



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

GOVERNANCE AND AUDIT COMMITTEE

Date and Time

10.00 am, THURSDAY, 6TH FEBRUARY, 2025

Location

Virtual Meeting

*** NOTE ***

*** For public access to the meeting, please contact us***

Contact Point

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(DISTRIBUTED 31/01/25)

GOVERNANCE AND AUDIT COMMITTEE

MEMBERSHIP (18)

Plaid Cymru (8)

Councillors

Ioan Thomas
Menna Baines
Huw Rowlands

Edgar Wyn Owen
Elfed Wyn ap Elwyn
Dafydd Meurig

Arwyn Herald Roberts
Meryl Roberts

Independent (4)

Councillors

Angela Russell
Rob Triggs

Richard Glyn Roberts
Elwyn Jones

Lay Members (6)

Carys Edwards
Elwyn Rhys Parry
Sharon Warnes
Hywel Eifion Jones

Vacant seat x 2

Ex-officio Members

Chair and Vice-Chair of the Council

AGENDA

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT ITEMS

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

4. IMPLEMENTING THE DECISIONS OF THE COMMITTEE 5 - 10

To consider the report and offer comments.

5. SAVINGS 2025/26 11 - 39

To scrutinise the information before the Cabinet considers approving the Savings Plan in its meeting on February 11th 2025

6. BUDGET 2025/26 40 - 87

To scrutinise the information before the Cabinet recommends the 2025/26 budget to the Full Council

7. CAPITAL STRATEGY 2025/26 (INCLUDES INVESTMENT AND BORROWING STRATEGIES) 88 - 127

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

8. OUTPUT OF THE INTERNAL AUDIT SECTION 128 - 155

To receive the report, comment on the contents and support the actions that have already been agreed with the relevant services

9. INTERNAL AUDIT PLAN 2024/25 156 - 159

To note the contents of this report as an update on progress against the 2024/25 audit plan, offer comments thereon and accept the report.

10. SPECIAL AUDIT REPORT - HOME CARE 160 - 167

To consider the report

11. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF 168 - 199

EXTERNAL AUDIT REPORTS

To consider the report

12. CONTRACT PROCEDURE RULES 200 - 220

To consider the report

13. FORWARD WORK PROGRAMME 221 - 222

To consider the work programme

Agenda Item 4

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	6 FEBRUARY 2025
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 now 1 April 2025.

Meeting of 5 September 2024

Item	Decision	Update
<p>IMPLEMENTING THE DECISIONS OF THE COUNCIL</p>	<p>To accept the contents of the report.</p> <p>Note: Add to the decision notice:</p> <ul style="list-style-type: none"> • That an information session on the field of homelessness needs to be held for Committee members to better understand the field and to understand the reasons why costs in the field are so high. • The Committee's desire to receive Ffordd Gwynedd training. 	<ol style="list-style-type: none"> 1. No sessions have been arranged yet – Session content to be confirmed for the Housing and Property Department's officers to prepare accordingly. 2. Ffordd Gwynedd training has been reviewed and adapted recently with a session scheduled for the Cabinet members. The Training Unit will arrange a similar session for the members of the Governance and Audit Committee.
<p>CYNGOR GWYNEDD'S ANNUAL GOVERNANCE STATEMENT FOR 2023/24</p>	<p>To accept the report.</p> <p>To approve the Annual Governance Statement and recommend that it is signed by the Council Leader and Chief Executive.</p> <p>Note:</p> <ul style="list-style-type: none"> • Need to re-consider the Lawfulness likelihood score. • Need to consider reviewing the questions and adapting the document to be clear to Gwynedd residents - although compliant with CIPFA guidelines, a suggestion to consider combining with the assessment of governance arrangements which is included in Gwynedd Council's Self-Assessment to avoid duplication of work 	<p>The Lawfulness score has been considered by the Governance Group (including the Monitoring Officer) and has concluded that the current score is appropriate.</p> <p>The format of the document will be considered when preparing the 2025 Statement.</p>
<p>CYNGOR GWYNEDD ANNUAL PERFORMANCE REPORT AND SELF-ASSESSMENT (draft) 2023/24</p>	<p>To accept the Annual Performance Report and Self-assessment (draft) 2023/24.</p> <p>Note:</p> <ul style="list-style-type: none"> • Need to consider appropriate consultation arrangements for the future to ensure Gwynedd residents' input in the process. • Need to involve the Committee earlier in the process – a suggestion to hold a workshop with Members so that the Committee has input and a better opportunity to offer recommendations. 	<p>1. There is an intention to take part in the National Resident Survey co-ordinated by Data Wales and the Welsh Local Government Association early in 2025. Any feedback will be presented in future self-assessments.</p>

	<ul style="list-style-type: none"> • When presenting data – need to ensure a full explanation e.g., avoiding linguistic categories in secondary schools. • Increasing Housing Supply for Local People - need to highlight the impact and not numbers only. <p>Gwynedd Yfory Projects</p> <ul style="list-style-type: none"> • Modernisation of Buildings and Learning Environment – to add that a RAC inspection had been undertaken. • Promoting the Well-being of Children and Young People – to add that schemes / campaigns are in place by the Education Department to improve pupil attendance. • Extending Opportunities for Play and Socialising – to add that additional financial support has been provided by the Council to Byw'n Iach Centres – this has been a positive decision. 	<p>2. Work is ongoing to identify the best way to obtain input from the Committee earlier in the process.</p> <p>3. No further action</p> <p>4. No further action</p>
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Meeting of 10 October 2024

Item	Decision	Update
<p>URGENT ITEMS –</p> <p>1. Concern about the risks associated with legal challenges against the Council.</p> <p>2. Highlighted that two vacant seats remain on the Committee.</p>	<p>Request to the Chair to discuss the concerns with the Head of Finance so that Committee Members can gain a better understanding of the Council's arrangements.</p>	<p>A meeting to discuss the concerns was held between the Chief Executive and the Chair on January 14th.</p>
<p>AUDIT WALES: URGENT AND EMERGENCY CARE: 'FLOW OUT OF HOSPITAL - NORTH WALES REGION'</p>	<ul style="list-style-type: none"> • To accept the contents of the report. • Submit an update on the recommendations in 12 months' time. 	<p>Update expected in 12 months' time</p>
<p>REVENUE BUDGET 2024/25 - END OF AUGUST 2024 REVIEW</p>	<ul style="list-style-type: none"> • To accept the report and note the situation and relevant risks in the context of the Council's budgets and its departments. • To agree with the recommendation to the Cabinet: • Transfer £1,868k of underspend on corporate budgets to the Council's Financial Strategy Reserve. 	<p>The funding has now been transferred to the Council's Financial Strategy Reserve.</p> <p>The Statutory Director of Social Services provided an update in the meeting on January 16. This action point has been incorporated as part of the</p>

	<p>Note: Work that has been commissioned by the Chief Executive to gain a better understanding of exceptional overspending by the Adults Health and Well-being Department: a request for the Cabinet to challenge the timescale of this work - assurance needed that this work is in place to set a budget.</p>	<p>item below on End of November 2024 Review.</p>
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Meeting 28 November 2024

Item	Decision	Update
<p>SPECIAL INVESTIGATIONS AUDIT - DOMICILIARY CARE</p>	<ul style="list-style-type: none"> • To accept the contents of the report and note the information • A further update was required to provide assurance that the situation was improving, with input from the Chief Executive 	<p>Audit Wales will present their report in February 2025's committee which will provide further opportunities for discussion and to provide an update.</p>
<p>COMPLAINTS AND SERVICE IMPROVEMENT ANNUAL REPORT 2023-24</p>	<ul style="list-style-type: none"> • To accept the report • To accept the proposal of the Head of Corporate Services to submit a further report which would set a context for service improvement policies and arrangements 	<p>Head of Corporate Services to present a report to the committee on February 2025 in order to share further details.</p>

Meeting 16 January 2025

Item	Decision	Update
<p>IMPLEMENTING THE DECISIONS OF THE COMMITTEE</p>	<ul style="list-style-type: none"> • To accept the contents of the report • Freedom of Information Requests Audit - request for a report setting out Council arrangements to deal with Freedom of Information matters <p>Note: Waste and Recycling – WRAP review to be shared with Members</p>	

<p>REVENUE BUDGET 2024/25 – END OF NOVEMBER 2024 REVIEW</p>	<ul style="list-style-type: none"> • To accept the report and note the situation and relevant risks in the context of the Council's budgets and its departments • Agree with the recommendations to Cabinet: <p>Note:</p> <ol style="list-style-type: none"> 1- Work commissioned by the Chief Executive to gain a better understanding of overspend in the Adults, Health and Well-being Department - a request for the Cabinet to challenge the timetable for this work – assurance needed that this work is in place in order to set the budget 2- Work commissioned by the Chief Executive to clarify the detailed situation in Children's care, to gain a better understanding of the issues and a clear programme of response. – need to submit a more detailed analysis of the work to the Committee 3- Request for information on how Gwynedd's financial projections compare with other Councils 4- Information on higher income from the death bereavement service, lack of parking income and per capita funding details to be shared directly with Councillor Angela Russell 	<ol style="list-style-type: none"> 1. The Statutory Director of Social Services reported to the Committee during the meeting on January 16. 2. A report by the Statutory Director of Social Services is planned for the new financial year. 3. The aim is to provide a verbal report to the Committee on February 6 on how the situation in Gwynedd compares with other councils.
<p>CAPITAL PROGRAMME 2024/25 – END OF NOVEMBER 2024 REVIEW</p>	<ul style="list-style-type: none"> • To accept the report and note the situation and risks in the context of the Council's capital programme 	<p>No further action</p>
<p>SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES</p>	<ul style="list-style-type: none"> • To accept the information and note the position and the relevant risks arising from slippages in the savings. • Support the Cabinet approval of the deletion of one savings scheme worth £146,910 relevant to 2025/26 in the field of waste in the Environment Department, using the provision set aside in the budget in order to do so. • Thank you to everyone involved with the report - very challenging work presented in an understandable way 	<p>No further action</p>

AUDIT WALES REPORTS	<ul style="list-style-type: none"> • To accept the National and Local report • To accept the Council's response to the recommendations <p>Note:</p> <ul style="list-style-type: none"> • Following the receipt of CIPFA support and guidance, the response Work Programme to be submitted to the Committee by March 2026 • Performance Reports to be submitted to Scrutiny Committees to demonstrate that the statutory requirements are being addressed • To correct the translations of place names in the reports 	These action points are expected to be completed as planned.
THE COMMITTEE'S FORWARD PROGRAMME	<ul style="list-style-type: none"> • To accept the Work Programme for February 2025 – January 2026 <p>Note:</p> <ul style="list-style-type: none"> • Committee Development Programme • Internal Audit Forward Programme • Audit Priorities – follow-up to recommendations • Further information about Ffordd Gwynedd • Follow-up information on the financial position of the Adults, Health and Well-being Department and the Children and Supporting Families Department • The need for a conversation between the relevant departments to discuss the future impact of rejecting affordable housing schemes on Gwynedd schools 	<ul style="list-style-type: none"> • To be considered as part of the Committee Development Programme • The programme includes items in order to provide an update on the financial situation of the Adults Department and the Childrens Department. • The matter of the 'impact of rejecting affordable housing schemes on Gwynedd's schools' was alluded to during the Communities Scrutiny Committee on January 23 with a suggestion to include on the agenda of the Education and Economy Scrutiny Committee.

3. RECOMMENDATION

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

Agenda Item 5

MEETING: GOVERNANCE AND AUDIT COMMITTEE

DATE: 6 FEBRUARY 2024

TITLE: SAVINGS AND CUTS 2025/26

PURPOSE: Present information on the process of identifying the Savings and Cuts Plan 2025/26 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 11th.

