



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

GOVERNANCE AND AUDIT COMMITTEE

Date and Time

10.30 am, THURSDAY, 8TH FEBRUARY, 2024

Location

Virtual Meeting

*** NOTE ***

This meeting will be webcast

https://gwynedd.public-i.tv/core//en_GB/portal/home

Contact Point

Lowri Haf Evans

01286 679878

Lowrihafevans@gwynedd.llyw.cymru

(DISTRIBUTED 02/02/24)

GOVERNANCE AND AUDIT COMMITTEE

MEMBERSHIP (18)

Plaid Cymru (8)

Councillors

Edgar Wyn Owen
Jina Gwyrfai
Paul John Rowlinson

Arwyn Herald Roberts
Elfed Wyn ap Elwyn
Huw Rowlands

Menna Baines
Meryl Roberts

Independent (4)

Councillors

Angela Russell
Rob Triggs

Richard Glyn Roberts
Elwyn Jones

Lay Members (6)

Sharon Warnes
Hywel Eifion Jones
Clare Hitchcock
Elwyn Rhys Parry
Carys Edwards
Vacant Seat

Ex-officio Members

Chair and Vice-Chair of the Council

A G E N D A

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT ITEMS

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

4. IMPLEMENTING THE DECISIONS OF THE COMMITTEE 5 - 8

To consider the report and offer comments

5. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS 9 - 34

To consider the report

6. ESTYN INSPECTION OF CYNGOR GWYNEDD EDUCATION SERVICES 35 - 74

- To consider the report and provide observations on the contents of the Estyn report on education services in Cyngor Gwynedd
- To consider any arrangements to scrutinise the Department's arrangements to respond to the report's recommendations in a timely manner.

7. SAVINGS 2024/25 75 - 99

To scrutinise the information before the Cabinet considers approving the Savings Plan in its meeting on February 20th.

8. BUDGET 2024/25 100 - 148

To scrutinise the information before the Cabinet recommends the 2024/25 budget to the full Council.

9. CAPITAL STRATEGY 2024/25 (INCLUDES INVESTMENT AND BORROWING STRATEGIES) 149 - 188

To receive the information and consider any risks arising from the strategy before it is presented to the full Council for adoption.

10. GOVERNANCE RISKS MID-YEAR UPDATE

189 - 211

To accept the report and comment on the contents

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	8 FEBRUARY 2024
TITLE	IMPELEMENTING THE DECISIONS OF THE COMMITTEE
PURPOSE OF REPORT	TO PRESENT AN UPDATE ON IMPLEMENTING THE COMMITTEE'S PREVIOUS DECISIONS
AUTHOR	DEWI MORGAN, HEAD OF FINANCE
ACTION	FOR INFORMATION

1. INTRODUCTION

- 1.1 The purpose of this report is to outline how Council departments have responded to the decisions of the Government and Audit Committee, so that members can receive assurance that their decisions are being addressed.
- 1.2 This contributes to reassuring members that the Council's governance is operating effectively.
- 1.3 This item is an opportunity for all members of the Governance and Audit Committee to consider the decisions made. Where the action has been completed, or where further action was not necessary, the line is removed from the table after the Committee has considered the matter.

2. DECISIONS SINCE ESTABLISHING THE NEW COUNCIL (MAY 2022)

Meeting of 9 February 2023

Item	Decision	Update
UPDATE ON THE REPORTS RECENTLY PUBLISHED BY AUDIT WALES	<ul style="list-style-type: none"> To accept the report and the managers' response to the recommendations in 'Arrangements for Responding to the Local Government and Elections (Wales) Act 2021' To present a report in six months' time to update the Committee with regard to transferring the functions of the North Wales Economic Ambition Board to an empowered sub-committee of the North Wales Corporate Joint Committee, to streamline governance and avoid duplication between both bodies To accept the report and the managers' response to the recommendations in 'Update on Decarbonisation Progress' 	In respect of transferring the functions of the North Wales Economic Ambition Board to an empowered sub-committee of the North Wales Corporate Joint Committee, the project is progressing at a regional level. The target date of transfer is 1 April 2024. An update is expected at the February 2024 Committee.

Meeting of 25 May 2023

Item	Decision	Update
OUTPUT OF THE INTERNAL AUDIT SECTION	<ul style="list-style-type: none"> To accept the report. To support the actions that have already been agreed with the relevant services. To refer the 3 limited fields to the Improvement Working Group. <ol style="list-style-type: none"> Planning – Communication Arrangements Deprivation of Liberty Safeguards Measures Smallholdings 	Plans are in place to re-establish the Working Group but no meeting has taken place so far
ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT	<ul style="list-style-type: none"> To accept the report in accordance with the requirements of the Public Sector Internal Audit Standards for the 2022/23 financial year. To re-establish the Controls Improvement Working Group. 	See above regarding the Controls Improvement Working Group

Meeting of 14 December 2023

Item	Decision	Update
IMPLEMENTING THE DECISIONS OF THE COMMITTEE	<p>To accept the report.</p> <p>Note:</p> <p>Present to the meeting on 8 February 2024</p> <ul style="list-style-type: none"> Governance Statement (mid-year report) Submit an update with regard to transferring the functions of the North Wales Economic Ambition Board to an empowered Sub-committee of the North Wales Corporate Joint Committee 	To be presented at the February 2024 Committee.

Meeting of 18 January 2024

Item	Decision	Update
IMPLEMENTING THE DECISIONS OF THE COMMITTEE	<ul style="list-style-type: none"> To accept the report. Note: Correction to 'Self-assessment on the Effectiveness of the Committee' - action to identify a day Take out the Proposals of the Service Improvement Annual Report 2021/22 	Work is ongoing to identify a date, location and facilitator

FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 AND THE RELEVANT AUDIT	<ul style="list-style-type: none"> To accept and approve the 'ISA260' Report by Audit Wales in respect of Cyngor Gwynedd To accept and approve the Statement of Accounts for 2022/23 (post-audit) - the Chair of the Committee to certify the Statement of Responsibilities regarding the Statement of Accounts The Chair of the Committee and the Head of Finance Department to certify the Letter of Representation electronically To congratulate the officers for their work of securing an unqualified statement 	No further action
SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES	<ul style="list-style-type: none"> To accept the report. To note the progress, the position and the relevant risks in the context of the Savings Overview. 	No further action
REVENUE BUDGET 2023/24 – END OF NOVEMBER 2023 REVIEW	<ul style="list-style-type: none"> To accept the report on the end of November 2023 review of the Revenue Budget To consider the latest financial position regarding the budgets of each department / service To note that significant overspend is anticipated in the Adults, Health and Well-being Department, the Children and Supporting Families Department, and the Highways, Engineering and YGC Department this year. To agree with the recommendation to Cabinet (23-01-24) to approve a transfer of £4,241k of underspend on corporate budgets to the Council's Financial Strategy Reserve <p>Note: The Cabinet is requested to,</p> <ul style="list-style-type: none"> Consider the timetable for the Adult Health and Well-being Department's overspend review and the Environment Department's overspend review (Integrated transport issues) Consider the imbalance in the use of grants 	A verbal report given to the Cabinet on its meeting on 23 January 2024, outlining all the points raised by the Committee.
CAPITAL PROGRAMME 2023/24 – END OF NOVEMBER 2023 REVIEW	<ul style="list-style-type: none"> To accept the report. To note the situation and the relevant risks in the context of the budgets of the Council and its departments To agree with the recommendation to the Cabinet (23-01-24) to approve the revised financing: - an increase of £3,576,000 in the use of borrowing - an increase of £2,373,000 in the use of grants and contributions - an increase of £317,000 in the use of revenue contributions - an increase of £1,038,000 in the use of renewal and other reserves. 	No further action

REVIEWING SCRUTINY ARRANGEMENTS	<ul style="list-style-type: none"> • To accept the report. • To welcome the review of the current scrutiny arrangements carried out following Audit Wales's report • To recommend that the Full Council approves Option 1 subject to work being carried out to improve the effectiveness and operations of the Scrutiny Committees 	No further action
AUDIT WALES REPORTS – Use Information about Performance: Perspective and Results of Service Users	<ul style="list-style-type: none"> • To accept the report, for information. • To welcome Managers' response. 	No further action

3. RECOMMENDATION

- 3.1 The Governance and Audit Committee is asked to consider the contents of the tables above and to offer comments.

MEETING	GOVERNANCE AND AUDIT COMMITTEE
DATE	8th February 2024
TITLE	Recommendations and Improvement Proposals of External Audit Reports
PURPOSE	Ensure that the Audit Committee satisfies itself that the actions created in response to recommendations in external audit reports are realised.
AUTHOR	Geraint Owen, Corporate Director

1 The decision sought/purpose of the report

- 1.1 The Committee will need to satisfy itself that appropriate arrangements are in place in order to ensure that the improvement proposals that arise from external audit reports are implemented.

2 Introduction

- 2.1 The Governance and Audit Committee has a responsibility to consider external audit reports (national, and those local to Gwynedd), the recommendations contained in them, and the implications of these for governance, risk control or management.
- 2.2 The role of the Governance and Audit Committee in this matter is to **satisfy itself that arrangements and processes are underway to ensure that these improvement proposals are implemented**, and the Committee should not duplicate an investigation into matters that are within the remit of one of the other scrutiny committees. However, if the Committee is of the view that the arrangements - including the operation of one of the Scrutiny Committees - are inadequate, it may call in any matter for further consideration, either to the full committee or to the Improvement Working Group.

3 Relevant Considerations

- 3.1 In **Appendix 1**, a chronological list is submitted of inspections undertaken by external auditors between 2018 and 2023, along with their improvement proposals. The 'local/relevant [reports] for Gwynedd Council' have been listed first, followed by the national reports.
- 3.2 We have noted 'the direction of the discussion on the recommendations' in order to show where the report and its recommendations have been discussed and, therefore, how any action plan was agreed upon.
- 3.3 We have also noted 'Progress against improvement proposals' focusing on what has been achieved since the Committee last discussed this matter in September 2023.
- 3.4 We then note our 'Conclusion' of the progress made - have sufficient steps been taken to satisfy the Committee that the work of realising the recommendation is

'completed', or is it still 'on-going'? Following feedback from the Committee, the 'completed' category has now been separated into two parts to reflect whether the recommendations have been realized or whether they have been adopted as ongoing work for the department. These conclusions have been agreed by the Council's Governance Group. It is a matter for this Committee to determine whether it agrees with the 'Conclusions'. A key to the meaning of the conclusions can be viewed at the beginning of Appendix 1.

- 3.5 All of the reports in Appendix 1 had recommendations deemed 'not commenced', 'plan in progress' or 'on-going' when the matter was last discussed by this Committee in September 2023, or are reports that have been published since then.

4 Reasons for Recommending the Decision

- 4.1 The Governance and Audit Committee needs to ensure correct governance within the Council by having overview of how we will respond to improvement proposals made in external audit reports.

5 Next steps and timetable

- 5.1 Responding to most of the improvement proposals is continuous work. Should the committee agree with the conclusions on the progress made against the proposals for improvement, then those that have been "completed" will not be addressed by this Committee again. Those "in progress" will be returned to this Committee to be considered again in 6 months' time.

6 List of Appendices/Literature

Appendix 1 - Improvement Proposals in External Audit Reports.

Improvement Proposals in External Audit Reports

Key to the conclusions –

1. **Preparatory work** - hold discussions to determine how to respond to the recommendations and plan if/how to implement.
2. **On-going** - agreement or action plan in place to respond to the recommendations and work has commenced.
3. **Completed – continuous work**. Action plan to respond to the recommendations being realised but it can be argued that the work of achieving the recommendations will never end as it is continuous work.
4. **Completed - recommendations have been realised.**

PART 1 - **Local or regional reports that assess the work of Cyngor Gwynedd**

1. Gwynedd Council - Human Resources Information System

Local report to Gwynedd published November 2018

[Link to the report on the Audit Wales website](#)

Improvement Proposals arising from the report –

- (i) Establish a formal benefit realisation programme so the aims of the development project can be properly evaluated.
1. Review technology options within the project:
 - (i) Improve access to enable more staff (for example those remotely based) to engage with the system.

Progress against improvement proposals

The residual work programme has been incorporated into the action plan of the Council's Digital Plan. Good progress has recently been made to complete key modules and it is anticipated that all priority modules will be operational in 2024. The development of workforce digital skills will be an ongoing issue that will form part of the Council's Workforce Learning and Development Strategy.

Conclusion

Completed – continuous work.

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2. Local government use of data: Cyngor Gwynedd

Local report for Gwynedd from Audit Wales published in January 2019

[Link to the report on the Audit Wales website](#)

Improvement Proposals arising from the report –

The Authority needs to develop a more unified and corporate approach to using data. A change in culture and stronger leadership on data is therefore crucial in Gwynedd and will support the creation of an environment that treats data as a key resource. This will help to extend the benefits of data-led decisions to all service areas and help to improve transparency and democracy.

Updating data sharing protocols and providing refresher training - focusing on what people can do rather than what they cannot do - will help to ensure that service managers know when and what they can share, thereby helping to avoid unnecessary and disproportionate risk aversion when it comes to data sharing.

The Authority should build on the work of its research and analytics unit to review the range and quality of information needed by decision makers and the format in which it is presented. This will enable the Authority to set corporate data reporting standards to ensure the data that is presented to senior officers and Elected Members is accessible, easily understandable and supports decision makers to fulfil their responsibilities as effectively as possible.

The direction of the discussion on the recommendations

The report and improvement recommendations were discussed at the Information Governance Operational Panel, and the matter is included in the Council's Risk Register (Governance level): "Fails to maximise the potential of information when supporting Council business and fails to meet statutory standards". Furthermore, and as part of the Council's new Digital Plan, which was approved by Cabinet in October 2023, a Data Sub-group has been established to get to grips with this field with a representative from every department contributing to deliver an ambitious work programme to improve the use of data.

Progress against improvement proposals

The Council has now approved a new Digital Plan for 2023-2028 and matters relating to data and its use are being addressed as part of its action plan.

Conclusion

Completed – continuous work.

Timetable

A detailed action plan will form part of the Council's Digital Strategy 2023-2028; however, specific milestones will be in place for every budgetary year within that period.

3. Cyngor Gwynedd - Review of Performance Management

Local report for Gwynedd from Audit Wales published in February 2022

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report -

Recommendation 1

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.

Recommendation 2

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.

Recommendation 3

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.

Recommendation 4

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 cycle;
- 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.

Recommendation 5

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.

The trail of the discussion on the recommendations

Report and recommendations have been considered as a part of the review of the corporate performance challenging arrangements that was led by the Chief Executive at the end of 2021/22. The final recommendations for the new performance challenging procedure (which incorporates most of the recommendations in this study), were submitted during February 2022.

Progress against improvement proposals

The new performance challenge and support regime has been implemented since the first round of performance challenge meetings in 2022/23. In addition, guidance on the new regime was prepared for Departments, Cabinet Members and Scrutiny Members at the beginning of 2022/23 and updated for 2023/24. A series of sessions were held to raise awareness of the new arrangements for Department representatives and Cabinet Members during May/June 2022, which also provided an opportunity to ask questions and present observations. With the new arrangements now having taken root, work is underway to review performance arrangements with a view to making any further adjustments (if necessary) over the coming months. There is also an intention to publish or share information on performance more widely, including publishing all performance measures.

Conclusion

On-going.

Timetable

We anticipate that the actions to meet the recommendations will be completed by the end of the 2023/24 financial year.

4. Springing Forward - Cyngor Gwynedd

Audit Wales report. June 2022

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report –

Vision, strategies, delivery plans and the sustainable development principle

Recommendation 1

The Council needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic, as it:

- develops the Council's vision for the shape and size of its land and building assets and workforce in the short, medium, and long term;
- develops asset and workforce strategies; and
- develops costed delivery plans

Data and benchmarking

Recommendation 2

Develop the use of data and benchmarking to inform planning, budget setting and measure the longer-term success of its asset and workforce initiatives.

The direction of the discussion on the recommendations

A report containing the 'Management Response' was presented to the Governance and Scrutiny Committee in November 2022 which outlines how it is intended to respond to the recommendations.

Vision, strategies, delivery plans and the sustainable development principle

The principle of sustainable development will be central to all considerations in the context of updating and reviewing the following plans and strategies:

1. Latest review of the Asset Strategy. The Corporate Asset Strategy, which is led corporately, sets the direction for the Property Asset Management Plan. Our ability to draw up a Property Asset Management Plan will be dependent on ensuring that the Corporate Asset Strategy is in place.
2. Land and Property Asset Plan to be included as a proposed corporate improvement priority in the next Five-Year Council Plan. The Property Asset Plan is included as an improvement priority in the Council's Plan 2023-28.
3. The Ffordd Gwynedd Plan 2022-2027 (the corporate Organisational Development Plan) has been adopted by Cabinet.
4. The Council's Working for the Future Plan was approved by the Cabinet in September.

Data and benchmarking

The Digital Transformation Board has been established to lead on drawing up the Council's Digital Strategy for the next five years. Four work sub-streams have been established to date, namely:

- Data
- Administration
- Customer Contact
- Technical

Progress against improvement proposals

Vision, strategies, delivery plans and the sustainable development principle

As a part of the Council Plan for 2023-28, we will adopt a new Property Asset Management Plan. The 'Adoption of a new Property Asset Management Plan' is included as a priority in the Council's Plan 2023-28. Our ability to proceed with drawing up a Property Asset Management Plan will be dependent on ensuring that a Corporate Asset Strategy and Strategic Asset Management Plan are in place.

In September, we confirmed our flexible working and hybrid working arrangements and shared it with the workforce.

Data and benchmarking

The Data Sub-group is led by the Head of Corporate Support and has already established its objectives, namely:

- Identify our data - We will create a register and data maps for each system and will note how they compare.
- Data Charter - Along with data maps, this will guide our work in establishing a "Data Charter" to ensure that the arrangements we have for data retention are appropriate.
- Creating a Data Warehouse - We want to create a data warehouse (wGwynedd) that will bring data together from many different systems. These integrations will facilitate collaborative thinking between the services and support us to predict and measure service usage several steps into the future. The warehouse will be based on the "Data Register" and the "Data Charter", and there will be processes for rationalising and cleaning our data to improve accuracy and enable us to report confidently based on truth.
- Data Reporting Platform – We will undertake an exercise to identify the best platform for the Council's needs.
- Developing the Digital Literacy of the Council Workforce - We will deliver data literacy training to everyone in the Council.
- Publishing Performance Data – We will develop an appropriate platform to report on the Council's performance data.

Conclusion

Completed – continuous work.

5. Inspection Report: Performance Evaluation Inspection of Cyngor Gwynedd

Local report for Gwynedd from Care Inspectorate Wales conducted in September 2022.

Dolen i'r adroddiad ar wefan Arolygiaeth Gofal Cymru

Improvement Proposals arising from the report –

There are a number of proposals for improvement within the report under the following headings:

People - voices and choices

Prevention

Well-being

Partnerships

The trail of the discussion on the recommendations

Full consideration has been given to all the recommendations received in the report and they are crucial to ensure that we meet our duties of care and well-being towards the residents of Gwynedd by providing services of the best possible standard. We carry out regular reviews as the service management team to look at progress against the work and prepare a progress update to be discussed every six months with Care Inspectorate Wales (CIW). We have also incorporated several of the recommendations into the department's improvement priorities and in the Gwynedd Council Plan 2023-28 and several the themes that appear also receive attention as part of the corporate risk register.

Progress against improvement proposals

Overall, we are making positive progress on the Home Care Program with our performance data over the last few months showing a reduction in the number of home care hours that we cannot meet. There are several developments by the care providers which are to be commended and which have contributed to the progress but having said that, it must be recognized that problems continue to arise in some areas which have affected the number of hours which we cannot meet, and these specific areas are receiving attention. We are about to go out to tender on two sub areas again where the providers were unable to meet the demand. The corporate director has met with all occupational therapist and social worker teams to emphasise the need to work in different ways – promoting direct payments, technology etc. This culture change will continue over the coming months and the direct payments services and technology are being developed so that the employees are confident in promoting and offering the alternative provision.

We have developed a new workload management system to try to tackle our lack of ability to review care packages within statutory timescales and we also extended the work contracts of some individuals to assist with the review work. However, a budget to continue with this is challenging. Likewise, the department's ability to strengthen our care quality assurance systems is extremely challenging given the financial climate. We are continuing to review the situation, but it will continue to be challenging to meet the statutory timeframe

without additional resource. A task and finish Group is looking at improving review arrangements, simplifying the review form, aligning how we review and ensuring we are able to report accurately.

We continue to see progress in relation to collaboration with the Health Board in terms of developing home care and hospital discharge arrangements and this remains a priority. The Council has re-engaged in discussions with the Health Board under the guidance of the corporate director, to re-look at the placement of integrated teams in areas of the County. Group meetings have been established under the guidance of the corporate director, and they meet regularly and agree priorities.

In relation to Unpaid Carers, we continue to review the relevant policies, identifying the type of support carers receive and how that is recorded, and engaging with a number of stakeholders although to draw up a comprehensive Unpaid Carers Scheme. Work also continues to review our direct payment arrangements, with a specific project board looking at transforming the service. The direct payments support has been internalised, and the direct payments service will continue to be developed as a matter of urgency so that employees have confidence in providing the offer.

From the point of view of our workforce plan we have now acted on the results of the re-evaluation of the care workforce jobs. A work program is also in place for the Social Services Professional Salaries Task and Finish Group; with work having begun to look at the age profile of staff within different services to try to identify areas of concern in terms of a sufficient workforce for the future. In addition, we are revising the Social Work Practitioner job descriptions to further support the work of Occupational Therapists.

Following CIW's recommendations in relation to our supervision and safeguarding arrangements, a results workshop has been held with the support of Social Care Wales to support staff to change culture and act based on strengths. Mentoring training has been provided to our leaders since we last reported, which weaves into the training mentioned above, and sessions have been held with the Corporate Director to share the vision with the service.

The department has put a departmental Public Relations and Communications Manager in place to lead on the development of a communication and engagement strategy and this is a priority improvement project in the Council's Plan. We have already been working on improving our services website pages. Work is ongoing to map out all communication and engagement activity, identifying gaps and also looking at our internal communications. We are also engaging with the workforce and the public on our communications. This mapping and gap identification for implementation will be done by March 2024.

Conclusion:

Completed – continuous work.

Timetable:

There is a different timeframe for different elements of the work, and the timescales are set out above where applicable. Work to initiate a response to the recommendations and put

arrangements in place has been undertaken, and there will be ongoing work to improve our services in line with the AGC recommendations.

6. Gwynedd Council – Arrangements for responding to the Local Government and Elections (Wales) Act 2021

Local report for Gwynedd from Audit Wales published in November 2022

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report that continue to require attention:

- i) Confirm and implement the plans for completing the external panel's performance assessment
- ii) Update on recruiting all the necessary lay members
- iii) Arrangements for the provision of training for Committee members
- iv) On a regional North Wales level, confirm the scrutiny arrangements, borrowing powers and the VAT status of the Corporate Joint Committee (CJC)

Progress against improvement proposals:

- i) Completed. Changes to the Constitution were made by the Full Council on the 28th of September 2023. The function of organising and appointing a panel was allocated to the Cabinet, with the response to the report and recommendations retained by the Full Council.

Following this, a decision was made at Cabinet on the 7th of November to conduct the Panel assessment during October 2024 and the results/recommendations will be reported to the Governance and Audit Committee, Cabinet, and the Full Council in due course.

- ii) There is further recognition that the traditional route of advertising has not provided enough suitable candidates to fill the requirement. We will continue to engage with professional bodies etc to identify suitable individuals.
- iii) A Workshop will be held in the early months of 2024 to assess the effectiveness of the Committee. The workshop should identify specific areas where members feel the need for training and a programme will be drawn up based on that.
- iv) Councils' feedback is expected on potential scrutiny options that will run concurrently with the Ambition Board transfer project. The project of transferring the work of the Ambition Board continues to progress at a regional level. Gwynedd is involved in this work and provides support to the CJC and the Ambition Board to achieve this. It is noted however that the Ambition Board transfer project is not a core part of establishing the CJC as a corporation

The VAT and borrowing arrangements have now been ironed out. This meant that the CJC has the same VAT status that belongs to councils and can access public body loan arrangements."

Conclusion

On-going.

Timetable

It is anticipated that the recommendations will be completed by the end of 2023/24.

Additional reports since September 2023

7. Review of the effectiveness of scrutiny – Cyngor Gwynedd

Local report for Gwynedd from Audit Wales published in October 2023 (Sept. noted on the Welsh version)

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report -

R1 – Formulating a scrutiny programme

The Cabinet forward programme and the Council Plan should have further influence on the forward programme of the public scrutiny committees so that the output of scrutiny feeds into decisions planned by Cabinet.

R2 – Highlighting performance information

Performance information should be given higher visibility within the public scrutiny committees to challenge progress made.

R3 – Training

Appropriate providers, whether internal or external, should be used to deliver training in specialist areas such as questioning skills, financial affairs and the Wellbeing of Future Generations Act, to effectively increase members' confidence to challenge.

R4 – Strengthening legislative consideration

Scrutiny processes should be reviewed to ensure there is a proper emphasis on legislation including the Equality Act 2010 and the Well-being of Future Generations (Wales) Act 2015, to ensure compliance with them.

R5 - Scrutiny investigations

Consideration should be given to conducting a higher number of investigations inviting a limited number of members to join the task group and finish from all scrutiny committees or all members, so that those interested in the field have the opportunity to participate and maintain enthusiasm. This will be a medium for public engagement as well.

R6 - Tracking the impact of scrutiny

The reporting of scrutiny committee decisions and the adoption of a formal tracking regime should be strengthened, to get the best value for money and publicly highlight the contribution of the scrutiny regime to council governance.

The trail of the discussion on the recommendations

A1 – The Scrutiny committees' annual workshops give detailed attention to the Council Plan, prioritising items of the Plan when they are timely to be scrutinised.

We have already moved forward with arrangements to strengthen the Cabinet's forward programme in order to improve the correlation between the Cabinet and Scrutiny forward programme.

A new template for Cabinet reports includes specific reference to matters raised by the scrutiny committees and has been operational since September 2023.

Annual milestones that need to be achieved for the Council Plan have been shared with the relevant Members and Scrutiny Officers.

A2 – Work is already moving forward as the corporate directors are attending performance challenging meetings jointly with the Scrutiny Members, with the directors supporting the Scrutineers to identify matters to be scrutinised further.

Further consideration is given to reporting publicly as the performance challenging arrangements are developed and adapted.

A3 – A comprehensive training programme is provided for Councillors, and the first two years following an election are always intensive. Professional providers are used to provide training, whether they be internal or external officers.

Training has already been provided to the Chairs and Vice-Chairs of Scrutiny Committees on "Chairing Skills", which included a section on ensuring clear recommendations from the committee. This was carried out in September 2023 by in-house professional officers. A further session is planned in May 2024 for Chairs, Vice-Chairs and aspiring Chairs.

Sessions on 'scrutiny questioning skills' are scheduled for March 2024 for all scrutiny members. The annual training on the requirements of the Well-being of Future Generations Act takes place at the annual workshops.

A4 – We will continue to remind Councillors of the requirements in the annual training at the annual scrutiny workshops when formulating the programme of work.

We are including a leaflet to remind the Councillors of the relevant considerations when sharing each meeting agenda with them.

A5 – There has been a reduction in the scrutiny investigations held following covid-19 restrictions. Recommencing the formal scrutiny work in the committees was prioritised. It was decided to recommence the scrutiny investigations at the start of the new Council term.

The current arrangements for investigations mean that we try and identify members from amongst the committees for investigations, extending the invitation to all members if there isn't sufficient interest. Our investigations are already a medium to strengthen the engagement with the public.

The "Gwynedd Category 3 Secondary Schools" investigation has already been completed and reported to committee in September 2023. An 'autism plan' task and finish group is being formed. Having an interest in a field brings certain challenges, as there's a need to be independent and non-biased in an investigation or task group.

A6 – A number of different factors come together in order to improve our arrangements for tracing the impact of scrutiny.

- Training for the scrutiny Chairs and Vice-Chairs on how to draw up clear recommendations and/or how to refer a matter to the Cabinet has been provided as part of the "Chairing Skills" training.
- There are specific references in Cabinet reports to the considerations raised by scrutiny committees.
- Members of the Scrutiny Forum self-evaluate their performance, including assessing the impact of scrutiny.
- We will consider the role of Scrutiny Chairs to present the findings or recommendations on matters that were scrutinised prior to Cabinet consideration

Progress against improvement proposals

Work is already underway to address many of the recommendations and others are ongoing. The work coincides with the review into scrutiny arrangements, progress was reported to the Governance and Audit Committee meeting on 18/01/2024.

Conclusion

On-going.

PART 2 - National or general reports that are relevant to Local Government

1. Provision of Local Government Service to Rural Communities: Community Asset Transfer

National Report from Audit Wales, published in December 2018

[Link to the report on the Audit Wales website](#)

Improvement Proposals arising from the report –

1. Local authorities need to do more to make CATs simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.
2. Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. We conclude that there is considerable scope to improve the business planning, preparation, and after-care for community asset transfer. We recommend that local authorities:
 - identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;
 - work with town and community councils to develop their ability to take on more CATs;
 - identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;
 - ensure their CAT policy adequately covers after-care, long term support, post transfer support, signposting access to finance, and sharing the learning about what works well; and
 - refer to access to funding, and share the learning regarding what works well; and
 - support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.

