer.

25 While most local-authority and health-board officers we spoke to during our North Wales review were able to describe the problems from their experiences, none felt able to have any influence or impact on the scale of changes needed within the national policy framework. As a result, they collectively accepted the need to make the best of the current situation and hope for change.

There is a timely opportunity for the Welsh Government to ensure planned reform resolves some of the long-standing and challenging issues around care-home commissioning and integrated care

- 26 In April 2021, the Welsh Government completed the consultation on its white paper Rebalancing care and support (**paragraph 20**). The white paper proposed a national framework, regional organisation and more powers for the RPBs. We responded to the Welsh Government as part of its consultation, drawing on relevant evidence from our audit work.
- 27 The issues highlighted from our most recent work on care-home commissioning in North Wales indicate that current legislation and policy are not having the desired positive effect. However, they also point to some practical issues and cultural reluctance that might question whether the proposals in the white paper go far enough to address these fundamental issues. At the heart of our findings, discrete and separate budgetary responsibilities and accountabilities create division, result in a focus on cost, require complex pathways to navigate and can have a negative impact on the wellbeing of service users and their families. We acknowledge that the Welsh Government is proposing reform to the foundation of legislation and policy that causes these issues, but it needs to assure itself that the changes go far enough to resolve them.

- 28 The pandemic has exposed the fragility of care services across Wales, but most of the issues now faced were there before to some degree. The issues include the capacity and capability of RPBs to facilitate regional working and, for example, concerns around fee levels, which are considered by councils to be local issues rather than regional or national. We were told during our review that a regional approach does not always suit commissioning of care homes. It is unclear whether the solutions proposed by the rebalancing care and support white paper around regional working are practical and will deliver the required change.
- 29 There is now an opportunity to build consensus amongst providers, commissioners, service users and the public, about the changes that are necessary to deliver much needed improvements, ensuring these fully address all the issues that remain in the sector.



Recommendations

Exhibit 2: recommendations

Recommendations

We recommend that the Welsh Government:

- R1 considers what the findings from our work in North Wales mean for planned policy reform and whether these reforms will go far enough to tackle the root causes of the issues; and
- R2 more specifically that it:
- should reduce the complexity of the funding responsibilities across partners to streamline arrangements;
 - clearly describes and communicates how it expects pooled funds to operate across health and social care partners;
 - takes measures to require strengthened scrutiny arrangements and accountability of Regional Partnership Boards (following through with further action in response to a recommendation in our previous report on the Integrated Care Fund); and
 - develops a framework for outcome-based performance reporting, which links to policy ambition and the seven well-being goals for Wales.