CABINET MEMBER: COUNCILLOR NIA JEFFREYS

OFFICER: DAFYDD GIBBARD, CHIEF EXECUTIVE

1. At its meeting on 11 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 2025/26.
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 2025/26 (Cabinet Report - 11/02/2025)

CYNGOR GWYNEDD CABINET

Meeting date:	11th February 2025
Relevant Cabinet Member:	Cllr. Nia Jeffreys, Council Leader
Liaison Officer:	Dafydd Gibbard – Chief Executive
Item Title:	Savings and Cuts Plan 2025/26

1. Decision sought

Cabinet is asked to:

- a) Approve the savings and cuts listed in Appendix A (£519k) to be used as a contribution towards our 2025/26 fiscal gap, and commission the Departments to move forward with implementing the plans while noting the issues highlighted in the report.
- b) Delegate the right to the Chief Executive, in consultation with the Council Leader and the Finance Cabinet Member, to make adjustments to this Savings and Cuts Scheme within the Departmental totals as the maturity of the schemes listed in Appendix A develops, within the fiscal totals.

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 2025/26 (increase of 3.2%), and that it will be significantly lower than what we will need to maintain our current level of services.
- 2.2 We are also facing 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 children's services, adult care, waste and highways to be able to operate within their current budget. It leads to departments overspending around £8M this year. Much of this gap stems from a lack of budget to meet higher demand for services and in most cases, it is not an option for us not to provide those services. Therefore, we are going to have to use reserves for coping with the situation.
- 2.3 We also know that we were facing significant increases in staffing costs as a result of the change in the Westminster policy to increase the employer's National Insurance contribution. As an employer of 6,000 staff, this adds £4.5M to our staffing costs.
- 2.4 We have received a strong indication that we will receive an element of this cost from the Welsh Government as a result of the consequential provision of the Westminster Government's announcement to be meeting additional costs to public sector National Insurance employer contributions in England, but that there is a risk that we will not

receive the amount in its entirety. It is unlikely that we will receive any additional funding towards external providers' National Insurance cost increases.

- 2.5 It has also been confirmed that we will not receive any confirmation of contributions towards these cost increases until the summer, well after setting the budget and commencing payment of the higher rate of employer contribution towards National Insurance.
- 2.6 Given the information we have already received above, our finance experts consider it reasonable to make an assumption that we will receive a £3.5M contribution from the Welsh Government towards the additional costs of National Insurance.
- 2.7 The result of increased demand, the need to provide a higher budget for the departments that are now unable to cope with their current budget, increases in national insurance costs that would not be entirely met by the Welsh Government, and the RSG, is that the Council faces a 25/26 funding gap of £8.77M.
- 2.8 The Head of Finance will report to Cabinet at this same meeting as this report, which will outline how we are to cope with the impact of this gap in setting our budget for 2025/26. 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 2025/26 budget can be set.

Process of identifying savings and cuts

- 2.9 Further to the process of establishing the savings plan for the last two years, and given that we have now exhausted any potential efficiencies, we set about establishing a new cuts regime in Spring 2024.
- 2.10 At its meeting on 14 May 2024, the Cabinet commissioned the Chief Executive to establish and lead on a range of measures and work packages, to prepare for meeting the significant gap in our budget over the next three years, including developing a new regime that identifies the most essential services to the people of Gwynedd that we can provide.
- 2.11 During the summer 2024, a cuts panel was held for each Department. Each Department Head presented a range of information about each individual team within their department to a panel comprising the Council Leader, the Department's Cabinet Member, the Department's Shadow Cabinet Member, the Chief Executive and the relevant Director.
- 2.12 The information presented to the Panel included the following for each individual team:
 - the purpose of the team,
 - staff numbers,

- expenditure, grants and income,
- statutory functions and explanation of statutory elements
- impact on the people of Gwynedd should the team cease to exist, or reduce, or impact on other Council departments
- is the service available to residents elsewhere?

2.13 Panel members were asked to give their views if consideration could be given to abolishing the function altogether, if the provision could be reduced and accepted that we will achieve less or more slowly, or if not to consider reducing a resource for the team. The responses were analysed and a long list of cuts options was established.

2.14 A meeting was held with the Department Heads to report back on the conclusions of the cuts panels and the detail of options that would go on to the next stage, which would be to present to all members for guidance if they are willing to cut in the areas identified in order to set a balanced budget.

2.15 It was concluded that it would be more beneficial to fully consider the RSG to see an impact on the funding gap before consulting with the elected members so that they could be provided with the best possible information to equip them before expressing their views.

2.16 With that in mind, workshops were held to all elected members in January 2025 to prioritise cut plans for 25/26.

2.17 39 proposals were submitted with a total value of approximately £1.89M. Each of these was assessed either by myself or by one of the Directors and placed each scheme in the following categories to help Members to be able to approach prioritisation with an awareness of what the risk level would be of implementing any individual proposal.

Efficiency saving	No need for the budget, or the service to be delivered in a different way with zero substantive impact on Gwynedd residents
Cut	A cut that results in a small impact on service performance or provision
Cut	A cut that results in a noticeable impact on service performance or provision
Cut	A cut resulting in a material impact on service performance or provision

2.18 We also carried out a legal assessment with a high-level financial assessment on each individual scheme to ensure they were deliverable schemes.

- 2.19 When submitting their proposals, it included an explanation of the impact of each proposal on Gwynedd residents along with an initial consideration of equality considerations. Two workshops and several one-on-one sessions were held, where the Directors and I presented the proposals to workshops of elected Council Members.
- 2.20 During the workshops, Members indicated if they were willing to implement all 39 proposals, or, if they were not willing to implement them, accepted the need to increase council tax equivalent to the monetary value of the cut in question. For example "reducing capacity in the harbour management team which would save £35,000, or increasing the tax equivalent by 0.04%"

Financial strategy consultation

- 2.21 Prior to these workshops, we also held a Public Consultation explaining the Council's financial position and the likelihood that we would be forced to implement cuts as part of the effort to meet our 25/26 funding gap.
- 2.22 Instead of asking the public to identify areas where they would be willing to implement cuts, everyone was asked to identify the 5 service areas that were most important to them.
- 2.23 There were 627 responses (Appendix B), and the top 5 areas, in order of priority were:
1. Education – primary and secondary schools
 2. Adult Social Services - providing support and care to adults with care / disability needs e.g. home care / care homes
 3. Highways - road maintenance
 4. Children's Social Services - providing support, protection, and care to vulnerable / disabled children
 5. Housing – building social housing, housing schemes for local people
- 2.24 The above was an important consideration in actively prioritising cut proposals and also setting a 25/26 budget. It is good to be able to confirm that we have not had to implement cuts in these areas and that we have once again been able to protect school budgets and services for the county's vulnerable people, and indeed have been able to supplement those budgets in many cases.

Workshop findings

- 2.25 There was a consensus among members on which plans should be prioritised, and it turned out that there was no appetite to be implementing many cuts. In fact 21 out of the 39 options were ones where over half of members were not supportive of implementation.

- 2.26 There was consensus among over 80% of members for only 9 options that they were willing to implement them.
- 2.27 By going below this threshold, the differences of opinion among members were more prominent and was one of the considerations in recommending the savings and cuts to adopt.
- 2.28 The conclusion was that there was support for implementing around £519k of the proposals over the next two to three years, in line with an approximate profile as follows:

2025/26	2026/27	2027/28
£100,000	£320,500	£98,500

- 2.29 A complete list of proposals prioritised for implementation can be found in Appendix A. Broadly they can be placed in the following groups in terms of the type of scheme involved:

Increasing income This will include increasing fees for services.	£90,000
Reducing resources or consolidating services This can mean a delay in receiving a service or a decrease in service performance.	£429,000
Total	£519,000

- 2.30 Although some of the savings here overlap with the functions of specific statutory duties, they do not involve the non-performance of the duties here.

Governance and Audit Committee

- 2.31 The Governance and Audit Committee will scrutinised the process of identifying savings and cuts at its meeting on 6th February 2025.

Further considerations

- 2.32 The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The act imposes a well-being duty on public bodies aimed at achieving 7 well-being goals of a Wales that is prosperous, resilient, healthier, more equal with cohesive communities and a vibrant

culture where the Welsh language thrives and is responsible at a global level. The plan was prepared within the principles of the Act by applying the statutory 5 ways of working.

- 2.33 Reducing the impact on Gwynedd residents and future generations has been at the core of identifying savings and cuts. The process in itself filtered the proposals identifying those with the least impact, and to protect the well-being objectives / priority areas in the Council's Plan.
- 2.34 In accordance with the requirements of the Language Measure 2011, the impact on language is considered when making decisions. The Impact on Equality Characteristics, the Welsh language and Socio-economic disadvantage Assessment in Appendix C looks at the Cuts Plan as a whole and concludes that the same services will be available in Welsh and English following the implementation of the cuts so the Welsh language will not be treated less favourably than the English
- 2.35 In accordance with the legal duties under the Equality Act 2010 ("The Act") (including Welsh public sector duties) in decision making the Council must pay due regard to the need to (1) abolish unlawful discrimination (2) promote equality of opportunity and (3) build good relationships on the basis of the protected characteristics together and hold attention to socio-economic impacts.
- 2.36 The implications and impacts were evaluated in accordance with the duty under the Act in developing and prioritising the proposals. An Impact on Equality Characteristics, the Welsh language and Socio-economic disadvantage Assessment has been prepared in Appendix C which evaluates the impact of the recommended savings. The impact assessment has been part of this work throughout the journey and will continue as the plans are implemented. However, it is not considered that the Assessment has identified issues that would create a need for an alternative direction to the decision being sought.

3. Opinion of the Statutory Officers:

i. The Monitoring Officer:

This programme of proposed savings and cuts has been subject to a detailed assessment process as set out. However, it must be recognised that there are a range of schemes here that represent service cuts that will have various impacts. It is also appropriate to note that Cabinet is assured in the report about the continued performance of statutory duties. The delegation proposed is also appropriate. An Equality and Language impact assessment has been prepared as part of the process and needs to be considered by Cabinet as well as the results of the consultation. Approving these proposed savings allows the Cabinet to recommend a balanced Budget to the Full Council. I'm satisfied with the propriety of the report.

li. Statutory Finance Officer:

Department of Finance officials have worked closely with the author of the report, and I can confirm the accuracy of the figures included in it. Realising savings from the values set out is essential to enable us to set a balanced budget for 2025/26.

Appendices

Appendix A: List A - Savings and Cuts

Appendix B: Public Consultation report

Appendix C: Equality Assessment

APPENDIX A

Set an income target on the Payroll Unit to reflect the work being done for other agencies.	£20,000
Adjustments to the Youth Justice Service budget to correspond with actual spending.	£20,000
Increase the income target of the Hafan y Sêr Team which offers respite care to children	£50,000
Amalgamation of Sewerage and Private Drain works with another service in the Department	£56,000
Increase Pest Control Service fee	£20,000
Reduced provision following the dissolution of GWE	£197,000
Resource reduction in Fleet Service	£35,000
Reduce resource by combining the Grounds Maintenance Service with the Street scene Service	£71,000
Revise the printroom resource	£50,000
TOTAL	£519,000

Results of Cyngor Gwynedd's Financial Strategy Questionnaire 2025-2026

January 2025

Produced by the Research Team, Corporate Services

Introduction

The purpose of the questionnaire was to gain the public's views regarding what matters most to them. The results will assist the councillors with the work of establishing a financial strategy and set a budget for the 2025-2026 financial year.

The questionnaire was live on the Council's website on 28 November up to 20 December 2024. It was promoted by sharing it with the Gwynedd Residents' Panel, with Members through an article in the Members' bulletin and messages on the Council's social media accounts.

Results

A total of 627 responses were received to the questionnaire. Most of them (94.4%, N=592) came from individuals, 3.8% (N=24) came from 'others', 0.8% (N=5) came on behalf of an organisation, group or business, and 0.3% (N=2) came on behalf of a Community / City / Town Council. Responses were received from Felinheli Community Council and Caernarfon Town Council.