The direction of the discussion on the recommendations

Gwynedd Council is currently working on creating a new Regeneration Plan for the county. The county is split into 13 areas and a local area plan will be prepared for each of the 13 areas. As the initial part of the plan we have consulted with operational community groups and town and community councils to seek the views on the important themes for communities and how a model of collaboration can be built upon to act on these priorities. This is a combination of a number of cross-departmental consultation that are happening. Also in 2022 we have opened the consultation to the broader public, with the consultation open between March and the end of June 2022, and over 3,600 questionnaires that have been recorded and analysed were received. Reports for each of the 13 local regeneration areas have been prepared in order to summarise the observations received. During

September and October 2022, workshops were established with local organisations in each of the 13 local regeneration areas. The purpose of the workshops was to report back on the outcomes of the engagement work, addressing local priorities. The workshops were also an opportunity to consider and discuss local projects and commence the work of drawing up action plans. Local regeneration plans (draft) were completed during February/March for every individual area. During May and June 2023, a series of further workshops were organized in the local areas to consider and discuss the draft action plans giving the communities an opportunity to add and confirm local plans.

We now have a draft area plan for each of the 13 areas with an action plan outlining plans that are taking place locally through community activity. We have set up a cross-departmental group to share the plans with other Council departments to ensure that the action plans include all Council projects in the areas. During March-April 2024 we will present the plans to the public in a series of local workshops to identify partners and to see whether local partnerships need to be established to implement plans.

Progress against improvement proposals

Historically the Economy Department within the Council has done a lot of work in terms of transferring assets to Community Councils, Enterprises and Community Groups. We are working with several Community / Town Councils, groups or community initiatives to build their capacity to undertake more Community Asset Transfer schemes, with several schemes currently underway. We anticipate that the work of developing the area plans is a means of maximizing the number of assets whether it is a building or land that is transferred to community management for community benefit, and a means of developing more community interest and encouragement to take control of assets for the benefit of their communities. We will continue to support groups to strengthen capacity within communities to identify opportunities and support to identify funding sources for business plans and ensure a viable plan.

Conclusion

On-going.

Timetable

We anticipate that the actions to respond to the recommendations will be completed by March 2024.

2. Direct Payments for Social Care Provision for Adults

National Report by Audit Wales published in April 2022

[Link to the report on Audit Wales website](#)

Improvement Proposals arising from the report

In part 1, the report recommends that local authorities:

- Review public information and discuss with service users and carers to ensure that they are clear, concise, and fully explain what they need to know about Direct Payments.
- Undertakes additional promotion work to encourage people to use Direct Payments.

- Ensure that advocacy services are considered at the first point of contact to provide independent advice about Direct Payments to service users and carers.
- Ensure that information about Direct Payments are available at the front door to social care and that they are included in the initial discussion on the options in terms of the care available to service users and carers.
- Provide training for social workers on Direct Payments to ensure that they fully understand their potential and feel confident and promote them to service users and carers.

In part 2:

- Collaborate to develop a joint Recruitment and Retention Plan for Personal Assistants.
- Explain policy expectations in clear and accessible language and note: what Direct Payments can pay for; how the application and assessment processes, time-scales and review processes are working; how monitoring the direct payments and required paperwork to verify how payments work; how unused money is treated and which one can be banked; and how to administrate and manage joint budgets.

In part 3:

- Collaborate to establish a system to evaluate Direct Payments in full, and this being a system that records every element of the process - information, promotion, assessment, management and evaluating impact on well-being and independence.
- Publish information about performance annually for every element of Direct Payments in order to make it possible to have a whole system overview of how they are provided and of their impact to support improvement.

The direction of the discussion on the recommendations

This is a report in response to a national matter, therefore there are no specific recommendations for Gwynedd. Nevertheless, the recommendations have been considered by the Adults, Health and Well-being Department, and are being implemented. As a Department, we are fully aware that Gwynedd's use of direct payments is the lowest in Wales and that the service has not been of the standard that we expect, and this is being addressed as described below.

Progress against improvement proposals

Part 1 and Part 2:

Before reviewing the public information and material available for direct payments, developing training for social workers etc, we needed to be clear what is being offered in terms of direct payments/payroll service support in Gwynedd. The direct payments regime is now clearer.

We noted last fall that there were frustrating issues when working with an external company providing the direct payment support service on our behalf at the time. This led to a number of complaints and frustration from individuals receiving direct payments. The future of this service was under review. The agreement with the external company has now been terminated, and staff have transferred to the Council under TUPE regulations. The support service will be internal to the Council from now

on, and direct payment users will be allowed to choose their own payroll provider where they will employ workers themselves. The new regime will give users of direct payments more say and control in accordance with the Act, but also give the Department more control and oversight.

A full programme of work and a project manager are in place to act on the programme of work. Most of the work programme is expected to be completed by 31/3/24.

As well as looking at the whole system, the information available, how direct payments are promoted etc, the direct payments project group has been looking at our options in terms of maintaining the direct payments support service. As noted above, one of the group's recommendations has been implemented (to internalise the direct payments support service). The next step, which we're currently developing, is to simplify and promote the service, and we expect this to be implemented by 31/3/24.

Part 3:

A comprehensive evaluation system and direct payment performance information will be part of the work programme, but will likely follow the work described above as the last step. These recommendations are therefore expected to be fully implemented during March and April 2024.

Conclusion

On-going.

Timetable

We anticipate that the remaining actions to answer Part 1 and 2 recommendations will be completed by the end of March 2024, and Part 3 by May 2024.

3. Time for Change - Poverty in Wales

National Report from the Auditor General for Wales November 2022

[Link to the report on the Audit Wales website](#)

Improvement Proposals arising from the report requiring updates –

Recommendation 2

Strategies, targets and reports on local performance in order to address poverty and mitigate it

In Paragraphs 2.13 – 2.23 and Paragraphs 3.33 – 3.35 we highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to co-ordinate their efforts, meet local needs and support the revised national plan targets and actions. This should:

- include SMART local actions with a greater emphasis on prevention;
- include a detailed resourcing plan for the length of the strategy;
- be developed with involvement from other public sector partners, the third sector, and those with experience of poverty;
- include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; and
- be subject to annual public reporting to enable a whole system view of poverty locally to help improve delivery and support.

Recommendation 5

Map experiences to create inclusive services for people in poverty

In Paragraphs 3.2 – 3.6 we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents' 'lived experience' through meaningful involvement in decision-making using 'experience mapping' and/or 'Poverty Truth Commissions' to review and improve accessibility to and use of council services.

Recommendation 8

Compliance with the socio-economic duty

In Paragraphs 3.27 to 3.32 we set out that while all councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to:

- ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis;
- ensure integrated impact assessments capture information on:
 - involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is coproducing with;
 - the cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council;
 - how the council will monitor and evaluate impact and will take corrective action;
- and
- an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment.

The direction of the discussion on the recommendations

Recommendation 2

The Wellbeing Plan 2023-28 prioritises working together to mitigate the impact of poverty on the wellbeing of our communities and work has begun on formulating work programmes to work together on this. At a time of dwindling public sector resources and significant funding cuts, working together to tackle poverty is more important than ever so that we can deliver the best outcomes for the residents of

Gwynedd and Anglesey. The programme of work will be presented to the Scrutiny Committees in the spring.

Recommendation 5

Over the past 18 months we have engaged with a large number of people who are in poverty and who contact the Council's services when they are in crisis. At present, we prioritise dealing with the emergency (whether that might be vouchers for food, fuel, or essentials) and when time or circumstances allow, we follow up with a number of those individuals to gather feedback. We have also undertaken work to understand the people of Gwynedd's experiences of living in poverty – people who do not necessarily engage with services at present, to understand the barriers that they face. We have used those messages to produce our communication plan, review some of our arrangements and shape our short-term work programme to respond to the cost-of-living crisis. Residents have told us that accessing the latest information on all the support that is available in one place is useful, therefore our Help with Living Costs website is maintained and updated regularly with our own information and that of our partners; residents have also told us that they are required to contact more than one service through usual methods such as on the phone, visiting offices is difficult, therefore we have organised a series of events jointly with our partners taking services to village halls, etc. throughout the county.

Since our previous progress report, we have now collaborated with WCPP on a poverty stigma project to draw on people's experiences of cost-of-living support and poverty. We have also modified and relaunched our Cost-of-Living website to respond to people's experiences in terms of language and labels on the support and service offered. We have also prioritized work on stigma and people's experiences of food poverty, and we will work with Menter Môn and Public Health Wales on a Behavioral Change project towards providing food poverty support.

Recommendation 8 -

Cyngor Gwynedd is a part of the North Wales Public Sector Equality Network. The members of the NWPSSEN (the six counties, BCUHB, Eryri National Park, North Wales Police, the Fire and Rescue Service and the Ambulance Service), have used their expertise and knowledge, and created an integrated tool which includes equality, the socio-economic duty, the Welsh language and human rights. The guidance of Welsh Government and the Equality and Human Rights Commission was followed and input was received from the offices of that Commission and the Welsh Language Commissioner. The intention of the tool is to facilitate partnership work (by having one acknowledged form), and for the use of the individual organisations. A number of NWPSSEN Members use a version of this. We have adapted it slightly and are in the process of adopting this as our new template in electronic form. We are currently piloting the new template. It is expected that IT will have completed the work so that it becomes operational by the new financial year. To accompany this, we are preparing a resource that will include the most relevant, comprehensive and current data. Ensuring engagement is an important part of the questions in the tool and a list of organisations is available. There is a need to monitor the assessment often and the tool includes a question in order to create an action plan.

Progress against improvement proposals

This report was published in November 2022, and some recommendations have already been delivered (reported to committee in February and September 2023) and updates on the remaining ones are provided above.

Conclusion

On-going.

Timetable

Details for the various recommendations are outlined above.

4. Equality Impact Assessment: more than a tick box exercise?

National Report from the Auditor General for Wales September 2022

[Link to the report on the Audit Wales website](#)

Improvement Proposals arising from the report –

Recommendation 1

Clarifying the scope of the duty to impact assess policies and practices

There is scope for confusion about which type of policies and practices must be subject to an assessment for their impact on the public sector equality duty. The Welsh Government should clarify its interpretation of the duty, including whether and how it expects public bodies to apply any test of proportionality and relevance.

Recommendation 2

Building a picture of what good integrated impact assessment looks like

Many public bodies carry out integrated impact assessments that include consideration of the PSED alongside other duties. But practice is inconsistent and often involved collating multiple assessments in one place, rather than being truly integrated, to help maximise the intended benefits of integrated impact assessments, the Welsh Government should work with key stakeholders with an interest in the areas commonly covered by integrated impact assessments and those with lived experiences, to share learning and work towards a shared understanding of what good looks like for an integrated impact assessment.

Recommendation 3

Applying the equality duties to collaborative public bodies and Partnerships

The public sector landscape has changed since the introduction of the PSED and the Welsh specific duties, with an increasing focus on collaborative planning and delivery. The Welsh Government should review whether it needs to update the Wales specific regulations to cover a wider range of collaborative and partnership arrangements. These include public services boards, regional partnership boards and other service specific partnerships.

Recommendation 4

Reviewing public bodies' current approach for conducting EIAs

While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed

guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the PSED Wales specific regulations may have implications for current guidance in due course.

The direction of the discussion on the recommendations

These recommendations are general and nation-wide and therefore they are not all relevant to us in Cyngor Gwynedd.

Recommendation 2 - again a matter for the Government in the main, but it should be noted that members of the North Wales Public Sector Equality Network. The members of the NWPSSEN (the six counties, BCUHB, Eryri National Park, North Wales Police, the Fire and Rescue Service and the Ambulance Service), have used their expertise and knowledge, and created an integrated tool which includes equality, the socio-economic duty, the Welsh language and human rights. The guidance of Welsh Government and the Equality and Human Rights Commission was followed and input was received from the offices of that Commission and the Welsh Language Commissioner. The intention of the tool is to facilitate partnership work (by having one acknowledged form), and for the use of the individual organisations. A number of NWPSSEN Members use a version of this. We have adapted it slightly and are in the process of obtaining this as our new template in electronic form. Although there has been a delay with this work, the new template is currently being piloted.

Recommendation 4 - we have already acknowledged that we have work to do to improve the procedure and this is why we have adopted the new template that is based on the experience of all organisations. The equality officers attended an Audit Wales Good Practice Event to obtain guidance and discussion regarding the field. Following this meeting we are of the view that we are on the right track with the new template, although we are ready to make changes if guidance to that effect is received from the Government.

Progress against improvement proposals

Work had already been done in this field before we received the recommendations, but we will act further as explained above.

Conclusion

On-going.

Timetable

We anticipate that actions to respond to the recommendations will be completed by the end of April 2024, although, indeed, there will be a need for subsequent careful monitoring. We will also need to see what will emerge from the Government under Recommendations 1, 2 and 3.

5. Gwynedd Council – Decarbonisation Progress

Letter from Audit Wales, December 2022

[Link to the report on the Audit Wales website](#)

Recommendations arising from the report:

- R1 The Council should ensure that the high-level actions in its decarbonisation plan are:
- prioritised based on clear criteria, including carbon and financial impact;
 - aligned with its Medium-Term Financial Strategy and Capital Programme;
- and
- integrated into business plans
- R2 The Council should develop a robust set of metrics to measure and report progress on its decarbonisation journey

The direction of the discussion on the recommendations

Recommendation 1

Developing the projects in the Climate and Nature Emergency Plan (CNEP), and monitoring their performance, is the responsibility of the Climate and Nature Board (a member of the Communities Scrutiny Committee sits on the board). Where substantial financial investment is required to realise projects, then a business plan is submitted to a meeting of the Cabinet to be approved or otherwise – such as the Phase 4 PV Scheme and the Green Fleet Strategy.

Some projects are included in the CNEP because we already have data that shows they will have a positive impact on reducing carbon emissions or increasing carbon sequestration. If there is no data available, projects have been included because there is sufficient evidence that they will lead to a positive outcome – e.g. installing charging points in public places for use by the residents of Gwynedd. Nevertheless, we are refining our internal processes of prioritising the timescale for starting and delivering projects.

Recommendation 2

The Council collects data on its carbon emissions and carbon sequestration levels and presents the data to the Welsh Government annually, following a reporting template that is used by most public organisations in Wales.

We can use the data to measure the effect of a number of the schemes in our Climate and Nature Emergency Plan – e.g. energy use, fleet emissions – but it is more difficult to make the link with others – e.g. encouraging active travel amongst residents and visitors, fostering and preserving residents and visitors' interest in ecological matters.

Progress against the recommendations

Recommendation 1

All projects are included in the Climate and Nature Emergency Plan because it will reduce carbon emissions or increase carbon absorption levels. We have not delayed to financially price every single project before commencing implementation, but rather prioritised the projects that will reduce our carbon emissions in the categories where we have reliable high emissions data – eg. Install solar PV panels and implement our Green Fleet Plan.

All projects are developed and challenged by the Climate and Nature Board, and decisions on their funding are made in accordance with established internal processes. All of this, therefore, takes place in the context of the Medium-Term Financial Strategy and the Capital Programme.

The process of reviewing the Council's business strategies and plans is ongoing, and work has begun to see how we can incorporate carbon impact measurement into business plans. We are also developing guidance to support our staff to reduce carbon emissions through the procurement chain.

Recommendation 2

The Council collects data on its carbon emissions and carbon absorption levels and submits them to Welsh Government annually following a reporting template used by most public institutions in Wales. We used the data collected for year 2022/23 to produce the first [Annual Report on our Climate Emergency Plan and Nature](#) published in December 2023. We will continue to collect data and publish an Annual Report every year into the future.

Conclusion:

Recommendation 1 - On-going.

Recommendation 1 - Completed – continuous work

Timetable:

The procurement guidance is expected to be completed by the end of March 2024. The nature of reviewing business plans means that the timeframe of doing so is on-going.

Additional reports since September 2023

6. **'A missed opportunity' – Social Enterprises**

Report of the Auditor General for Wales, December 2022

[Link to the report on the Audit Wales website](#)

Recommendations arising from the report:

- R1 To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to:
- self-evaluate current Social Enterprise engagement, management, performance and practice;
 - identify opportunities to improve joint working; and
 - jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.
- R2 To drive improvement we recommend that the local authority:
- formally approve the completed Action Plan;
 - regularly report, monitor and evaluate performance at relevant scrutiny committees; and
 - revise actions and targets in light of the authority's evaluation and assessment of its performance.
- A3 To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.

The direction of the discussion on the recommendations

- R1** – The appendix is a checklist in three parts, namely Strategy, Commissioning and Procurement and Performance Management.

The work on developing a strategy and vision has started by holding a joint face-to-face meeting with representatives of Gwynedd's social enterprises in July. A workshop was held and the attendees (Third Sector, Council Officers and Councilors) were given the opportunity to contribute to the development and coproduction of action priorities for us as a Council.

In terms of the Commissioning, Procurement and Performance Management elements, several points in the Checklist are already in place and active and it is planned to build on that over the coming months. The Market Stability Report was recently published for Gwynedd and was developed through discussions with the 3rd sector and other providers.

R2 – Recommendation A1 will need to be completed before we can take further action on A2.

R3 - Recommendation A1 will need to be completed before we can take further action on A3.

Progress against the recommendations

A1 - A Cross-Departmental Group of officers has completed a self-assessment using the checklist submitted by Audit Wales as part of the "Missed Opportunity" report. We have also drawn the attention of local social enterprises to the report and plan to discuss the conclusions of the self-assessment with them in the coming months.

A2 We have drafted an action plan but it will require consultation with internal departments and with our enterprise partners before it is adopted. We will aim to have a final action plan in place by the end of March 2024.

A3 - The Self-Assessment has identified that we have an understanding of what we are currently doing to develop and promote social enterprises in accordance with the requirement of Section 16. We have a record of the services commissioned and grants given to enterprises by different departments. Specifically in Health and Social Care we commission and provide grants to enterprises to respond to the Population Needs Assessment and to the Market Stability Report. We are also involved in promoting the social value of enterprise work through our contribution to the Regional and National Social Value Forum.

The draft action plan outlines what else we can do as a Council to promote and develop social enterprises. The Cabinet recently adopted a Social Value Framework as part of our procurement arrangements, and we will see that framework used in relevant contracts during the year.

Conclusion:

On-going.

Timetable:

As noted above.

NAME OF COMMITTEE	Governance and Audit Committee
Date of Meeting:	8 February 2024
Title of Item:	Estyn Inspection of Cyngor Gwynedd Education Services
Author:	Gwern ap Rhisiart

1. PURPOSE OF THE REPORT

- 1.1 Estyn carried out an inspection of education services at Cyngor Gwynedd during the week commencing 26 June 2023. The report on Estyn's findings following the inspection was published on 20 September 2023. The report can be seen in Appendix 1.
- 1.2 The purpose of this report is to present the Estyn report on education services at Cyngor Gwynedd for discussion before the Governance and Audit Committee. The Governance and Audit Committee has a duty to review and assess the Council's risk management arrangements, internal control, performance management and corporate governance and as part of that duty, there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.3 A discussion has already taken place at a meeting of the Education and Economy Scrutiny Committee on 8 November 2023.

2. A SUMMARY OF THE ESTYN REPORT. (June 2023)

- 2.1 The summary of the Estyn report on education services in Cyngor Gwynedd states that:
 - education is a clear priority in the Council's plans;
 - the Authority's staff embrace the principles of Ffordd Gwynedd and strive to embed these principles in their day-to-day work;
 - the inspection outcomes of Cyngor Gwynedd's schools and other education settings are strong; authority and GwE officers have a good knowledge of providers who can support them;
 - intervention to support schools that are a cause of concern is very effective, but in a very few cases, it has not been timely enough;
 - the well-being of children and young people in Gwynedd benefits from the support provided by the Youth Service, this is especially true for vulnerable pupils who are at risk of not being in education, employment or training after they leave school;
 - Gwynedd's school attendance rates do not currently compare favourably with national rates;
 - provision for learners with social, emotional and behavioural needs has strengthened, however, neither the status of, nor the steps for accessing the behaviour support hubs, are wholly clear;

- promoting the Welsh language is a clear priority for the authority and the education service;
- the immersion centres are particularly successful in enabling latecomers to the language to acquire Welsh, together with developing an innovative virtual resource to practise language patterns and vocabulary and dedicated podcasts on the benefits of learning Welsh;
- a strong feature of the authority's work with regard to the Welsh language is the range of valuable Welsh-medium resources that the authority's staff have developed for pupils with additional learning needs (ALN) and their families;
- the authority provides a wide range of post-16 courses that respond to the linguistic and economic needs of the county, however, the process of reviewing Arfon's post-16 education arrangements has been slow;
- positive examples of leaders implementing beneficial strategies that have led to improvements e.g. the authority's digital strategy, work on modernising schools and strengthening immersion provision;
- safeguarding arrangements within the education service are generally sound;
- the local authority has a good understanding of the financial situation within the education service.

3. ESTYN RECOMMENDATIONS

3.1 As part of its Inspection, Estyn noted the following recommendations:

- Ensure that leaders act strategically on all aspects of their work and that they have suitable oversight and full consideration of risk regarding important aspects that have arisen during the inspection.
- Improve arrangements for monitoring, evaluating and promoting pupils' attendance.
- Strengthen provision to respond to the needs of pupils with social, emotional and behavioural difficulties and ensure arrangements for monitoring and improving the quality of that provision.

3.2 The Education Department is in the process of reviewing its arrangements for planning improvement. We are eager to nurture a culture of continuous self-evaluation in the department in order to ensure that we achieve our purpose. Appendix 2 highlights the guidance that has recently been shared with the Education Department's managers.

3.3 Managers have produced improvement action plans in response to the Estyn recommendations. These plans include clear milestones and are reviewed regularly. As the self-evaluation cycle becomes embedded, the entire process will become an integral part of the department's work.

3.4 The improvement plans and their progress will be discussed with Estyn during our termly contact meetings.

3.5 In Appendix 3 you can see an initial action plan in response to Estyn's recommendations.

4. RECOMMENDATIONS

Members are asked to:-

- Provide observations on the contents of the Estyn report on education services in Cyngor Gwynedd;
- Consider any arrangements to scrutinise the Department's arrangements to respond to the report's recommendations in a timely manner.

A report on education services in

Cyngor Gwynedd

**Council Offices
Shirehall Street
Caernarfon
LL55 1SH**

Date of inspection: June 2023

by

**Estyn, His Majesty's Inspectorate for Education and
Training in Wales**

This report is also available in Welsh

About Cyngor Gwynedd

Cyngor Gwynedd in north-west Wales has a total population of around 117,000. The local authority maintains 95 mainstream schools. There are 79 primary schools, 12 secondary schools and two all-age schools. The local authority also maintains two special schools. The Chief Executive took up the post in April 2021 and the Head of Education was appointed in November 2017. The Leader of the Council has been in post since May 2017 and the Cabinet Member for Education took up this role in May 2022.

The local authority's last inspection was conducted in 2013. Cyngor Gwynedd is one of six local authorities within the north Wales regional school effectiveness and improvement service (GwE). In 2022-2023, the local authority's net education budget is around £121,488,000. The delegated school budget per pupil in 2022-2023 is £5,277, which is higher than the Welsh average of £5,032.

Inspectors take account of a wide range of information about the local population when evaluating outcomes and the quality of education services. They consider this information alongside information about the national population. Some of the most useful information about children and young people in Gwynedd is noted below:

- Over a three-year-period, 13.5% of pupils aged 5 to 15 have been eligible for free school meals, which is lower than the Welsh average of 23%. Eight point two per cent (8.2%) of pupils aged 5 to 15 come from ethnic minorities, which is lower than the Welsh average of 13.3%
- A total of 275 children are looked after by the local authority
- Eight point two per cent (8.2%) of pupils aged 5 to 15 have additional learning needs or special educational needs (School Action)
- Eight point eight per cent (8.8%) of pupils aged 5 to 15 have additional learning needs or special educational needs (School Action Plus)
- Two point seven per cent (2.7%) of pupils aged 5 to 15 have additional learning needs or special educational needs (Statemented)
- One point one per cent (1.1%) of pupils aged 5 to 15 have additional learning needs or special educational needs (Individual Development Plan)
- One point four per cent (1.4%) of pupils aged 5 to 15 have English as an additional language (A, B or C)
- Sixty-three point four per cent (63.4%) of pupils aged 5 or over are fluent in Welsh, which is higher than the national average of 15.6%

Summary

The aim of the leaders of Cyngor Gwynedd is to ensure the best start for the county's children and young people. Education is a clear priority in the Council's plans and putting the needs of the county's residents at the heart of the authority's work is a core part of the 'Gwynedd Way' of working. The authority's staff embrace the principles of the 'Gwynedd Way' and strive to embed these principles in their day-to-day work.

On the whole and over time, the inspection outcomes of Cyngor Gwynedd's schools and other education settings are strong. The authority works productively with the north Wales regional school effectiveness and improvement service (GwE) to support providers and authority and GwE officers have a good knowledge of them. They have recently strengthened their systems for gathering and sharing information and this has improved the quality of discussions about individual providers. GwE's priorities are based on the priorities of schools in the region. This helps the service to respond suitably to the needs of providers and ensures that professional development provision is appropriate. Overall, intervention to support schools that are a cause of concern is very effective, but in a very few cases, it has not been timely enough.

The well-being of children and young people in Gwynedd benefits from the support provided by the Youth Service. This is especially true for vulnerable pupils who are at risk of not being in education, employment or training after they leave school. Historically, Gwynedd's school attendance rates have been strong, but they do not currently compare favourably with national rates. This is partly because there is not enough of a strategic focus on monitoring or promoting attendance, particularly the attendance of groups such as pupils who are eligible for free school meals.

Provision for pupils with social, emotional and behavioural needs has strengthened over recent years. There is now more capacity to support these pupils and management arrangements are clearer. However, neither the status of, nor the steps for accessing the behaviour support hubs, are wholly clear. Senior leaders also do not have a strategic overview of the outcomes or nature and quality of this provision.

Promoting the Welsh language is a clear priority for the authority and the education service. The authority is investing heavily to ensure access to Welsh-medium and bilingual education and experiences for all children and young people in the county. The immersion centres are particularly successfully in enabling latecomers to the language to acquire Welsh. The staff in these centres also provide beneficial training for staff within schools and mainstream settings on how to support these pupils.

A strong feature of the authority's work with regard to the Welsh language is the range of valuable Welsh-medium resources that the authority's staff have developed. In response to the general shortage in this area, they have developed Welsh language resources for pupils with additional learning needs (ALN) and their families. This includes developing or adapting resources that are appropriate to the authority's context, as well as securing translation rights for international resources. The staff of the immersion system have developed an innovative virtual resource to practise language patterns and vocabulary and dedicated podcasts on the benefits of learning Welsh.

The authority provides a wide range of post-16 courses that respond to the linguistic and economic needs of the county. The Gwynedd and Anglesey Post-16 Education Consortium works together effectively to provide a range of courses for pupils across a variety of locations. This can cause travel challenges for pupils and the authority provides a free travel pass to mitigate this. The authority has been reviewing Arfon's post-16 education arrangements for some years, but this process has been slow.

There are positive examples of leaders implementing beneficial strategies that have led to improvements. These include the authority's digital strategy, work on modernising schools and strengthening immersion provision. However, leaders have not been strategic enough in addressing all aspects of their work. In particular, their improvement work has not been effective enough in terms of provision for pupils with social, emotional and behavioural difficulties, improving attendance and reviewing the post-16 provision in Arfon.

Safeguarding arrangements within the education service are generally sound. Officers understand their roles and responsibilities in this area and work effectively with children's services officers. Providers are given valuable support in terms of safeguarding and the quality of implementation of Part 5 of the Welsh Safeguarding Procedures is very thorough.

The local authority has a good understanding of the financial situation within the education service. Historically, the authority has succeeded in protecting the service from cuts, but this has proved to be more challenging in light of the current financial challenges.

Recommendations

- R1 Ensure that leaders act strategically on all aspects of their work and that they have suitable oversight and full consideration of risk regarding important aspects that have arisen during the inspection
- R2 Improve arrangements for monitoring, evaluating and promoting pupils' attendance
- R3 Strengthen provision to respond to the needs of pupils with social, emotional and behavioural difficulties and ensure arrangements for monitoring and improving the quality of that provision

What happens next

Following the publication of the inspection report, the local authority should update its plans to address the recommendations and to take account of shortcomings identified through the inspection process. The local authority should update its plans within three months of the publication of the inspection report.

Estyn will invite the provider to prepare case studies in relation to its work on developing Welsh-medium resources for pupils with additional learning needs (ALN) and their families, and for Welsh language immersion. The study will be shared on Estyn's website.

Main findings

Outcomes

We were unable to provide a full evaluation of outcomes. This is as a result of the effect of the COVID-19 pandemic, which caused the inspections of schools and most other education providers to be suspended since March 2020. It is also a result of the lack of data on outcomes that can be compared over time because the pandemic caused changes to the way that qualifications were awarded. This also affected most of the other data that we consider when making evaluations, such as school attendance, school exclusions and post-16 learner destinations, but we have recently begun to receive this type of data again. Any evaluations that follow provide context by reporting pre-pandemic outcomes or relate to more recent outcomes where the evidence base is valid and reliable.