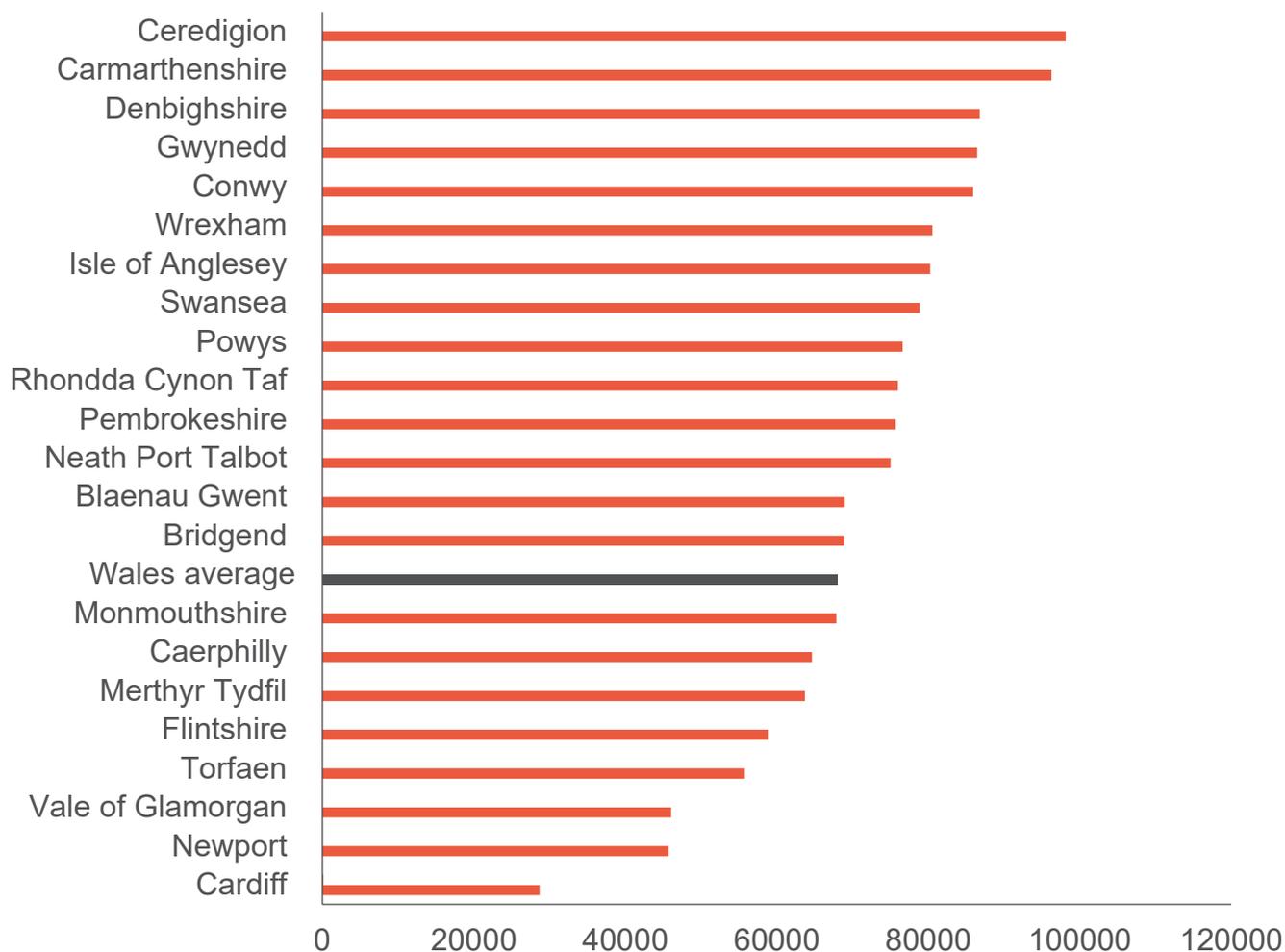


Appendices

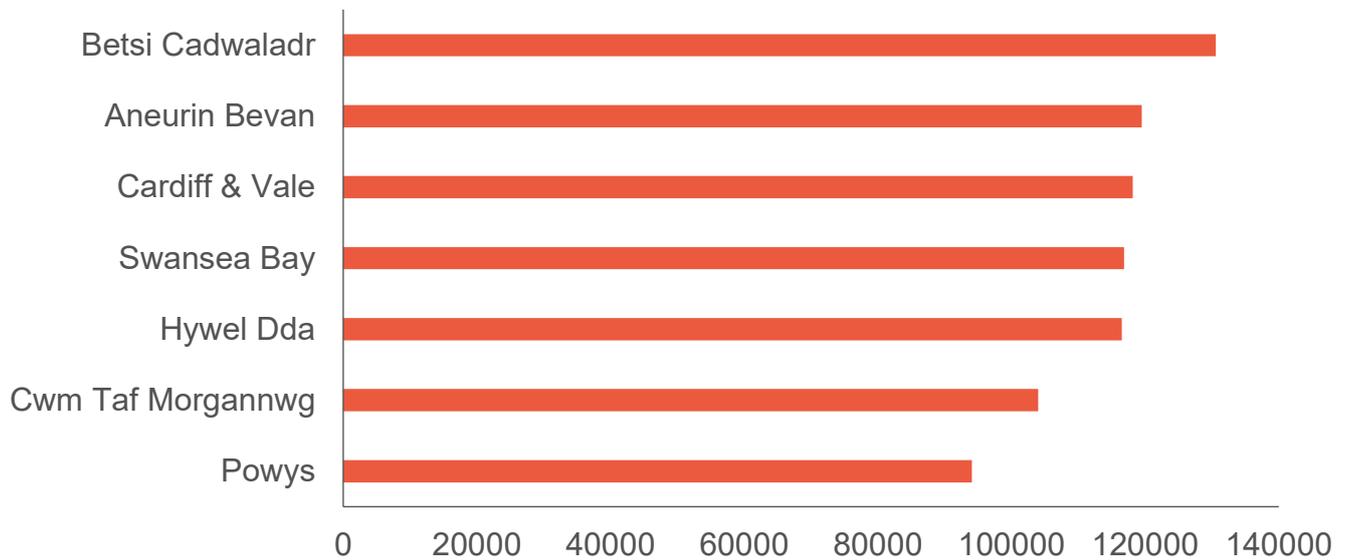
- 1 **Spending on commissioned care-home placements across Wales**

1 Spending on commissioned care-home placements across Wales

Exhibit 3: net expenditure (£) on residential-care placements (excluding nursing care) for those aged 65 years and over per 1,000 population (2019-20)



Source: StatsWales – Social services revenue outturn expenditure by client group (Older People, residential care placements) and 2019 mid-year population estimates (latest available information as at 31 August 2021)

Exhibit 4: continuing healthcare expenditure (£) per 1,000 population, 2019-20

Source: Health Board Annual Accounts and Stats Wales population statistics



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

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| Service demand information is not routinely reported and does not usually inform and support the setting of baseline budgets | 10 |
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Detailed report

Setting the scene

- 1 Performance management involves gathering, analysing, and acting on performance information to improve services and the quality of people's lives in the local community. Managing performance is everyone's business, it is a continuous part of the day-to-day role of councillors and officers:
 - councillors have an important role in managing performance. They need to be clear about what the Council is wanting to achieve and how they will monitor and review performance. They also need to be prepared to challenge officers on service performance to ensure that priorities are delivered, and the needs of local communities are being met. Councillors can support improvement by showing they are actively interested in performance and acting on what the performance information is telling them.
 - in good councils, performance management practices are embedded throughout the organisation, are part of the day job and are not seen as a burden or an add-on. Where performance management is part of the organisation's culture, managers lead by example, by actively managing performance, and communicating results.