	Number	Percentage
As an individual	592	94.4
On behalf of an organisation, group or business	5	0.8
On behalf of a Town/Community council	2	0.3
Other	24	3.8
No response	4	0.6
Total	627	100.0

Responders were asked to choose up to five services that Cyngor Gwynedd should prioritise in terms of expenditure. The table below shows the outcomes of the five main priorities from highest to lowest.

Services	No.	%
Education – primary and secondary schools	350	55.8
Adults Social Services - provision of care and support to adults with care / disability needs, e.g. domiciliary care / care homes	296	47.2
Highways - roads maintenance	235	37.5
Children's Social Services - provision of support, safeguarding and childcare for vulnerable children / children with a disability	234	37.3
Housing - construction of social housing, housing schemes for local people	213	34.0
Waste and Recycling - Waste and recycling collection	206	32.9
Economic development - employment support, business support, town centre regeneration and economic growth	159	25.4
Education in the early years, additional learning needs, school transport	154	24.6
Clean and tidy communities and towns	130	20.7
Transport - public footpaths, car parks, public transport	129	20.6
Flood prevention and coastal protection	120	19.1
Youth Services	99	15.8
Leisure Centres	96	15.3
Tourism services and sustainable visitor economy	86	13.7
Homelessness	83	13.2
Libraries and archives	83	13.2
Public Protection - food safety, pollution control, trading standards and licensing	76	12.1
Recycling Centres	54	8.6
Benefits and welfare	52	8.3
Costs of running the Council and support services	38	6.1
Maritime, beach management and harbours	33	5.3
Planning and Building Control - control of new building developments, conservation, building safety, planning enforcement	31	4.9
Country parks and museums	25	4.0
Information technology and digital services	17	2.7

After responders chose their five priority fields, there was a space for them to provide comments if they wished to do so. Comments were received from almost half the responders (47.4%, N=297). The following table summarises those comments per field. No observations were obtained from 52.6% (N=330) of the responders.

Area	No.	%
Social Care / Childcare / Health	44	14.8
Other	32	10.8
Education (with early years education being referred to again repeatedly)	27	9.1
Community homes / Affordable housing / Better housing for local people	23	7.7
Consider the impacts on specific groups of people, e.g. Disability, children, vulnerable adults	21	7.1
Less salary for councillors / Fewer councillors	19	6.4
Economic growth / Job development / good local employment	20	6.7
Tourism - Not charging a tourism tax / Gwynedd is a place that is reliant on tourism / Helping the tourism industry	18	6.1
Need to improve lanes / roads	13	4.4
Look at the value of each officer / function	13	4.4
No spending on specific projects, e.g. Dinas Dinlle Parking, costs of sea defences, widening pavements	13	4.4
Better communication from activities / Coordinating volunteers to carry out some functions / Community activities to improve well-being	12	4.0
Need to improve town centres	11	3.7
Need fewer managers / more frontline staff	11	3.7
Merge services with nearby councils / other partners / Need to be innovative and try different thing / Map out what is already being done by other organisations	12	4.0
Additional Learning Needs	11	3.7
Better collaboration between departments to reduce duplication save money / efficiency audit / design the organisation	11	3.7
Environmental factors, e.g. Flooding, biodiversity, walking paths	11	3.7
Waste and Recycling	10	3.4
Monitor any spending	9	3.0
Need to protect statutory services	8	2.7
Less emphasis on the Welsh language	8	2.7
Public Transport	7	2.4
Parking / collecting fines	6	2.0
Unable to prioritise / Every service needs support / Equal cuts across every service	6	2.0
Cuts to preventative services increasing the work pressures of front line services	5	1.7
Need to look more long-term / what is the impact of the cuts being made now in the long-term	5	1.7
Need to improve playing areas	4	1.3
Leisure Centres	4	1.3
Positive impact on some services when improving other services	3	1.0
Making cuts fairly across the county, e.g. Urban and rural / Arfon, Dwyfor, Meirionnydd	3	1.0
Remembering about the people who are not on benefits but who are also finding it hard	3	1.0
Active Travel	3	1.0
No increases to Council Tax	3	1.0
Libraries	3	1.0

Not increasing the second homes premium	3	1.0
No employment of new staff / fewer staff	3	1.0
Staff to work in the offices rather than from home	3	1.0
Grass cutting	2	0.7
Keeping streets clean and tidy / Reducing dog fouling	2	0.7
Using grants instead of Council money to run some services	1	0.3
Offering early retirement / redundancies to officers	1	0.3
CCTV	1	0.3
Public Toilets	1	0.3
Reduction in administrative costs	1	0.3
Holding meetings on-line	1	0.3
Increasing the second homes premium	1	0.3
Council Buildings - switching off lights, lowering the heating	1	0.3
Need to be able to choose more than 5 services to prioritise / need a better explanation of what every service does	1	0.3
<i>Denominator = 297</i>		

Then it was asked 'considering the 5 priority services you have chosen, do you believe that cutting spending in those fields will have a potential impact on the Welsh language, the opportunities to use it and on its status within the community?'

41.3% (N=259) responders believe that it would have a negative impact (combination of 'slight negative impact' and 'negative impact'), whilst 38.4% (N=241) believed that it would have no impact, and 18.6% (N=117) believed that it would have a positive impact (combination of 'some positive impact' and 'positive impact').

	No.	%
Positive impact	78	12.4
Some positive impact	39	6.2
No impact	241	38.4
Some negative impact	56	8.9
Negative impact	203	32.4
No response	10	1.6
Total	627	100.0

It was asked 'Is there anything that can be done to have a more positive impact on the Welsh language and the use made of it, or to get rid of any negative impacts?' Comments were received from 35.9% (N=225) of the responders.

The table below summarises the observations of the responders who noted that it would have a **negative impact** per field.

Area	No.	%
No Observations	172	66.4
Education – primary and secondary schools (Protection / Budget Increases) / Welsh a part of the curriculum of every school / Language Centres	16	6.2
Housing - construction of social housing, housing schemes for local people, control of second homes and holiday homes	14	5.4
Free Welsh language lessons / Welsh language groups in the evenings / more GCSE level courses / Make it easier to learn Welsh	13	5.0
More jobs	10	3.9
Not giving priority to the Welsh language / Not a priority in the current economic climate / Not conducting Council job interviews in Welsh only	8	3.1
The Welsh Language First / Continue with the current situation / Protect the Welsh language budget	7	2.7
The use of Leisure Centres, Libraries and Museums is important	6	2.3
Bilingual society	5	1.9
I do not understand the question / Irrelevant or unclear answer	4	1.5
Encourage businesses to use the Welsh language	4	1.5
Improve Public Transport	3	1.2
Encourage parents to speak Welsh in the home	2	0.8
Instil pride in the environment and the Community	2	0.8
Promote Tourism / Improve the image of the Welsh language in the media / Image of Tourism in the context of the Welsh language being attacked	2	0.8
Article 4 affecting people's desire to remain in Gwynedd	2	0.8
Improve Social Services / Ensure that Social Services' staff are Welsh speakers	1	0.4
Ensure that AI understands Welsh	1	0.4
Ensure that signs are bilingual	1	0.4
Council Staff - Welsh test for Council employees / raise staff's salaries	1	0.4
All political groups to encourage the use of the Welsh language	1	0.4
Welsh language projects with young people	1	0.4
Improve the salaries of domiciliary carers and care homes	1	0.4
<i>Denominator=259</i>		

The table below summarises the observations of the responders who noted that it would have a **positive impact** per area.

Area	No.	%
No Comments	69	59.0
Not giving priority to the Welsh language / Not a priority in the current economic climate / Not conducting Council job interviews in Welsh only	8	6.8
Housing - construction of social housing, housing plans for local people, control of second homes and holiday homes	7	6.0
Free Welsh language lessons / Welsh language groups in the evenings / more GCSE level courses / Make it easier to learn Welsh	7	6.0
The Welsh Language First / Continue with the current situation / Protect the Welsh language budget	6	5.1
A bilingual society	4	3.4
Education – primary and secondary schools (Protection / Budget Increases) / Welsh a part of the curriculum of every school / Language Centres	4	3.4

More jobs	3	2.6
Promote Tourism / Improve the image of the Welsh language in the media / Image of Tourism in the context of the Welsh language being attacked	3	2.6
Council Staff - Welsh test for Council employees / raise staff's salaries	2	1.7
Encourage parents to speak Welsh in the home	2	1.7
I do not understand the question / Irrelevant or unclear answer	1	0.9
Improve Social Services / Ensure that Social Services' staff are Welsh speakers	1	0.9
The use of Leisure Centres, Libraries and Museums is important	1	0.9
No need to send out correspondence in both languages, only in the recipient's main language / Use Welsh that is easier to understand	1	0.9
Instil pride in the environment and the Community	1	0.9
Encourage businesses to use the Welsh language	1	0.9
Learn Welsh through Sports clubs	1	0.9
<i>Denominator=117</i>		

The table below summarises the observations of the responders who noted that it would have **no impact** per area.

Area	No.	%
No Comments	167	69.3
Not giving priority to the Welsh language / Not a priority in the current economic climate / Not conducting Council job interviews in Welsh only	28	11.6
Bilingual society	8	3.3
Free Welsh language lessons / Welsh language groups in the evenings / more GCSE level courses / Make it easier to learn Welsh	6	2.5
The Welsh Language First / Continue with the current situation / Protect the Welsh language budget	6	2.5
Education – primary and secondary schools (Protection / Budget Increases) / Welsh a part of the curriculum of every school / Language Centres	6	2.5
No need to send out correspondence in both languages, only in the recipient's main language / Use Welsh that is easier to understand	5	2.1
Promote Tourism / Improve the image of the Welsh language in the media / Image of Tourism in the context of the Welsh language being attacked	5	2.1
I do not understand the question / Irrelevant or unclear answer	3	1.2
More jobs	3	1.2
Look at how to provide better Welsh-medium services	3	1.2
Housing - construction of social housing, housing plans for local people, control of second homes and holiday homes	2	0.8
Encourage businesses to use the Welsh language	2	0.8
Improve Public Transport	1	0.4
Ensure that signs are bilingual	1	0.4
Important that Welsh-medium Dementia Services are available	1	0.4
Welsh language projects with young people	1	0.4
Grants for businesses / clubs / social areas	1	0.4
<i>Denominator=241</i>		

Then it was asked 'Considering the 5 priority services you have chosen; do you believe that reducing spending in those fields would have a possible impact on people facing socio-economic

disadvantage? Socio-economic disadvantage means all types of poverty - financial poverty, digital poverty, living far away from services, etc.'

64.9% (N=407) believed that it would have a negative impact (combination of 'negative impact' and 'some negative impact').

	No.	%
Positive impact	74	11.8
Some positive impact	36	5.7
No impact	96	15.3
Some negative impact	64	10.2
Negative impact	343	54.7
No response	14	2.2
Total	627	100.0

Finally, they were asked to note any other comments. Comments were received from 16.9% (N=106) of responders.

The table below summarises the observations of the responders who noted that it would have a **negative impact** per area.

Area	No.	%
No Comments	328	80.6
Prioritising our young and vulnerable residents / Protecting schools' budgets	23	5.7
Reducing spending that will create a negative impact / more poverty / impact on the economy and social care	23	5.7
More jobs needed / economic growth	12	2.9
Affordable housing priorities / Suitable Housing / Fair Council Tax	9	2.2
Irrelevant Comment / Unclear	6	1.5
Protecting spending on public transport / Improving public transport / roads	5	1.2
Libraries essential, also museums and parks	4	1.0
Tourism is important	4	1.0
Need more volunteers / Community to help / Embracing all sections of the Community	3	0.7
Cut jobs in the Council / Efficiency Measures	3	0.7
Looking after the Environment is important	2	0.5
Need well-being measures (e.g. Investing in sports and Leisure Centre)	2	0.5
Not giving priority to the Welsh language / Reducing spending on the Welsh language	1	0.2
Encourage use of Welsh, but sending information out bilingually is a waste of money	1	0.2
Invest in educating parents from deprived backgrounds	1	0.2
Ensure that there is no impact on homeless people	1	0.2
Need to invest in IT and digital technology elements	1	0.2
Focus on statutory / essential services	1	0.2
Focus on people who are native to Gwynedd	1	0.2
Need to continue to support people with disabilities	1	0.2
<i>Denominator=407</i>		

The table below summarises the observations of the responders who noted that it would have a **positive impact** per area.