On the whole and over time, the inspection outcomes of schools in Gwynedd are strong. Between September 2017 and March 2020, we inspected 46 settings. This included 35 primary schools, nine secondary schools, one all-age school and one special school. On the whole, inspection outcomes were positive, particularly in primary schools. Of the primary schools, follow-up activity was judged to be needed in only three of them. Of the secondary and all-age schools, follow-up activity was judged to be needed in four of them, including statutory follow-up in two of these schools. One school was judged to be in need of special measures, another school was judged to be in need of significant improvement and two schools were judged to be in need of Estyn review. Following improvements, none of these schools are now in need of follow-up activity. From September 2019 (when the procedure for inspecting the sector was changed), we inspected 11 non-maintained settings, but none were placed in a follow-up category.

Since February 2022, when we resumed school inspections following the pandemic, 25 settings have been inspected. This includes nine primary schools, one secondary school and 15 non-maintained settings. Overall, outcomes are positive and no settings were judged to be in need of statutory follow-up activity. There was no follow-up for the nurseries or seven primary schools. Two primary schools and the secondary school were judged to be in need of Estyn review.

Between 2017 and 2019, the performance of a majority of secondary schools in Gwynedd was better than, or similar to, what is expected in many of the performance indicators in key stage 4. The performance of a minority of secondary schools was lower or significantly lower than expected. Pupils in Gwynedd who are eligible for free school meals performed consistently better than the Welsh average in many key performance indicators between 2017 and 2019. The performance of this group of pupils in the indicator for 5 A*-A grades at GCSE or equivalent was slightly lower than the Welsh average over the same period.

The judgement on well-being and attitudes to learning was good or better in most Gwynedd inspections during the inspection cycle from September 2017 to March 2020. Of the 46 schools inspected during this period, well-being and attitudes to learning were good or better in nearly all schools.

Historically and before the pandemic, school attendance rates in Gwynedd were strong. However, the current attendance rates, particularly in most of the authority's secondary schools, do not compare favourably with national rates. This is partly because there is insufficient focus by the authority on the tight and clear processes that were in place to promote attendance prior to the pandemic. The authority has recognised the need to re-establish the strategic work to promote attendance. Overall, leadership has been slow to recognise the need to re-prioritise this work. Officers analyse and report on attendance per school, but they do not analyse or monitor attendance data forensically enough. For example, they do not analyse the attendance of specific groups of learners and, as such, they do not have a secure grasp of the trends and patterns of attendance of groups, such as pupils who are eligible for free school meals.

In three of the five years up to 2021, the rate of permanent exclusions was lower than, or similar to, the national rate. Over the same period, the rate of exclusions for five days or fewer increased gradually from being significantly below the national rate to being very similar in 2021. The rate of exclusions over five days was higher than the national average in three of the five years during this period.

There are occasional opportunities for pupils to contribute to corporate decisions. For example, children were consulted in the recent review of education and children's services. The youth service also seeks the views of young people on their needs and provision that is available to them and adapts and develops the services as a result. The authority's officers have begun to develop more formal and regular methods of seeking the views of children and young people.

The youth service promotes and supports pupils' well-being through a variety of beneficial activities. Through this work, young people make positive contributions to their local communities and their peers. For example, they organised a 'Well-being Festival' to promote the mental health and well-being of young people.

Cameo – The Well-being Festival

In response to the wishes of young people, youth workers supported them to lead on planning a well-being festival to promote the mental health and well-being of young people and provide access to information and support from a range of services. The festival developed to become a week-long event across the county. There were 31 organisations involved with the festival and 49 varied sessions were held during the week. More than 700 well-being boxes were also distributed to young people.

Youth workers are based in each secondary school for specific periods each week. They work with other agencies to identify and support vulnerable pupils by providing access to activities and valuable advice. They support these young people by providing access to more intensive and personal support. Their work contributes to ensuring that pupils in Year 11 progress appropriately to the next steps in terms of their education, employment or training. The number of young people who are not in

education, employment or training at the end of Year 11 has been below the national average in 4 of the last 5 years.

Education services

How thoroughly does the local authority challenge the performance of schools and ensure that they receive appropriate and timely support to help them improve?

Gwynedd education department works closely and effectively with the north Wales regional school effectiveness and improvement service (GwE) to improve provision offered by the authority's schools. There is a shared understanding of everyone's roles and officers work together closely and productively as one team.

Officers from the education department and GwE have a positive mindset based on supporting schools to improve by working alongside their leaders to evaluate provision and plan for improvement. They make effective use of activities that derive from first-hand evidence, such as scrutiny of books and lesson observations to form a view about the quality of provision and identify successes and areas for improvement.

Over time, the authority's officers have received useful information about the performance of schools and, on the whole, have used this information suitably. GwE officers have recently strengthened information-sharing processes by using specific software. This has enabled the authority's officers to have easy access to a comprehensive range of up-to-date information about all schools. As a result, the authority's education officers have a good knowledge of the authority's schools. They identify schools' main strengths and areas for improvement accurately. GwE provides a comprehensive range of relevant support for schools in Gwynedd and there is an individual support plan for each school that draws on this offer. It also organises additional intervention as necessary.

Authority officers and GwE officers meet regularly to discuss individual schools, clusters and overarching themes. They discuss the needs of schools at different tiers during meetings of the Needs Identification Board, the School Support Board and the County Quality Board. They make effective use of specific thresholds and triggers to escalate schools where concerns are increasing. Through the County Quality Board, senior officers and the cabinet member for education contribute to these discussions and challenge officers on the effect of their work to support schools. The new information-sharing arrangements have contributed to a recent improvement in the quality and incisiveness of discussions at these meetings. However, in a very few cases, intervention to support schools that are causing concern has not been timely enough. In addition, authority officers do not always make strategic enough use of information about pupils' attendance, including groups of pupils, to challenge schools to improve this aspect.

GwE identifies suitable high-level priorities through its Regional Business Plan, which is based on its identification of the needs of individual schools. This plan is approved annually by the Joint Committee, which includes the Gwynedd Local Authority

Cabinet Member for Education and the Management Board, which includes the authority's Head of Education. As a result, the authority can ensure that what GwE offers responds closely to the authority's local requirements.

In a very few cases, the authority identifies additional local priorities, which are aspects where it requires additional support beyond what is available through GwE's central offer. In the case of Gwynedd, the authority has identified that the difficulties in recruiting leaders means that it is necessary to identify potential future leaders sooner and plan succession in leadership at all levels and across the sectors. Recently, GwE has planned appropriate actions to support this area, which go beyond the wide range of training for leaders that is already in place.

GwE has a comprehensive professional learning offer for the teaching workforce. It also promotes school-to-school collaboration effectively, for example as primary schools work closely together in clusters and as secondary schools and special schools work together with others across the region in 'alliances' of schools that have a similar context. They have established useful partnerships to develop leaders' evaluation skills, for example as they scrutinise pupils' work jointly with colleagues from other schools.

The authority holds the region to account appropriately for the quality and effect of its work through the Management Board and the Joint Committee. Elected members challenge GwE officers suitably through scrutiny meetings.

How well does the authority support young people to receive suitable post-16 education or training?

The local authority's aspiration is to ensure high quality post-16 education where there is a wide choice of courses and qualifications that respond to the needs of the local, regional and national economy for all learners in Gwynedd. The Gwynedd and Anglesey Post-16 Education Consortium was established to implement this vision. The consortium includes schools with a sixth form, a further education college that has sites in Bangor, Glynllifon, Pwllheli, Dolgellau and Llangefni, and Gwynedd and Anglesey local authorities. This valuable partnership work means that a wide range of courses are available to learners. Suitable work training is also provided through the work of the further education college to facilitate apprenticeships and job growth schemes. The two special schools work with a range of partners, such as Antur Waunfawr, to meet the needs of their post-16 learners. They organise visits and experiences to support learners to access a range of opportunities, such as opportunities to develop social skills and life skills. In 2018, Cyngor Gwynedd began a consultation process on post-16 education in the Arfon area. Although the authority has resumed this process after the pandemic, the next steps in terms of Arfon's post-16 education systems remain unclear and the process has been slow.

The way in which post-16 education is provided within the consortium varies. Most schools in the Meirion and Dwyfor areas do not have a sixth form. Academic and vocational courses are provided at all levels by the further education college. Ysgol Godre's Berwyn has a small sixth form. It works with 'Esgol' and further education colleges to provide A-level courses and vocational subjects, such as agriculture. All secondary schools in Arfon have a sixth form where A-level courses are provided, in the main. There is valuable partnership work between these schools, the further

education college and Anglesey schools to expand the level 3 offer for their learners. Learners in Arfon who want to study access, level 1 or level 2 courses transfer to the further education college. The variations in provision and the geographical size of the authority mean that some learners have to travel a considerable distance to access their chosen courses. The authority ensures a free travel pass for post-16 learners to facilitate this.

The consortium has a comprehensive management structure. It includes a manager on behalf of the local authority, a lead board which includes representatives from the authorities and the further education college, a strategic group of secondary headteachers and the Arfon, Dwyfor and Meirionnydd curriculum delegate groups. Information is shared effectively between partners by using the consortium's website. For example, once schools have identified the names of pupils for partnership courses, the authority's transport department uses this information to organise transport. The lead board and strategic group evaluate the quality of the courses that are provided through the partnership appropriately. They produce reports that consider learners' outcomes, completion measures and qualitative descriptions of the provision. In the few best examples, reports include comments about the quality of teaching and learning from lesson observations. This information is used appropriately to decide whether a course should be offered or not. However, the consortium does not seek the views of post-16 learners about the quality of provision and their experiences specifically enough.

The authority's schools have appropriate arrangements to help pupils choose their post-16 pathways. They work jointly with partners, including the post-16 education consortium and Careers Wales, to provide independent advice. In the best examples, schools and the college hold a range of valuable activities, such as careers fairs and opportunities to sample courses through visits for the further education college. The consortium also produces a useful prospectus for partnership courses. The authority has recognised that it is difficult to view the complete offer in one place and is working to develop a website to address this.

There is valuable partnership work between the consortium and the youth service's post-16 team to support vulnerable learners to transition to post-16 education. The authority invested money to ensure the continuation of a plan to support young people who are at risk of becoming disengaged from education, training or employment which was originally funded by the European Social Fund. As a result, the youth service's post-16 education team provides dedicated support to help young people move on to education, training or employment. A multi-agency panel meets regularly to broker support for these learners. For example, they ensure practical support to visit the sites of the further education college and well-being and mental health support. As a result, the number who are not in education, training or employment is low.

The authority appointed a post-16 additional learning needs (ALN) quality officer to establish and develop processes to support the implementation of the new ALN Act. The officer works productively with the secondary schools and the further education college to plan support for the first pupils who will transfer to post-16 education within the new procedure in September 2023. Information is shared easily with the college through the authority's dedicated digital platform. This means that any arrangements for supporting post-16 ALN pupils are developing appropriately.

How effectively does the authority meet the needs of learners with social, emotional and behavioural difficulties (SEBD)?

Over time, the strategic and operational processes of Gwynedd education services to respond to the needs of pupils with social, emotional and behavioural difficulties have improved significantly. The vision of leaders to strengthen provision for these vulnerable pupils is now clear and suitable.

Senior managers have re-organised the additional learning needs (ALN) and inclusion service appropriately. They have identified the need to provide more specifically for supporting vulnerable pupils and to identify relevant managers to lead different aspects of the service. This includes appointing an inclusion manager and increasing the role of ALN quality officers to support pupils with emotional, social and behavioural difficulties. The authority has also increased capacity within the outreach behaviour support service to support mainstream schools with pupils from reception age up to Year 11. These changes contribute well to ensuring that the number of pupils who are in education other than at school (EOTAS) is low.

The authority has a range of purposeful procedures to plan provision and review the progress of pupils with ALN. These include the ALN and inclusion panel, the profound panel, the review panel and the ALN and inclusion moderation forum. On the whole, the purpose and remit of many of these procedures, together with the access to services protocol, are clear to schools. However, the steps that should be followed at school or the interventions that should be put in place before applying for a pupil to access the behaviour support hubs are not as clear.

Valuable information about pupils with ALN across the county is freely available to relevant stakeholders through a dedicated digital platform. This enables schools, experts, parents and pupils to play an active role in planning provision, monitoring and reporting on progress.

The ALN and inclusion service provides appropriate professional development opportunities for teachers and learning assistants to support them to provide beneficial interventions for pupils with social, emotional and behavioural difficulties. This includes training on attachment and the effect of trauma on children and young people. A range of relevant resources and intervention programmes are provided for schools to support the well-being of pupils across the age range. For example, the education psychology service has prepared valuable resources, such as beneficial mindfulness resources, to try to have a positive influence on pupils' well-being. The authority has also invested significantly to ensure that Welsh-medium resources are available to schools and this is a strong feature.

The authority's 'managed moves' protocol and arrangements are appropriate and lead to positive outcomes for pupils in a majority of cases. Arrangements for supporting pupils with serious medical needs are strong.

Suitable support is provided for most pupils with social, emotional and behavioural needs within mainstream schools. The local authority provides specific support to meet the social, emotional and behavioural needs of a few pupils in four alternative settings. The status of these settings is unclear as they are not registered as pupil referral units, although that is how they operate. The 'Llechan Lân' Centre in

Penygroes is a short-term education setting for pupils in Years 5-8. Provision at Llechan Lân is purposeful and support for pupils when they return to their schools is very effective. This is because the specialist staff there share their expertise successfully with staff in the mainstream schools to strengthen their ability to support pupils with behavioural difficulties. As a result, pupils who have attended this resource re-engage successfully in their mother school in most cases.

Since September 2021, the authority has improved its provision for older pupils with social, emotional and behavioural difficulties by commissioning two secondary schools to run hubs in three areas across Gwynedd. There are now three alternative education hubs for Year 9-11 pupils in Bangor, Caernarfon and Blaenau Ffestiniog. Overall, pupils who attend the hubs are happy and engage positively with their learning. Staff at the hubs take pride in their work and in the provision offered. They commit themselves to the responsibilities with great purpose and goodwill to provide pupils with positive learning experiences. They foster a positive and supportive relationship with pupils and their parents and this is an excellent feature. They work creatively to try to provide curricular experiences that are of interest to pupils and work purposefully with a wide range of relevant external agencies. This includes Careers Wales officers, youth workers, school nurses and police officers to support pupils and plan carefully for the next steps in their life. Suitable provision is offered, under the guidance of the subject teachers at the commissioning schools, for pupils to continue with their examination courses in Welsh, English, mathematics and some elements of science and a few other subjects or areas. Nearly all pupils in Year 11 sit a GCSE or other suitable qualification in the core subjects and a very few other subjects.

The social, emotional and behavioural needs of pupils who attend the individual hubs vary. As a result, tailoring provision to meet the specific needs of individual pupils within these hubs is challenging. Staff strive to create an appropriate supportive environment for learning and to support pupils to thrive emotionally at the hubs. However, there is too much variation in the suitability of the accommodation and the range of learning resources in the hubs to provide specialist education that supports the well-being and behaviour of vulnerable pupils.

Although a range of relevant officers are part of the initial arrangements for placing pupils in the hubs, there is insufficient contact between them and the hub managers to support their work and provide them with the necessary guidance. This includes inconsistency in monitoring, quality assurance and risk assessment arrangements. As a result, senior officers in Gwynedd education services do not have a strategic overview of the outcomes or the nature or quality of provision at the hubs.

How effective is the authority's Welsh language provision in terms of meeting the needs of learners and in terms of realising the WG vision of a million Welsh speakers by 2050?

The authority has a clear vision in terms of ensuring access to Welsh-medium education for pupils and young people in Gwynedd throughout their time in education. This is based on establishing a 'Welsh and bilingual education system which puts the needs of all of our learners at the heart of our provision'. Gwynedd's Welsh Language Policy, along with a range of other relevant policies, is a cornerstone of all of the authority's work and ensures opportunities for pupils and

young people to be confident bilingual learners. For example, the priorities of the 'Gwynedd Gymraeg' plan and the Welsh in Education Strategic Plan (WESP) reflect suitable key aspirations and targets over the medium and long term.

The Education Welsh Language Forum meets on a termly basis to monitor progress against the priorities and targets in the WESP and plan for improvement. This helps to ensure that leaders in the education department and elected members have a sound understanding of the priorities. The WESP sets a clear direction for developing the Welsh language across all sectors, which includes providing more opportunities for pupils and young people to learn and use the language confidently and as a normal part of everyday life. The plan identifies appropriate targets for this, which includes identifying challenges for the future. For example, it identifies the need to maintain and develop the Welsh language skills of the workforce by collaborating with a variety of strategic partners and external agencies.

The authority has a good working relationship with external agencies and umbrella organisations such as Mudiad Meithrin. They work together to promote the Welsh language in the early years by ensuring access to education and care. 'Gwynedd Yfory' projects state the importance of working with stakeholders to ensure that best start for all children in the county. For example, the authority has established Welsh-medium Flying Start centres in specific areas to support children and families. Successful co-operation with partners helps to ensure that nearly all children who attend non-maintained settings transfer to Welsh-medium education in schools.

Leaders and officers prioritise developing the Welsh language by investing in improving learning facilities. For example, they use the Gwynedd Sustainable Communities for Learning Programme to invest in new school buildings to provide early education and childcare through the medium of Welsh. They also use Welsh Government capital grants effectively to improve the quality of the Welsh language immersion centre buildings, in addition to building new settings to support primary and secondary pupils who are newcomers to the Welsh language. This also reduces the distance between pupils' homes and these centres and provides them with a good range of resources and facilities.

Fairly recently, the authority revised its Immersion Education system to ensure that the language policy is inclusive and supports latecomers, including pupils who have English as an additional language, to acquire the Welsh language. Under the purposeful guidance of new leaders, the service offers beneficial provision for primary and secondary pupils in six settings across the authority. The intensive ten-week course supports pupils to acquire beneficial linguistic skills that enable them to join their peers in their local schools and use the language formally and informally within their communities. The service also provides useful support and guidance for teachers and teaching assistants to develop pupils' Welsh language skills. For example, it has trained nearly all teachers and teaching assistants who work in foundation learning classes on good practice in terms of immersion methods.

A very positive element of the Gwynedd Immersion Education System's work is the effective use of digital technology to enrich pupils' experiences and motivate them to learn Welsh in a fun way.

Cameo – Using digital technology to encourage use of the Welsh language

Leaders and teachers are working with a local commercial company to create an innovative virtual resource based on their new Welsh language immersion scheme. The scheme is based on the imaginary village of Aberwla and the virtual equipment provides an excellent experience for pupils to practise language patterns and vocabulary. They also make effective use of promoting the benefits of learning Welsh and share good practice through dedicated podcasts, for example by interviewing former pupils from language centres and their families to share their experiences of learning the language.

A clear priority is given to ensuring that provision and services for pupils with additional learning needs (ALN) and their families are available through the medium of Welsh. All members of staff within the Additional Learning Needs and Inclusion Service are fluent Welsh speakers and are able to provide bilingually. The authority also works effectively with other agencies, such as the Local Health Board, to ensure that specialist support is available in Welsh to meet the needs of ALN pupils and their families.

The use of the Welsh language in informal situations in primary and secondary schools is encouraged appropriately through Welsh Language Charter activities. This contributes to improving pupils' Welsh language skills and Welshness, in addition to supporting cooperation between primary and secondary schools. The regional project, 'Ein Llais Ni', in cooperation with external partners such as Bangor University, helps to develop skills in teaching and learning oracy skills.

Schools provide many GCSE subjects through the medium of Welsh and a large number of pupils sit an examination in GCSE Welsh first language. This reflects the authority's vision and policy to develop pupils who are fully bilingual and promotes the advantages of studying through the medium of Welsh.

The authority has robust procedures to identify the linguistic skills of the workforce. This ensures that it identifies training needs and provides support as necessary. The partnership between the authority and other stakeholders, such as Bangor University and GwE, supports this work by providing specific courses for the full range of staff including teachers, learning assistants and administrative and catering staff.

Leadership and management

The authority's leaders have a clear vision for education in Gwynedd, with the aim of ensuring the best possible start for the county's children and young people. This vision includes a firm focus on ensuring that children and young people have equal access to education through the medium of Welsh.

The Leader of the Council and the Cabinet Member for Education are keen to mitigate the effects of poverty and promote equality in terms of access to education. This is highlighted clearly in the Council's Plan (2023-2028) with priorities which, for example, focus on reducing the cost of sending children to school, extending opportunities for children and young people to play and socialise and expanding the

availability of free school meals for pupils. Leaders are also trying to promote young people's access to post-16 education. For example, after considering the views of young people, the authority ensured travel passes for them so that they could reasonably reach their places of learning.

The Chief Executive believes strongly in the principle of continuous improvement. He has been central to the work of establishing a culture and ways of working that place residents at the heart of the authority's work, namely 'Ffordd Gwynedd'. The vision of 'Ffordd Gwynedd' has been shared effectively with the authority's officers and they strive to uphold 'Ffordd Gwynedd' in all aspects of their work. The Chief Executive promotes and maintains an effective working relationship with officers and staff across the authority and holds regular sessions to welcome their views and listen to their ideas. He also has a beneficial overview of the strengths and areas for improvement in different aspects of the Council's work and has established clear purposes for the work of departments and teams across the authority. Through this, he gives a clear direction to the work of leaders, teams and individuals within the education service.

The Head of Education and other leaders, such as the assistant heads, understand their roles and are aware of what they are aiming for in order to achieve their specific purposes within the education service. They set high expectations for their teams, by modelling and promoting professional values and behaviours that contribute positively to supporting schools and facilitate effective co-operation with other providers and partners. Stakeholders, such as school headteachers and relevant external partners, appreciate the open communication between leaders and officers of the education service. They appreciate the fact that they listen to their ideas and opinions, for example in different forums.

The authority continues to strengthen the alignment between the education service's plans and the revised Council Plan. The alignment is not currently wholly coherent. For example, there is a clear priority in the Council Plan in terms of mitigating the effects of poverty, but the authority does not monitor the attendance of pupils who are eligible for free school meals. Plans with partners, such as the regional school improvement service, are sound and support Gwynedd's ambition for education of the highest standard for its learners.

When planning for improvement, the authority's leaders weigh up the strengths and areas for improvement and identify clear 'purposes' for the education service's main areas of work. These purposes focus partly on the council's corporate priorities and partly on the normal activities of the education service. Metrics that accompany these are set sensibly, on the whole, and reflect the most important areas for improvement, although not all are incisive enough or focus clearly enough on learners' outcomes, where applicable. In some improvement plans, there are productive strategic actions to address priorities, for example as within the school modernisation programme, but they are less prominent in other improvement plans and areas. Leaders have recently provided additional resources in a timely manner to meet the needs of learners in a few areas, for example ALN and the Welsh language. However, the focus on improving learner attendance outcomes across Gwynedd is not firm enough.

On the whole, the authority has a strong track record of implementing beneficial strategies that have a positive influence on learners and improve provision for them. The digital strategies of the education services are a good example of an improvement that resulted from officers responding purposefully to the voice of school practitioners and leaders. The Council has planned purposefully and thoroughly to introduce modern school facilities in Bangor and Bala. There is also successful strategic planning to maintain and extend immersion provision to promote the Welsh language across Gwynedd. Recently, the education service has planned purposefully to agree on intervention thresholds with the regional school improvement service. Leaders have also thought flexibly to offer solutions to challenging situations within the authority. For example, the authority is facing recruitment challenges in different areas of the county and has begun to consider how more attractive jobs could be created.

Despite these positive examples of effective strategic planning, leaders have not been strategic enough in approaching all aspects of their work. They have not been strategic enough in ensuring consistency in provision to meet the needs of learners with social, emotional and behavioural difficulties or ensured sufficient supervision or oversight of the quality of the existing provision. Although the authority has conducted a number of reviews on suitable post-16 education or training, leaders have not yet set a clear enough strategic direction for transforming this provision. In addition, leaders have not resumed the work of promoting and monitoring better attendance in schools purposefully enough.

The authority has recently reinforced its systems for monitoring and challenging performance, by setting firm principles within its self-evaluation system. For example, there are valuable sessions for ensuring timely progress, which include the Cabinet Member. A healthy culture of challenging performance is developing and beginning to lead to further action.

The Council considers risks regularly. Risk assessments cover detailed considerations across a number of services in the education department. Overall, leaders mitigate risks promptly and sensibly. However, the department has not tackled some risks relating to the well-being and success of learners wholly successfully.

Within its work programme, the Education and Economy Scrutiny Committee considers a range of relevant issues that face the education service, such as the developments of the new curriculum and the strategy to promote the Welsh language. Joint planning between the Cabinet and the scrutiny committees to co-ordinate work programmes that support decisions is now improving. There is a productive relationship between the authority's leaders and officers and the Chairman of the Scrutiny Committee and the information that is prepared and shared with the committee is now more manageable and clearer. However, the scrutiny committee's consideration of the work of the projects within the Council Plan is currently limited.

The Council has consistent procedures and policies for managing staff performance internally. These include the principle of personal responsibility on individuals to develop professionally in a supportive environment. The Council provides a good range of internal training, internal secondments and opportunities to benefit from

leadership development offers and coaching and mentoring programmes from Academi Wales. The authority has introduced a valuable training offer to develop the workforce in relation to Additional Learning Needs (ALN). The regional school improvement service provides well for the professional development of practitioners and leaders in Gwynedd's schools.

The head of education and his senior management team undertake their statutory role to protect and safeguard children robustly and effectively and relevant leaders at all levels understand their roles and responsibilities. There is a robust procedure for strategic and operational meetings in relation to safeguarding issues. The representation of the education services in these processes and as part of the Corporate Parenting Panel is consistent and influential. Leaders at all levels have developed a mutual understanding with corresponding officers in children's services. As a result, they work together intelligently and productively for the benefit of the authority's children.

The corporate safeguarding policy is appropriate and the Education Services department provides a beneficial standardised safeguarding policy for schools, together with a large number of other relevant policies and guidelines. Clear guidance and valuable and beneficial support are given to headteachers and designated persons in schools by relevant officers, such as the designated safeguarding officer for education. Training arrangements for school staff at all levels, including governors, are robust. School headteachers welcome recent developments where the designated officer visits to check the quality and challenge the safeguarding arrangements of their schools. This has had a positive effect on strengthening the culture of safeguarding across schools in Gwynedd.

The quality of implementation of Section 5 of the Wales Safeguarding Procedures, when there are allegations against professional staff, is extremely robust and very thorough. The support and challenge given to schools by other departments in the authority on safeguarding and health and safety issues is valuable and effective. This includes clear guidance from the property and personnel departments on specific issues and risk assessments. However, the authority has not considered risk carefully enough for the inclusion hubs. Safe recruitment arrangements are robust and consistent.

The authority has a good understanding of the financial situation within the education service and officers are aware of the financial risks. The Council has a clear understanding of budgetary challenges but is not using the information sufficiently well to guide the use of its resources in the medium and long term. The local authority does not make full use of comparative data to compare the costs of its education services with other authorities.

The authority has funded the salary settlements of school staff in full, except in 2022-23, when electricity costs and the salaries of support and administrative staff were higher than expected when the budget was initially set. These additional costs were funded from school balances.

In the past, school budgets were protected from cuts compared with other services within the authority, but due to the current financial challenges, schools have been

asked to make a total of £1.966 million in savings during 2023-24 and 2024-25, which corresponds to 2.25% of the annual budget.

The net education budget per pupil was in the highest quartile of authorities in Wales in 2020/21, which is the last year for which data is available. In the same year, the budget per pupil in special schools was in the lowest quartile in Wales. Despite the Council's expenditure being above the Standard Expenditure Assessment, the budgeting of the education services was slightly below the baseline assessment for the education service.

School balances, as in other authorities, increased significantly from £4.3 million in 2019-20 to £16.7 million at the end of 2021-22. Four point eight million pounds (£4.8 million) of balances were used in 2022-23, reducing the balances to £11.9 million. At the end of 2022-23, three of the 96 schools have a deficit in their financial balances compared with the situation in the previous year, when all of the authority's schools had a surplus. Plans are underway to review and respond to the deficit. The authority has arrangements to accept plans from schools for using the surplus balances and recovering deficits.

The authority provides good support for the management and financial planning of schools and schools are positive about the support given. The School Finance Forum considers relevant issues, including setting the authority's annual budget. However, the forum has not discussed funding formulae recently and these have not been reviewed comprehensively since 2014. The authority has a range of service level agreements and, overall, a large number of schools take advantage of these. Service level agreements and contracts are reviewed periodically.

Appendix 1 – Cyngor Gwynedd case study

Cyngor Gwynedd's work in developing Welsh medium resources for pupils with additional education needs and their families, and for language immersion.

Information about the Local Education Authority

Gwynedd Local Education Authority has a clear vision in the context of Welsh-medium education for learners throughout their time in education. Gwynedd's Welsh Language Policy aims to develop confident bilingual learners and citizens. In Gwynedd, the Welsh language belongs to everyone, and the policy sets a direction and clear accountability for all schools.

Cyngor Gwynedd's Education Department is committed to contributing to national strategies and legislation in terms of promoting and increasing the use of the Welsh language. To this end, the department has prepared and introduced a Welsh in Education Strategic Plan, which outlines the vision for Welsh-medium education within the authority over the next ten years. In line with the statutory requirement, under section 44 of the Welsh Language Measure (Wales) 2011, the Council has produced and published county-wide strategies which outline how they will contribute to the national aim set in the Welsh Government's Welsh Language Strategy, Cymraeg 2050, to increase the number of Welsh speakers across Wales and increase the opportunities for people to use the Welsh language on a daily basis. Gwynedd's county-wide Welsh Language Strategy (Welsh Language Promotion Plan for Gwynedd 2018-23) sets the commitment and vision for the whole county, and the work of the Education Department and the aims of the WESP contribute to the objectives of that county-wide strategy.