- 2 For a performance management framework to be effective it needs to reflect the council's priorities and be integrated into business planning arrangements. A good performance management framework uses a range of performance measures that provide a clear unbiased picture of performance. The measures should reflect a council's priorities and meet the needs of those who use their services. Good councils acknowledge and recognise good performance and deal with poor performance, seeing it as a positive learning experience.
- 3 Performance reports for the public are important for accountability and should be easy to find and understand. Benchmarking is an effective way of helping organisations to deliver better services and to evaluate whether their services are performing well within a regional or national context. Self-evaluation and review must be robust and honest to be effective.
- 4 The principles of managing performance also apply to partnership working. Partners need to have a shared understanding of priorities and the impact their work is having.

Exhibit 1: Roles in Managing Performance

Roles in Managing performance¹

Everyone in the council has a role to play in managing performance.

- Councillors need good-quality performance information to make well-informed decisions, scrutinise performance and identify areas for improvement.
- Performance measures must reflect a council's priorities if it is to assure itself that its objectives are being met.
- Managing performance is important for governance and accountability.
- An effective performance management culture, led by both officers and councillors, is essential.
- Performance information must be acted on to improve outcomes.
- Self-evaluation and review activity form an important part of continuous improvement.
- Councillors and officers need to ensure that the principles of managing performance apply equally when working with partners.