Area	No.	%
No Comments	95	86.4
Prioritising our young and vulnerable residents / Protecting schools' budgets	7	6.4
Reducing spending that will create a negative impact / more poverty / impact on the economy and social care	4	3.6
Affordable housing priorities / Suitable Housing / Fair Council Tax	4	3.6
More jobs needed / economic growth	3	2.7
Tourism is important	3	2.7
Protecting spending on public transport / Improving public transport / roads	2	1.8
Looking after the Environment is important	2	1.8
<i>Denominator=110</i>		

The table below summarises the observations of the responders who noted that it would have **no impact** per area.

Area	No.	%
No Comments	87	90.6
Irrelevant Comment / Unclear	4	4.2
More jobs needed / economic growth	1	1.0
Reducing spending that will create a negative impact / more poverty / impact on the economy and social care	1	1.0
Not giving priority to the Welsh language / Reducing spending on the Welsh language	1	1.0
Looking after the Environment is important	1	1.0
Tourism is important	1	1.0
Cut jobs in the Council / Efficiency Measures	1	1.0
Reduce spending on translation	1	1.0
<i>Denominator=96</i>		

Information about the responders

Gender

	No.	%
Woman / Female	364	58.1
Man / Male	203	32.4
I prefer not to say	47	7.5
No response	10	1.6
I identify in a different way	3	0.5
Total	627	100.0

Please note your age group

	No.	%
16 – 24 years	5	0.8
25 – 34 years	75	12.0
35 - 44 years old	104	16.6
45 - 54 years old	119	19.0
55 - 64 years old	129	20.6
65 - 74 years old	93	14.8
75 - 84 years old	40	6.4
85+ years old	7	1.1
I prefer not to say	9	1.4
No response	46	7.3
Total	627	100.0

Section 6 (1) of the 2010 Equality Act states that an individual is disabled if: a) Does that individual have a physical or mental impairment? and b) That the impairment has a substantial and long-term detrimental impact on the individual's ability to carry out usual day-to-day activities. Using this definition, do you consider yourself a disabled person?

	No.	%
Yes	77	2.2
No	483	8.5
I prefer not to say	53	77.0
No response	14	12.3
Total	627	100.0

How would you describe your Welsh language skills?

	No.	%
Speaking, reading and writing fluently	300	47.9
Speaking, reading and writing, but not very confident	84	13.4
Speaking, reading and writing - currently learning	73	11.6%
I prefer not to say	55	8.8%
Unable to speak or understand Welsh	49	7.8
Other	27	4.3

Speaking, but unable to read or write	26	4.2
No response	13	2.1
Total	627	100.0

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?

Cuts 2025/2026

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

Cuts to meet the financial gap the Council faces in the 2025/2026 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 June 2024. This formal assessment was started in October 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?

The public consultation 'Gwynedd Council's Financial Strategy 2025-2026' was live on the Council's website from 28 November until 20 December 2024. The purpose of the questionnaire was to collect the public's opinion on which public services were most important to them. The results will assist the councillors with the work of establishing a financial strategy and setting a budget for the 2025-2026 financial year.

It was promoted by sharing it with the Gwynedd Residents Panel, with the Members through an article in the Members' bulletin and messages on the Council's social media.

In addition, a corporate engagement process has meant that the Elected Members have had an opportunity to give 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-planned to include the views of the members and the public.

The respondents were asked to choose up to 5 services that Cyngor Gwynedd should prioritize in terms of spending. The table below shows the results of the five main priorities from greatest to least.

Services	Number	%
Education – Primary and secondary schools	350	55.8
Adult Social Services - providing support and care for adults with care needs / disability e.g. home care / care homes	296	47.2
Highways - road maintenance	235	37.5
Children's Social Services - providing support, safeguarding and care for vulnerable / disabled children	234	37.3
Housing – building social housing, housing schemes for local people	213	34.0
Waste and Recycling - waste collection and recycling	206	32.9

After the respondents had chosen their 5 priority areas, there was a box for them to comment if they wished to do so. Comments were received from almost half of the respondents (47.4%, N=297). The table below summarizes those comments by area. No comments were received from 52.6% (N=330) of the respondents.

Area	Number	%
Social Care / Children's care / Health	44	14.8
Education (with early years education referred to several times)	27	9.1
Social housing / Affordable housing / Better housing for local people	23	7.7
Consider effects on specific groups of each e.g. Disability, children, vulnerable adults	21	7.1
Less pay for councillors / Less councillors	19	6.4
Economic growth / Job development / good employment locally	20	6.7
Tourism - No raising tourism tax / Gwynedd is a place dependent on tourism / Helping the tourism industry	18	6.1
Road improvements needed	13	4.4
Looking at the value of each officer / function	13	4.4
No spending on specific projects e.g. Dinas Dinlle Parking, marine defence costs, pavement widening	13	4.4
Improved communication of activities / Coordinating volunteers to do certain functions / Community activities to improve well-being	12	4.0
Combining services with neighbouring councils / other partners / Need to be bold to try different things / Map out what is already being done by other organisations	12	4.0

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 2025/26 (an increase of 3.2%), 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.

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 £7.6M.

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 £8.77M.

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 two sessions the Chief Executive presented 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 characteristics, 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	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	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	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.
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 impact on people living with socio-economic disadvantage than others this is going to have a greater impact on some people. We will ensure that the relevant departments mitigate any negative effects when implementing.

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 Cuts Plan as a whole. It is likely that the same services will be available in Welsh and English following the cuts so the Welsh language will not be treated less favourably than English.

The public consultation held in November / December 2024 asked if the consultees believed that reducing expenditure in the 5 priority services they had chosen would have a possible impact on the Welsh language, the opportunities to use it and its status within the community. 38.4% of respondents believed it would have no effect, 41.3% believed it would have a negative effect and 18.6% believed it would have a positive effect. It is noted that the cuts plan does not propose cuts in the 5 areas ranked most important to the consultees.

Each individual cut 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.

The public consultation held in November / December 2024 asked if the consultee believed that reducing expenditure in the 5 priority services they had chosen would have a possible impact on people facing socio-economic disadvantage. 15.3% of respondents believed it would have no effect, 64.9% believed it would have a negative effect and 17.5% believed it would have a positive effect. It is noted that the cuts plan does not propose cuts in the 5 areas that were most important to the consultee.

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?

No

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.

Agenda Item 6

MEETING: GOVERNANCE & AUDIT COMMITTEE

DATE: 6 FEBRUARY 2025

TITLE: 2025/26 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 2025/26 budget to the full Council

CABINET MEMBER: COUNCILLOR HUW WYN JONES

CONTACT OFFICER: DEWI MORGAN, HEAD OF FINANCE

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1. At its meeting on 11 February, the Cabinet will consider the attached report and conclude regarding the budget to be proposed to the Council, which will include a recommendation regarding the Council Tax increase for 2025/26 (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 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 11 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 the Cabinet and Council are clear of the facts that are presented to it, so that the decision taken is based 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 based on 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:

2025/26 Budget (Cabinet report 11/02/2025)

Meeting: Cabinet

Date: 11 February 2025

Cabinet Member: Councillor Huw Wyn Jones, Cabinet Member for Finance

Subject: 2025/26 Budget

Contact Officer: Dewi Morgan, Head of Finance

2025/26 BUDGET

Decision Sought

Recommend to the Council (at its meeting on 7 March 2025) that:

- 1. A budget of £355,243,800 should be set for 2025/26, to be funded by £246,818,190 of Government Grant and £108,425,610 of Council Tax income (which is an increase of 8.66%).**
- 2. A capital programme of £53,736,190 in 2025/26 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 2025/26.
- 1.2** This budget is set at a time when Welsh local authorities continue to face financial challenges, where the addition to the settlement does not meet the increase in demand for services.
- 1.3** Cyngor Gwynedd has received a grant increase for 2025/26 of 3.1%, equivalent to a £7.5m increase in external funding. In addition, a further £6.5m has been included to reflect the transfer of responsibilities to the settlement, which is also included in the grant.
- 1.4** By 2025/26, our spending would need to be increased by £24.2m to "stand still" (details are in part 3 below). This includes £7.7m 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 2025/26. The 2025/26 budget seeks to protect the services the Council provides to the people of Gwynedd and recommends an 8.66% increase in Council Tax to achieve that objective this year. Even then, we will need to look for savings and cuts to set a balanced budget, and forecasts suggest there will be further pressure in aiming to set a balanced budget for 2026/27.
- 1.6 The savings and cuts that have been identified have been subject to consultation with Council members in a series of workshops in January 2025. The draft budget has been considered by a majority of Council members at a briefing session on the financial situation held on 28 January 2025, and scrutinised by the Governance and Audit Committee on 6 February. The role of the Cabinet is to recommend a balanced and appropriate budget to the Council meeting on 6 March for 2025/26.
- 1.7 The 2025/26 budget includes a substantial proportion of the savings that have slipped from previous years, savings identified when setting the 2024/25 budget, as well as new savings.
- 1.8 This year we propose to establish a capital programme worth £53.7m in 2025/26, as set out in Appendix 4.
- 1.9 The full Council are required to consider the budget and set Council Tax for 2025/26 based on the issues identified in the following report. This detailed report sets out the factors influencing the proposed revenue budget for 2025/26 and outlines the main changes since 2024/25.

2. WELSH GOVERNMENT GRANT

2.1 The Welsh Government has announced the indicative local authority funding settlement for 2025/26 as follows:

Revenue Support Grant 2024/25 – 2025/26	Total Welsh Authorities £	Cyngor Gwynedd £
2024/25 Government Grant	5,877,383,500	239,296,450
2025/26 Government Grant	6,130,839,270	246,818,190
Increase £	253,455,770	7,521,740
Increase %	4.3%	3.1%

Further details of the settlement can be found here –

[Local government revenue and capital settlement: provisional 2025 to 2026 | GOV.WALES](#)

2.2 Official Welsh Government figures in the table above show notionally that Cyngor Gwynedd is receiving a grant increase of £7.5m by next year (after adjusting the relative 2025/26 figure to reflect changes to the taxbase and transfers to the settlement), which is a 3.1% increase, while the average across Wales is 4.3%.

2.3 Several 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.

3. COUNCIL REVENUE EXPENDITURE – 2025/26

3.1 The increase in expenditure required to "stand still" in 2025/26 is set out in the table below.

Additional Expenditure Requirements

	£	£
Base Budget		331,814,710
Staff Salary Inflation	8,597,340	
Additional Employers NI	4,560,100	
Grant Towards Additional Employers NI	(3,500,000)	
Other Inflation (suppliers)	1,715,150	
Levies (Fire, ENPA, NRW & CJC)	505,730	
Demography	(643,000)	
Bids – Pressures on Services	7,688,450	
Various Budget Adjustments	(93,130)	
Interest on Balances	2,254,120	
Transfers to the Settlement	3,094,330	
Net total of increases		<u>24,179,090</u>
Total 2025/26 spending requirements before savings		<u>355,993,800</u>

3.2 **Base Budget 2024/25**

Although the net expenditure for 2024/25 was £332m, it is important to note that the Council's actual expenditure is £590m, because we receive a host of specific grants worth £177m and charge an overall income of £81m for services we provide.

3.3 **Salary Inflation £8.6m**

An agreement was reached on workforce pay (apart from teachers) for April 2024 to March 2025 by agreeing an increase of £1,290 up to pay point 43, and then 2.5% to pay point 44 and above. In line with most other local authorities, we had budgeted prudently for a 5% increase, with the final agreement a little less than what had been budgeted for.

This budget sets aside the objective of an increase in the 2025/26 pay agreement of 3.5% for the whole workforce (teachers from September 2025, remaining workforce from April 2025).