Developing Welsh-medium resources for learners with additional learning needs and inclusion

The Authority in partnership with Cyngor Ynys Môn have invested in a central Additional Learning Needs and Inclusion (ALN&I) service. This service is available to all education providers within the county to provide support and advice for learners with ALN&I needs or to prevent these needs from developing. This is by providing resources, training and direct input for schools and learners.

The ALN&I service provides a fully bilingual service, with all members of staff within the service being able to provide through the medium of Welsh. The need for provision through the medium of Welsh is emphasised within the recruitment process.

Developing resources through the medium of Welsh is an integral part of this work and the training provided by the team is available through the medium of Welsh. There is a wide range of appropriate resources that are developed continuously to correspond to the identified need and to align with the provision that is offered. This includes areas of behaviour, well-being and mental health support, specific learning needs (literacy and numeracy), communication and interaction, and sensory, medical and physical needs. A specific website has been set up to be used by parents and

carers, and a specific website for school staff which enables them to download resources, in addition to an online classroom for specific learning needs resources. Everything on the website is available bilingually: www.adyach.cymru. The online Individual Development Plan is also fully bilingual so that it can be completed in the family's preferred language.

The above means that ALN&I provision aligns with the ethos and teaching provision within the county and promotes learners' skills and bilingualism from the outset. It also means that parents and carers can contribute to their children's person-centred discussions through the medium of Welsh or English with staff who are able to speak both languages.

The immersion education system

In order for the authority's Welsh language policy to be inclusive, a specialist service is provided within the county, namely the Immersion Education System. Since being established in its new form in January 2023, there are six strategic settings across the county, which provide a service for latecomers to acquire the Welsh language.

To ensure modern and up-to-date opportunities for learners to practise vocabulary and language patterns in our immersion centres, staff at the Immersion Education System have worked with Anni Llŷn and Animated Technologies to create an innovative virtual village. This project has been developed with Welsh Government revenue grant funding. This new scheme is based on an imaginary village called Aberwla and it incorporates specific language patterns within the language continuum in the Curriculum for Wales. It is a scheme that is relevant to the twenty-first century and reflects modern day Wales. The project enables latecomers to step into Aberwla on a virtual platform to practise language patterns in various locations around the village. On this digital platform, learners are given an opportunity to play games with each other e.g., when filling their basket in the supermarket or by reading instructions and following a shopping list. They also meet different characters and creatures from the usual at Tyddyn Swnllyd Farm and stay at the Glamping Ground for a couple of nights. They can also spend time at the leisure centre, the museum or help Ceri the mechanic at the garage. It is also possible to borrow a drone from the gadget shop to fly above the village to practise command patterns and directions e.g., right and left, forwards and backwards.

Welsh Government officials are very keen for Gwynedd to share this resource nationally and have released funding to facilitate this. The local authority is proud of the opportunity to share the resource for the benefit of learners and to support the Government's aim in Cymraeg 2050 across Wales. All authorities in Wales are welcome to use the resource by contacting canolfaniaith@gwynedd.llyw.cymru

Multimedia resources to reinforce language patterns and vocabulary are valuable, particularly virtual digital resources that appeal to children and young people. This resource is a means to reinforce the skills necessary to enable learners to use the Welsh language in a formal and informal context.

What is becoming clear is the interest learners have in the resource. It is very appealing to latecomers from primary to secondary schools. The virtual element is a means of enabling learners to immerse themselves in the activity and, when they

step onto the platform, they are happy to try to communicate through the medium of Welsh. The element of fun and enjoyment attached to the resource certainly has a positive influence on their development and is a means of normalising the Welsh language and making it contemporary in the virtual and digital arena.

Another innovative resource that is worth sharing nationally in the context of Welsh-medium education is the podcast 'Am filiwn', which deals with aspects of the world of a teacher that leads to increasing and developing pupils to become Welsh speakers and aims to create a million Welsh speakers. This podcast goes under the skin of immersion education and what happens in our language centres within our Immersion Education System. In the podcast, some learners and their parents share their experiences of attending the Welsh language immersion units in Gwynedd to learn Welsh. In addition, an experienced teacher also talks about the main immersion principles that have proved successful within the Immersion Education System in Gwynedd. This is a valuable resource for students following a teacher training course, for newly qualified teachers or for teachers at the beginning of their career to raise awareness and learn about effective immersion principles and strategies. The Am Filiwn Podcast (ypod.cymru) was developed in a series of podcasts for ITE, Bangor University in collaboration with Initial Teacher Education institutions in Wales, sponsored by Coleg Cymraeg Cenedlaethol.

Evidence base of the report

Before the inspection, inspectors:

- consulted the local authority on the local inspection questions to be used during the inspection, based on the authority's self-evaluation, strategic plans and relevant data held by Estyn
- analysed the outcomes from open questionnaires, including the views of learners, parents, school staff and governors, local authority staff, regional consortium staff, elected members and general public
- carried out a preliminary visit to the local authority to meet with a range of relevant partners to education services, such as learner representatives, headteachers and governors, and leaders from statutory and third sector agencies working with children and young people

During the inspection, inspectors:

- met with the leader of the council, elected members responsible for education services, elected members responsible for the scrutiny of education services, the chief executive, the director of education, other leaders and managers in education services, other relevant staff in the local authority, the managing director of the regional consortium for school improvement and other relevant staff from the regional consortium
- looked closely at the local authority's self-evaluation processes
- considered the local authority's strategic and operational plans for improvement
- scrutinised a variety of documents, including information on learner outcomes, information on the performance of schools and other education settings, including information from the regional consortium for school improvement, minutes from a range of meetings, reports presented to council or scrutiny, information relating to the safeguarding of learners and other information relevant to the local authority's education services held by Estyn

After the on-site inspection and before the publication of the report, Estyn:

- reviewed the findings of the inspection alongside the supporting evidence from the inspection team in order to validate, standardise and ensure the quality of the inspection
- provided a draft copy of the report for the local authority to note any concerns with factual accuracy, and made amendments where necessary

Copies of the report

Copies of this report are available from the local authority and from the Estyn website (www.estyn.gov.wales)

The report was produced in accordance with Section 38 of the Education Act 1997, the Children Act 2004 and the Learning and Skills Act 2000.

Every possible care has been taken to ensure that the information in this document is accurate at the time of publication. Any enquiries or comments regarding this document/publication should be addressed to:

Publications Section
Estyn
Anchor Court, Keen Road
Cardiff
CF24 5JW or by email to publications@estyn.gov.wales

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Self-evaluation Cycle

GWYNEDD EDUCATION SERVICE
2024 – 2025



Purpose

The purpose of this document is to set a direction and explain the self-evaluation cycle in the Education Department.

Developing a culture of continuous self-evaluation is essential to ensure that the department achieves its purpose, namely;

"Promote the attainment and welfare of Gwynedd children and young people by ensuring effective governance, leadership and management of our schools"

The Education Department is committed to improve our self-evaluation arrangements and is continuously looking for opportunities to ensure an effective and efficient infrastructure.

Principles

To ensure that the process is effective, the Education Department has adopted the following principles;

Collaboration

Self-evaluation leads to improving services when all key stakeholders contribute to the process, are aware of the findings, and act in accordance with them.

The Education Department has a number of key stakeholders, such as key services across the Council, the services commissioned regionally, such as GwE or joint services with other authorities, such as the Additional Learning Needs and Inclusion Service.

All key stakeholders commit to the Education Department's self-evaluation process, and adhere to the agreed planning, monitoring and evaluation requirements, in line with the agreed timetable.

Open and Honest

Effective self-evaluation demands that stakeholders are open and honest as they report and contribute to the process. In the absence of quantitative data and evidence of progress in some fields, it is key that we trust in the professional opinions of our colleagues.

Learners' experiences is a main focus

In accordance with the principles of Ffordd Gwynedd, it is key that we address the experiences of learners throughout the self-evaluation process. Each of our stakeholders considers how the service provided directly or indirectly affects the experiences of our learners and thus on our learners' progress.

Seeking the voice of service users

In accordance with the principles of Ffordd Gwynedd, we are seeking the views of our citizens and are looking at our services through the eyes of our citizens. We will ascertain the views of pupils, parents, school staff and headteachers regularly and ensure feedback for them on our findings. The findings will feed into the department's improvement plans as required.

Influence the strategic plans of the Education Department, the rest of the Council and beyond

Where appropriate, the self-evaluation process forms a key part of the strategic plans of the Education Department and the rest of the Council. The findings of our self-evaluation processes, where appropriate, feed into the improvement plan considerations of other Council departments and key stakeholders, such as GwE.

Making judgement

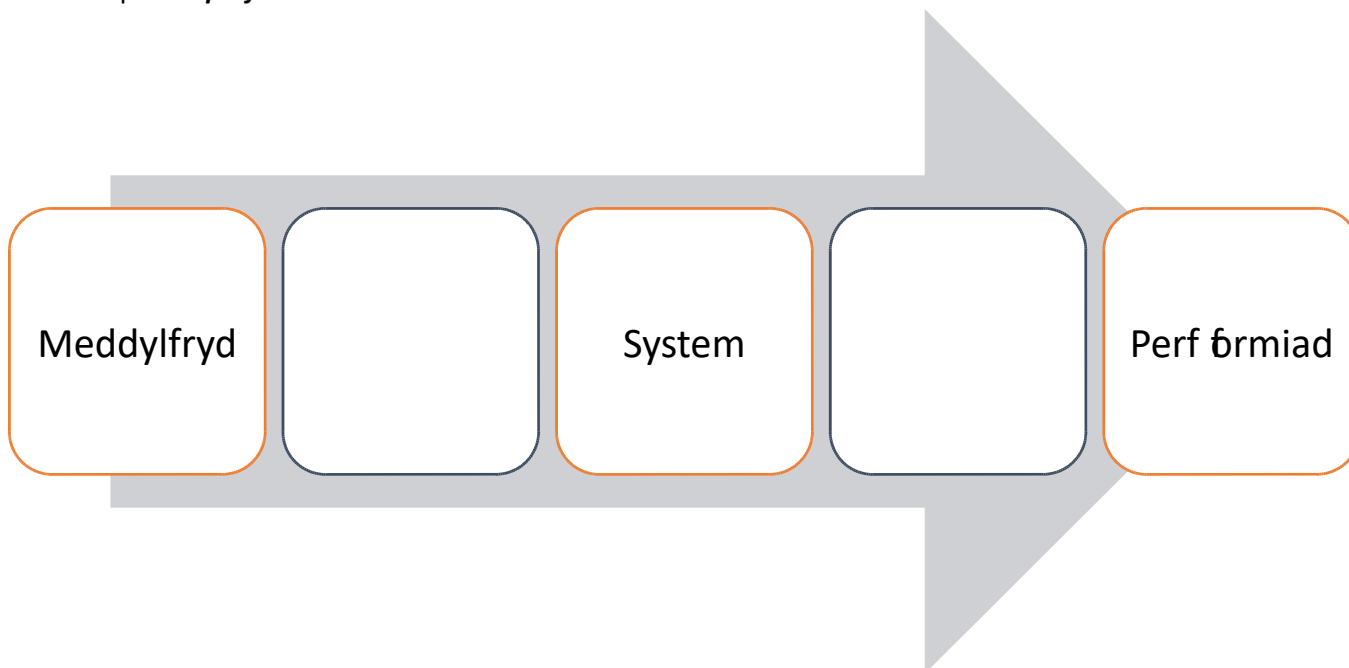
Where it is possible to consider managerial / performance measures or data as measurable and that it is possible to note trends over time, we will seek to come to an opinion and make judgements based on that judgement.





How does Ffordd Gwynedd influence the self-evaluation process?

In accordance with the principles of Ffordd Gwynedd we acknowledge that the ***mindset*** behind any system or service drives the ***performance***. We understand that doing the right things leads to improving ***systems*** and doing things better improves ***performance***.



When self-evaluating, the Education Department moves from a traditional way of thinking towards the Ffordd Gwynedd way of thinking.

Every service commences their self-evaluation journey by understanding *what matters to the people of Gwynedd*. They reflect on the ***demand on their service*** and reflect on the demand which adds value or reflects failure.

Every service ***defines their purpose in the citizen's terms***. This means giving a concise explanation of the unit's purpose and what service they provide.

Every service has a set of ***specific measures*** and these measure how well they achieve their purpose. Any other information that is used to help run the service will be referred to as ***managerial data***.

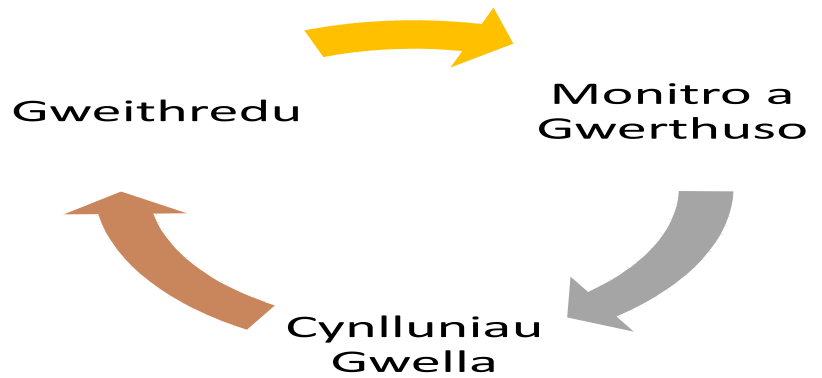
The Education Department is fostering a workforce that is confident in order to ***deliver for the people of Gwynedd***. *We do not want our staff to work on tasks automatically without any consideration to whether what they are achieving makes a difference to the people of Gwynedd*. To enable our workforce to do so, every service ***draws up operating principles*** that will prevent individuals from diverting from Ffordd Gwynedd and creating a risk to the authority.



Self-evaluation Cycle

Self-evaluation is not a purpose in itself. The information from the self-evaluation should be used to plan for improvements and ensure a regular cyclical process of monitoring, evaluating, and planning improvement. This is a continuous process and each of our stakeholders will fully commit to it.

The cycle itself encompasses three main parts.



Evaluation

Although it is an ongoing process, the Education Management Team will hold an annual exercise to self-evaluate strengths and areas requiring attention. A broad range of factors will feed into this annual self-evaluation, including;

- Progress against improvement plans
- Measures of individual services
- Specific managerial data
- Surveys from external bodies
- Reports from external bodies
- Outcomes of scrutiny processes
- Discussions and findings of the Cabinet Member for Education
- Discussions and findings of our strategic groups
- Questionnaires of children, parents, staff and headteachers



A report will be published at the end of the exercise in the form of the Annual Report of the Education Department.

Monitoring

All key stakeholders will monitor progress against their improvement plans on an ongoing basis and will formally report every quarter through an acknowledged reporting procedure.

All Departments will report on specific measures every month and will escalate specific challenges for the attention of the education management team, based on risk.

Challenging Performance

Progress against improvement plans and shortcomings in specific measures will be escalated to the attention of the Cabinet Member for Education and the Chief Executive based on risk, by means of monthly performance challenging meetings.

The performance challenging meetings will be an opportunity to highlight risks and, if appropriate, highlight the need to adapt improvement plans or amend our measures.



Progress of Commissioned Services

The Education Department commissions services such as the schools improvement services. Although the constitution and services management models varies, there is an expectation for commissioned services to monitor progress against improvement plans and agreed specific measures.



It is understandable that there may be variations in terms of monitoring and evaluation methods. However, the expectation in terms of reporting in accordance with the Education Department's timetable is consistent and applies to all.

Challenging the Performance of Council Plan Projects

Progress against the main projects of the Education Department will be discussed at Project Boards with challenges being escalated to the attention of the Cabinet Member for Education and the Chief Executive, based on risk, through the termly Programme Board.

Twice a year, the Cabinet Member for Education, the Chief Executive, and Chair and Vice-chair of the Education Scrutiny Committee, will hold a specific session to challenge performance and the progress of these projects specifically.

Education Services' Annual Questionnaire

In accordance with the principles of Ffordd Gwynedd, the Education Department understands the importance of looking at our services and their effectiveness through the eyes of the citizen. In order to do this, the department will publish an annual questionnaire that will seek the views of pupils, parents, staff and headteachers of Gwynedd schools. The findings of these questionnaires will be published on our website and will form the basis, where appropriate, to our services' improvement plans.

Monitoring Questionnaires

In addition to the annual questionnaire, our services will monitor progress against their specific measures by means of monthly monitoring questionnaires. These will be short questionnaires that will assist our services to ascertain views and obtain regular feedback on the performance of services.

Responsibilities

There is a responsibility on all key stakeholders to monitor and evaluate the progress of services regularly. However, some specific roles shoulder specific responsibilities and ensure accountability on every level.

The Head of Education ensures that the annual evaluation is completed on time and verifies the accuracy and validity of any views presented therein.

The Education Corporate Services Manager ensures that quarterly monitoring is completed on time and verifies any measures submitted.

The Cabinet Member for Education and the Chief Executive is responsible for challenging progress against measures every month, as well as challenging progress against the main projects of the Education Department.

In accordance with the constitution of the commissioned entity, the Head of Education and the Cabinet Member for Education monitors and evaluates progress on behalf of the Authority. This includes the GwE schools improvement service.



Appraisal and Monitoring Model

Evaluating and Monitoring Steps	Whom?	Responsibility
Continuous Appraisal	Managers / Key stakeholders	Managers / Key stakeholders
Continuous Monitoring	Managers / Key stakeholders	Education Corporate Services Manager
Annual Appraisal	Managers / Key stakeholders	Head of Education



Quarterly Monitoring - Performance Challenging	Managers / Key stakeholders	Education Corporate Services Manager
Monitoring the Progress of Main Projects	Managers / Key stakeholders	Education Corporate Services Manager
Education Services' Annual Questionnaire	Managers / Key stakeholders	
Monitoring Questionnaires of Individuals Services	Managers / Key stakeholders	



Improvement Plans

In accordance with the principles of Ffordd Gwynedd, it is key that we trust in our managers and that they have the freedom to plan in order to deliver for the people of Gwynedd. The ***mindset*** behind any system or service drives performance. ***Doing the correct things lead to improving systems and doing things better improves performance.***

How do we foster the mindset that will drive performance?

Fostering the correct mindset will begin by ensuring that what we are seeking to improve is genuinely a priority for the people of Gwynedd and influences our purpose.

Defining Purpose

Every service has defined their purpose in the citizens' terms. This means giving a concise explanation of the unit's purpose and what service they provide. The purpose is clear on every planning document and is a way of ensuring that delivering for the people of Gwynedd will be central to everything we do.

Measures

Every service has specific measures which is a way of measuring progress against the purpose. The progress against the measures will be monitored every month and will be escalated based on risk to monthly performance challenging meetings.

Regulatory Data

Managerial data does not necessarily measure progress against purpose. We use managerial data as a source of information which helps us run our services better. It can help us see how we can improve the measures and it enables us to measure a problem or barrier (which is something that prevents us from improving on the measures).



Setting Improvement Priorities

There are a number of considerations for managers as they set improvement priorities. If the purpose and measure is clearly defined, one should begin by considering carefully and try and identify the obstacles which prevent us from reaching the aim.

Every manager begins by understanding the system. There are many different ways to do this, however it is suggested that everyone looks carefully at the demand, the value of each step in any procedure, as well as the flow of any process.

Consideration should be given to whether the priorities will do one of two things, create value for the citizen or support others to do so. Within the education system, some will support children at the schools or support others to support the children. If the priority does not do one of these two things, it is not a valid priority.

Finally, it is key that our managers ensure the ownership of stakeholders when introducing any change. Any improvement plan should identify key stakeholders and identify how any change will be conveyed to them.





Creating Improvement Plans



Managers' Responsibilities

Every manager ensures that the purpose of the service is reviewed regularly. The purpose will be visible at the beginning of every improvement plan. In order to remind everyone of it and ensure that it is central to everything we do, every service will include the purpose of the Education Department and the purpose of their service on all departmental documentation, this will include the e-mail footer.

Every manager will ensure that suitable measures have been determined for the service and that progress against these measures is

reviewed on a monthly basis.

Every manager will consider any specific reports, publications, legislative changes, and managerial data, when drawing up improvement priorities.

Every manager considers the feedback from the annual education services questionnaires as well as any service monitoring questionnaire when considering improvement priorities.

Every manager sets up to three improvement priorities for the service annually. The priorities may extend for more than a year but everyone is expected to set a completion date for them.

Every manager reports on progress against priorities every quarter. Any slippage will be escalated to the attention of the performance challenging system based on risk.

Managers draw up their improvement plans in whatever way is most convenient for them. There is no necessity to submit detailed step-by-step improvement plans but the Head of Education may ask to see such plans should there be a lack of progress against a priority. A template is available for those who wish to follow it.

Every manager has a good awareness of key questions relating to their areas of responsibility. Managers submit evidence against these key questions on an ongoing basis.

Responsibilities of the Education Corporate Services Manager

The Education Corporate Services Manager ensures an annual timetable to review purpose and measures and verify that every manager has submitted this on time.

The Education Corporate Services Manager runs an annual report that will highlight the measures that managers have noted that are at risk of under-performing.

Responsibilities of the Head of Education

The Head of Education ensures that every manager sets suitable improvement priorities. He also ensures that there is a robust logic as to why they set the priorities. Every manager submits their improvement priorities for the attention of the education management team and a specific annual meeting is held to verify the priorities.

The Head of Education ensures that feedback from the annual questionnaires of services has been addressed by all managers.

The Head of Education ensures that every manager has considered any specific reports, publications, legislative or managerial data when drawing up improvement priorities.

The Head of Education ensures that every manager presents evidence against key questions in their fields of expertise on an ongoing basis. This enables the Head of Education to review progress against the key questions every year.



Practical Procedure

The discipline of managers and key stakeholders is essential in order to ensure that the self-improvement cycle is effective and efficient. If managers do not take ownership of the self-evaluation procedure then the procedure will be ineffective.

To promote the ownership of managers and key stakeholders, the Education Department has developed a simple system that sustains the self-evaluation cycle. The system has been planned to ask for the minimum possible input in order to release their time to be doing the important things.

The electronic system is available for managers and key stakeholders at any time and it can be adapted at any time. This promotes the use of the system as an everyday component.

Timetable

Please find below an annual timetable of the requirements of the improvement planning process.

Steps for Drawing Up an Improvement Plan	Whom?	When?
Reviewing Purpose	Managers / Key stakeholders	January
Reviewing Measures	Managers / Key stakeholders	January
Analysing Questionnaires	Managers / Key stakeholders	February
Analyse specific reports, publications, legislative changes or managerial data.	Managers / Key stakeholders	February
Final review of progress against the priorities of the previous year.	Managers / Key stakeholders	March
Setting Improvement Priorities	Managers / Key stakeholders	March
Reviewing and Authorising Better Priorities	Head of Education	March

Action

The Education Department equips our staff to act flexibly to achieve the needs of the people of Gwynedd and encourages them to identify solutions. In order to do this, the department trusts in our managers, key stakeholders and staff and they understand that with this comes accountability.

Our managers have a thorough understanding of the work and know what is going on and empower their teams to meet the needs of the people of Gwynedd by removing any obstacles.

The Education Department encourages our managers to spend time at our schools in order to better understand how we can act more effectively. In addition, the department encourages managers to spend time in our offices observing the workforce completing tasks, in order to learn how to support others to support the needs of our children.

Support

Supervision is provided to managers in the Education Department by the Head of Education, one of the Assistant Heads of Education or Senior Education Manager. Supervision is not provided to staff in commissioned services; however, the services are expected to have agreed arrangements in place.



Professional Development

The Education Department encourages all members of staff to take full advantage of the learning and development opportunities that are available to them. Learning and development is a key part of all jobs within the department.

In accordance with the principles of Ffordd Gwynedd, the responsibility to develop professionally and take advantage of appropriate opportunities falls on the individual.

Every member of staff has access to a comprehensive learning and development programme and every member of staff has a personal record.

Individuals' performance

In order to assist the performance and behaviours of an individual, line managers need to agree to the following with a member of staff:

- That there should be regular meetings held between managers and staff members to discuss performance and conduct.
- To ensure an environment of trust and accountability.
- To equip the team to consider what measures indicate performance against the purpose and to take ownership of these measures and make them measurable.
- To encourage individuals to be innovative, enterprising and to learn from experience to improve performance.
- To keep a record of performance.
- Assess the staff member against the performance measure and the expected conduct.

Performance management helps us achieve the aims of the Council, by supporting and improving the performance of staff and ensuring that our staff are developed to their full potential. The Council has moved towards an emphasis on undertaking continuous evaluation meetings rather than a single annual meeting. The aim with this is to assist with improving our performance and productivity, and to increase engagement within teams.

The regular meetings should be based on open and supportive conversations, providing feedback, and discussing progress towards the aim. The evaluation process should facilitate the discussion regarding how to continuously improve performance and develop the staff member.

These arrangements are kept simple and are a part of day-to-day management. Nevertheless, there are specific arrangements for the beginning of every year to ensure that the department's priorities are reflected in some way in individuals' professional development and performance.

Timetable

Please find below an annual timetable of the requirements of the professional development procedure.

Actions	Whom?	When?
Annual Review Meeting with Assistant Heads and Senior Managers	Head of Education	April
Managers' Annual Review Meeting	Assistant Heads and Senior Managers	April
Officers' Annual Review Meeting	Managers	April
Annual review	All	Ongoing

Record

The individual being reviewed is asked to keep a record of the meeting. The record will include:

- What has worked well in terms of their professional development since the last meeting.
- What has not worked well and why?
- At least one priority that is associated with the service's priority, or the progress made against it.



- Any training or experiences that the individual will arrange or has arranged to support their professional development.



Appendix 3: Summary of Gwynedd Council's Estyn Post-Inspection Action Plan

Ref	Recommendation	The Education Department's response	Completion Date:	Responsible Officer
A1	Ensure that leaders act strategically on all aspects of their work and that they have suitable supervision and full consideration of risk regarding important aspects that have arisen during the inspection	The Education Department is in the process of drawing up a 10-year Education Strategy for Gwynedd. The Education Strategy has now been identified as a priority in the Council's Plan from April 2024 onwards, with a clear work program and milestones in terms of refining the content of the Draft Education Strategy, engaging on the priorities with key stakeholders, identifying a timetable for carrying out a public consultation, together with the timetable for going before the Education and Economy Scrutiny Committee and the Cabinet.	31 December 2024	Head of Education / Assistant Head of Corporate Services.
		Work has already begun following the appointment of the Head of Education to set clear direction and priorities for the Education Department, ensuring appropriate arrangements around identifying responsible officers, drawing up milestones, a timetable and identifying risks associated with those priorities, as part of the Department's improvement plan and the self-evaluation cycle.	31 March 2024	Head of Education
A2	Improving arrangements for monitoring, evaluating, and promoting pupils' attendance.	Work has already begun to respond to attendance challenges by improving reporting systems and improving the quality of the data, together with sharing messages with schools, and that work has begun to bear fruit at the end of the Autumn Term with attendance rates having improved, although there is some way to go for the rates to increase to what they were before Covid-19.	31 January 2024	Inclusion Manager / Data Unit Manager
		The process of drawing up an action plan in response to the recommendation has begun, which includes the following elements: <ul style="list-style-type: none"> • Improve attendance reporting systems. • Early identification of persistent absences. 	31 March 2024	Assistant Head of Additional Learning Needs and Inclusion

		<ul style="list-style-type: none"> • Discussion and action with specific schools where attendance challenges are more evident. • Add capacity to the Wellbeing Team. • Design and run a campaign about the importance of attendance. 		Service/ Inclusion Manager
A3	Strengthen the provision to respond to the needs of pupils with social, emotional, and behavioural difficulties and ensure monitoring arrangements and improve the quality of that provision.	<p>An external evaluation of the Authority's inclusion provisions jointly with stakeholders has been commissioned, and a draft report together with recommendations has been submitted to the Department.</p> <p>Discuss the findings and recommendations of the commissioned report with stakeholders and draw up an action plan in response to the recommendations.</p> <p>Implement the action plan and monitor the results.</p>	<p>1 December 2023 – 31 January 2024</p> <p>31 May 2024</p> <p>1 June 2024 onwards</p>	<p>Assistant Head of Additional Learning Needs and Inclusion Service/ Inclusion Manager</p> <p>Assistant Head of Additional Learning Needs and Inclusion Service/ Inclusion Manager</p>

MEETING: GOVERNANCE AND AUDIT COMMITTEE

DATE: 8 FEBRUARY 2024

TITLE: SAVINGS 2024/25

PURPOSE: Present information on the process of identifying the Savings Plan 2024/25 as a contribution towards the Council's Financial gap

ACTION: To scrutinise the information before the Cabinet considers approving the Savings Plan in its meeting on February 20th.