- 5 In Gwynedd Council (the Council) the departmental performance challenge meetings were held three times a year under the old framework. The first two rounds being held during July and November and the output feeding into individual Cabinet Members' reports submitted to Cabinet in September/October and December/January. A further meeting was held at the end of the financial year to feed into the Council's Annual Performance Report. This report was usually presented to Cabinet in June and Full Council in July.
- 6 A review of the Council's 'old' performance reports identifies the use of measures to support performance management was variable, and often absent. This inconsistent approach and the concerning absence of meaningful measures in some services/departments, raised concerns as to whether the Council had proper arrangements in place to assure itself that it was delivering value for money.
- 7 The Council had examples of good performance reporting, such as the Performance Report of the member for Finance. This identified the purpose of the service, the measures used, and it illustrated past and current performance, providing trend information. Graphs provided assurance in areas where performance was broadly as expected, and text boxes were used in graphs to explain variances. These appendices allowed a new reader to quickly gather a range of assurances, and an understanding of areas with declining performance and what the mitigation actions were. However, the Council also had examples of poor performance reporting, for example, the Adults, Health and Well-being

¹ Audit Scotland "Managing performance: are you getting it right?"

Department. Its performance report contained no appendices and made no use of graphs or tables to help the readers understand the information. Other departmental performance reports were developed to varying levels between these two examples.

- 8 The performance management framework did not act as a catalyst to drive improvement or to resolve some of the key difficulties that the Council encountered. Recognising this the Council planned an extensive review of performance management arrangements and has been implementing a revised performance management framework since April 2021.
- 9 To understand the Council's progress in implementing these new arrangements and to provide assurance that the Council has mechanisms in place to assure itself that it is delivering value for money, this Audit Wales review sought to answer the question: **Does the performance management framework at Gwynedd Council support service delivery?**

The Council's performance management framework is developing well although implementation is currently variable, and reporting is difficult to navigate

The Council is developing a new performance management framework but communication with, and training for councillors has not been effective enough

- 10 The Council presented a report to the Leadership Team in November 2020, suggesting changes to current performance management arrangements. Having suspended the old arrangements during the pandemic the Council introduced its new performance management arrangements from April 2021. The new arrangements have two separate sections, one meeting to consider performance measures on their own, and another more detailed meeting to consider the risk register, performance measures, an update on progress delivering corporate plans and finally financial matters.
- 11 Whilst changes to the performance management framework were communicated to the Leadership team, there has been a lack of information available to Council members. The absence of a clear communication with councillors may contribute to the uncertainty expressed by them about performance challenge arrangements.
- 12 Not only do councillors, particularly those involved in performance challenge sessions and scrutiny committees, need to be aware of the new arrangements they also need to have the confidence and skills to challenge performance effectively. Greater clarity may also be required about the roles and contributions expected from participants in the challenge sessions. Our observations showed that

attendance and contributions of councillors at performance challenge sessions varied. Improving attendance and training councillors so they can be effective in challenging performance will demonstrate that the councillors are serious about understanding and managing the Council's performance.

- 13 The Council anticipated the following benefits from the new arrangements:
- a reduction in the volume of information associated with previous arrangements, which meant that it was difficult to quickly identify issues of concern;
 - opportunity to set a range of information alongside each other to see the complete picture; and
 - responding to some members' concerns that there were too many reports being presented to Cabinet within the same window to be able to give meaningful attention to them.
- 14 Whilst the Council did not specify any other benefits, it had reflected on the need for timely accurate performance measures during the pandemic. For example, in relation to personal protective equipment (PPE). This helped the Council understand the need for consistent measures that provide a clear picture of performance, and a framework to drive service improvement and more accurate budgeting.