3.4 **Employer National Insurance Net Adjustments £1.1m**

The Chancellor announced in the Budget statement for 2025/26 that there will be an adjustment to the threshold and the rate of national insurance paid by an employer. This budget is set on the basis that the cost will be partly funded by the Government.

3.5 **Other Inflation £1.7m**

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 £1.4m
- Non-residential Care £972k:
 - Supported Housing £624k,
 - Domiciliary Care £234k,
 - Other services £114k
- Energy (Electricity and Gas) (£819k)
- Fuel (Diesel and Petrol) (£184k)
- Increase in other prices:
 - Insurance £133k
 - Property rates £44k

3.6 **Levies £506k**

The levies paid to the relevant bodies will increase as follows between 2024/25 and 2025/26:

- | | |
|---|-------|
| • North Wales Fire and Rescue Authority | £427k |
| • Eryri National Park Authority | £53k |
| • Natural Resources Wales (Special Levies) | £2k |
| • North Wales Corporate Joint Committee (CJC) | £24k |

The net increase of £427k to the North Wales Fire and Rescue Authority levy is equivalent to an increase of 0.43% in council tax, this presumes a grant will be received to contribute towards the authority's additional National Insurance cost.

3.7 Demography (£643k)

Due to a reduction in pupil numbers in schools; namely secondary (£228k) and primary (£415k).

3.8 Pressures on Services £7.7m

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

It is recommended that bids worth £7.7m 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 28 January 2025.

3.9 Various Budget Adjustments £2.2m

A total reflecting a significant number of adjustments to different budgets across the Council. This includes the impact of a decrease in interest receipts of £2.3m in returns in investing balances and the Council's cash flow, and a cost decrease of (£93k) due to other budgetary considerations.

4. EXISTING SAVINGS THAT HAVE ALREADY BEEN APPROVED

4.1 Cyngor Gwynedd has delivered over £42m of savings plans since 2015/16.

4.2 On 20 February 2024, the Cabinet approved a programme of savings worth £5.2m for the budget of 2024/25 onwards. The profile of this programme is seen in Appendix 3, which shows that £2,860,300 of these savings are profiled for 2025/26. £5.2m in its entirety was actioned in the 2024/25 budget, with subsequent year savings being bridged by funds/reserves. Therefore, the 2025/26 and 2026/27 savings do not assist in reducing the budgetary gap in those years.

4.3 Furthermore, there are three savings plans worth £650k which remain from previous savings programmes that are related to 2025/26.

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

Savings that have already been programmed to reduce the 2025/26 Funding Gap	
	£
Adults, Health and Wellbeing Department	1,123,120
Environment Department	949,630
Highways, Engineering and YGC Department	462,500
Finance and I.T. Department	292,540
Education Department	151,960
Economy and Community Department	135,020
Corporate Services Department	218,620
Corporate Management Team	30,000
Subtotal	3,363,390
Less: Savings Provision	(286,030)
Existing Planned Savings 2025/26	3,077,360

5. FUNDING GAP 2025/26 AND COUNCIL TAX

- 5.1 Part 3 above shows that the Council's spending requirements (before savings and cuts are removed) for 2025/26 are £356m. Part 2 noted that the grant from the Welsh Government will be £246.8m.
- 5.2 As explained in part 4 above, there are a total of £650k of savings and cuts to be utilised to reduce the funding gap.

Establishing the 2025/26 Budget	
	£
2024/25 Base Budget	331,814,710
Additional Expenditure Requirements	<u>24,179,090</u>
2025/26 Expenditure Requirements before Savings	355,993,800
less Welsh Government Revenue Grant Income	(246,818,190)
Funding Gap from Council Tax and further savings	<u>109,175,610</u>

- 5.3 That means there is a residual gap of £109.2m that needs to be filled. A savings report will be presented to the Cabinet on February 11, 2025, recommending the implementation of new savings and cuts programmes worth £519k. However, only £100k can be drawn from the budget for 2025/26 with the remaining amounts to be drawn from the 2026/27 and 2027/28 budgets.
- 5.4 While considering the £3.4m savings previously approved for 2025/26 (see Section 4 above). An additional £100k would bring a total savings and cuts amount of £3.5m for 2025/26. Nevertheless, £750k of this total will contribute towards addressing the budgetary deficit as explained in section 4.3.

Funding Gap from Council Tax and Savings	109,175,610
Less Existing Savings already approved	(650,000)
Less New Savings and Cuts	(100,00)
Funding Gap from Council Tax	<u>108,425,610</u>

- 5.5 Further details on the savings and cuts are found in Appendix 3.
- 5.6 It is recommended that the remainder of the gap is to be greeted through Council Tax. Increasing the Tax on individual dwellings by 8.66% will generate £108,425,610 of income, and this would be sufficient to fill the gap.

- 5.7 This will be £9.9m of additional Council Tax income compared to the 2024/25 budget. That equates to a Council Tax increase of £152.02 for properties in Band D, or £2.92 a week. The tax levied by the Police and Crime Commissioner (an increase of 6.44% for 2025/26) 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 8.66% 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 2025/26 it is expected that the proposal to raise the tax by 8.66% 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 2025/26

- 6.1 This report and the appendices set out the factors that should be considered when establishing the 2025/26 budget and historic savings will still have to be harvested, new savings and cuts 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 £356m be spent, having added £24.2m, which includes the provision of £7.7m to address demand for services.
- 6.3 Having received a grant from Welsh Government of £246.8m, relying on £750k of savings (£650k of historic savings that have already been programmed and £100k of new savings). The level of Council Tax will need to increase by 8.66% to generate £108.4m of income to close the 2025/26 funding gap.

Balanced budget for 2025/26	
	£
2025/26 Expenditure Requirements before Savings	355,993,800
2025/26 Savings Total	<u>(750,000)</u>
2025/26 Budget	<u>355,243,800</u>
To be funded from -	
Grant Income	246,818,190
Council Tax (yield after raising 8.66%)	<u>108,425,610</u>
2025/26 Budget	<u>355,243,800</u>

- 6.4 This will involve setting a net budget of **£355,243,800**. A breakdown of the budget per service is given in Appendix 1.

7. CAPITAL

- 7.1 The 2019/20 onwards asset strategy was established by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme, and we are adding to that by 2025/26. 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 2025/26 to 2027/28 capital budget, to establish a total programme worth £53,736,190 in 2025/26, 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 2025/26, £523k from this budget has been earmarked for the 3 relevant capital bids detailed in Appendix 2b.

8. LONGER TERM STRATEGY

- 8.1 When announcing the draft 2025/26 settlement in December 2024, the Welsh Government has not given an indication of the increase in grant that will be paid to Welsh local authorities from 2026/27. 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 because 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 2026/27 and beyond but work will commence immediately after setting the budget for 2025/26 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 2025/26', 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.
-

Views of the local member

Not a local issue

Views of statutory officers

Monitoring Officer:

Although it is for the full Council to make a final decision on the Budget and Council Tax it is the responsibility of Cabinet to recommend this. It is important that Cabinet gives a clear recommendation on its spending plans and the draft budget and this report provides this. Once the Council has agreed the funding sources, then Cabinet will be responsible for the spending and prioritisation within that budget.

Head of Finance:

I have worked with the Cabinet Member to prepare this report in accordance with the Cabinet's decision of 11 February and confirm the contents. Having considered all the risks outlined in Appendix 10 to the report, and the mitigation, I consider that the Council's Budget for 2025/26 is robust, adequate, and achievable.

APPENDICES

- 1 Proposed Budgets
- 2 Summary of Bids
- 2a Permanent Revenue Bids
- 2b Capital Bids
- 3 Savings and Cuts
- 4 Capital
- 5 Dealing with the Schools Budget in 2025/26
- 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 The Statutory Finance Officer's Statement on the Robustness of Estimates
- 11 Formal Decision

APPENDIX 1 - BUDGET SUMMARY

PROPOSED BUDGETS BY DEPARTMENT 2025/26												
	Base Budget 2024/25	Pay, NI and Pension Inflation	Other Inflation	Demography	Transfer to the Settlement	Grant Income Target Adjustment	Pressure on Services	Present Savings	New Savings	Various Adjustments	Base Budget 2025/26	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
DEPARTMENTS												
Central Education	20,472	888	(351)	0	70	0	0	(151)	0	(230)	20,698	
Schools' Budget	93,627	5,762	(52)	(643)	2,262	0	0	0	0	96	101,052	
Economy and Community	4,847	277	(283)	0	0	0	202	(135)	0	(2)	4,906	
Adults, Health and Wellbeing	77,968	1,868	1,753	0	(40)	0	3,040	(1,046)	0	117	83,660	
Business Service and Care Commissioning	2,622	107	4	0	0	0	90	(77)	0	(14)	2,732	
Children and Supporting Families	22,949	787	(51)	0	0	0	2,273	0	0	92	26,050	
Highways, Engineering and YGC	17,395	888	(239)	0	0	0	276	(463)	0	(25)	17,832	
Environment	17,911	688	(85)	0	0	0	400	(950)	0	(14)	17,950	
Housing and Property	8,645	156	34	0	0	0	785	0	0	50	9,670	
Corporate Management Team and Legal	2,757	66	(5)	0	0	0	58	(30)	0	(12)	2,834	
Corporate Services	7,752	394	17	0	0	0	289	(219)	0	19	8,252	
Finance	8,368	323	149	0	0	0	275	(292)	0	174	8,997	
DEPARTMENTAL TOTAL	285,313	12,204	891	(643)	2,292	0	7,688	(3,363)	0	251	304,633	
Corporate and Capital Matters	53,609	954	1,330	0	802	(3,500)	0	97	(100)	878	54,070	
TOTAL GROSS	338,922	13,158	2,221	(643)	3,094	(3,500)	7,688	(3,266)	(100)	1,129	358,703	
Less Community Council Precepts	(3,116)	0	0	0	0	0	0	0	0	0	(3,116)	
TOTAL GROSS EXPENDITURE	335,806	13,158	2,221	(643)	3,094	(3,500)	7,688	(3,266)	(100)	1,129	355,587	
Balances and Specific Reserves	(3,991)	0	0	0	0	0	0	2,616	0	1,032	(343)	
NET EXPENDITURE TOTAL =	331,815	13,158	2,221	(643)	3,094	(3,500)	7,688	(650)	(100)	2,161	355,244	
Financed By:-												
Grant	233,317										246,818	
Council Tax	98,498										108,426	
Total Income	331,815										355,244	

APPENDIX 2 - SUMMARY OF BIDS

Bids		Permanent (£)	Capital (£)
Group A	Additional resources to cover the true cost of providing existing services, dealing with historical overspend which is beyond the department's ability to resolve and/or additional pressures in 2025/26 due to increases in cost and demand	6,887,130	
Group B	Matters which the Cabinet have already decided to support during the year	90,000	
Group C	New Matters for 2025/26	711,320	
Capital 1	Refurbishment of fitness areas and equipment at Byw'n Iach Arfon and Dwyfor		160,000
Capital 2	(Cist Gwynedd) Community Support Fund		50,000
Capital 3	Social Services' Core System (To replace WCCIS)		312,800
		7,688,450	522,800