CABINET MEMBER: COUNCILLOR DYFRIG SIENCYN

OFFICER: DAFYDD GIBBARD, CHIEF EXECUTIVE

- 1.** At its meeting on 20 February the Cabinet will consider the enclosed report in order to reach a conclusion whether the Savings Plan is reasonable as one contribution towards the financial gap we face in 2024/25.
- 2.** The Governance and Audit Committee is asked to consider the appropriateness of the process of identifying the savings, and submit comments for the Cabinet to consider before reaching a decision.
- 3.** The Committee's role is not to express an opinion on what the size of the savings should be or what is being presented as a saving, but to ensure that the Cabinet and the Council are clear of the facts that are being presented to them, so that the decision that is taken is based on robust information.
- 4.** In brief, the Governance and Scrutiny Committee is expected to satisfy itself that the information presented in this report is sufficient to enable the Cabinet to make a decision on the Savings Plan as a whole.
- 5.** For example

- Is the Committee satisfied that the process of identifying the savings set out in Appendix A is reasonable?
- Is the Committee satisfied that reasonable steps, under very challenging circumstances, have been taken to draw up the Savings Plan?
- Is it possible to be assured that the savings offered are reasonable and achievable or does the report deal with assumptions in a sensible way?
- Is the report clear about the implications of the decision sought?
- Are the risks clear?

Appenices:

Savings Plan 2024/25 (Cabinet Report - 20/02/2024)

CYNGOR GWYNEDD CABINET



Date of meeting:	20 February 2024
Relevant Cabinet Member:	Cllr Dyfrig Siencyn - Council Leader
Contact Officer:	Dafydd Gibbard - Chief Executive
Title of Item:	2024/25 Savings Plan

1. Decision sought

The Cabinet is asked:

- a) To approve the savings and cuts listed in Appendix A (£4.4M) to be used as a contribution towards our 2024/25 financial deficit, and commission the departments to move forward to implement the plans taking note of the issues highlighted in the report.
- b) For the purpose of setting a balanced budget in 2024/25, to approve the value of the cuts and savings listed in Appendix B (£0.8M) and note that further steps will be required before a final decision can be reached to implement them, as outlined in 2.13, and use reserves to bridge the savings that could not be realised in 24/25.
- c) To make provision of £0.52M to meet the risk level involved in realising this cuts plan.
- ch) To delegate the right to the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Finance, to make adjustments to this Savings Plan as the maturity of the schemes listed in Appendix A and B develops, within the financial totals set out in a), b) and c) above.

2. Rationale and justification for recommending the decision

- 2.1 We now know what our Welsh Government Revenue Support Grant (RSG) level will be for 2024/25 (an increase of 2%), and that it will be significantly below the level of inflation and well below what we will need to maintain our current level of services. The fact that Gwynedd's population had fallen at the time of the 2021 census means that the RSG level of increase we will receive here in Gwynedd represents the lowest increase throughout Wales.
- 2.2 We also face a situation where departments are overspending, mainly due to continued increases in demand for their services and that it is now impossible for some services such as homelessness, children care services, adults care services and

school transport to be able to operate within their current budget. It results in overspending this year in the region of £8M. As there was no opportunity to plan ahead for this deficit, we are going to have to use reserves to cope with the situation.

- 2.3 The result of increased demand, the need to provide a higher budget for departments that are now unable to cope with their current budget, and the Government's low RSG, is that the Council faces a funding gap this year of £14.9M.
- 2.4 The Head of Finance will report to Cabinet at the same meeting as this report, which will outline how we are to cope with the impact of this deficit in setting our budget for 2024/25. The budget will have to include a combination of having to increase Council tax and delivering budget cuts across the Council. The purpose of this report is to outline how we have gone about identifying these cuts and securing Cabinet approval to implement them so that the 2024/25 budget can be set.

Procedure for identifying Savings and Cuts

- 2.5 Further to the last year's savings plan arrangements, workshops were held for all elected members in October 2023 to prioritise savings schemes for 24/25.
- 2.6 135 proposals were presented with a total value of approximately £8.2M. Each of these was assessed either by me or by one of the Directors and we placed each proposal in the following categories to help Members to be able to prioritise with an awareness of what the risk level would be to implement any individual proposal.

Efficiency saving	No need for the budget, or the service to be delivered in a different way with no substantive impact on Gwynedd residents
Efficiency saving	Service continues, but the public will see the service delivered in a different way to what they are used to seeing (fee increases included here as well)
Cut	The service is still being delivered but more slowly, to a lower standard or on a smaller scale than what the public is used to receiving. Low risk of harm to individuals in certain areas.
Cut	The service ends with clear negative implications for Gwynedd residents, including a high risk of harm to individuals in some areas.

- 2.7 We also carried out a legal assessment and a high-level financial assessment on each individual proposal to ensure they were deliverable.

- 2.8 When submitting their proposals, the Departments included an assessment of the impact of each proposal on Gwynedd residents along with an initial attention to equality considerations. Over a period of three days the Directors and I presented the proposals in workshops for elected Members of the Council.
- 2.9 During the workshops, Members placed each of the 135 proposals in one of three categories in order to prioritise all proposals from the most 'acceptable' to the least 'acceptable' proposals.

Workshop findings

- 2.10 There was consensus, more or less, among members taking part in the Autumn workshops, and Cabinet Members, Scrutiny Chairs and Group Leaders who took part in the workshops earlier in the year in terms of deciding which proposals should be prioritised. The conclusion was that we could implement around £5.2M of the proposals over the next two to three years, according to an approximate profile as follows:

2024/25	2025/26	2026/27
£1.97M	£2.86M	£0.34M

- 2.11 The list of savings and cuts is divided into Part A and Part B. List A contains the proposals that can move forward to be implemented by the Departments in accordance with what is planned. It is noted that action is subject to following the appropriate steps in terms of employment matters and any relevant notice periods. In addition, approving the plan does not prejudice the need to implement it in a manner that addresses the results of specific Equality impact assessments or assessments of individual needs and relevant notice periods.
- 2.12 A complete list of proposals prioritised for implementation without further action can be found in Appendix A. They can more or less be placed in the following groups in terms of the type of scheme involved:

Efficiencies - adapt working arrangements. Changing the way we go about delivering the service and delivering it in a more efficient way.	£1,007,503
Increase income This will include increasing fees for services.	£429,760

Use other sources of funding Maximizing the use of funding outside of our core resources to fund existing jobs	£70,605
Reduce resources as the demand and requirement have changed. Demand on some services has changed over the years – reducing budgets to match demand.	£240,121
Reduce capacity This will mean a delay in receiving services or a reduction in service performance.	£912,178
Review care packages Include reviewing packages for people to live more independently, use of technology, direct payments	£960,695
Reduce budgets This will mean reducing work budgets and achieving less	£742,340
Total	£4,363,202

- 2.13 The Plans listed in Appendix B reflect plans that are subject to statutory action or further decisions before they can be confirmed. Therefore, at the moment, they are proposed plans that will either need to go through specific decision processes to approve the intention or further statutory steps before they can be confirmed.
- 2.14 Although some of these savings impact on specific statutory functions they do not mean that duties will not be met.
- 2.15 Whilst Heads of Department presented their best proposals that were possible to deliver within budgets that have already been reduced significantly over years of austerity, it is not sensible to assume that all schemes will be possible to deliver once we move forward with the course of action. We also know from past experience that in some cases the financial savings will be less than what we can predict at present.
- 2.16 Therefore, in order to plan prudently we need to include a reasonable risk assumption in this Savings Plan and therefore I recommend that we give £0.52M of the total £5.2M that we will need to find as an amount to be designated "at risk".

Looking forward to 2025/26 and 2026/27

- 2.17 The Council has now faced almost 15 years of financial austerity and faced several rounds of funding cuts. Our revenue budgets today are almost £70M less than they were at the start of that period.
- 2.18 Yet we continue to try to squeeze savings and cuts from already insufficient budgets to enable us to meet the demand we face.

- 2.19 That demand continues to increase annually in many challenging areas and the outlook of the two financial years following next year is even worse than what we have already faced.
- 2.20 As a result, it will not be possible for local authorities to continue to provide services of the same nature as that we have become accustomed to in the past and the continued introduction of cuts schemes such as these will not be likely to enable us to set a viable and balanced budget.
- 2.21 Early in the new financial year the Head of Finance will present a report detailing our medium-term financial outlook and Cabinet will inevitably have to commission work to establish how we want to prioritise what services we will be able to continue to provide in the future unless there is a change to the financial outlook.
- 2.22 We will start putting steps in place now to be able to respond to that commission.

Further considerations

- 2.23 The Well-being of Future Generations (Wales) Act 2015 involves improving the social, economic, environmental and cultural well-being of Wales. The act places a well-being duty on public bodies which is aimed at delivering the seven well-being goals, namely a prosperous, resilient, healthier, more equal Wales with cohesive communities and a vibrant culture and thriving Welsh language which is globally responsible. The plan was prepared within the principles of the Act.
- 2.24 Reducing the impact on the residents of Gwynedd and future generations was at the core of the process of identifying savings and cuts. The process in itself has filtered the proposals identifying those with the least impact, and to protect the well-being objectives / priority areas in the Council's Plan.
- 2.25 In accordance with the legal duties under the Equality Act 2010 ("The Act") (including Welsh public sector duties) when making decisions, the Council must give due attention to the need (1) to eliminate unlawful discrimination (2) advance equality of opportunity and (3) encourage good relations based on the protected characteristics.
- 2.26 The implications and impacts were assessed in accordance with the duty under the Act when developing and prioritizing the proposals. An Equality Impact Assessment has been prepared in Appendix C which assesses the impact of the recommended savings. The nature of the impacts identified is negative in terms of the Disability and Age feature and that is mainly due to the potential impact that the Department of Adults, Health and Well-being plans will have on service users. In addition, there are no socio-economic disadvantages through proposals relating to raising income through fees. It is recognized that some plans involve further actions which will be the subject of specific assessments regarding the way of action. It is intended that these aspects are kept under constant review when moving to realize the specific

plans and we will ensure that the departments mitigate any negative impact when implementing.

3. Views of the Statutory Officers:

i. Monitoring Officer:

This programme of proposed savings and cuts has been subject to a detailed assessment process as explained. However, it must be recognised that there are a range of schemes here that represent service cuts that will have various impacts. Some are also subject to following legal processes or further assessments and this is appropriately recognised in the implementation arrangements. Further work will be involved in several elements of the programme, and this is set out in the report. It is also appropriate to note that the Cabinet is assured in relation to compliance with statutory duties. An Equalities and Language impact assessment has been prepared as part of the process and the Cabinet needs to consider its findings in coming to a decision. The proposed delegation is also appropriate. Adoption of this savings programme allows the Cabinet to recommend a balanced Budget to the Full Council. I am satisfied with the propriety of the report.

ii. Statutory Finance Officer:

Finance Officers have worked closely with the author of the report, and I can confirm the accuracy of the figures contained therein. Realising savings to the values set out is essential to enable us to set a balanced budget for 2023/24/25

Appendices

Appendix A: List A - Savings and Cuts

Appendix B: List B - Savings and Cuts

Appendix C: Equality Assessment

Appendix A – List A

Education Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£24,740	Transfer Maesgeirchen Youth Centre into Maes Ni Community Hub.
£24,700	Restructuring of Education Data Unit
£125,000	Adjust the out-of-county budget to align with actual spending
£45,800	Stop the provision of thematic resources packs
£18,000	Amend the Key Stage 4 Behaviour hubs arrangements
£24,000	Reducing the internal Youth Service training budget
£50,720	Review the managerial structure of the Youth Service protecting the frontline resource
£18,000	Library Service for Schools – review the level of provision of Lori Ni
£67,676	Reduce the staffing resource in the ADP unit
£23,000	Reduce staffing resources in the Inclusion team
£70,000	Reducing Gwynedd's contribution to GwE
£491,636	TOTAL

Environment Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£360,000	Increase income by collecting Commercial Waste from holiday accommodation
£15,000	Countryside Service (Rights of Way and Access) - Not accepting inflationary increases on budgets.
£10,280	Traffic and Projects - No Inflation on budget to deliver improvements to stretches of the highway
£9,000	Trading Standards – Reduce budget to evidence criminal law violations and expert proactive work
£29,636	Reduce the structure of the Public Protection support team by 1 post
£33,410	Delete 1 x Support and Technical Assistant post which supports traffic and projects units and parking and street works
£100,000	Review the level of staff resource and / or restructure the services within Public Protection
£557,326	TOTAL

Corporate Support Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£9,760	Increase the fee for translation work
£17,160	Procurement - Stop using the on-line ordering system 'marketplace' which is used to order stationery.
£19,190	Communication and Engagement - Stop publishing the Newyddion Gwynedd paper
£43,500	Restructure the Human Resources Advisory Service
£61,813	Restructure and reduce the Management Unit's staffing resources
£26,320	Organisational Learning and Development - Delete one post within the structure
£50,860	Procurement - Delete one post of the structure of the Procurement Service
£21,370	Emergency Planning - Withdrawal from the regional Emergency Planning agreement and provide the service in-house
£41,610	Organisational Learning and Development - Cut supplies budget
£50,000	Customer Contact - cutting Siop Gwynedd's opening hours at the three main offices
£30,000	Reduce the resource in the Council's Business Support Team
£40,617	Restructure the service within the 2024/25 year and reduce the staffing resource as a result
£33,300	Communication and Engagement - Delete the post of Communications Officer
£445,500	TOTAL

Finance Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£85,000	Savings from rationalising agreement / numbers of mobile phones
£30,000	Reduce use of electricity in the Council's IT data centre
£30,000	Electricity savings by switching off equipment outside core hours
£15,000	Taxes - Reduce overtime budget and aim to complete the work within core hours
£24,200	Management Unit - Delete the post of Executive Support Officer / Assistant Accountant completely
£70,000	IT - reduce the opening hours of the IT Help Desk
£31,530	Payroll - Cut a Salary Technician post
£29,360	Payments - delete one post
£12,590	Benefits – Reduce the hours of a benefit assessment job
£37,840	Accounting – Review the accounting staff resource
£45,340	Internal Audit – restructuring
£45,000	Income – restructuring
£455,860	TOTAL

Economy and Community Department Savings Proposals List

Amount £	Budget Heading and Proposal
£25,000	Arfon Tennis Centre lighting upgrade to create energy cost saving
£51,088	Libraries - efficiencies in adapting working arrangements
£10,143	Economic Development Programmes - Surrender the remaining budget from transferring a job to another Department
£1,000	Marketing and Events – Not subscribe to two tourism associations
£3,250	Marketing & Events - Cutting consortia membership pay
£20,000	Maritime – Reduce a proportion of spending on beach clean-up
£14,136	Archives – review staffing resource
£30,000	Libraries - Reduce the expenditure on the books fund due to fewer loans
£39,793	Marketing & Events - Cut Marketing & Events post
£20,728	Regeneration - Save 40% of an Executive officer
£5,000	Reduce community art activity budgets
£5,000	Reduce children's summer fun activities
£3,090	Reduce children's summer reading challenge activities
£7,120	Cut the budget for the Snowdonia website text development
£235,348	TOTAL

Adults, Health and Well-being Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£79,469	Cut 2.5 FTE administrative job across the Services
£150,000	Residential and Nursing Homes: Help 20 individuals to continue to live in the community (as opposed to a residential care home)
£21,303	Not fill a Support Worker vacancy
£33,000	Telecare Service – Review specific care packages and provide technology/telecare expert input to reduce the need for traditional care/support
£30,900	Provider Service Management and Administration: Cut one admin post by restructuring
£193,089	Learning disabilities: a) Transfer 10 Support Services packages to Direct Payments over time. b) Look at 1:1 support with a view to saving 10% by increasing group/work opportunities c) Reduce Support Services travel by 25%
£50,000	Look at arrangements for preparing second choice meals in care homes
£12,000	Cut 0.2FTE off the Well-being Team Leader post who is responsible for Carers issues
£157,060	a) Re-assess 5 Supported Accommodation cases that receive 1:1 or 2:1 hours (20% saving on 5 cases) b) Establish tenancies in one supported accommodation
£377,546	Savings of 10% on private contracts and internal day services by reviewing 1:1 and 2:1 packages
£22,200	Income and Welfare Unit: Cut half a post (0.5 FTE)
£15,630	Adults and Children Finance Processing Team: Cut half a post (0.5 FTE)
£20,940	Reduce the hours of the Well-being Officer
£1,163,137	TOTAL

Highways, Engineering and YGC Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£65,000	Review the Business Service of the Highways, Engineering and YGC Department
£60,000	Adjust the timing of our road gritting and carry it out within working hours, where possible
£25,000	Refine the street lighting dimming scheme
£25,000	Increase the crematorium fee
£35,000	Increase cemeteries fee
£46,000	Change of system to rural high-ground cuts/frequency/vertical and the time between the growing seasons
£20,000	To not employ a grounds maintenance seasonal workforce
£250,000	Restructure the Highways Service
£40,000	Amendments following the introduction of the Street Scene Service
£71,000	Reduce the structures maintenance work programme
£185,000	Reduce the road dressing programme of the highway maintenance service
£60,000	Reduce the programme to re-surface footpaths
£882,000	TOTAL

Housing and Property Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£18,390	Delete Travellers' support vacant post
£43,400	Cut one Enforcement Officer post
£70,605	Estates Unit - fund work on the Housing Action plan by the Senior Estates Surveyor and half an Assistant Estates Surveyor's post through the Council Tax Premium
£132,395	TOTAL

Appendix B – List B

Environment Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£78,000	Parking and Street Works - Extend Parking Enforcement Hours in the Council's Short Stay Car Parks.
£160,000	Parking and Street Works - Adjust the Band 2 Long-Stay Fees Structure
£146,910	Waste Services – single-use nappy collection arrangements
£20,000	Waste Service - garden waste collections
£200,000	Waste Service – frequency of Residual Waste Collections
£604,910	TOTAL

Economy and Community Department Savings Proposals List

Amount £	Budget Heading and Proposal
£35,000	Country Parks - Income from Y Glyn car park, Llanberis
£17,000	Arts - Cut the budget for strategic grants
£52,000	TOTAL

Adults, Health and Well-being Department's Savings Proposals List

Amount £	Budget Heading and Proposal
£100,000	Learning Disabilities: Charge a reasonable fee as a contribution towards the cost of learning disabilities day services
£49,040	Continue to fund the third sector at the same level as 2023/24 without adding inflation
£149,040	TOTAL

Assessing the Impact on Equality Characteristics, the Welsh language and the Socio-Economic Disadvantage

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

The Council is required (under the Equality Act 2010) to consider the impact that any changes in any policy or procedures (or the creation of a new policy or procedure) will have on people with protected equality characteristics. The Council also has additional general duties to ensure fairness and to foster good relationships. Therefore, a timely assessment should be made before any decision is taken on any relevant change (i.e., that affects people with protected equality characteristics). The Council also has additional general duties to ensure fairness and to foster good relationships. Therefore, a timely assessment must be made before a decision is taken on any relevant change (i.e. that affects people with protected equality 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 impact that any change in policy or procedure (or the creation of a new policy or procedure), will have on opportunities for people to use the Welsh language and to ensure that the Welsh language is not treated less favourably than English. This document therefore ensures that these decisions safeguard and promote the use made of the Welsh language. This document therefore ensures that these decisions safeguard and promote the use made of the Welsh language.

From 1 April 2021 onwards, the Council has a duty to give due attention to addressing socio-economic disadvantage in strategic decisions.

1) Details

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

Savings and Cuts 2024/2025

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

Savings and cuts to meet the financial gap the Council faces in the 2024/2025 budget.

1.3 Who is responsible for this assessment?

Dafydd Gibbard

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

There was an informal assessment by the departments in September 2023. This formal assessment was started on 17 January 2024.

2) Implementation

2.1 Who are the stakeholders or partners with whom we will have to work to carry out this assessment?

Council Departments
The People of Gwynedd
The Cabinet
Elected members in savings workshops

2.2 What steps have you taken to engage with people with protected characteristics, regarding the Welsh language or with communities (either due to location or due to need), who are living with a socio-economic disadvantage?

No specific engagement has taken place to date but a corporate engagement process has meant that Elected Members have had the opportunity to provide input based on their awareness of their areas and what their constituents are raising with them.

Departments will need to decide what level of engagement will be required to carry out their individual impact assessments and that will feed into the method of implementation.

2.3 What was the outcome of the engagement?

The plan has been developed and co-designed to include members' views.

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

We now know what our Welsh Government Revenue Support Grant (RSG) level will be for 2024/25 (an increase of 2%), and that it will be significantly below the level of inflation and well below what we will need to maintain our current level of services. The fact that Gwynedd's population had fallen by the time of the 2021 census means that the RSG level of increase we will receive here in Gwynedd represents the lowest increase throughout Wales.

We also face a situation where departments are overspending, mainly due to continued increases in demand for their services and that it is now impossible for some services such as homelessness, children care services, adults care services and school transport to be able to operate within their current budget. It results in overspending this year in the region of £8M. As there was no opportunity to plan ahead for this deficit, we are going to have to use reserves to cope with the situation.

The result of increased demand, the need to provide a higher budget for departments that are now unable to cope with their current budget, and the Government's low RSG, is that the Council faces a funding gap this year of £14.9M.

When submitting their proposals, the Departments included an assessment of the impact of each proposal on Gwynedd residents along with an initial consideration of equality considerations. Over a period of three days the Directors and the Chief Executive submitted the proposals to workshops of elected Members of the Council.

There are proposals relating to raising income through fees. Due to the cumulative effect and the fact that increased payments like this inevitably have a greater impact on people living with socio-economic disadvantage than others this is going to have a greater impact on some people.

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

It is possible that, due to a lack of adequate information, there is an impact on certain features and it is important to look at them individually to identify if a full assessment needs to be undertaken. Of course an impact assessment may have been done on a number of these already.

3) Identifying the Impact

3.1 The Council must duly address the impact that any changes will have on people with the following equality characteristics. What impact will the new policy/service or the proposed changes in the policy or service have on people with these characteristics? It is also necessary to consider the impact on Socio-Economic disadvantage and on the Welsh Language.

Characteristics	What type of impact?	In what way? What is the evidence?
Race (including nationality)	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Disability	negative	The Adults, Health and Well-being Department has identified the possibility of an impact on those who use the services. That department will ensure that they mitigate any impact by assessing the needs of individuals. Other proposals have also been identified as having an impact on disabled people and impact assessments will be expected to be undertaken on the individual proposals to identify and mitigate the full impact. It is also important to recognise that disabled people will be cumulatively affected as they are the cohort that will be affected the most.
Gender	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Age	negative	The Adults, Health and Well-being Department has identified the possibility of an impact on those who use the services. That department will ensure that they mitigate any impact by assessing the needs of individuals. Other proposals have also been identified as having an impact on age and impact assessments will be expected to be undertaken on the individual proposals to identify and mitigate the full impact.
Sexual orientation	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Religion or belief (or non-belief)	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Gender reassignment	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Pregnancy and maternity	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Marriage and civil partnership	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
The Welsh language	Neutral	The impact appears to be neutral in terms of the scheme, but it is necessary for departments to ensure that they carry out an impact assessment on the individual issues.
Socio-Economic Disadvantage	negative	There are proposals relating to raising income through fees. Due to the cumulative effect and the fact that increased payments like this inevitably have a greater

		<p>impact on people living with socio-economic disadvantage than others this is going to have a greater impact on some people.</p> <p>We will ensure that the relevant departments mitigate any negative effects when implementing.</p> <p>It is possible that some of the savings are going to influence the quality of some of the Council's activities but also this impact is marginal in the context of what is happening externally e.g. promoting the tourism field.</p>
--	--	---

3.2 The Council has a duty under the Equality Act 2010 to contribute positively to a fairer society through advancing equality and good relations in its activities in the fields of age, gender, sexual orientation, religion, race, transgender, disability and pregnancy and maternity. The Council must duly address the way any change impacts on these duties. The Council must duly address the way any change impacts on these duties.

General Duties of the Equality Act	Does it have an impact?	In what way? What is the evidence?
Eliminate unlawful discrimination, harassment and victimisation	No	The effect mentioned in 3.1 is not thought to be sufficient to lead to discrimination, harassment or persecution.
Promote equal opportunities	Possible	As an impact has been identified, careful action will have to be taken to ensure that the changes do not affect this duty.
Building good relationships	Possible	As an impact has been identified, careful action will have to be taken to ensure that the changes do not affect this duty.

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

This Integrated Impact Assessment looks at the Savings Plan as a whole. It is likely that the same services will be available in Welsh and English following the savings so the Welsh language will not be treated less favorably than English. However, it is likely that a reduction in resources will generally affect the ability to increase existing opportunities to use and learn the

language in the community.

Each individual plan is expected to have a separate Assessment on the plan as a whole and/or on specific parts of it. These assessments will need to identify any further opportunities to promote the Welsh language in their areas. It is the duty of the person responsible for the individual plan to make that Assessment(s).

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

n/a

3.5 How does the proposal show that you have given due regard to the need to address inequality due to socio-economic disadvantage? (Please note that this relates to closing the inequality gap, rather than improving outcomes for everyone only).

Many characteristic groups are also more prone to living in poverty. But they will also be affected by other forms of poverty, which relate to access to services, digital poverty etc.

There are proposals relating to raising income through fees. Due to the cumulative effect and the fact that increased payments like this inevitably have a greater impact on people living with socio-economic disadvantage than others this is going to have a greater impact on some people.

There are one or two proposals which have been identified for another reason. They involve reducing support for tourist companies. Many people who work in that sector are on low wages, but they may lose that income if the sector does not thrive.

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

This will be addressed more thoroughly in the individual assessments

4) Analysing the results

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

These have varying impact and will be constantly monitored in their implementation, but it must be accepted that they are savings schemes in response to a National financial austerity situation.

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

Cause accumulative equality impacts

In the initial assessment this term was used to identify proposals relating to income generation by charging additional fees for the public (as opposed to other organisations). It is often assumed that charging this kind of fee will not have a prejudicial impact as they affect everyone who needs the service the same. However, this is not true, they certainly affect people who live in poverty more than other people. Statistics show that some groups of equality characteristics fall into this category. Families that include a disabled person are statistically more likely to be poorer than other families, as are single-parent families (which usually have a woman as the head of the family). 29% of children live in poverty. Some people from ethnic minority groups tend to be poorer, and some older people, and increasingly so. It must also be remembered that the impact of this is only getting worse because of the economic situation of the country as a whole.

But also one should look at the picture in general to see if any other cumulative effect is caused. It is clear from this initial assessment that some cohorts are more affected by these proposals – most specifically older people and people with disabilities. There will therefore be a noticeable cumulative effect on them.

4.3 What should be done?

Select one of the following:

Continue with the policy / service as it is robust	
Revise the policy to remove any barriers	
Suspend and abolish the policy as the harmful impacts are too great	
Continue with the policy as any harmful impact can be justified	X
No further steps at present, it is premature to decide, or there is insufficient evidence	

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

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

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

n/a

5) Monitoring

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

The savings will be challenged at the performance monitoring meeting 4 times a year. In addition, a Savings Overview report will be presented to Cabinet 3 times a year.

MEETING: **GOVERNANCE & AUDIT COMMITTEE**

DATE: **8 FEBRUARY 2024**

TITLE: **2024/25 BUDGET**

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

ACTION REQUIRED: **To scrutinise the information before the Cabinet recommends the 2024/25 budget to the full Council**

CABINET MEMBER: **COUNCILLOR IOAN THOMAS**

CONTACT OFFICER: **DEWI MORGAN, HEAD OF FINANCE**

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1. At its meeting on 20 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 2024/25 (see the decision sought on the front of the attached Cabinet report).
 2. 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. Several the financial risks, and relevant actions to ensure that the budget estimates are robust, are considered in Appendix 10.
 4. We will inform the Cabinet on the conclusions and comments of the Committee when presenting the report on 20 February.
 5. The Governance and Audit 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.
 6. The role of the Committee is not to come to a conclusion on the what the level of savings, or what the Council Tax level should be, but to ensure that Cabinet and Council are clear of the facts that are presented to it, so that the decision that is taken is done so on sound information.

7. The Governance and Audit Committee is expected to satisfy itself that the information which is presented in this report and its appendices, is sufficient to allow the Cabinet to make a recommendation on the proposed budget and for the Council to be able to reach a decision on the basis of the information that is to be presented to them.
8. For example:
 - Is the Committee satisfied that the inflation figures that have been used are reasonable?
 - Are recommended bids justified for approval?
 - Is any use of balances and funds reasonable?
 - Can there be assurances that the savings presented are reasonable and achievable?
 - Is the Equality Impact Assessment suitable?
 - Is the report clear about the implications of the decision sought?
 - Are the risks clear?

Appendix:

2024/25 Budget (Cabinet report 20/02/2024)

Meeting: Cabinet

Date: 20 February 2024

Cabinet Member: Councillor Ioan Thomas, Cabinet Member for Finance

Subject: 2024/25 Budget

Contact Officer: Dewi Morgan, Head of Finance

2024/25 BUDGET

Decision Sought

Recommend to the Council (at its meeting on 7 March 2024) that:

- 1. A budget of £330,590,040 should be set for 2024/25, to be funded by £232,092,110 of Government Grant and £98,497,930 of Council Tax income (which is an increase of 9.54% on the tax of individual dwellings).**
 - 2. A capital programme of £85,224,800 in 2024/25 should be established, 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 2024/25.
- 1.2 This budget is set at a time when Welsh local authorities are facing financial challenges, particularly in the context of overall inflation having reached levels in 2022/23 and 2023/24 unprecedented for decades, the impact of which has worked its way through to the 2024/25 budget.
- 1.3 Cyngor Gwynedd has received a grant increase for 2024/25 of 2.0%, equivalent to an £4.1m increase in external funding.
- 1.4 By 2024/25, our spending would need to be increased by £22.4m in order to "stand still" (details are in part 3 below). This includes £5.1m to meet pressures on service budgets (details of the individual 'bids' are in Appendix 2).