Performance challenge sessions, which are a key part of the new performance management framework, are developing well, but there are opportunities for further improvement with some departments having a significant amount of work to do

- 15 The Chief Executive is present in most performance challenge meetings and takes a lead role in developing arrangements. Whilst effective constructive leadership is required to drive improvement and change culture, particularly in some departments, additional resources, and expertise in the field of performance management could actively assist the departments to shape and develop arrangements.
- 16 We observed the new performance challenge sessions held in September, October, and early November. Departments are at different stages of implementing the new arrangements. Some departments have made good progress and the new arrangements are close to full implementation. These departments are now fine-tuning arrangements. However, other departments have a significant amount of work to do to reach this level.
- 17 The consideration of the Five Ways of Working, with perhaps one or two exceptions, is not clearly prevalent in the Council's discussions during performance challenge sessions.

- 18 The Council needs to consider how effective performance challenge works across traditional departmental boundaries when failure demand generates work for other departments. A simple failure to answer a service telephone direct dial will lead to customers contacting one of the Council's front door services such as Galw Gwynedd. Patterns of repeated demand failure are quickly noticed by call centre staff, but the current culture and perceived boundaries appear to be ineffective in communicating and resolving such failure demand.
- 19 A significant part of the new performance management arrangements is a review of the risk register. The risk register was not routinely reviewed as part of the previous monitoring arrangements. This new focus has concentrated officers' and councillors' attention on risks in the register. Departments are at different stages of incorporating the risk register into the programme review cycle. Some departments are confidently prioritising key risks and discussing and reporting mitigating action, whilst others are still being encouraged to embed the risk register as part of the performance review cycle.

Not all Council departments have an agreed set of useful measures and associated ambitions, the use of comparator information is limited

- 20 Planned service purposes and measures are not currently clearly identified for all services, which is a legacy from the old performance challenge arrangements. In these cases, new performance measures are being developed. The Chief Executive is working with Portfolio Holders and Heads of Department to identify the main purpose of each section of the council's departments, which will in turn assist them to identify the most appropriate performance measures.
- 21 There is an opportunity to align service purpose identified in performance challenge meetings with the departmental plans included in the Council Plan and identify measures that also align with the Council's strategic priorities.
- 22 The Council's Ffordd Gwynedd approach does not recognise the need to publish ambition/service standard/target data nor state the trend for service delivery for most measures, and therefore comparing the trajectory of actual performance with the Council's aspiration is difficult if not impossible. Ambition/service standard/targets, trends, and comparatives allow information users to get a clear picture of whether the Council is achieving its objectives, and prompt explanations and mitigating actions when performance deviates from planned performance.
- 23 The Council also does not routinely use or report on comparative information, so that it can benchmark its performance relative to other bodies. Any view given on overall performance is more subjective as a result. Councils will need to ensure that a suitable range of comparator information is available, if not nationally then regionally in the future, as it is an essential component of self-evaluation/self-assessment as well as effective performance management.

- 24 It is unclear how, without the data items noted above, the Council can be assured that it is delivering the level of service it expects for the resources it contributes. This impacts on the Council's ability to assure itself that it is delivering value for money.

Performance reports are numerous and lengthy, and do not include important information making it difficult to gain a holistic unbiased picture of Council performance