APPENDIX 2a - PERMANENT REVENUE BIDS 2025/26

Group	Title of Bid	Recommended permanent sum (£)
A	Additional resources to cover the true cost of providing existing services, dealing with historical overspend which is beyond the department's ability to resolve and/or additional pressures in 2025/26 due to increases in cost and demand	
1A	Adjust the income target for the Building Control Service to reflect the percentage of time spent on dealing with unkempt and dangerous buildings, which does not generate a fee	85,000
2A	Homelessness grant funding that has been transferred to the settlement this year and therefore needs to be added to the Homelessness Service revenue budget	699,680
3A	Loss of income to central services following the discontinuation of GwE	155,100
4A	Addressing the increase in demand for home care in the upcoming year and provision of additional care in an attempt to reduce waiting lists	1,100,000
5A	Funding the income shortfall in the Highways Departments which has lead to overspend for a number of years	100,000
6A	Increase in the cost of placing children in care in out of county placements	500,000
7A	Additional costs in addressing the increased demand for Childcare Social Services including increasing capacity and additional spending on direct payments	565,000
8A	Byw'n lach National Insurance increase	102,380
9A	Unavoidable increase in the service costs of external Care Homes	1,026,260
10A	Correcting discrepancies in the (equated pay) calculation method for the pay of workers on the lowest pay scales in several departments	150,000
11A	Dealing with a historic budget shortfall in the Street Care Team, which is beyond the department's ability to resolve, resulting in annual overspending for a number of years	175,610
12A	Dealing with a historic budget shortfall in the Waste Team, beyond the department's ability to resolve, resulting in annual overspending for a number of years	400,000
13A	An increase in the demand for the support service of the Derwen team for children with disabilities	800,000
14A	Customer Care Service - correcting a historic budget shortfall that is beyond the department's ability to resolve	37,000
15A	The actual cost of the current system and addressing the increased demand for home care in 2024/25	900,000
16A	Additional resources in the Human Resource Advisory service to cope with increased demand for service	33,500
17A	Dealing with historical overspend in the Corporate Leadership Team	57,600
		6,887,130
B	Matters which the Cabinet have already decided to support during the year	
1B	The annual cost of a Social Care software system, which stores information about all our Children and Adults cases	90,000
		90,000
C	New Matters for 2025/26	
1C	Byw'n lach - contingency for dealing with the 2025/26 income shortfall that is beyond the company's ability to resolve	100,000
2C	Costs of running a small group home for a child with significant additional needs	310,000
3C	Meeting the statutory requirement to fund trade union officers	59,100
4C	Increasing capacity to deal with 'Deprivation of Liberty Safeguards' (DoLS) assessments of Vulnerable Adults	112,220
5C	Protecting the Council's computers with antivirus software	100,000
6C	Emergency response arrangements for the Information Technology (IT) service	30,000
		711,320
	Total	7,688,450

APPENDIX 2b - CAPITAL BIDS

CAPITAL BIDS 2025/26		
Bid	Title of Bid	Recommended sum (£)
Capital 1	Refurbishment of fitness areas and equipment at the Arfon and Dwyfor Byw'n Iach Centres	160,000
Capital 2	Community Support Fund (Cist Gwynedd) within the Economy and Community Department which supports voluntary groups to develop projects in local communities	50,000
Capital 3	A new core software system for Social Services to replace the WCCIS system which will soon no longer be supported by the provider	312,800
		522,800

APPENDIX 3

SAVINGS AND CUTS

1. Cyngor Gwynedd has realised over £42m 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 the pressure continues in various areas such as adult care, waste and homelessness, we have been in a continuous cycle of having to find savings.
3. There is one savings scheme worth £200,000 from the Adult, Health and Wellbeing Department and two schemes worth a total of £450,000 in the waste service from the Environment Department, which derive from previous savings programmes which relate to 2025/26. The schemes have 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 £
Development of 3 other Additional Care Housing projects in Gwynedd (Pwllheli District, Ffestiniog, South Meirionnydd)	200,000
Waste Services - Rationalising goods distribution arrangements	50,000
Waste Services – Review of Waste Agreements	400,000
TOTAL	650,000

4. On 20 February 2024, the Cabinet approved £5.2m worth of savings and cuts for the 2024/25 budget onwards, which came into effect in line with the profile below, with £2,860,300 profiled for 2025/26. The whole £5.2m was implemented in setting the 2024/25 budget and therefore the 2025/26 and 2026/27 savings do not help to reduce the financial gap in those years.

SAVINGS AND CUTS SCHEMES PROFILE 2024/25 ONWARDS

	2024/25 £	2025/26 £	2026/27 £	Total £
Savings and Cuts profile	1,965,760	2,860,300	343,090	5,169,000

5. The Cabinet on 21 January 2025 approved the removal of the nappy collection scheme worth £146,910 from the waste service within the Environment Department profiled for 2025/26, using the provision set aside in the budget in order to do so.

6. Due to the current economic climate, 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 and cuts for implementation in 2025/26 – 2027/28 which are worth £519,000, they will come into effect in accordance with the profile below:

NEW SAVINGS AND CUTS SCHEMES PROFILE 2025/26 ONWARDS

	2025/26 £	2026/27 £	2027/28 £	Total £
Savings and Cuts profile	100,000	320,500	98,500	519,000

7. Therefore, in summary, the following savings and cuts have been profiled to be realised in 2025/26:

	£
Previously approved savings	200,000
23/24 savings profiled to 25/26	450,000
24/25 savings and cuts profiled to 25/26	2,860,300
Delete one historical scheme in the Environment Department	-146,910
25/26 new savings and cuts profiled to 25/26	100,000
TOTAL	3,463,390

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			
	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Council Schemes:			
Sustainable Communities for Learning Schemes	12,443	2,795	1,005
Industrial Units	2,652	0	0
Levelling Up Fund Schemes	10,974	1,975	0
Adults' Homes/Centres	4,505	0	0
Highways, Bridges and Municipal	1,203	2,077	1,301
Coastal Flood Protection	1,060	308	2,998
Housing Schemes/Strategy	7,475	6,730	3,860
Property Schemes	3,854	100	194
Departmental Vehicles	6,899	3,854	244
Digital Equipment	606	609	1,248
Other Schemes	1,565	437	1,872
Capital Bids (Unallocated)	500	500	500
PROGRAMME TOTAL	53,736	19,385	13,222

3. The programme will be funded as follows:

CAPITAL PROGRAMME FUNDING			
	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Supported Borrowing	4,070	4,070	4,070
Other Borrowing	4,740	4,481	362
Grants and Contributions	24,960	6,498	2,540
Capital Receipts	0	0	0
Departmental and Corporate Revenue	0	0	0
Capital Fund	8,709	308	3,700
Renewals and Other Funds	11,257	4,028	2,550
PROGRAMME FUNDING TOTAL	53,736	19,385	13,222

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme.
5. The profiles for the schemes were established by the Chief Executive in consultation with the Heads of Department and is dependent on the scheme requirements and the resources available.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2025/26 to 2027/28 budget, whilst the individual scheme details were established by the Council in the 10-year asset strategy, 2024/25 to 2033/34.
7. The 2025/26 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is higher than anticipated when the asset strategy was established and the programme has been adjusted accordingly.
8. Therefore, the full Council is asked to establish a total programme worth £53,736,190 for 2025/26, to be funded from the sources noted in the table under part 3 above.

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2025/26

1. **Background:** There will be a normal increase in the Gwynedd schools' quantum this year, as the Council (unlike some local authorities) funds inflation, pay increments, and demography.
2. **Inflation:** The schools' budget will increase by **£3.1m** this year for inflationary increases, including teachers' pay and pension inflation. This will cover the cost of teachers' 5.5% pay increase for the 5 months April – August, which is the full year effect of the September 2024 pay agreement, and the cost of an estimated further increase of 3% for the September 2025 pay agreement (for the 7 months September 2025 – March 2026). The increase in non-teaching staff costs for April 2024 and an estimate of 3% for April 2025 is also included.
3. **National Insurance:** There will be a **£1.9m increase** in employer national insurance cost, following the UK Government's announcement to increase the employer rate from 13.8% to 15.0%, along with reducing the threshold to £5,000.
4. **Teachers' Pension:** There was a 5% increase in teachers' pension employer contribution rate from April 2024. A specific grant has been received from the Welsh Government during 2024/25 to fund the increase, with the grant transferring to the settlement for 2025/26.
5. **Staff Pay Increments:** £474k will be added towards the budget for 2025/26 to deal with increments and a reduction of (£134k) for staff turnover.
6. **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 2024 will be used to calculate 2025/26 allocations. The situation varies from school to school, but overall, the impact of decreasing pupil numbers means that the schools' budget will reduce (£643k), which includes a reduction of (£415k) for the Primary sector and a reduction of (£228k) for the Secondary sector. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in the schools.

7. **Savings and Cuts:** Following implementing cuts of £1.966m in 2023/24 and 2024/25, there are no plans to implement further savings on schools in 2025/26.
8. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2025/26 following the same distribution method as 2024/25.
9. **Overall Conclusion:** Having taken all the above factors into account, the schools' budget will be higher in 2025/26 than in 2024/25.

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 2025/26. 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
2024/25	9.54%	7.8%
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 2024/25 Cyngor Gwynedd's Band D Council Tax level was £1,755 while the average tax level for Welsh counties was £1,631.

More information is found in this document: [Council Tax levels: April 2023 to March 2024 | GOV.WALES](#)

4. This year, it is recommended that the tax be raised by 8.66% for 2025/26. That would generate £108m of tax (compared to £98m in 2024/25), which includes £9m of Premium yield. That would equate to a Council Tax increase of £152.02 for a Band D property, or £2.92 a week. The tax charged by the Police and Crime Commissioner (an increase of 6.44% for 2025/26) and the community councils (% variable) will of course be in addition to this.

5. Over 7,950 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 2025/26, but the latest information is that there will be quite a wide range across Wales. The proposal to raise the tax by 8.66% is consistent with the situation across north Wales. Every additional 1% tax would adjust the financial gap we would need to find by around £997,840. Therefore, 3.5% would mean adjusting the financial gap by approximately £4,778,820 whilst 5% would involve adjusting the financial gap by approximately £6,275,590.
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 8.66% is recommended, which would be a weekly increase of £2.92 or £152.02 annually, with a Band D tax of £1,907.49 for 2025/26.**

COUNCIL TAX PREMIUM PRODUCTS ON EMPTY PROPERTIES AND SECOND HOMES

8. At the Full Council meeting on 5 December 2024, it was decided to continue with the 100% premium on properties that have been empty for 12 months or more for 2025/26 and to continue with the premium of 150% on second homes. It is estimated that the Council will receive £9m of additional income in 2025/26 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 2025/26 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 1.3% 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 demand for care, homelessness and waste services continues, the risk also 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 Cabinet on 14 May 2024 and the Governance and Audit Committee on 23 May 2024, when it was approved to transfer £1.703 million from reserves to be used in its entirety to assist the departments that had overspent in 2023/24. Also, £1.113 million of the transformation fund was de-committed to use to fund one-off bids in 2024/25. I review the level of these reserves continually, and **the intention is to conduct another review by May 2025**, to consider how much scope there will be for the Council to change its priorities within these reserves.
5. During 2025/26 there is an intention to use £343k from the 'Financial Strategy Fund' to bridge the budget and the savings that have been identified but will not be achieved until 2026/27. 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,"*

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. 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 \(wao.gov.uk\)](http://wao.gov.uk)

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 2025/26.

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 2024, when considering the Council's financial outlook for the period 2025/26 to 2027/28 immediately following the establishment of the 2024/25 Budget. At that time, it was expected that it would be possible to set balanced budgets in these two years without further savings being discovered.

The Council's Medium Term Financial Plan was approved by Cabinet on 14 May 2024 – this plan identified a significant gap that would need to be filled by a combination of Council Tax increases and cuts if the settlement remained without an increase, as was being suggested at the time.

Detailed work commenced on 11 December 2024, the date of the announcement of the provisional local government revenue and capital settlement: 2025 to 2026.

The provisional settlement has shown that the Council will have to continue to seek financial savings for 2025/26 if we are to set a balanced budget, but there is a need for far fewer cuts than originally envisaged. 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 28 January 2025.
- 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 6 February.
- Cabinet to consider the draft budget on 11 February and make a recommendation to the Full Council.
- Full Council to set budget for 2025/26 and set Council Tax rate on 6 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.

The 'Gwynedd Council Financial Strategy 2025-2026' public consultation went live on the Council's website on 28 November to 20 December 2024. The purpose of the questionnaire was to gather public opinion of which public services were more important to them. The results will assist the advisers with establishing a financial strategy and setting a budget for the financial year 2025-2026.