- 1.5 It is seen in this report that demand pressures on services, as well as inflationary pressures indicate that a combination of Council Tax increases and the introduction of a new programme of savings and cuts must be considered if a balanced budget is to be set for 2024/25. The 2024/25 budget seeks to protect the services the Council provides to the people of Gwynedd and recommends a 9.54% increase in Council Tax to achieve that objective this year. Even then, we will need to look for additional savings of £2m to set a balanced budget, and forecasts suggest there will be further pressure in aiming to set a balanced budget for 2025/26.
- 1.6 Savings and cuts plans are the subject of a separate report on the programme for this meeting.
- 1.7 The savings that have been identified have been subject to consultation with Council members in a series of workshops in October 2023. The draft budget has been considered by a majority of Council members at a briefing session on the financial situation held on 16 January 2024, and scrutinised by the Governance and Audit Committee on 8 February. The role of Cabinet is to recommend a balanced and appropriate budget to the Council meeting on 7 March for 2024/25.
- 1.8 The 2024/25 budget includes a substantial proportion of the savings that have slipped from previous years, saving identified when setting the 2023/24 budget, as well as new savings.
- 1.9 This year we propose to establish a capital programme worth £85.2m in 2024/25, as set out in Appendix 4.
- 1.10 It is for full Council to consider the budget and set Council Tax for 2024/25 based on the issues identified in the following report. This detailed report sets out the factors influencing the proposed revenue budget for 2024/25, and outlines the main changes since 2023/24.

2. WELSH GOVERNMENT GRANT

- 2.1 The Welsh Government has announced the indicative local authority funding settlement for 2024/25 as follows:

Revenue Support Grant 2023/24 – 2024/25		Total Welsh Authorities £	Cyngor Gwynedd £
2023/24 Government Grant		5,110,643,128	227,541,286
2024/25 Government Grant		5,689,688,839	232,092,112
	Increase £	403,245,272	4,550,826
	Increase %	3.1%	2.0%

The Government will not publish its final budget until 27 February 2024 and final local government settlement will be published soon after that. Further details of the provisional settlement can be found here –

[Local government revenue and capital settlement: provisional 2024 to 2025 | GOV.WALES](#)

- 2.2 Official Welsh Government figures in the table above show notionally that Cyngor Gwynedd is receiving a grant increase of £4.6m by next year (after adjusting the relative 2023/24 figure to reflect changes to the taxbase), which is an 2.0% increase, while the average across Wales is 3.1%.
- 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. In particular, it is noted that the impact of the 2021 Census – which shows a decline in Gwynedd's population, has had a significant impact on our grant allocation compared to other authorities.
- 2.4 The Welsh Government will publish the final grant settlement for local authorities soon after announcing its final budget on 27 February, which will be followed by a relevant debate in the Senedd. On 24 January, the UK Government announced a £600m funding increase for local government in England. It is possible that some additional funding will be available for councils in Wales as a result of this, but there will not be confirmation either way until the final settlement is announced.
- 2.5 If the grant figure changes up or down at the time of the publication of the Final Settlement, so late in the 2024/25 budget and tax-setting round, it would possibly be too late to change council tax figures. It should be noted that this budget already includes a provision for the use of funds in case there is a change to the circumstances (e.g. a change to the settlement, or inflation).

3. COUNCIL REVENUE EXPENDITURE - 2024/25

- 3.1 The increase in expenditure required to "stand still" in 2024/25 is set out in the table below.

Additional Expenditure Requirements

	£	£
Base Budget		318,073,360
Staff Salary Inflation	15,113,520	
Teachers' Pension	2,360,670	
Teachers' Pension Grant	(2,360,670)	
Other Inflation (suppliers)	6,808,810	
Electricity Inflation Provision	(2,981,350)	
Levies (Fire, NRW & CJC)	342,000	
Demography	(37,820)	
Bids – Pressures on Services	5,052,820	
Various Budget Adjustments	375,530	
Borrowing Costs / Interest on Balances	(1,250,000)	
Specific Grant Adjustments	382,570	
Covid Provision	(1,400,000)	
Net total of increases		<u>22,406,080</u>
Total spending 2024/25 requirements before savings		<u>340,479,440</u>

3.2 Base Budget 2023/24

Although the net expenditure for 2023/24 was £318m, it is important to note that the Council's actual expenditure is £539m, because we receive a host of specific grants worth £149m and charge an overall income of £72m for services we provide.

3.3 Salary Inflation £15.1m

An agreement was reached on workforce pay (apart from teachers) for April 2023 to March 2024 by agreeing an increase of £1,925 up to pay point 43, and then 3.88% to pay point 44 and above. In line with most other local authorities, we had budgeted prudently for a 6% increase, but the final agreement exceeded what had been budgeted for. The result is that the wage inflation in the 2024/25 budget includes an element to correct this gap as well considering the notional inflation of 2024/25.

This budget sets aside the objective of an increase in the 2024/25 pay agreement of 5% for the whole workforce (teachers from September 2024, remaining workforce from April 2024).

3.4 Teachers Employer's Pension Contribution

There will be an increase in the employer's contribution towards the teachers' pension scheme with an additional cost of £2.36m. This budget has been set on the basis that the cost will be fully funded by the Government.

3.5 Other Inflation £6.8m

This is a 'net' amount which includes provision for a range of changes dependent on the rate of inflation in a number of specific areas. The main areas where increases are seen are:

- Independent Residential Care Homes £2.8m
- Non-residential Care £1.3m:
 - Supported Housing £807k,
 - Domiciliary Care £228k,
 - Other services £217k
- Energy (Electricity) £1.6m
- Fuel (Diesel and Petrol) £63k
- Increase in other prices:
 - Insurance £270k
 - Property rates £159k

3.6 Electricity Inflation Provision (£3m)

There was an assumption when preparing the 2023/24 Budget that inflation on electricity budgets would be significant. But it transpired that the inflation was not as much as expected, so the budget can be released.

3.7 Levies £342k

The levies paid to the relevant bodies will increase as follows between 2023/24 and 2024/25:

- | | |
|---|-------|
| • North Wales Fire and Rescue Authority | £343k |
| • Snowdonia National Park Authority | £0 |
| • Natural Resources Wales (Special Levies) | £4k |
| • North Wales Corporate Joint Committee (CJC) | (£5k) |

The increase of £343k to the North Wales Fire and Rescue Authority levy is equivalent to an increase of 0.39% in council tax.

3.8 Demography (£38k)

A net total which reflects -£48k due to a net reduction in pupil numbers in schools and +£10k due to an increase in children looked after by the Children and Supporting Families Department.

The net figure of -£48k for schools masks a different situation in different sectors, namely secondary +£167k, special +£259k and primary -£474k.

3.9 Pressures on Services £5.1m

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

It is recommended that bids worth £5.1m for additional permanent resources submitted by Council departments to meet inevitable pressures on their services are approved.

All departments are asked to identify any expenditure the Council must deliver to ensure continuity of basic service. The procedure here 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 Seminar held on 16 January 2024.

3.10 Various Budget Adjustments (£1.9m)

A total reflecting a significant number of adjustments to different budgets across the Council. This includes the impact of an increase in interest receipts of (£1.25m) in returns in investing balances and the Council's cash flow, releasing the provision of (£1.4m) that was in place for expenditure arising from the Covid crisis, but a cost increase of £758k due to budgeting for the reduction of the Social care Workforce grant received from the Government together with other budgetary considerations

4. EXISTING SAVINGS THAT HAVE ALREADY BEEN APPROVED

4.1 Cyngor Gwynedd has delivered over £39.1m of savings plans since 2015/16.

4.2 On 14 February 2023 the Cabinet approved a programme of savings worth £6.4m for the budget of 2023/24 onwards. The profile of this programme is seen in Appendix 3, which shows that £2,848,630 of these savings are profiled for 2024/25.

4.3 Schools savings of £819,500 have also been programmed to be implemented from the 2024/25 financial year.

4.4 Further, there is one savings plan of £15,000 which remains from previous savings programmes which is relevant for 2024/25.

4.5 The value of these savings by department is summarised in the following table.

Savings that have already been programmed to reduce the 2024/25 Funding Gap	
	£
Adults, Health and Wellbeing Department	1,193,040
Schools	819,500
Environment Department	562,870
Highways, Engineering and YGC Department	390,000
Finance and I.T. Department	207,720
Children and Families Department	157,960
Housing and Property Department	128,840
Education Department	111,880
Economy and Community Department	65,660
Corporate Support Department	45,660
Subtotal	3,683,130
Less: Provision	(569,730)
Existing Planned Savings 2024/25	3,113,400

5. FUNDING GAP 2024/25 AND COUNCIL TAX

- 5.1 Part 3 above shows that the Council's spending needs (before savings are removed) for 2024/25 are £340.5m. Part 2 noted that the grant from the Welsh Government will be £232.1m.
- 5.2 As explained in part 4 above, there are a total of £3,113,400 of savings to be used to reduce the funding gap.

Establishing the 2024/25 Budget	
	£
2023/24 Base Budget	318,073,360
Additional Expenditure Requirements	<u>22,406,080</u>
2024/25 Expenditure Requirements before Savings	340,479,440
less Welsh Government Revenue Grant Income	(232,092,110)
Funding Gap from Council Tax and further savings	<u>108,387,330</u>

- 5.3 That means there is a residual gap of £108.4m that needs to be filled. There is a separate report on the agenda of the Cabinet meeting which recommends the implementation of new £4.78m (adjusted to include savings risk). However, only £1.82m (adjusted to include savings risk) can be drawn from the 2024/25 budget with the remainder to be drawn from the 2025/26 and 2026/27 budgets. Funds worth £2.96m will have to be transferred from reserves to fund the savings that have been profiled to the following years when setting the 2024/25 budget.
- 5.4 In addition, it is suggested to delay before deciding on any further savings/cuts worth £2m, again using funds to bridge the shortfall. Given the £3.11m of savings already approved for 2024/25 previously (see Part 4 above), it is recommended that a total of £4.93m of savings and £4.96m of reserves contribute to filling the financial gap.

Funding Gap from Council Tax and Savings	108,387,330
Less Existing Savings already approved	(3,113,400)
Less new Savings	(1,816,360)
Less bridging new savings for reserve	(2,959,640)
Less delaying Savings from reserves	(2,000,000)
Funding Gap from Council Tax	<u>98,497,930</u>

- 5.5 Further details on the savings are found in Appendix 3.

- 5.6 It is recommended that the remainder of the gap is to be greeted through Council Tax. Whether to increase the Tax on individual dwellings by 9.54% will generate £98,497,930 of income, and this would be sufficient to fill the gap.
- 5.7 This will be £8.6m of additional Council Tax income compared to the 2023/24 budget. That equates to a Council Tax increase of £152.89 for properties in Band D, or £2.94 a week. The tax levied by the Police and Crime Commissioner (an increase of 4.97% for 2024/25) and the community councils (various %) will of course be in addition to this.
- 5.8 Background information and the context for setting the Tax level is set out in Appendix 6.
- 5.9 If Council members wanted a less than 9.54% increase in the level of Tax, then fewer permanent resources would have to be committed to deal with the pressures on services, there would be a need to find further savings and cuts, or a combination of both.
- 5.10 The choice between maintaining services and taxation is always a difficult one. For 2024/25 it is expected that the proposal to raise the tax by 9.54% 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 2024/25

- 6.1 This report and the appendices set out the factors that should be taken into account in establishing the 2024/25 budget and historic savings will still have to be harvested, new saving will have to be introduced, and the level of tax will need to be raised to set a balanced budget.
- 6.2 It is recommended that revenues of £340.5m be spent, having added £22.4m, which includes the provision of £5.1m to address demand for services.
- 6.3 Having received a grant from Welsh Government of £232.1m, relying on £4.93m of savings (£3.11m of historic savings that have already been programmed and £1.82m of new savings) and £4.96m from reserves. The level of Council Tax will need to increase by 9.54% to generate £98m of income to close the 2024/25 funding gap.

Balanced budget for 2024/25	
	£
2024/25 Expenditure Requirements before Savings	340,479,440
2024/25 Savings Total	(4,929,760)
2024/25 Bridging from Reserves Total	(4,959,640)
2024/25 Budget	<u>330,590,040</u>
To be funded from -	
Grant Income	232,092,110
Council Tax (yield after raising 9.54%)	<u>98,497,930</u>
2024/25 Budget	<u>330,590,040</u>

- 6.4 This will involve setting a net budget of **£330,590,040**. 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 2024/25. 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 2024/25 to 2026/27 capital budget, in order to establish a whole programme worth £85,224,800 in 2024/25, to be funded from the sources analysed in Appendix 4.
- 7.3 The table in Appendix 4 states that £500k is available annually for the funding of capital bids. For 2024/25, £428k from this budget has been earmarked for the 9 relevant capital bids detailed in Appendix 2b.

8. LONGER TERM STRATEGY

- 8.1 When announcing the draft 2024/25 settlement in December 2023, the Welsh Government has not given an indication of the increase in grant that will be paid to Welsh local authorities from 2025/26. However, the outlook is not positive, and Cyngor Gwynedd, like all other councils, is expected to receive below-inflation increases in future – and perhaps no increase at all.
- 8.2 In considering the increased demand for services on the Council, in the face of shrinking provision as a result of cuts, there will need to be an early, fundamental consideration of what the Council can provide and how. As can be seen in Appendix 3, further saving plans have been programmed for 2025/26 and beyond but work will commence immediately after setting the budget for 2024/25 on updating a Medium Term Financial Plan that recognises the situation as envisaged.

9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS

- 9.1 The current level of the Council's general balances is £7.9m. Given the increased pressures expected on the Council's budgets over the next few years, it is considered that this level of balances will be appropriate to reserve for practical cash flow and unexpected expenditure. Information on the balances and reserves is presented in Appendix 7.
- 9.2 Appendix 5, 'Addressing the Schools Budget in 2024/25', explains the position of the Gwynedd schools' budget.
- 9.3 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. 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 that are considered a priority for protection and funding to the additional level of demand, and it is not believed that any negative impacts will be significant.
- 9.4 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.
- 9.5 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.
-

APPENDICES

- 1 Proposed Budgets
- 2 Summary of Bids
- 2a Permanent Revenue Bids
- 2b Capital Bids
- 3 Savings
- 4 Capital
- 5 Dealing with the Schools Budget in 2023/24
- 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 2024/25										
	Base Budget 2023/24	Pay and Pension Inflation	Other Inflation	Demography	Grant Income Target Adjustment	Pressure on Services	Present Savings	New Savings	Various Adjustments	Base Budget 2024/25
DEPARTMENTS	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central Education	18,584	1,335	(74)	0	(75)	896	(112)	(340)	649	20,863
Schools' Budget	86,597	7,626	1,795	(48)	(2,286)	0	(819)	0	(180)	92,685
Economy and Community	4,376	407	353	0	0	0	(66)	(152)	0	4,918
Adults, Health and Wellbeing	70,149	4,085	3,111	0	383	3,298	295	(246)	(134)	80,941
Children and Supporting Families	21,406	1,027	509	10	0	86	(157)	0	69	22,950
Highways, Engineering and YGC	16,174	1,283	(45)	0	0	155	(257)	(420)	(33)	16,857
Environment	17,145	914	492	0	0	116	(228)	(316)	33	18,156
Housing and Property	8,102	421	465	0	0	0	(129)	(131)	(23)	8,705
Corporate Management Team and Legal	2,661	120	22	0	0	0	0	0	(60)	2,743
Corporate Support	7,473	452	44	0	0	60	(46)	(197)	0	7,786
Finance	7,690	688	(124)	0	0	442	(208)	(163)	0	8,325
DEPARTMENTAL TOTAL	260,357	18,358	6,548	(38)	(1,978)	5,053	(1,727)	(1,965)	321	284,929
Corporate and Capital Matters	60,859	(884)	(2,379)	0	0	0	(1,386)	149	(2,843)	53,516
TOTAL GROSS	321,216	17,474	4,169	(38)	(1,978)	5,053	(3,113)	(1,816)	(2,522)	338,445
Less Community Council Precepts	(2,895)	0	0	0	0	0	0	0	0	(2,895)
TOTAL GROSS EXPENDITURE	318,321	17,474	4,169	(38)	(1,978)	5,053	(3,113)	(1,816)	(2,522)	335,550
Balances and Specific Reserves	(248)	0	0	0	0	0	0	(2,960)	(1,752)	(4,960)
NET EXPENDITURE TOTAL =	318,073	17,474	4,169	(38)	(1,978)	5,053	(3,113)	(4,776)	(4,274)	330,590
Financed By:-										
Grant	228,036									232,092
Council Tax	90,037									98,498
Total Income	318,073									330,590

APPENDIX 2 - SUMMARY OF BIDS

	Title of Bid	Permanent (£)	Capital (£)
Adults & Children's Department - Joint Bid			
Bid 1	Salaries of Social Workers and Occupational Therapists	184,280	
Adults, Health and Wellbeing Department			
Bid 2	Nursing Care Fees	601,060	
Bid 3	Transition into adult services for individuals with learning disabilities	67,850	
Bid 4	Mental Health Advanced Practitioners	119,160	
Bid 5	Home Care	500,000	
Bid 6	Mental Health	300,000	
Bid 7	Supported housing for individuals with disabilities	1,612,210	
Cap 9	Learning Disability Workshops		20,000
Finance Department			
Bid 8	Bank costs	156,900	
Bid 9	Digital Plan (CC2) - Improvements to the Council's Phone provision	239,000	
Bid 10	Digital Plan (GWYD2) - Service Continuity	46,000	
Corporate Support Department			
Bid 11	Wellbeing support for the Council's staff	60,000	
Cap 3	Register Repository		50,000
Education Department			
Bid 12	Re-tendering of School Buses	486,000	
Bid 13	School Taxis and Trains Transport	409,610	
Environment Department			
Bid 14	CCTV on Vehicles	13,680	
Bid 15	Waste and Recycling Service Structure	102,070	

Highways, Engineering and YGC Department

Bid 16	Evaluation of Jobs - Highways Maintenance Service	155,000
Cap 4	Cadnant River - Culvert Screen Upgrade	30,000
Cap 5	Bontnewydd Flood Alleviation Project	75,000
Cap 6	Continued Access Across the Estuary Strategy	50,000
Cap 7	Improvements to Ffordd Bala Depot	45,500
Cap 8	Afonwen Depot and Offices Upgrade	57,050

Economy and Community Department

Cap 1	Dinas Dinlle Car Park	50,000
Cap 2	Community Support Fund (Cist Gwynedd)	50,000

5,052,820	427,550
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APPENDIX 2a - PERMANENT REVENUE BIDS

PERMANENT REVENUE BIDS 2024/25

	Title of Bid	Details of Bid	Recommended permanent sum (£)
ADULTS & CHILDREN'S DEPARTMENT - JOINT BID			
Bid 1	Salaries of Social Workers and Occupational Therapists	<p>A bid to enable the Department to put in place a structure for the salaries of social workers and occupational therapists that is suitable for the future. A new, attractive structure to try to retain our professional and experienced staff and to attract the professional workers of the future.</p> <p>£86,250 for the Children's Department £98,030 for the Adults, Health and Wellbeing Department</p>	184,280
ADULTS, HEALTH AND WELLBEING			
Bid 2	Nursing Care Fees	<p>The Council's Cabinet decided to increase the Council's Nursing and Residential fees for 2022/23 in order to support the market and pay a fair price for private care. The fees that were agreed were higher than the rest of North Wales and they have continued to be higher than recommended by the Regional Fees Group for 2023/24. Gwynedd's standard fee for EMI Nursing is amongst the highest in Wales.</p> <p>Despite this, a number of the EMI Nursing Providers in Gwynedd refuse to accept the standard fees that have been set by the Council, and they claim substantially higher fees. Due to the shortage in provision, we do not have sufficient control of the market. We are looking at our options to develop more Nursing and EMI Nursing provision in Gwynedd - for example Penrhos nursing home, but it will be necessary to continue to pay higher fees in the meantime.</p>	601,060
Bid 3	Transition into adult services for individuals with learning disabilities	<p>A number of individuals who have been receiving the service of the Children and Families Department will turn 18 years old and will start to receive the Learning Disabilities Service in 2024/25. Two of these individuals have been identified as care packages that will have substantial additional costs for the Learning Disabilities Service. It will be necessary to meet the needs of the individuals and their carers in line with the needs assessment, in order to achieve specific wellbeing outcomes in line with the Social Services and Well-being (Wales) Act 2014.</p> <p>A higher number of children will be transferring to the Learning Disabilities Service during the coming year, but a number of the care packages will be met by the Department without additional resource. The bid is for the cases where there are substantial costs of care.</p>	67,850
Bid 4	Mental Health Advanced Practitioners	<p>This is a bid for a project to transform the Mental Health Service. The intention is to create two Lead Practitioner jobs (one in each area) in order to strengthen the capacity within the service. These jobs will enable the Area Leaders to operate more strategically, in order to lead the changes and to concentrate on building a relationship with our key partners, while the lead practitioners give operational leadership to the team and supervise the staff through a period of change.</p>	119,160
Bid 5	Home Care	<p>There is a pattern of historical overspend, with factors such as on-call arrangements (historical and unfunded), arrangements for the payment of travel time and the response to current work pressure contributing to the overspend. Consequently, the Department starts each financial year with a financial gap due to a lack of budget in these areas. An increase in the demand for service also contributes to making the situation more challenging. The additional resource would reduce the gap between the service's current provision costs and the budget, rather than being in a situation of annual inevitable overspend.</p>	500,000

Bid 6	Mental Health	<p>A pattern of historical overspend mainly related to an increase in the demand for service and the costs of cases where there was a need for specialist and expensive residential placements.</p> <p>The additional resource will allow for the available budget to match the current provision costs of the service, rather than being in a situation of annual inevitable overspend.</p>	300,000
Bid 7	Supported housing for individuals with disabilities	<p>The needs of individuals supported by the Learning Disabilities Team are getting more complex, with a higher number of individuals receiving support in Gwynedd. Many of these individuals and their families decide to live life as normal as possible and set up a home in their community in Gwynedd. As a result, the number of those living in supported housing in Gwynedd has increased.</p> <p>The additional resource will secure the provision of supported or specialist housing for individuals where it is necessary to find a housing option for them. Thorough support plans will be prepared as part of the support package.</p>	1,612,210
FINANCE			
Bid 8	Bank costs	<p>Following legislative change, the Council is no longer able to charge customers who pay with credit cards and therefore the Council's bank costs have increased substantially over recent years, as more payments for services by customers are paid by card.</p> <p>For some years, the Department has coped with the higher expenditure by underspend in other services. But following the recent savings/cuts plans, it is no longer possible for the Department to cope with the overspend.</p>	156,900
Bid 9	Digital Plan (CC2) - Improvements to the Council's Phone provision	<p>Establish a system that is fully integrated with Microsoft Teams and brings numerous improvements to the phone system, the contact centre's phone system and the ability to report confidently on our use of these media. It also has the ability to use multiple media, such as email, text and social media. The bid includes the costs of an additional officer responsible for the effective administration of the system.</p> <p>Contacting the Council by phone continues to be a popular choice among customers, and it is therefore important that we further develop this area.</p>	239,000
Bid 10	Digital Plan (GWYD2) - Service Continuity	<p>This bid is to strengthen our ability to protect from incidents such as cyber attacks and to improve our ability to recover if a cyber disaster or major incident were to disable our digital services.</p>	46,000
CORPORATE SUPPORT			
Bid 11	Wellbeing support for the Council's staff	<p>For several years there has been an overspend on the staff wellbeing budget. It refers specifically to the budget of the Counselling and Physiotherapy services that are provided for all the Council's staff. Over the years, the overspend has been met by an underspend within the Corporate Support Department. However, due to financial cuts, this is no longer sustainable.</p>	60,000

EDUCATION			
Bid 12	Re-tendering of School Buses	<p>The Transport Unit carried out a process of retendering Dwyfor Buses in March 2023. The process resulted in substantially higher costs. Furthermore, some contracts in Meirionnydd are subject to retendering in February / March 2024.</p> <p>A Transport Review Panel has been established to identify possible opportunities for efficiency, to try to manage the increase in expenditure. However, implementing a change in the bus contracts is difficult, especially in the short term.</p>	486,000
Bid 13	School Taxis and Trains Transport	Overspend based on September 2023 contracts, associated with a deficit in the bid that was submitted for the 2023/24 financial year, along with real growth in the past 12 months, mainly on contracts for transport to Special Schools and Further Education transport contracts.	409,610
ENVIRONMENT			
Bid 14	CCTV on Vehicles	Monthly SIM costs for the cameras that will be installed on work vehicles. It is foreseen that these cameras will promote good health and safety behaviours among workers, reduce the risk to workers who work alone, improve safety around machines and collect evidence for investigation e.g. bins that are missed, damage to property or an accident.	13,680
Bid 15	Waste and Recycling Service Structure	Fund the changes made to the job evaluations when the service was part of the Highways and Municipal Department, as well as the changes made since the service was transferred.	102,070
HIGHWAYS, ENGINEERING AND YGC			
Bid 16	Evaluation of Jobs - Highways Maintenance Service	<p>Following a review of the job descriptions of Road Workers, a review was completed before submitting the new job descriptions for evaluation. The result of the evaluation recognises changing the pay scale of two jobs.</p> <p>These changes will lead to an improvement in arrangements and the understanding of the team's responsibilities and duties.</p>	155,000
TOTAL PERMANENT REVENUE BIDS			5,052,820

APPENDIX 2b - CAPITAL BIDS

CAPITAL BIDS 2024/25

	Title of Bid	Details of Bid	Recommended sum (£)
ECONOMY AND COMMUNITY			
Cap 1	Dinas Dinlle Car Park	<p>A successful grant bid of £300,000 from the Welsh Government will be used to make improvements to the Dinas Dinlle car park. The Service has £95,000 match funding to finance the work, but a further £50,000 is needed to complete the work.</p> <p>The proposed improvements would ensure the car park is more accessible and safer.</p>	50,000
Cap 2	Community Support Fund (Cist Gwynedd)	<p>The Fund enables community and voluntary groups to start to plan projects, to complete small capital projects, or to co-finance big projects. The Fund received 64 applications in 2023/24, and it was only possible to finance 23 of the projects from the money that was available.</p> <p>The projects that were financed by the Fund in 2022/23 include restoring and reopening Llandderfel public toilets, developing Neuadd Ogwen, childcare hub in Frongoch, Y Bala, Penrhydeudraeth Football Club changing rooms, Menter Ty'n Llan, creative hub Nyth in Bangor and Llety Arall in Caernarfon.</p>	50,000
CORPORATE SUPPORT			
Cap 3	Register Repository	<p>In 2023, a General Register Office Compliance Officer visited the Council and gave a warning of non-compliance, that the present storeroom does not meet the minimum standards with regards to preventing fire / flooding.</p> <p>There is a proposed plan to ensure compliance with requirements with regards to storing information to do with births, deaths, marriages and ceremonies.</p>	50,000
HIGHWAYS, ENGINEERING AND YGC			
Cap 4	Cadnant River - Culvert Screen Upgrade	<p>As a result of a defect in the River Cadnant's culvert screen, up to 113 properties are at risk of flooding, with a substantial percentage of Caernarfon town also under threat from flooding, which runs beneath the town centre.</p> <p>A bid for 15% towards the project's costs, with the Welsh Government grant financing 85% of the cost. If the bid from the Welsh Government is successful, the aim is to start the work during the summer of 2024.</p>	30,000

Cap 5	Bontnewydd Flood Alleviation Project	Up to 80 properties at risk of flooding. A bid for 15% towards the project's costs, with the Welsh Government grant financing 85% of the cost. If the bid from the Welsh Government is successful, the aim is to start the work during the summer of 2024.	75,000
Cap 6	Continued Access Across the Estuary Strategy	Damage along Y Foryd, Caernarfon has increased the risk of losing the road in the medium term. A strategy looking at a pilot scheme to complete a programme outlined in the Shoreline Management Plan 2. By assessing long term, sustainable options for maintaining access to properties, businesses and leisure and wellbeing facilities.	50,000
Cap 7	Improvements to Ffordd Bala Depot	A room for necessary training and team meetings for the Highways workforce at Ffordd Bala Depot, Dolgellau. Also for other improvements following an update to the Council's vehicle policy.	45,500
Cap 8	Afonwen Depot and Offices Upgrade	A bid to finance: 1) Heating system - the system needs to be upgraded to save energy and to be more cost-effective. 2) Machinery store extension - a dry place indoors is needed for storing two Phoenix machines. These are vehicles that resurface the roads. 3) Afonwen Offices Upgrade - upgrade the kitchen and furniture, renew desks, new door for the main entrance and adaptations to facilitate access, such as a ramp. 4) Stakrak System to store equipment in the yard - store goods such as pipes safely and create more space.	57,050
ADULTS, HEALTH AND WELLBEING			
Cap 9	Learning Disability Workshops	The Learning Disabilities Service workshops need substantial electrical and ventilation work in order to ensure the safety of workers and service users who use the machines or work within the rooms. The following are required: - Ventilation work in the workshops at Canolfan y Gwystl and Felin Glynllifon (5 machines). - Electrical work in the workshops at Canolfan y Gwystl and Felin Glynllifon. - Machinery training for relevant workers at Canolfan y Gwystl, Felin and Gweithdy Bach Glynllifon and Dolfeurig.	20,000
TOTAL CAPITAL BIDS			427,550

APPENDIX 3

SAVINGS

1. Cyngor Gwynedd has realised over £39.1m of savings schemes since 2015/16.
2. Once again this year as in previous years the grant from the Welsh Government was not sufficient to meet inflation, and as demands in various areas such as adult care, waste, transport, and homelessness are also increasing, we have been in a continuous cycle of having to find savings.
3. There is one savings scheme worth £15,000 from the Economy and Community Department which derives from previous savings programmes related to 2024/25. The scheme has already been approved by the Council, and is therefore not the subject of a decision this year. It has also followed a proper statutory process, see below for information.