- 25 The narrative in performance reports has a bias towards celebrating the good. Officers are much more open in the closed performance challenge meetings. Several insightful comments made in closed meetings which could be the catalyst for service improvement do not find their way into published reports. The Council needs to develop a more open and less critical culture where performance issues are seen as a learning opportunity that can help the Council improve performance. Clearly all stakeholders, including officers and Council members have a role to play in creating a safe environment that will enable open, balanced, and honest reporting, and a route to getting the most benefit out of the learning needed to turn around adverse performance measures.
- 26 During the performance challenge meetings, some councillors also expressed a view that important messages can be lost in lengthy reports which was reinforced by some of the members that we spoke to. This limited their ability to contribute effectively to the performance challenge meetings; more so where the information was incomplete. Performance reports that are very lengthy are often not effective, as important issues can be buried away in the detail.
- 27 The new Cabinet Member Performance Reports are presented to Cabinet over five committee meetings, which means that an interested reader would have to navigate to five meetings and several documents to obtain a Council wide overview. Using techniques outlined in **Exhibit 2** has the potential to simplify reporting and accessibility of information.
- 28 The Cabinet Member Performance Reports do not record progress against key milestones for each programme. The absence of clear milestones makes it difficult to compare actual delivery with planned delivery of projects, and any drift or accumulated slippage in delivery. The [North Wales Growth Deal – Quarter 2 Performance Report](#), hosted on the Council's website, makes effective use of colour coding and milestones, and quickly provides the reader with access to projects meeting their milestones, and projects which are experiencing slippage, difficulties and any mitigating actions.
- 29 The new arrangements do not appear to include an overall performance measures appendix/dashboard, this is a useful tool to highlight key areas of success/concern and can act as a gateway to more detailed service level information.

Exhibit 2: effective performance reporting

Effective performance reporting

Effective performance reporting in the council:

- presents information in an accessible way using appropriate charts rather than tables or narrative;
- limits the number of measures in any one report to avoid information overload;
- highlights measures that are causing concern, for example by using a dashboard and colour coding to graphically represent performance information;
- clearly explains reasons for performance being off target, or not as planned; and
- sets out what action will be taken to restore performance where measures are off target, or not as planned.

Service demand information is not routinely reported and does not usually inform and support the setting of baseline budgets

- 30 Budgets in demand led services have historically been adjusted to reflect changing demographics, rather than being informed by current demand levels. Officers in the Council have noted that service demand does not always track demographics. But the Council's performance management arrangements do not routinely compare budgeted activity with actual demand. Using demand information will help the Council to understand the context of spend against budget, potentially helping to explain why services have over or underspent. Prices in the market and complexity of needs are other factors that influence expenditure. However, having a clearer picture of demand and in turn budget will lead to a better corporate understanding of the financial position, especially in large spend, variable demand services like social care.
- 31 When overspends occur the Council response is generally a reactive approval of additional bids. A more proactive approach would be to use current year's demand and demographic data to zero-based next year's budgets reflecting current level of activity and how this is expected to change over time. Commissioning plans would dovetail with service plans and budgets to provide one holistic view of how people's support is planned. This model will also encourage better justification of additional budget, should it be required, as the expectation will be that service demand and service costs information is provided.
- 32 However, we recognise that there can be significant fluctuations in some services. For example, the number of children looked after or adults in need of support

month on month. Successful periods where numbers of children looked after have reduced can suddenly be faced with an upward curve for a long period. Simply put, demand is volatile. Planned contingent funding is used in some councils to recognise this volatility, and cope with a surge in demand.

- 33 The Council has been successful in delivering significant savings schemes over a prolonged period. However, continued delivery of savings has become challenging in many departments. Our review has identified instances ('Dechrau i'r Diwedd') where long term savings schemes delivered planned savings early in the process, but due to increases in demand, did not perform so well in later years. The Council's arrangements were not responsive to such changes, and performance management and financial planning needs to work hand in hand to ensure that assumptions underpinning savings plans remain realistic.

Recommendations

Exhibit 3: Recommendations

Recommendations

- R1 The Council must ensure that it has a range of useful measures for all departments and functions. It needs to pay particular attention to:
- ensuring that all services identify appropriate well-crafted (SMART) performance measures that reflect the purpose of the service;
 - aligning the service purpose identified in performance challenge meetings with the purpose in the departmental service plans in the Council Plan;
 - incorporating ambition/service standard/target and trend information to give the Council a clear picture of the Council's ambition and its progress toward achieving it; and
 - ensuring that performance management arrangements are sufficiently agile to respond to new challenges faced by services, such as the current significant workforce issues faced by some services, by implementing specific measures.
- R2 The Council needs to improve its performance reporting to aid clarity by:
- expanding the use of visual tools such as colour coding to enable the reader to quickly focus on the key issues by highlighting areas where performance is on track or is of concern;
 - ensuring that reports are balanced and provide a rounded, honest, and balanced picture of how the Council is performing which highlights where improvement is needed to ensure tangible results;
 - ensuring that an up-to-date dashboard (or measures appendix) is produced by each service and presented at every performance management meeting;
 - publishing a performance report/corporate scorecard that reports on all key measures in one accessible document.