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 2025/26 budget is framed on an "incremental" principle. That is, the 2024/25 budget will be used as a base budget, making a number of adjustments before arriving at a draft budget for 2025/26:

- Staff Pay Inflation
- Other Inflation (suppliers)
- Increase in levies
- 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.

<p>The Welsh language</p>	<p>Positive</p>	<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>
<p>Socio-Economic Disadvantage</p>	<p>Positive</p>	<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 and reviewed in March 2024. The budget is being drawn up to implement that policy.

This year, in drawing up the 2025/26 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 annually since 2021/2022, consideration is 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 2025/26.

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.

APPENDIX 9

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 2025/26, 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 2025/26 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

THE STATUTORY FINANCE OFFICER'S STATEMENT ON THE 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.

Economic context

3. A Medium-Term Financial Plan (MTFP) was adopted by the Cabinet on 14 May 2024, setting out the financial outlook for the 3-year period commencing on 1 April 2025. The estimates within the MTFP were based on the latest available forecasts on the change in income the Council will receive over the period (through Government Grant and Council Tax), and the additional expenditure requirements over the same period.
4. Based on forecasts published by Wales Fiscal Analysis following the Chancellor of the Exchequer's Budget in November 2023, in considering settlement increases for 2025/26 to 2027/28 we had considered the factors and assumed that the Aggregate External Funding to Cyngor Gwynedd would remain "cash flat" (i.e. no increase in line with inflation, but no cut in cash either).
5. However, following a change in government at Westminster, Cyngor Gwynedd has received a 3.1% increase in its settlement for 2025/26 after the base for 2024/25 was adjusted when drawing up the settlement. The Council is therefore in a stronger position in 2025/26 than originally envisaged, although the increase in settlement as a percentage is the second lowest in Wales.

History of financial management

6. Over the past two financial years, the Council has been unable to keep within its budget. The revenue budget review at the end of November 2024 predicted that Council departments would overspend £8.3 million by the end of the 2024/25 financial year, as follows:

Departments	£'000
Adults, Health and Well-being	3,349
Children and Families	3,683
Highways, Engineering and YGC	699
Environment	970
Other Departments	(407)
Total 2024/25 Forecasted Overspend	8,294

7. The Medium Term Financial Plan included a detailed programme of work to address the financial situation faced by the Council.
8. In their report *Financial Sustainability Review – Cyngor Gwynedd*, Audit Wales noted " Overall we found that there was a significant increase in the number of Council departments overspending in the last two financial years, and it has developed arrangements to review its budgets. It is yet to set out how it will address future funding gaps."
9. Work has been carried out to look closely at the overspending in the areas of social care (which represent 83% of all overspending), and that continues.
10. This budget is therefore being presented in a context where the Council has been unable to provide services within its budget, particularly in the areas of high demand.

Compliance with the codes and standards

11. Despite this, the Council has a proven track record of being able to demonstrate compliance with financial standards and codes, with prompt reporting and robust internal controls. However, independent work has been commissioned by CIPFA to review the Council's long-term financial resilience as well as compliance with the CIPFA Financial Management Code.

Robustness of estimates

Inflation

12. Overall inflation has remained above the Bank of England's target of 2% during 2024/25 and independent forecasts received show that inflation rates are expected to remain that way in 2025/26. We believe overall inflation will remain between 2% and 3% on average during the year. This budget including the pay agreement outlook reflects the latest forecasts. I am satisfied that prudential estimates of inflation levels are included in this budget.

Income assumptions

13. The budget is based on achieving a specific increase in income from fees equivalent to the increase in applicable costs.
14. As usual, inflation has been added to the income targets from fees and charges for Council services and in the majority of cases it is expected that the individual fees will be increased in line with inflation in accordance with the Financial Procedure Rules. Where fees do not increase in line with inflation, I am satisfied that robust arrangements are in place to reach a conclusion at an appropriate level, including consultation with the Finance Department.
15. If demand for Council services falls, and income targets are not achieved, that can lead to overspending on departmental budgets. The actual budget situation will need to be closely monitored during the year and, if necessary, spending cut back to match the drop in income. That will not be possible with some large corporate budgets, where income estimates have to be set at a prudent level.

Grant assumptions

16. The Council receives a range of individual grants and I am satisfied that there are generally appropriate arrangements within the authority to deal with grants, but a few areas have been addressed by the Council's internal auditors where there is room for improvement. Should the Council receive an additional settlement grant during the year, or after this budget has been passed, appropriate governance arrangements are in place within the Council Constitution to reach a decision on its use.
17. However, there are risks associated with the large number of specific grants from the Welsh Government and other bodies that support a proportion of the Council's spending. We have received significant specific grants in social care in recent financial years, with associated commitments, which makes fiscal planning difficult. Generally, the associated expenditure will have to finish when a grant expires, but the terms of a contract may mean that expenditure cannot be cut as quickly as the grant, or that there are redundancy costs to fund. Furthermore, funded activity may be so important to achieving the Council's own priorities, that the Council decides to continue with the expenditure.

Savings Risk

18. On 20 February 2024, Cabinet approved £5.2m worth of savings for the 2024/25 budget onwards. The programme profile is shown here in Appendix 3, which shows that £2,860,300 worth of savings have been profiled for 2025/26. The whole £5.2m was implemented in the 2024/25 budget, with subsequent years' savings being bridged from funds. Therefore, the savings of 2025/26 and 2026/27 do not help reduce the financial gap in those years.
19. Three £650k savings schemes relevant to 2025/26 are derived from previous savings programmes and are available to fill the 2025/26 gap.
20. Furthermore, a savings report to Cabinet of 11 February 2025 recommends the implementation of new savings schemes and cuts of £519k. However, only £100k can be deducted from the 2025/26 budget with the rest to be deducted from the 2026/27 and 2027/28 budgets.

21. 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 that departments and Cabinet members have ownership of the savings schemes, and regularly monitor 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.

Interest Rate Risks

22. Interest rates can affect the revenue budget through interest earned – i.e. an increase in the interest rate would mean more income. In line with the Council's Investment Strategy, the budget does not depend on overly high returns. Interest rates are expected to continue to fall steadily in the 2025/26 financial year. Due to a combination of declining rates and less cash available for investment we anticipate receiving over £2 million less of interest in 2025/26 than in 2024/25.

Adequacy of reserves

23. Cyngor Gwynedd has £7.9 million of general funds which are reserved for true crisis situations.
24. In addition to this the Council's Financial Strategy Fund is in place to be available to deal with overspending within departments. It is anticipated that there will be around £13.5 million in this fund on 1 April 2025 which I consider to be a sufficient level for 2025/26.

Views of the Statutory Finance Officer

Having considered all the risks set out above and mitigations, the Head of Finance (Section 151 Officer) considers the budgets to be robust, adequate, and achievable.

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	6 FEBRUARY 2025
SUBJECT:	CAPITAL STRATEGY 2025/26 (INCLUDES INVESTMENT AND BORROWING STRATEGIES)
PURPOSE:	TO EXPLAIN AND SCRUTINISE THE PROPOSED CAPITAL STRATEGY FOR 2025/26
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 HUW WYN JONES, 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 2025/26, the Council is planning capital expenditure of £53.7m as summarised below:

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

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
General Fund Services	56.9	103.1	53.7	19.4	13.2
General Fund Leasing *	0.0	5.0	0.0	0.0	0.0
TOTAL	56.9	108.1	53.7	19.4	13.2

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

5. The main General Fund capital projects in 2025/26 include:
 - Sustainable Communities for Learning Schemes - £12.4m
 - Levelling Up Fund Schemes - £11.0m
 - Housing Schemes/Strategy - £7.5m
 - Departmental Vehicles - £6.9m
 - Adults' Homes/ Centres - £4.5m
 - Property Schemes - £3.9m
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

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
External Sources	37.2	55.2	24.9	6.5	2.5
Own Resources	11.6	31.4	20.0	4.3	6.3
Debt *	8.1	21.5	8.8	8.6	4.4
TOTAL	56.9	108.1	53.7	19.4	13.2

* 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

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
Minimum Revenue Provision	5.4	5.8	6.3	6.6	6.7

- The Council's full Minimum Revenue Provision Statement is available in **Appendix B** to the Capital Strategy Statement. This statement has been revised for 2025/26.
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 £2.5m during 2025/26. 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

	31.3.2024 Actual £m	31.3.2025 Forecast £m	31.3.2026 Budget £m	31.3.2027 Budget £m	31.3.2028 Budget £m
General Fund Services *	173.5	189.2	191.7	193.7	191.4

* 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. The Asset Strategy was revised for the 10 year period from 2024/25 to 2033/34 and was approved by the full Council on 11/07/2024, see Item 7 on the agenda :

[Agenda for The Council on Thursday, 11th July, 2024, 2.00 pm](#)

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

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
Asset Sales	0.3	0.2	0.0	0.1	0.0
Loans Repaid	0.0	0.1	0.1	0.0	0.1
TOTAL	0.3	0.3	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 £97.4m borrowing at an average interest rate of 5.37% and £161.9m treasury investments at an average rate of 4.98%.
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

	31.3.2024 Actual £m	31.3.2025 Forecast £m	31.3.2026 Budget £m	31.3.2027 Budget £m	31.3.2028 Budget £m
Debt (incl. PFI and leases)	101.3	93.7	94.0	88.6	86.6
Capital Financing Requirement	173.5	189.2	191.7	193.7	191.4

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 £21.5m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2024 Actual £m	31.3.2025 Forecast £m	31.3.2026 Budget £m	31.3.2027 Budget £m	31.3.2028 Budget £m
Borrowing	99.6	93.0	89.3	84.9	83.9
Liability Benchmark	-19.0	79.6	105.1	107.1	104.8

18. The table shows that the Council expects to remain borrowed above its liability benchmark up until 2025. 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

	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m	2027/28 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

	31.3.2024 Actual £m	31.3.2025 Forecast £m	31.3.2026 Budget £m	31.3.2027 Budget £m	31.3.2028 Budget £m
Near-Term Investments	129.9	65.0	55.0	45.0	35.0
Longer-Term Investments	11.6	13.0	13.0	13.0	13.0
TOTAL	141.5	78.0	68.0	58.0	48.0

- 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 4th February and 4th March 2025 respectively for the 2025/26 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 11 of the 2023/24 Statement of Accounts

<https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Performance-and-spending/Statement-of-accounts-2023-24/Statement-of-Accounts-2023-24.pdf>

REVENUE BUDGET IMPLICATIONS

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

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

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

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
Financing Costs * (£m)	7.1	9.1	10.6	11.0	11.1
Proportion of Net Revenue Stream (%)	2.2%	2.7%	3.0%	3.0%	3.0%

* 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 2025/26 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			
	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Council Schemes :			
Sustainable Communities for Learning Schemes	12,443	2,795	1,005
Industrial Units	2,652	0	0
Levelling Up Fund Schemes	10,974	1,975	0
Adults' Homes/Centres	4,505	0	0
Highways, Bridges and Municipal	1,203	2,077	1,301
Coastal Flood Protection	1,060	308	2,998
Housing Schemes/Strategy	7,475	6,730	3,860
Property Schemes	3,854	100	194
Departmental Vehicles	6,899	3,854	244
Digital Equipment	606	609	1,248
Other Schemes	1,565	437	1,872
Capital Bids (Unallocated)	500	500	500
PROGRAMME TOTAL	53,736	19,385	13,222

3. The programme will be funded as follows:

CAPITAL PROGRAMME FUNDING			
	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Supported Borrowing	4,070	4,070	4,070
Other Borrowing	4,740	4,481	362
Grants and Contributions	24,960	6,498	2,540
Capital Receipts	0	0	0
Departmental and Corporate Revenue	0	0	0
Capital Fund	8,709	308	3,700
Renewals and Other Funds	11,257	4,028	2,550
PROGRAMME FUNDING TOTAL	53,736	19,385	13,222

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the full Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme.
5. The profiles for the schemes was established by the Chief Executive in consultation with the Heads of Department and is dependent on the scheme requirements and the resources available.