Savings	Total £
Improvements at Neuadd Dwyfor to make it more efficient in preparing for the future	15,000

4. On 14 February 2023, the Cabinet approved £6.4m worth of savings for the 2023/24 budget onwards, which came into effect in line with the profile below, with £2,848,630 profiled for 2024/25.

SAVINGS SCHEMES PROFILE 2023/24 ONWARDS

	2023/24 £	2024/25 £	2025/26 £	Total £
Savings profile (non-schools)	3,097,370	2,848,630	450,000	6,396,000

5. In addition to these savings, schools were also required to contribute to the savings schemes. Appendix 5 deals specifically with school budgets, and it can be seen there that the implementation of savings and cuts on the schools is inevitable for 2024/25. The cut was capped to a maximum of 3% on an individual mainstream school, and no cuts were introduced on the special sector. This cut was implemented over two financial years, which coincides with a school's academic year. The total cut is £1.966m, £1.147m (7/12th) already implemented in 2023/24 and then a further £0.819m (5/12th) in 2024/25, as seen in the table below:

Schools (Sector)	2023/24 (7/12th) £	2024/25 (5/12th) £	Total £
Primary	541,600	386,900	928,500
Secondary	605,000	432,600	1,037,600
Special	0	0	0
Total	1,146,600	819,500	1,966,100

6. Due to the poor financial settlement and also the current economic climate and the high levels of inflation, it is inevitable that Local Authorities must continue to look at savings and cuts to help the financial situation. A separate report on the Cabinet programme includes a list of further proposed savings for implementation in 2024/25 – 2026/27 which is worth £5.2m, they will come into effect in accordance with the profile below:

NEW SAVINGS SCHEMES PROFILE 2024/25 ONWARDS

	2024/25 £	2025/26 £	2026/27 £	Total £
Savings profile	1,965,760	2,860,300	343,090	5,169,150

7. Therefore, in summary, it is recommended to implement the following savings in the 2024/25 budget:

	£
Previously approved savings	15,000
23/24 savings profiled to 24/25 (excluding schools)	2,848,630
23/24 school savings profiled to 24/25	819,500
24/25 new savings profiled to 24/25	1,965,760
TOTAL	5,648,890

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			
	2024/25 £'000	2025/26 £'000	2026/27 £'000
Council Asset Plan:			
Sustainable Communities for Learning Schemes	9,023	0	0
Housing Schemes	3,000	1,300	1,300
Penygroes Health and Care Hub	2,500	0	0
Adults' Homes / Centres	1,515	0	0
Highways, Bridges and Municipal	1,051	1,700	2,078
Coastal Flood Protection	793	0	0
Other Schemes	3,136	1,023	1,251
Capital Bids	2,123	500	500
Other Schemes:			
Housing Strategy – Council Tax Premium Fund	0	0	2,549
Housing Strategy – Buy to Let	0	0	2,880
<i>Schemes already Approved:</i>			
Shared Prosperity Fund Schemes	16,406	0	0
Levelling Up Fund Schemes	10,098	3,239	0
Housing Schemes / Strategy	14,940	5,430	0
Sustainable Communities for Learning Schemes	7,031	0	0
Property Schemes	3,254	0	0
Coastal Flood Protection	3,113	0	0
Departmental Vehicles	2,960	962	0
Industrial Units	1,424	0	0
Other	2,858	402	362
PROGRAMME TOTAL	85,225	14,556	10,920

3. We will be funding the programme as follows:

CAPITAL PROGRAMME FUNDING			
	2024/25 £'000	2025/26 £'000	2026/27 £'000
Supported Borrowing	4,057	4,057	4,057
Other Borrowing	11,329	3,242	3,242
Grants and Contributions	39,542	5,792	2,553
Capital Receipts	0	0	0
Departmental and Corporate Revenue	99	0	0
Capital Fund	12,286	41	0
Renewals and Other Funds	17,912	1,424	1,068
PROGRAMME FUNDING TOTAL	85,225	14,556	10,920

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. The 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 2024/25 to 2026/27 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. The 2024/25 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is slightly lower than anticipated when the asset strategy was established. I have adjusted the programme accordingly.
8. Therefore, the Full Council is asked to establish a total programme worth £85,224,800 for 2024/25, to be funded from the sources noted in the table under part 3 above.

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2024/25

1. **Background:** 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 **£9.4m** this year for inflationary increases, including teachers' pay and pension inflation. This will cover the cost of teachers' 6.5% pay increase for the 5 months April – August, which is the full year effect of the September 2023 pay agreement, and the cost of an estimated further increase of 3.5% for the September 2024 pay agreement (for the 7 months September 2024 – March 2025). The increase in non-teaching staff costs for April 2023 and an estimate of 5% for April 2024 is also included. Of course, schools' allocations for energy, including 150% for gas, will also increase with the level of related inflation.
3. **Teachers' Pension:** There will be a 5% increase in teachers' pension employer contribution rate from April 2024. A specific grant to fund the increase is expected from Welsh Government. No confirmation has been received as yet.
4. **Staff Pay Increments:** £547k will be added towards the Council's budget for 2024/25 to deal with increments and a reduction of -£188k for staff turnover.
5. **Demography (pupil numbers):** The schools' budget will reduce this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual number of pupils in September 2023 will be used to calculate 2024/25 allocations. The situation differs from school to school, but overall, the impact of decreasing pupil numbers means that the schools' budget as a whole would reduce -£48k, which includes a reduction of -£474k for the Primary sector, and an increase of +£167k for the Secondary sector and +£259k for the Special sector. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in the schools.
6. **Savings and Cuts 2023/24 and 2024/25:** The Council had endeavoured to protect schools' budgets since 2015/16, with 13% of savings harvested from schools which represent 30% of the Council's net expenditure. However, by 2023/24, it was inevitable that schools would have to implement savings and cuts. The Full Council decided on 2 March 2023, when setting the 2023/24 budget, to cap a maximum 3%.

cut on an individual mainstream school with no cuts for the special sector. Also, it was decided that the cut will be applied over two financial years, which coincides with a school's academic year. The total cut was £1.966m and was apportioned to £1.147m (7/12ths) in 2023/24 and then £0.819m (5/12ths) in 2024/25.

7. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2024/25 at a similar level to 2023/24, but it is expected that work will be carried out to combine some grants in Education.
8. **Overall Conclusion:** Having taken all the above factors into account, the schools' budget will be higher in 2024/25 than in 2023/24. Furthermore, it is recommended that permanent bids are approved in Education, specifically in the schools' transport field. More details can be found in Appendix 2.

APPENDIX 6

COUNCIL TAX

1. It is a key decision for Full Council members to make, in light of the considerations presented in this report, to establish the exact level of Council Tax increase for 2024/25. 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 increase that is 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, largely to reflect the gap that existed as a result of the Welsh Government grant settlement.
3. The increase seen in Cyngor Gwynedd Tax, and the average increase across Wales, since 2016/17 is set out below:

Year	Cyngor Gwynedd	Wales
2023/24	4.95%	5.5%
2022/23	2.95%	2.2%
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%

In 2023/24 Cyngor Gwynedd's Band D Council Tax level was £1,603 while the average tax level for Welsh counties was £1,512.

More information is found in this document: [Council Tax Levels in Wales: 2023-24 \(gov.wales\)](#)

4. This year, it is recommended that the tax be raised by 9.54% for 2024/25. That would generate £98m of tax (compared to £90m in 2023/24), which includes £9m of Premium yield. That would equate to a Council Tax increase of £152.89 for a Band D property, or £2.94 a week. The tax charged by the Police and Crime Commissioner (an increase of 5.14% for 2024/25) and the community councils (% variable) will of course be in addition to this.
5. Over 8,100 homes in Gwynedd receive some element of support towards their Council Tax through the Council Tax Reduction Scheme, and over 60% of Gwynedd properties

are in bands below band D. In addition, there are a wide range of statutory exemptions and discounts available, which are related to the status of the property.

6. We do not yet know exactly what the average increase will be across Wales in 2024/25, but the latest information is that there will be quite a wide range across Wales. The proposal to raise the tax by 9.54% is consistent with the situation across north Wales. Every additional 1% tax would adjust the financial gap we would need to find by around £899,200. Therefore, 3.5% would mean adjusting the financial gap by approximately £3,029,400 whilst 5% would involve adjusting the financial gap by approximately £4,378,190.
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 arrive at the balance that they consider appropriate. However, further to several informal conversations at the members' workshops, **a Council Tax increase of 9.54% is recommended, which would be a weekly increase of £2.94 or £152.89 annually, with a Band D tax of £1,755.47 for 2024/25.**

COUNCIL TAX PREMIUM PRODUCTS ON EMPTY PROPERTIES AND SECOND HOMES

8. At the Full Council meeting on 7 December 2023, it was decided to continue with the 100% premium on properties that have been empty for 12 months or more for 2024/25 and to continue with the premium of 150% on second homes. It is estimated that the Council will receive £9m of additional income in 2024/25 from the premium. £6m of the money has been allocated to a fund to implement the Housing Action Plan, which will aim to provide housing for young people in our communities, and £3m to the homelessness budget.
9. All income must be incorporated and related expenditure met in the 2024/25 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 projected that the Council will have general balances of about £7.9m at the end of this financial year, representing around 1.5% of the Council's gross revenue expenditure.
2. We have noted, on more than one occasion, that due to the turbulent circumstances we will be facing in the years ahead, 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, as the continuous increase in demand for care services, homelessness and waste means that the risk continues. Therefore, the need to ensure that we have appropriate balances to deal with any financial shock 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 Governance and Audit Committee on 25 May 2023 and the Cabinet on 13 June 2023, when it was approved to transfer £3.918 million from reserves to be used in its entirety to assist the departments that had overspent in 2022/23. I review the level of these reserves continually, and **the intention is to conduct another review by May 2024**, to consider how much scope there will be for the Council to change its priorities within these reserves.
5. During 2024/25 there is an intention to use almost £5m from the 'Financial Strategy Fund' to bridge the budget and the savings that have been identified but will not be achieved until 2025/26. This fund has been established specifically to deal with such eventualities as they arise.
6. 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.”

7. This message was reinforced by Audit Wales, which 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)

8. I am convinced that the Council's use of balances is a totally appropriate action.
9. The Council's balances has been a key instrument. As the Council will have balances of about £7.9 million, we will have kept the bulk of the balances in reserve again, so they are available 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 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 2024/25.

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?

March 2023, when considering the Council's financial outlook for the years 2024/25 and 2025/26 immediately following the setting of the 2023/24 Budget. At that time, it was expected that it would be possible to set balanced budgets in these two years without finding further savings.

However, the ongoing work to consider the impact of inflation, the 2023/24 pay settlement etc has crystallised the Council's position with regards to identifying the impact of the decisions that will have to be taken as we ensure that we set a balanced budget.

Detailed work commenced on 20 December 2023, the date of the announcement of the provisional local government revenue and capital settlement: 2024 to 2025.

The provisional settlement has shown that the Council will have to continue to seek financial savings for 2024/25 and 2025/26 if we are to set a balanced budget. Each of the individual savings' schemes has been subject to an equality impact assessment.

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 a budget seminar on 16 January 2024.
- Close collaboration between the Chief Executive, Corporate Directors, 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 the opportunity to scrutinise the budget on 8 February.
- Cabinet to consider the draft budget on 20 February and make a recommendation to the Full Council.
- Full Council to set budget for 2024/25 and set Council Tax rate on 7 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. The increase in Government funding this year is not sufficient to meet demand for services as well as inflation, therefore in order to set a balanced budget there is a need to look for further financial savings.

Every savings plan that is now in the programme for implementation has been subject to an Equality Impact Assessment at the time it was introduced. It is recognized that there is 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 the need to introduce savings schemes became clear during the financial year, and the true situation did not become clear until December 2023, time has not permitted a consultation process.

2.3 What was the result of the engagement?

There has not been a consultation process.

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

The 2024/25 budget is framed on an "incremental" principle. That is, the 2023/24 budget will be used as a base budget, making a number of adjustments before arriving at a draft budget for 2024/25:

- Staff Pay Inflation
- Other Inflation (suppliers)
- Increase in levies (Fire and Rescue Authority and Natural Resources Wales)
- 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
- Realising savings that have already been agreed
- Additional savings that must be introduced

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 request for resource if they consider that an additional budget is needed to ensure that services continue. The amounts shown under the heading "pressures on services" recognize 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 shows 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)	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Disability	Positive	The bidding procedure detailed in Appendix 2 includes additional expenditure on social services and delaying or eliminating savings in this area.
Sex	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Age	Positive	The recommended budget includes a significant increase in the budget of the Adults, Health and Well-being Department.
Sexual orientation	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Religion or belief (or non-belief)	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Gender reassignment	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Pregnancy and maternity	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Marriage and civil partnership	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.

The Welsh language	Positive	<p>The Council's budget includes ensuring that resources have been put in place to support fully bilingual services.</p> <p>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, 'Culture and the Welsh Language'.</p>
Socio-Economic Disadvantage	Positive	<p>The nature of the Council's services means that the pressures on services address socio-economic inequality since the measures recommended to deal with pressures on services take this into account.</p> <p>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.</p> <p>Any increase in the Council Tax rate is a financial pressure on the people of Gwynedd, but over 8,100 receive some support towards their Council Tax through the Council Tax Reduction Scheme. 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.</p>

- 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	It is believed that none of the effects mentioned in 3.1 will lead to discrimination, harassment, or victimisation.
Promoting equal opportunities	Positive	Setting the budget 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	The budget is set 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 Plan is the Council's main policy document and includes a number of schemes that promote the Welsh language. The Cyngor Gwynedd Plan for 2023-28 was adopted by the Full Council on 2 March 2023. The budget is being drawn up to implement that policy.

This year, in drawing up the 2024/25 Budget, the Council had to identify new savings plans, as well as consider the practicality of savings that had previously been identified as savings to be removed from departmental budgets and had already been approved in previous years. The statutory processes included the completion of an equality assessment which includes a question about impact on the Welsh language. When decisions about savings were discussed in the 2020/21 Budget report, it was concluded that **no impact** had been identified on the Welsh language but that there is a need to monitor this on implementation.

When preparing the Budget reports for 2021/2022, 2022/23 and 2023/24, consideration was given to the intended impact of these budgets 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 2024/25.

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 a financial policy, and we believe that the current policy achieves 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 then need to be taken to 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.

There is a need to present savings plans this year in addition to those that exist in the programme from previous years. All have been subject to a detailed assessment to ensure that inequality due to socio-economic disadvantage is reduced.

Some of the bids recommended to be funded include several specifically designed to reduce inequality caused by socio-economic disadvantage. These are detailed in Appendix 2.

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 from the continuation of services that were seen as priorities to be protected and funded to meet 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?

Any increase in Council Tax will have an impact on the financial position of the people of Gwynedd, and a higher increase than usual is recommended this year, which is necessary to ensure that the Council's financial position remains sustainable for the future.

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 for 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)?

It will be necessary for the Full Council to decide annually on the setting of the budget and tax rate.

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.

WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015

1. The work of planning and preparing the recommendations has taken place in the context of the above Act's requirements. Although the recommendations derive 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 by making 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 the Council is required to consider when applying sustainable development.
 - Looking to the long term - The budget plans for the future, by identifying the needs and demand for services not only in 2024/25, but in the future, and takes 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 – Cyngor Gwynedd'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 included engagement with residents, customers, and partners.
3. Main conclusions for the 2024/25 budget regarding the 7 well-being goals:
 - Prosperous – Neutral (add to the resources of services that 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 well-being assessment for each individual scheme. New savings and cuts schemes that are introduced in this budget ensure that a balanced budget can be set that protects future resources.
5. Generally, coupled with the Council's Plan and Well-being 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. There are several key elements in the budget that are based on estimates. Specific attention is given below to those which pose the greatest risks:
4. **Inflationary Risk** - Overall inflation has fallen in the second half of the 2023/24 financial year from the exceptionally high levels seen during 2022/23. Independent forecasts received show that inflation rates are expected to fall further during 2024/25 but will remain above the Bank of England's 2% target. We believe that general inflation will remain around 3% on average during the year. This budget including the forecast of the pay agreement reflects the latest forecasts. I am satisfied that prudential estimates of inflation levels have been included.
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 risen since then. However, interest rates are expected to start falling gradually during the second half of the 2024/25 financial year as inflation levels continue to fall. Therefore, interest rate risk is considered low and would compensate for the inflation risk, as one is likely to increase and decrease 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 have received significant specific grants in social care in recent financial years, with associated commitments, which make financial 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.

Local authorities have supported putting pressure on the Welsh Government to bring as many grants as possible into the overall settlement. A limited number of grants will transfer during 2024/25.

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 monitored closely during the year and, if necessary, expenditure will need to be cut back 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.

I believe there is a higher than normal risk in 2024/25 from the perspective of income as a number of the proposed savings schemes are tied to increasing income, including some schemes that have slipped from 2023/24.

9. **Risk with Savings** – In order to be able to set a balanced budget, the 2024/25 budget includes £3.7m of 2023/24 savings profiled to be realised in 2024/25 (which includes £820k schools' savings), £15k historic savings (i.e. programmed before 2023/24), as well as £2m new savings. However, some Council departments have a history of failing to deliver on their savings plans and that presents a significant risk to long-term financial sustainability. I believe this is the biggest risk in setting this budget. In line with the usual procedure, we will mitigate the risk by ensuring savings schemes are in the ownership of departments and Cabinet members, and regularly monitoring the relevant progress. The budget also includes a strategy of providing 10% of the value of new savings schemes over the lifespan of the programme to deal with situations where savings schemes slip.

10. **Staff Redundancy Costs** - Some services restructure their staff to achieve savings, and staff are made redundant. Where appropriate redundancy costs will be 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 have been over-estimated and that the income collected is lower than the estimated amount (due to property ceasing to be subject to the premium). We are managing the risk by employing inspectors who are checking the facts, 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 steps, the Head of Finance (Section 151 Officer) considers that the budgets are robust, adequate, and achievable.

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	8 FEBRUARY 2024
SUBJECT:	CAPITAL STRATEGY 2024/25 (INCLUDES INVESTMENT AND BORROWING STRATEGIES)
PURPOSE:	TO EXPLAIN AND SCRUTINISE THE PROPOSED CAPITAL STRATEGY FOR 2024/25
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 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.
4. In 2024/25, the Council is planning capital expenditure of £90.2m as summarised below:

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

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget* £m	2025/26 Budget £m	2026/27 Budget £m
General Fund Services	38.0	87.2	85.2	14.6	10.9
General Fund Leasing *	0.0	0.0	5.0	0.0	0.0
TOTAL	38.0	87.2	90.2	14.6	10.9

* Capital Expenditure for 2024/25 includes £5m due to a change in the accounting for leases.

5. The main General Fund capital projects in 2024/25 include:
 - Housing Schemes/Strategy - £17.9m
 - Shared Prosperity Fund Schemes - £16.4m
 - Sustainable Communities for Learning Schemes - £16.1m
 - Levelling Up Fund Schemes - £10.1m
 - Coastal Flood Protection - £3.9m
 - Property Schemes - £3.7m
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

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget* £m	2025/26 Budget £m	2026/27 Budget £m
External Sources	19.9	45.7	39.5	5.8	2.5
Own Resources	9.0	31.0	30.3	1.5	1.1
Debt *	9.1	10.5	20.4	7.3	7.3
TOTAL	38.0	87.2	90.2	14.6	10.9

* Debt for 2024/25 includes £5m due to a change in the accounting for leases and does not represent cash expenditure.

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

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Minimum Revenue Provision	7.6	5.4	5.8	6.0	6.2

- The Council's full Minimum Revenue Provision Statement is available in **Appendix B** to the Capital Strategy Statement. This statement has been revised for 2024/25.
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 £14.6m during 2024/25. 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

	31.3.2023 Actual £m	31.3.2024 Forecast £m	31.3.2025 Budget £m	31.3.2026 Budget £m	31.3.2027 Budget £m
General Fund Services *	170.8	175.9	190.5	191.7	192.9

* The Capital Financing Requirement for 2024/25 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. An 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

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Asset Sales	0.4	0.2	0.0	0.1	0.0
Loans Repaid	0.0	0.0	0.1	0.0	0.1
TOTAL	0.4	0.2	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 £99.6m borrowing at an average interest rate of 5.37% and £197.3m treasury investments at an average rate of 5.38%.
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 and long-term fixed rate loans where the future cost is known but higher.

The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

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

	31.3.2023 Actual £m	31.3.2024 Forecast £m	31.3.2025 Budget £m	31.3.2026 Budget £m	31.3.2027 Budget £m
Debt (incl. PFI and leases)	102.5	101.3	98.7	94.0	88.6
Capital Financing Requirement	170.8	175.9	190.5	191.7	192.9

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 £11.5m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2023 Actual £m	31.3.2024 Forecast £m	31.3.2025 Budget £m	31.3.2026 Budget £m	31.3.2027 Budget £m
Forecast Borrowing	100.5	99.6	93.0	89.3	84.9
Liability Benchmark	-37.8	24.0	61.5	85.7	86.9

18. The table shows that the Council expects to remain borrowed above its liability benchmark up until 2027. 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

	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 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 2024/25 and subsequent years include a £5m 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

	31.3.2023 Actual £m	31.3.2024 Forecast £m	31.3.2025 Budget £m	31.3.2026 Budget £m	31.3.2027 Budget £m
Near-Term Investments	143	100	55	45	35
Longer-Term Investments	9	13	15	15	15
TOTAL	152	113	70	60	50

- 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 5 and 15 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. Quarterly reports on treasury management activity are presented to the Governance and Audit Committee. The Governance and Audit Committee is responsible for scrutinising treasury management decisions. An annual seminar is held for the members of the Governance and Audit Committee and full Council by Arlingclose, our investment advisors and was held on 7th and 20th February 2024 respectively for the 2024/25 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. The relevant Head of Service is responsible for ensuring that adequate due diligence is carried out before investment is made.

LIABILITIES

26. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit as it occurs (currently valued at £0m). 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 Governance and Audit Committee.
- Further details on reserves to cover liabilities are on page 12 of the 2022/23 Statement of Accounts

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Cyngor-Gwynedd-Statement-of-Accounts.aspx>

REVENUE BUDGET IMPLICATIONS

28. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing

costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, National Non-Domestic Rates and general government grants.

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

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
Financing Costs * (£m)	£11.5m	£7.7m	£8.0m	£9.3m	£9.9m
Proportion of Net Revenue Stream (%)	3.9%	2.4%	2.4%	2.8%	2.9%

* Financing costs for 2024/25 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 2024/25 Budget:

<https://democracy.gwynedd.llyw.cymru/ielistmeetings.aspx?cid=136&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 Head of Finance is a qualified accountant with a number of years' experience, and the Assistant Head of Housing and Property is a chartered surveyor and member of the Royal Institute of Chartered Surveyors. The Council has qualified staff and pays for junior staff to study towards relevant professional qualifications including CIPFA, ACCA and AAT.
31. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
32. The relevant staff attend CIPFA and Arlingclose training events to ensure that we are aware of the latest developments, and that knowledge and skills are kept up to date.

CAPITAL

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

CAPITAL PROGRAMME			
	2024/25 £'000	2025/26 £'000	2026/27 £'000
Council Asset Plan :			
Sustainable Communities for Learning Schemes	9,023	0	0
Housing Schemes	3,000	1,300	1,300
Penygroes Health and Care Hub	2,500	0	0
Adults' Homes/Centres	1,515	0	0
Highways, Bridges and Municipal	1,051	1,700	2,078
Coastal Flood Protection	793	0	0
Other Schemes	3,136	1,023	1,251
Capital Bids	2,123	500	500
Other Schemes:			
Housing Strategy – Council Tax Premium Fund	0	0	2,549
Housing Strategy – Buy to Let	0	0	2,880
<i>Schemes already Approved :</i>			
Shared Prosperity Fund Schemes	16,406	0	0
Levelling Up Fund Schemes	10,098	3,239	0
Housing Schemes/Strategy	14,940	5,430	0
Sustainable Communities for Learning Schemes	7,031	0	0
Property Schemes	3,254	0	0
Coastal Flood Protection	3,113	0	0
Departmental Vehicles	2,960	962	0
Industrial Units	1,424	0	0
Other	2,858	402	362
PROGRAMME TOTAL	85,225	14,556	10,920

3. We will be funding the programme as follows:

CAPITAL PROGRAMME FUNDING			
	2024/25 £'000	2025/26 £'000	2026/27 £'000
Supported Borrowing	4,057	4,057	4,057
Other Borrowing	11,329	3,242	3,242
Grants and Contributions	39,542	5,792	2,553
Capital Receipts	0	0	0
Departmental and Corporate Revenue	99	0	0
Capital Fund	12,286	41	0
Renewals and Other Funds	17,912	1,424	1,068
PROGRAMME FUNDING TOTAL	85,225	14,556	10,920

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. The 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 2024/25 to 2026/27 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2019/20 to 2028/29.
7. The 2024/25 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is slightly lower than anticipated when the asset strategy was established. I have adjusted the programme accordingly.
8. Therefore, the full Council is asked to establish a total programme worth £85,224,800 for 2024/25, to be funded from the sources noted in the table under part 3 above.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2024/25

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 by charging the expenditure over the expected useful life of the assets in equal instalments, starting in the year after the capital expenditure was incurred. A prudent measure of the useful life of a variable range of assets is 50 years and 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 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, 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 2024/25 will not be subject to a MRP charge until 2025/26 or later.
 5. Based on the Council's latest estimate of its Capital Financing Requirement (CFR) on 31st March 2024, the budget for MRP has been set as follows:

	31.03.2024 Estimated CFR £m	2024/25 Estimated MRP £m
Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008	131.6	2.7
Unsupported capital expenditure after 31.03.2008	42.7	2.2
Leases and Private Finance Initiative *	1.6	0.9
Total General Fund	175.9	5.8

** The opening Capital Financing Requirement and MRP charge for 2024/25 and subsequent years includes an increase due to a change in the accounting for leases.*

Treasury Management Strategy Statement 2024/25

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 2021 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 impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets, the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility,

fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

2.2 Credit outlook

Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

2.3 Interest rate forecast (December 2023)

Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly 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 4.7% and that the Council will not need any new long-term loans in 2024/25.

3. Local Context

- 3.1** On 31st December 2023, the Council held £99.6m of borrowing and £197.3m 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

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital Finance Requirement	170.8	175.9	190.5	191.7	192.9
Less: Other debt liabilities *	-2.0	-1.6	-5.7	-4.7	-3.8
Loans CFR	168.8	174.3	184.8	187.0	189.1
Less: External borrowing **	-100.5	-99.6	-93.0	-89.3	-84.9
Internal borrowing	68.3	74.7	91.8	97.7	104.2
Less: Balance sheet resources	-220.1	-163.4	-140.5	-117.5	-117.5
Treasury Investments (or new borrowing)	151.8	88.7	48.7	19.8	13.3

*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 balance sheet resources are the underlying sums 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 2024/25.