Recommendations

- R3 The Council needs to improve the integration of performance and financial information by:
- using actual service demand as opposed to demographics as the base for setting demand led budgets;
 - articulating the pattern of actual demand against planning assumptions used to set the budget enabling a better understanding of current resource pressures on services;
 - combining performance information with financial information to present a holistic and unified view of the resource position of services;
 - combining performance and financial information to ensure that savings plans delivered over the medium term are still realisable;
 - assure itself that demand led budgets are set at a level which is sufficient to resource the current demand faced by services; and
 - once the Council is assured that the budgets for key demand led services are set at the correct level, develop tools such as contingent funding to recognise and cope with a surge in demand of volatile budgets.
-
- R4 The Council should strengthen its performance management arrangements by:
- frequently communicating changes to the performance management framework to officers and Council members;
 - ensuring that officers and Council members have appropriate support and training so they can deliver their respective roles effectively;
 - reviewing the support arrangements for the performance management framework;
 - ensuring that all departments effectively incorporate the use of the risk register into their performance management cycle;
 - embedding a “One Gwynedd” approach that will open channels of dialogue to enable corporate learning and quickly eradicate instances where demand failure in one department increases demand on services in another;
 - engaging with service users and stakeholders to understand the root cause of poor performance and unintended behaviours; and
 - introduce milestones and identify project owners to track progress and ensure accountability for the delivery of projects that span several years.

Recommendations

- R5 The Council needs to incorporate consideration of the Well-being of Future Generations (Wales) Act 2015 sustainable development principle into service design, management, and performance review arrangements across all Council departments.



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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.

Gwynedd Council – Annual Audit Summary 2021

This is our audit summary for Gwynedd Council.
It shows the work completed since the last Annual Audit Summary, which was issued in January 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 75 councillors who represent the following political parties:

- Plaid Cymru 40
- Independent 20
- Llais Gwynedd 6
- Gwynedd United Independents 3
- Individual Member 2
- Propel 2
- Labour 1
- Liberal Democrat 1

The Council spent £244.2 million on providing services¹ during 2020-21, the 12th highest spending of the 22 unitary councils in Wales.

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

Key facts

As at 31 March 2021, the Council had £99.6 million of useable financial reserves². This is equivalent to 40.8% of the Council's annual spending on services, the highest percentage of all the 22 unitary councils in Wales³.

Gwynedd Council has 2 out of the 191 most-deprived areas in Wales, which is the sixth lowest of the 22 unitary councils in Wales⁴.

Gwynedd Council's population is projected to increase by 5.3% between 2020 and 2040 from 124,670 to 131,314, including a predicted 0.4% increase in the number of children, a 0.9% increase in the number of the working-age population and a 20.8% increase in the number of people aged 65 and over⁵.

The Auditor General's duties

We completed work during 2020-21 to meet the following duties

- **Continuous improvement**
The Council had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.
- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

² We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

³ Source: 2020-21 Statement of Accounts

⁴ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁵ Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Gwynedd Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 19 October 2021.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 28 May 2021 was generally very good.
- changes were made to the Council's draft financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in October 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. The audit of the Teachers' Pension and Non Domestic Rates returns has been completed. Our work on auditing the Housing Benefits Subsidy return is currently underway. No significant issues have been identified to date.
- the Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed on the 19 October 2021.

Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on the procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part our examination of councils' performance assessments covering the 2020-21 financial year, we noted a reduced reference to comparative performance information. We recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money, and will be a challenge for councils to consider, particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections (Wales) Act 2021.

Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. We undertook this assessment as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources.

Our [report](#) concluded that the Council has a good understanding of its financial position, but several financial challenges remain, including mitigating the impact of COVID-19, transforming and improving services, and resolving financial challenges.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings were:

- that Council services that were suspended have generally resumed, and staff were and still to an extent remain working from home wherever possible.

- the Council introduced some innovative functions to support citizens through the pandemic, such as a contact call desk that took quick action to support citizens' wellbeing. The Council needs to properly evaluate these 'pop-up' functions to maximise the learning and understand the potential benefits for the longer term.
- the Council's communications with the residents of Gwynedd have been quick to respond to a fast-moving crisis and its methods of communication with its staff have improved during the pandemic.
- the Council transitioned effectively and efficiently to online bilingual meetings for senior officers and councillors. It is currently preparing arrangements to allow for hybrid full council, cabinet, planning and scrutiny meetings taking into account public access and equality considerations.
- we have seen the development of the Coronavirus Emergency Response Dashboard in a relatively short period of time with limited resources to capture key information about residents and corporate risks. The Council has recognised the need for more timely information to manage services and is updating its performance management arrangements, which includes using additional performance measures and dashboards.
- going forward the Council is considering, when Welsh Government guidelines allow, a hybrid approach of working at home, in the office and working on site. Where staff are working in offices or on site, the Council will follow current Welsh Government guidance, looking at what adjustments need to be made and how staff are best able to work safely.

Ffordd Gwynedd – High Level Review

We undertook a high-level review of Ffordd Gwynedd to establish how it was embedding, driving cultural change and consider if there were barriers to further progress. We concluded in our letter to the Council, that Ffordd Gwynedd is embedding well and is driving cultural change, however, there are some common misconceptions and barriers that slow Ffordd Gwynedd's progress. The Council reported to its Audit and Governance Committee in July 2021 that they have established a Task and Finish Group to work with the Chief Executive to carry out a review of how and to what extent the principles of the 'Ffordd Gwynedd' way of working are embedded across Council services.

Commissioning Older People's Care Home Placements

During 2020-21, we examined whether North Wales councils and Betsi Cadwaladr University Health Board (the Health Board) as partners in the Regional Partnership Board were collaborating effectively in the strategic commissioning of older people's care home placements. We concluded that partners are working individually and collectively to provide care home placements for vulnerable service users; this is made more difficult by complex national processes, resulting in a significant focus on costs, which causes division amongst partners and has the potential to impact adversely on service users and their families. Strengthening accountability and developing a regional strategy and delivery plan have the potential to drive positive change and better partnership working, especially in relation to complex and more specialist care.

In concluding this work, we recognised that responsibility for the current challenges in the commissioning arrangements was widespread. The Welsh Government sets the national

framework which is complex, and local partners have responsibility for the way that national policy and guidance are implemented. We have therefore reported locally to councils and the Health Board, and nationally to the Welsh Government recommending actions that these bodies should take.

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

During 2020-21, we sought to answer the question: ‘In delivering its overall goals, is the North Wales Economic Ambition Board (NWEAB) ready and able to adjust to meet the changing economic circumstances?’ We concluded in our report that the NWEAB has clear and established governance arrangements and is supported by a developing Portfolio Management Office; external factors may impact on the planned ambitions and NWEAB is adapting to accommodate these.

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response.

CIW published their local authority Assurance Check 2021 [letter](#) in November 2021.

Estyn suspended the inspection of schools during the 2020-21 year and kept in touch with education providers remotely.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to

respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
 - The Local Government and Elections Act (Wales) 2021
 - Recovery planning
 - Carbon reduction plans
 - Self-assessment arrangements
 - Financial position
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit.
- A review of the Performance Management framework at Gwynedd Council.

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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

This document is also available in Welsh.