4. Liability benchmark

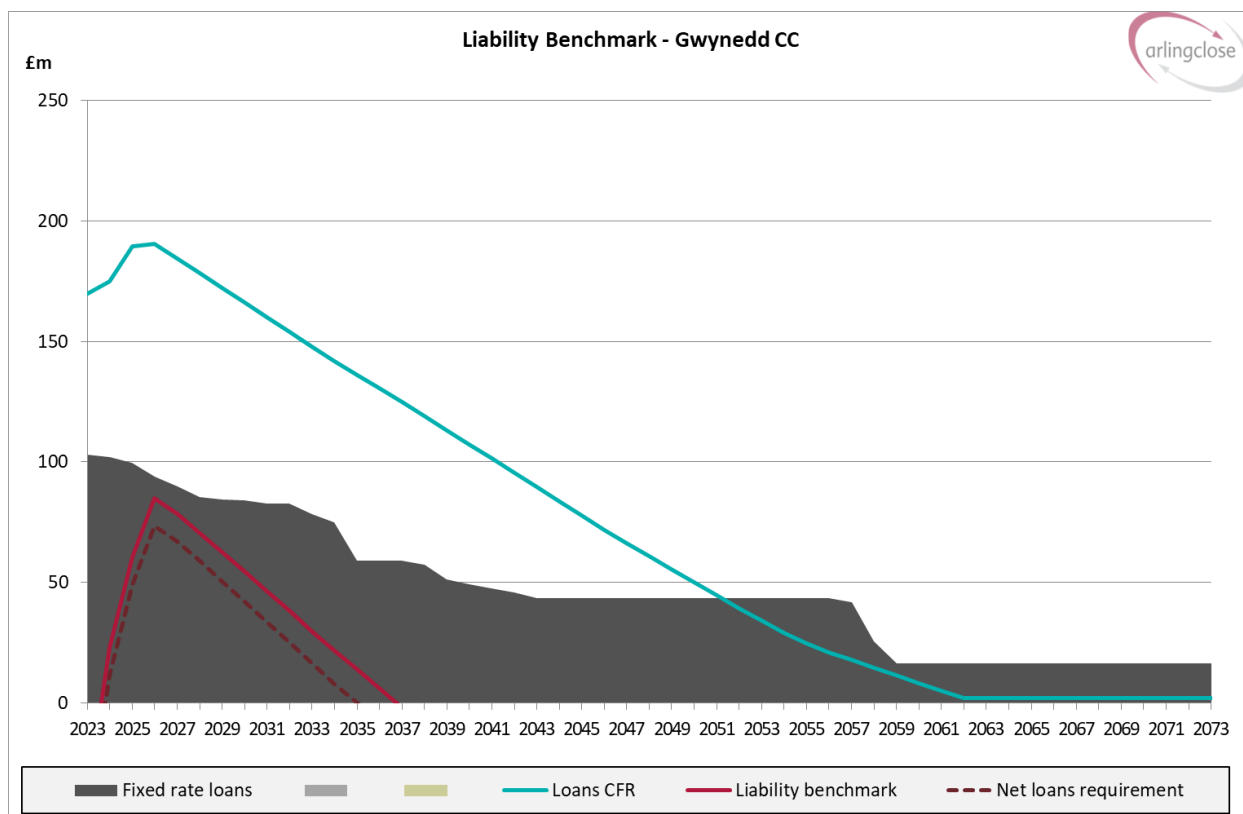
4.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £11.5m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability Benchmark

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
CFR	170.8	175.9	190.5	191.7	192.9
Less: Balance sheet resources	-220.1	-163.4	-140.5	-117.5	-117.5
Net loans requirement	-49.3	12.5	50.0	74.2	75.4
Plus: Liquidity allowance	11.5	11.5	11.5	11.5	11.5
Liability Benchmark	-37.8	24.0	61.5	85.7	86.9

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 new capital expenditure based on a 50 year straight line method. This is shown in the following chart together with the maturity profile of the Council's existing borrowing:



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

5. Borrowing Strategy

5.1 The Council currently holds £99.6 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 2024/25 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. Short-term interest rates are currently at a 15 year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium 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 2024/25 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)
- UK Infrastructure Bank Ltd
- 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
- Retail investors via a regulated peer-to-peer platform
- 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
- Similar asset based finance

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. Financial derivatives may be used to manage this interest rate risk (see section 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise that in previous years.

6. Treasury Investment Strategy

- 6.1** The Council holds significant 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 £118.5 and £270.2 million, and similar levels are expected to be maintained in the forthcoming year.

This includes the cash balances of Gwynedd Pension Fund which are pooled with the Council's funds for investment purposes. The Pension Fund requests this annually as the returns received are improved and the risks reduced by combining the cash with the Council's funds. The Pensions Committee will approve the relevant elements of this Strategy Statement and request the continuation of the pooling arrangements for 2024/25 at its meeting on 19th March 2024.

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. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

6.3 Strategy

As demonstrated by the liability benchmark above, the Council expects to be a long-term investor and treasury investments will therefore include both short-term low-risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

6.4 Environmental, social and governance (ESG) considerations

Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

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 Minimum 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 to, and bonds issued or guaranteed by, 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 Reputational aspects

The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

6.19 Other information on the security of investments

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020 and 2022, 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.

6.20 Investment limits

The Council's revenue reserves available to cover investment losses are forecast to be £95 million on 31st March 2024. In order that no more than 10.5% 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.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: 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

6.21 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	£2,290,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£2,290,000

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 Long- term treasury management investments

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 prudential limits on the long- term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£40m	£20m	£20m	£20m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

8. Related Matters

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

8.2 Financial Derivatives

Local authorities could have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the

methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

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 2024/25 is £3.2 million based on an average investment portfolio of £81.1 million at an interest rate of 4.7% for deposits and £13 million of pooled funds at a return of 4.3%. The budget for debt interest paid in 2024/25 is £5.3 million, based on an average debt portfolio of £98 million at an average interest rate of 5.4%. 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 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 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further second-round effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium- term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.

- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix 2- Existing Investment & Debt Portfolio Position

	31.12.2023 Actual Portfolio £m	31.12.2023 Average Rate %
External Borrowing:		
Public Works Loan Board	83.4	5.60
Other loans	16.2	4.22
Total external borrowing	99.6	5.37
Other long- term liabilities:		
Leases	1.9	0.00
Total other long-term liabilities	1.9	0.00
Total gross external debt	101.5	5.37
Treasury investments:		
Bank and Building Societies (unsecured)	10.5	5.34
The UK Government	18.8	5.19
Local Authorities	93.0	5.42
Money Market Funds	62.0	5.30
Pooled funds	13.0	5.79
Total treasury investments	197.3	5.38
Net investments	-95.8	

Appendix 3 – Additional requirements of Welsh Government Investment Guidance

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

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

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

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

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

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

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

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

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

Table 3a: Loan limits

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

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

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

Table 3b: Non-specified investment limits

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

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2023, 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 2024. 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.

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	8 FEBRUARY 2024
TITLE	MID-YEAR UPDATE ON CYNGOR GWYNEDD'S GOVERNANCE RISKS
PURPOSE OF REPORT	TO EXPLAIN TO THE COMMITTEE THE CHANGES THAT HAVE OCCURRED TO THE COUNCIL'S GOVERNANCE RISKS SINCE PRESENTING THE 2023 ANNUAL GOVERNANCE STATEMENT TO THE COMMITTEE FOR APPROVAL IN OCTOBER 2023
AUTHOR	DEWI MORGAN, HEAD OF FINANCE
ACTION	ACCEPT THE REPORT AND COMMENT ON THE CONTENTS

1. BACKGROUND

- 1.1 The Council's Annual Governance Statement for 2023 was submitted to the Governance and Audit Committee on 12 October 2023. The Governance and Audit Committee has a key role to challenge the preparation and content of the Statement.
- 1.2 At the meeting, the Committee considered the draft Annual Governance Statement and its action plan. After doing so, the Committee approved the Declaration, and recommended that the Leader of the Council and Chief Executive sign it.
- 1.3 At the same time, the Committee suggested that a mid-year report be submitted to the Committee providing an update of the situation.
- 1.4 A copy of the 2023 Annual Statement has been included in the Appendix to give context to members.

2. ASSESSMENT GOVERNANCE FRAMEWORK

- 2.1 The governance framework is under continuous review by the Governance Arrangements Assessment Group during the year. The Annual Governance Statement is produced to summarise the result of the governance self-assessment in a statement that tells the People of Gwynedd what our governance framework is, and how well it is working. The members of the Group are the Chief Executive, the Monitoring Officer, the Section 151 Officer, the Head of Corporate Support, Assistant Head of Finance, the Risk & Insurance Manager and the Council Business Service Support Manager.
- 2.2 The Governance Risk Register, which forms part of the Council's Corporate Risk Register, has been developed in line with the 7 Core Principles for Good Governance contained in the CIPFA/Solace Framework *Delivering Good Governance in Local Government (2016)*. The Governance Risk Register identifies risks in 24 different areas of governance, setting out the controls the Council has in place to mitigate these risks.
- 2.3 Specific responsibility for these risks have been distributed across the Council as follows

Department	Number of risks
Corporate Support	5
Finance	4
Housing and Property	1
Leadership Team and Legal	14
Total	24

- 2.4 The relevant department is responsible for assessing these risks continuously, with the Governance Arrangements Assessment Group keeping an overview of them.

2.5 As is usual in risk management arrangements, consideration is given to two factors when scoring the size of these risks:

- The **Impact** of the event if the risk were realised
- The **Likelihood** of the risk being realised.

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

Impact

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

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

Likelihood

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

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

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

2.8 The Governance Statement notes the risk scores for the 24 risk areas. The assessment by departments and the Governance Arrangements Assessment Group concluded:

- Number of very high risks: 0
- Number of high risks: 4
- Number of medium risks: 11
- Number of low risks: 9

3. CHANGES SINCE THE 2023 STATEMENT

- 3.1 There has been one change to the governance risk ratings since the Governance Statement was approved in October, namely the Finance Risk (reference L20). This score has increased from 10 (Medium Risk) to **20 (Very High Risk)**:

Finance

Risk: Weaknesses when controlling public finance

- 3.2 We have consistently reported that the Council has effective financial planning and management arrangements, including accountants and internal auditors, led by the chief finance officer. Internal auditors have a focus on effective arrangements and controls in financial systems, while accountants work closely with the departments and encourage management's ownership of their systems, performance, and financial propriety.
- 3.3 We believe that the governance of the Council's financial arrangements remains robust, with the review of expenditure against budgets, and monitoring that savings have been achieved by all Council departments, ensuring that the services operate efficiently. However, for the first time in 2023/24 all council departments are projected to overspend. This has been reported to the Governance and Audit Committee and Cabinet but as the need to discover savings continues, and demand for services increases, a scenario where there are not adequate funds can be envisaged in the future to address the budget deficit.
- 3.4 We therefore believe that this has increased the likelihood of catastrophic financial problems and without decisive action it is highly likely that this would manifest itself in the foreseeable future. The current Risk Score is therefore as follows:

Impact	Likelihood	Risk score
5	4	20

Actions

- 3.5 After a long period of discovering and delivering savings, around £40m in the period since 2015/16, the plans are now so much harder to realise.
- 3.6 A series of new savings worth £6.4m, mainly to be realised over 2023/24 and 2024/25, were approved by Cabinet in February 2023. There is an additional set of savings, worth £4.8m, to consider for 2024/25 and 2025/26 so that a balanced budget can be set.
- 3.7 The likelihood of failure to spend within available resources increases. In response to the situation, departments that continue to overspend will need to report to members with clarifications and steps to be taken.

4. RECOMMENDATION

- 4.1 The Governance and Audit Committee is requested to consider and comment on the information contained in this report.

ANNUAL GOVERNANCE STATEMENT

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

Part 1: SCOPE OF RESPONSIBILITY

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

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

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

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework described above has been in place at Gwynedd Council for the year ending 31 March 2023 and remains applicable up to the date of the approval of the Statement of Accounts.

Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

- 3.1 The **Governance Arrangements Assessment Group** monitors matters of governance continuously in a disciplined manner, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Corporate Director, the Monitoring Officer, the Section 151 Officer, Head of Corporate Support, Assistant Head of Corporate Support, Assistant Head of Finance, the Risk and Insurance Manager and the Council Business Service Support Manager.
- 3.2 To reflect the CIPFA/SOLACE Framework - *Delivering Good Governance in Local Government*, the local framework is set out in the form of a Governance Risk Register that is part of the Corporate Risk Register, identifying 24 areas of governance risks.
- 3.3 An outline is given of the Governance Areas, the relevant risks and the Council's arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.
- 3.4 For each Governance Risk, a current score is shown, which is the score following an objective assessment of the control arrangements that are currently in place. Consideration is given to two factors:
- The **Impact** of the risk in the event of it being realised
 - The **Likelihood** that it will occur.
- 3.5 Impact scores vary from 1 (Visible impact) to 5 (Catastrophic impact), and the Likelihood scores from 1 (very unlikely) to 5 (occurring now). The risk score is calculated by multiplying the impact score and the likelihood score.
- 3.6 The comparative level of the risks is calculated as follows:

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

Culture

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

Assessment:

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

- The six-day training programme for Service Managers on the principles of Ffordd Gwynedd (including robust performance management principles) has been delivered since the summer of 2017. All service managers have now followed this training with a programme to ensure all new managers receive the training into the future.
- The Managers Network has been re-established and held its first series of meetings in March 2019. The early signs are encouraging with the encouragement for managers and their teams to undertake reviews within their own services rather than the previous focus on intensive reviews.
- A new job description was circulated to each manager/senior manager outlining the behaviours expected of them and agreed generic content to a new job description for heads and assistant heads. A final version of a revised job description for team leaders and the remainder of Council staff, which confirms the expected behaviours, has been agreed.
- A review of Ffordd Gwynedd's progress across the Council has been carried out in collaboration with Cabinet members and a Task and Finish Group from members of the Governance and Audit Committee. That resulted in a new 5-year Work Programme to 2028 which was approved by Cabinet on 7 March 2023. The Plan identifies nine areas we will focus on to further embed the "way of working".

Current Risk Score:

Impact	Likelihood	Risk score
4	3	12

Conduct

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

Assessment:

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

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

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Lawfulness

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

Assessment:

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

- Statutory Officers (the Monitoring Officer and the Head of Finance) have to offer comments on any formal decision, as part of a comprehensive constitution that is regularly reviewed.
- There are formal protocols in place in order to safeguard the rights of statutory officers.

Current Risk Score:

Impact	Likelihood	Risk score
3	1	3

Being open

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

Assessment:

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

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

Current Risk Score:

Impact	Likelihood	Risk score
2	1	2

Stakeholders

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

Assessment:

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

- The willingness of public sector bodies, including Gwynedd Council, other neighbouring unitary councils, the Police, the Health Board, the third sector and others to co-operate for the joint delivery of public services can have a significant, visible impact for the People of Gwynedd.
- Work has been undertaken to create a Well-being Plan and the relationship between organisations has matured.
- The Council is committed to the Public Services Board.
- The Public Services Board is not the only vehicle for working with other agencies and there is a risk that the wide range of joint working structures can hinder the whole objective of working together, creating confusion.
- The Council has had Partnership Criteria in place for several years, so that Gwynedd Council only enters partnerships where it is in the interests of the people of Gwynedd.
- Collaboration also occurs at a regional level which is not always as effective as it could be due to the footprint size and the difficulty of building a relationship with such a large number of people. There are some examples of success (e.g. North Wales Economic Ambition Board).

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Engagement

Risk: Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making

Assessment:

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

- A range of corporate engagement procedures have been put in place to ensure that we receive opinion from the public and other stakeholders as appropriate. These include arrangements to ensure that the Council's corporate engagement exercises reach groups and cohorts such as young people, LGBT+ people, ethnic minorities, refugees, adults with learning disabilities and Gwynedd businesses.
- During 2022/23 the engagement exercise for the Council's Regeneration Framework was used to:
 - undertake an engagement exercise which benefited several Departments, Services and key projects including the Gwynedd and Anglesey Public Services Board Wellbeing Survey, Population Needs Assessment (Adults Department), Local Housing Need Survey (Housing and Department), Clean and Tidy Communities (Highways and Municipal), Sustainable Tourism Principles (Economy and Community);
 - piloting the use of new engagement software ("Bang The Table" software);
 - develop a new brand for the engagement area ("Ardal Ni" brand);
 - trialling a new way of engaging at 13 local area level rather than the whole of Gwynedd.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Direction and vision

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

Assessment:

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

- The Council is effective in setting its priorities and managing expectations because of the culture of concentrating on what is important to the people of Gwynedd, with the performance measures that are used across all services derived from this.
- The Council Plan 2023-28 was approved by the full Council on 2 March 2023. The plan includes a series of projects for the next five years under seven priority areas.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	6

Sustainability

Risk: Failing to comply with the five principles of the Well-being of Future Generations Act

Assessment:

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

- The Council has acknowledged the importance of acting in accordance with the Well-being of Future Generations Act and, jointly with its partners on the Public Services Board, has done initial work to identify what needs to be done to operate in accordance with the five principles - Long term, Prevention, Integration, Collaboration and Involvement.
- The Council is already complying with all the principles but to different degrees. The Management Group decided that the best way would be for Departmental Management Teams to pay attention to the principles when planning ahead. It is recognised that an assessment is needed if this way is successful or not. Reports coming before Cabinet are submitted in advance to the Corporate Support Department for review to keep track of situations where perhaps appropriate attention has not been given to the principles. By doing this we hope that we will embed the principles naturally rather than ticking boxes but time will tell if we will be successful.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Decisions

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

Assessment:

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

- Over the last few years there is evidence that Gwynedd Council is willing to take difficult or unpopular decisions, e.g. schools, externalising Council houses, acting on the difficult results of the Gwynedd Challenge, changing the Youths arrangements and taking steps to ensure implementation principles within Education.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Planning Operations

Risk: Intervention without sufficient planning

Assessment:

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

- The Council strives to maintain a suitable balance between Project Management procedures and working efficiently. As such, the Council is already maintaining robust project management arrangements for the largest projects, and uses a less comprehensive version for other projects, but based on the same principles.
- To ensure that the right things are measured each service's delivery measures are based on achieving a purpose and trying to ensure that any action improves our ability to achieve that.
- The Council tries to strike a balance between the need for order and the need to deliver as soon as possible by doing as little paperwork as is consistent with this, encouraging simple, brief reports that set out the main key points.
- The Council has a Medium Term Financial Strategy, with annual budgets based on this. The Council's work on financial planning is regularly praised by the external auditors, and the Governance and Audit Committee takes a leading role with financial scrutiny.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Reviewing Outcomes

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

Assessment:

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

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

Current Risk Score:

Impact	Likelihood	Risk score
3	2	6

Property Assets

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

Assessment:

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

- A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed and was approved by the full Council on 7 March 2019.
- The result is that a number of buildings that were no longer needed have been disposed of.
- In terms of vehicles, a plan has been implemented to try and make better use of the Council's fleet that has already presented some financial savings and is likely to achieve more.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Information Technology Assets

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

Assessment:

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

- Work is ongoing to develop a new Digital Plan for the period 2023-28. It is expected that it will be presented for scrutiny by the Education and Economy Scrutiny Committee in September 2023 before it will be formally approved by Cabinet in November 2023.
- The digital channel is an ongoing development and new services are constantly being released. There are several internal developments to improve internal administration, including a lengthy list of staff self-service developments and significant improvements to training arrangements. The self-service channels (internal and external) are not the only developments. Around fifty new systems are developed annually and these are tailored around the requirements of the services rather than having to adapt a service to meet the needs of a particular system. While there are many examples of where we have used technology to improve how we deliver services to the residents of Gwynedd, it is not happening at the pace that we would like it to happen and several applications remain for resources to develop them.
- In extending the use of technology we face further risks in terms of security and cybersecurity, with this element being an essential assessment of any new development or review of an inherent solution.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Workforce Planning

Risk: Failure to plan the workforce in terms of attracting, developing and retaining staff

Assessment:

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

- To ensure that the Council is in a position to deliver services that always put the People of Gwynedd at the centre, we must ensure that we have the right staff in the right place with the right skills. A Project Group has been established and short-term and longer-term objectives are in place. The Human Resources Team has attended training on the relevant skills needed to plan the workforce effectively. The main focus at the moment is on solving the short-term recruitment problems the Council is experiencing, but the most important and longer-term objective is to improve how we attract and retain staff, planning our staffing needs some years in advance while reducing the risk of having problems in attracting staff in the future.
- The development of the Council's data handling capacity to plan staffing needs is being addressed, including the development of a system of using exit interviews.
- The programme of attracting apprentices and professional trainees has been well established, to meet the need for officer development in specialist areas.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	9

Leadership

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

Assessment:

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

- There is an element of evidence (through self-assessment) that leadership within the Council is improving with numerous examples of transformational leadership on display rather than transactional leadership. The increased emphasis placed on "leading" rather than "managing" within the Ffordd Gwynedd culture is another firm indication of the great strides being made with Cabinet members taking a leading role in promoting good leadership by committing to their development as leaders.
- The definition of leadership within Cyngor Gwynedd was agreed upon and that definition is reflected in revised job descriptions for each headteacher and manager in the Council. The commitment at a political and operational level demonstrates that these positive actions have come to fruition and that the need and ability to lead is taking root as the norm within the Council.
- The re-establishment of the Management Network, with the emphasis on developing leadership skills, is another key step in the shift in emphasis from a "management" to "leadership" culture within the Council while the Managerial Review and revised job descriptions have also contributed to clarity around the expectation of leadership. In light of all this, this work is seen as remaining key but recognising that it is not as much of a risk as it has been in the past.
- To reflect that, this work has been incorporated within the Ffordd Gwynedd Plan's programme of work rather than standing as a stand-alone project although a specific project continues to have a high improvement priority in relation to Women in Leadership within the Council. The Council recognises that the number of women performing a managerial function within the Council is disproportionate with the ratio of the whole workforce and therefore seeks to boost the number of women applying and reaching senior positions within the Council.
- The Corporate Management Team is committed to its development, with each team member having completed a personal profile and also attending an initial workshop as an activity to strengthen the team for the future.

Current Risk Score:

Impact	Likelihood	Risk score
4	2	8

Risk Management

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

Assessment:

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

- There are strong arrangements for monitoring our compliance with certain types of operational risks.
- Each risk in the Corporate Risk Register has been considered from the perspective of the risk to the people of Gwynedd, not from the Council's introverted point of view.
- A new Corporate Risk Register was launched on 6 March 2021. The new system has proven to be a convenient facility for users in every department as they consider their priorities and identify what needs to be done, and to assist members in challenging performance and ensuring that the expected action has been taken.
- Lessons have been learnt from the Covid-19 pandemic which have been valuable in subsequent crises, e.g. the war in Ukraine.

Current Risk Score:

Impact	Likelihood	Risk score
5	2	10

Performance

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

Assessment:

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

- The Council's Performance Management system focusses on ensuring that business units achieve their purpose and this is done by continuously reviewing if we are measuring the right things.
- Regular meetings take place with Cabinet Members and managers to assess the latest performance, with members of the relevant Scrutiny Committee also present to challenge. Regular performance reports are submitted by Cabinet members on their areas of responsibility to Cabinet meetings. Clear arrangements have been put in place for 2023/24.
- The Auditor General also observes our performance in different areas by publishing various reports and the Governance and Audit Committee takes an overview that any recommendations receive attention.
- The new Corporate Complaints Procedure continues to work well. The Services Improvement Officer ensures that we learn lessons from any complaints, and try to avoid repeating mistakes.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Internal Control

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

Assessment:

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

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

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Information

Risk: Failure to maximise the potential of information in supporting Council business and failure to meet statutory requirements

Assessment:

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

- The 2021-2026 Information Plan includes a number of schemes for addressing the information management and data use risks. Sixteen of the 45 projects within the scheme have already been completed with the rest in progress.

Current Risk Score:

Impact	Likelihood	Risk score
4	3	12

Finance

Risk: Weaknesses when controlling public finance

Assessment:

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

- The Council has effective financial planning and management arrangements, including internal accountants and auditors, led by the chief finance officer.
- Internal auditors have a focus on effective arrangements and controls in financial systems, while the accountants work closely with the departments and encourage management ownership of their systems, performance, and financial propriety.
- The review of expenditure against budgets, and monitoring that savings have been achieved by all Council departments, ensures that services operate efficiently.

Current Risk Score:

Impact	Likelihood	Risk score
5	2	10

Accountability

Risk: Poor reporting, without transparency and unsuitable for the audience

Assessment:

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

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

Current Risk Score:

Impact	Likelihood	Risk score
2	2	4

Assurance

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

Assessment:

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

- There are many ways available within the Council to provide independent assurance that the Council's governance arrangements are working as they should. Statutory officers ensure that matters comply with the law and the procedures in the Constitution, whilst the Chief Executive and the Director continually challenge whether or not the departments are doing the right things. Cabinet members also meet often to challenge each other regarding developments.
- The Governance and Audit Committee keeps an overview of the governance arrangements as well as the implementation of the external auditor's recommendations.
- Supporting this is the Internal Audit Service that operates in accordance with the statutory professional standards, namely the Public Sector Internal Audit Standards.
- However, formally it is the scrutiny procedure that should continue to hold the Cabinet to account. There is transparent and objective scrutiny and challenging of decisions and policies; however, there is uncertainty regarding how effective this is.

Current Risk Score:

Impact	Likelihood	Risk score
2	3	6

Health, Safety and Well-being

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

Assessment:

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

- A detailed programme of work has been prepared starting with competencies and training on those competencies for Council leaders.
- All Cabinet members have received training, and a series of sessions for elected members have been held. A training session for Council Management Team has taken place on 13 February 2023.
- Work is underway to take a closer look at core / mandatory training and the governance process the Council has in place to ensure staff attend essential training.

Current Risk Score:

Impact	Likelihood	Risk Score
4	4	16

Customer Contact

Risk: Lack of timely response to queries

Assessment:

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

- Detailed analysis completed and presented to Members in October 2022 with a programme of work identified and the risk added to the corporate governance risks.
- Calls related to planning matters are received directly by the Planning Service since the 1 April 2023 and a short training module has been trialled for all staff who deal with enquiries.

Current Risk Score:

Impact	Likelihood	Risk Score
3	4	12

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

Part 4: SIGNIFICANT GOVERNANCE ISSUES

4.1 The above scores indicate that none of the 24 areas of governance presents a very high risk. There are 4 high risk and 11 medium risks.

4.2 Actions for the areas that are a high or medium risk are noted below.

HIGH RISKS

Governance Area	Response Arrangements	Department Responsible
The Council's Culture	<p>A Lead Group (with the entire Corporate Management Team as members) has been formed and met for the first time in June 2023. The Group will retain an overview of the implementation of the Work Programme and provide guidance on embedding the culture within the Council.</p> <p>An annual report will be submitted to Cabinet on the progress of the work into the future with the content partly based on self-assessments carried out by each Department.</p> <p>A dedicated officer has been identified for driving each of the nine work streams within the Five Year Plan.</p>	Corporate Support
Information	Continue with the action plan contained in the Information Plan.	Corporate Support
Customer Contact	A draft plan for Working for the Future will be provided for adoption during October 2023 along with changes to online self-service back office arrangements that will allow officers to identify operations directly on the accounts of enquirers. The Council's new Digital Plan to include a bid for funding to fund a stick system integrated with <i>Microsoft Teams</i> .	Leadership Team and Legal
Iechyd, Diogelwch a Llesiant	A detailed work programme has been prepared.	Corporate Support

MEDIUM RISKS

Governance Area	Response Arrangements	Department Responsible
Stakeholders	There are ongoing efforts in various areas to try to simplify a complex working relationship. However it must be acknowledged that there is only so much that can be done and there is room to question that the solution now is to try to find ways to work around the legislative barriers that have been set by the Government. We are already doing so quite successfully.	Leadership Team and Legal
Engagement	<p>During 2023/24, we will:</p> <ul style="list-style-type: none"> • continue to develop and strengthen engagement across the Council; • continue to highlight the opportunities and support individual services to proactively engage with the people of Gwynedd; • continue to develop our arrangements for ensuring that we engage effectively with groups that we as a Council are struggling to reach; • complete work on an engagement project that is part of the Council's Equality Plan. 	Corporate Support
Direction and vision	The risk is accepted at its present level.	Corporate Support
Sustainability	<p>We will look at our planning arrangements (including the Council's Plan, Annual Performance Reports and the corporate self-assessment that needs to be undertaken) to try to ensure that we have more regard to the principles of the Act while also reporting on progress.</p> <p>We will consider how awareness of the principles can be raised by relating them to the operating principles of Ffordd Gwynedd.</p>	Corporate Support
Reviewing Outcomes	The risk is accepted at its present level.	Leadership Team and Legal
Information Technology Assets	The Council's Digital Plan 2023-28 to be approved during 2023/24 (Cabinet November 2023).	Finance

Governance Area	Response Arrangements	Department Responsible
Planning the Workforce	To lay the foundation for long-term plans, we will commission a piece of research that will give the Council long-term direction on its staffing needs, looking at the type of skills and jobs we will need in a few years' time. This work will lead to a long-term staff attraction and development scheme.	Corporate Support
Leadership	<p>A specific Potential Development Programme has been developed for women as part of the Women in Leadership Project. A Mentoring Scheme women girls has also been approved and specific training for the first cohort of "mentors" has been undertaken. We will continue to hold "break-time talks" for leaders and potential leaders across the Council and also for female councillors in the new Council.</p> <p>We will also develop the leadership behaviours expected of managers generally primarily through a combination of training relating to the "way of working" and by challenging the behaviours as part of the ongoing evaluation being promoted as part of establishing the culture.</p> <p>We will continue to experiment with an alternative approach to the management network sessions by establishing groups of 12 managers who will be able to host and support each other.</p>	Corporate Support
Risk Management	<p>Work still needs to be done to ensure that all Council departments maintain the routine of recording their main risks and reviewing them regularly.</p> <p>The Insurance and Risk Service will support all departments to ensure that the use of the Corporate Risk Register is consistent across the Council, and that risks are continually updated. The procedure of considering the inclusion of risk registers in monitoring the performance of departments will develop further.</p> <p>The Risk Register to be regularly submitted to the Governance Group to carry out quality checks, before regularly submitting information to the Governance and Audit Committee.</p>	Finance

Governance Area	Response Arrangements	Department Responsible
Finance	<p>After a long period of discovering and delivering savings, over £35m in the period since 2015/16, the plans are now so much harder to realise with efficiency projects far more work than cutting services.</p> <p>A series of new savings worth £6.4m, largely to be realised over the next 2 years, were approved by Cabinet in February 2023.</p>	Finance
Assurance	<p>The Scrutiny Team will continue to work closely through the Scrutiny Forum with the Chairs to take forward the scrutiny programmes over the coming year.</p>	Corporate Support

Part 5: OPINION

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



DAFYDD GIBBARD
CHIEF EXECUTIVE, GWYNEDD COUNCIL

Cllr. DYFRIG SIENCYN
LEADER, GWYNEDD COUNCIL

DATE: 04 December 2023

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