6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2025/26 to 2027/28 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2024/25 to 2033/34.
7. The 2025/26 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is higher 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 £53,736,190 for 2025/26, to be funded from the sources noted in the table under part 3 above.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2025/26

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 provides a number of options for calculating a prudent amount of MRP, but does not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
4. MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Council's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.
 - 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 MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
 - For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the Capital Financing Requirement (CFR) instead.
5. Capital expenditure incurred during 2025/26 will not be subject to a MRP charge until 2026/27 or later.
6. Based on the Council's latest estimate of its Capital Financing Requirement (CFR) on 31st March 2025, the budget for MRP has been set as follows:

	31.03.2025 Estimated CFR £m	2025/26 Estimated MRP £m
Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008	133.0	2.7
Unsupported capital expenditure after 31.03.2008	50.5	2.6
Leases and Private Finance Initiative *	5.7	1.0
Total General Fund	189.2	6.3

** 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.*

7. Capital Receipts - Proceeds from the sale of capital assets are classed as capital receipts, and are typically used to finance new capital expenditure. Where the Council decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:
- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
 - Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
 - Capital receipts arising from other assets which form an identified part of the Council's MRP calculations will be used to reduce the MRP charge in respect of the same assets over a period up to their remaining useful lives, starting in the year after the receipt is applied.
 - Any other capital receipts applied to repay debt will be used to reduce MRP in up to 10 equal instalments starting in the year after receipt is applied.

Treasury Management Strategy Statement 2025/26

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 the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Council's treasury management strategy for 2025/26.

The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting.

At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.

The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).

ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

2.2 Credit outlook

Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the Council's treasury adviser.

Overall, 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 2024)

The Council's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)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 3.8% and that the Council will not need any new long-term loans in 2025/26.

3. Local Context

- 3.1** On 31st December 2024, the Council held £97.4m of borrowing and £161.9m 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

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
Capital Finance Requirement	173.5	189.2	191.7	193.7	191.4
Less: Other debt liabilities *	-1.6	-0.7	-4.7	-3.8	-2.8
Loans CFR	171.9	188.5	187.0	189.9	188.6
Less: External borrowing **	-99.6	-93.0	-89.3	-84.9	-83.9
Internal borrowing	72.3	95.5	97.7	105.0	104.7
Less: Balance sheet resources	-214.0	-131.1	-108.1	-108.1	-108.1
Treasury Investments (or new borrowing)	141.7	35.6	10.4	3.1	3.4

*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 in the near future. 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 2025/26.

4. Liability benchmark

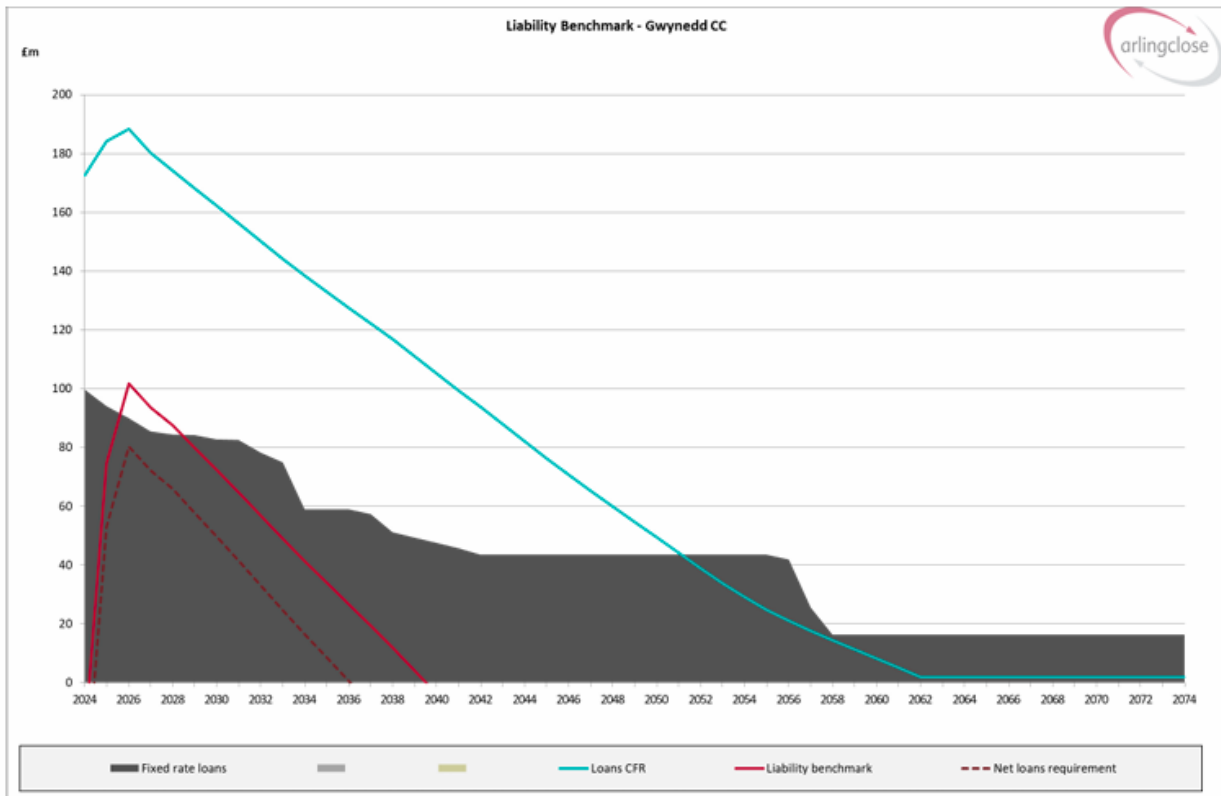
4.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £21.5m at each year-end 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

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
CFR	173.5	189.2	191.7	193.7	191.4
Less: Balance sheet resources	-214.0	-131.1	-108.1	-108.1	-108.1
Net loans requirement	-40.5	58.1	83.6	85.6	83.3
Plus: Liquidity allowance	21.5	21.5	21.5	21.5	21.5
Liability Benchmark	-19.0	79.6	105.1	107.1	104.8

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, but there might be a short- term requirement across the year end.

5. Borrowing Strategy

5.1 The Council currently holds £97.4 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 2025/26 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 higher than in the recent past, but are expected to fall in the coming year and it is likely to be more cost effective over the medium term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

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 2025/26 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)

- National Wealth Fund Ltd (formerly 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

5.6 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.

5.7 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).

5.8 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 than 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 on behalf of the Council, Gwynedd Pension Fund, North Wales Economic Ambition Board and UKSPF grant. In the past 12 months, the Council's investment balance has ranged between £106.8 and £235.8 million, and lower levels are expected to be maintained in the forthcoming year due to the transfer of the North Wales Economic Board to the Corporate Joint Committee which is a separate entity.

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, and Gwynedd Council is committed to being a responsible investor. The Council will actively seek to invest in organisations that minimise their impact on the world in consideration of environmental, social and governance factors when placing any investments with current or new counterparties. 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	£8m	Unlimited
Secured investments *	25 years	£8m	Unlimited
Banks (unsecured) *	13 months	£4m	Unlimited
Building societies (unsecured) *	13 months	£4m	£8m
Registered providers (unsecured) *	5 years	£4m	£20m
Money market funds *	n/a	£8m	Unlimited
Strategic pooled funds	n/a	£8m	£40m
Real estate investment trusts	n/a	£8m	£20m
Other investments *	5 years	£4m	£8m

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 UK Government

Sterling denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

6.9 Local authorities and other government entities

Loans to, and bonds and bills issued or guaranteed by, other 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.

6.10 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, secured deposits 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.

6.11 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.

6.12 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.

6.13 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.

6.14 Strategic Pooled funds

Bond, equity and property funds, including exchange traded 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 can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

6.15 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.

6.16 Other investments

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

6.17 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.

6.18 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.

6.19 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.

6.20 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.

6.21 Investment limits

The Council's revenue reserves available to cover investment losses are forecast to be £98 million on 31st March 2025. In order that no more than 8.2% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of 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	£20m per manager
Investments held in a broker's nominee account	£20m per broker
Foreign countries	£8m per country

6.22 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), of which at least two will be UK domiciled, 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	£1,324,700
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1,324,700

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	2025/26	2026/27	2027/28	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 (until 31.03.25). 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 2025/26 is £1.0 million based on an average investment portfolio of £26.8 million at an interest rate of 3.8% for deposits and £13 million of pooled funds at a return of 3.7%. The budget for debt interest paid in 2025/26 is £5 million, based on an average debt portfolio of £92 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
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Appendix 1 – Arlingclose Economic & Interest Rate Forecast December 2024

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Forecast:

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.

- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%
 PWLB Certainty Rate = Gilt yield + 0.80%
 PWLB HRA Rate = Gilt yield + 0.40%
 National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Appendix 2- Existing Investment & Debt Portfolio Position

	31.12.2024 Actual Portfolio £m	31.12.2024 Average Rate %
External Borrowing:		
Public Works Loan Board	81.2	5.60
Other loans	16.2	4.22
Total external borrowing	97.4	5.37
Other long- term liabilities:		
Leases	1.6	0.00
Total other long-term liabilities	1.6	0.00
Total gross external debt	99.0	5.37
Treasury investments:		
Bank and Building Societies (unsecured)	12.4	4.67
The UK Government	10.9	4.71
Local Authorities	88.0	5.04
Money Market Funds	37.6	4.76
Pooled funds	13.0	5.85
Total treasury investments	161.9	4.98
Net investments	-62.9	

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 2024, 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: Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council, after having regard the guidance, has decided to depart from explicit provision.

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 in February and March 2025. The information and discussion at the presentation ensures that the members have the appropriate skills and information to enable them to:

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

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

Agenda Item 8

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	6 FEBRUARY 2025
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 27 JANUARY 2025
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. CYFLWYNIAD

- 1.1 The following report summarises the work of Internal Audit for the period from 1 October 2024 to 27 January 2025.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed on the 2024-25 plan in the period from 1 October 2024 to 27 January 2025:

Description	Number
Reports on Audits from the Operational Plan	9

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period from 1 October 2024 to 27 January 2025, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
School Transport Project Management	Environment	Schools Transportation	Limited	Appendix 1
Absence Management and Referral Arrangements (Part 2)	Corporate	Support Services	Satisfactory	Appendix 2
Whistleblowing	Corporate	-	Limited	Appendix 3
Creditors System - Key Controls	Finance	Creditors	Satisfactory	Appendix 4
Car Parks	Economy and Community	Maritime and Country Parks	Satisfactory	Appendix 5
Public Toilets	Highways, Engineering and YGC	Toilets	Satisfactory	Appendix 6
Homelessness Prevention Grant 2022/23	Housing and Property	Homelessness	Limited	Appendix 7
Housing Support Grant	Housing and Property	Homelessness	Limited	Appendix 8
Housing Waiting Register	Housing and Property	Housing Supply and Strategic Projects	Satisfactory	Appendix 9

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

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 27 January 2025:

- Education Digital Standards (*Education*)
- General Schools (*Education*)
- Unofficial School Funds Follow-up (*Education*)
- School Transport (*Education*)
- Breakfast Clubs (*Education*)
- Arrangement for the Distribution of Bins (*Environment*)
- Category Management (*Environment*)
- Category Management Follow-up (*Corporate Services*)
- Advice & Consultancy and Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Safeguarding Arrangements - Establishments (*Corporate*)
- Proactive Prevention of Fraud and Corruption and the National Fraud Initiative (*Corporate*)
- Information Management - Establishments (*Corporate*)
- Use of External Meeting Rooms (*Corporate*)
- Staff Awareness of the Safeguarding Policy (*Corporate*)
- Street Cleaning (*Highways, Engineering and YGC*)
- Smallholdings – Follow-up (*Housing and Property*)
- Homelessness Prevention Grant 2023/24 (*Housing and Property*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 October 2024 to 27 January 2025, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

SCHOOL TRANSPORT PROJECT MANAGEMENT

1. Background

- 1.1 The Council provides free school transport to Primary and Secondary school children who fall into the various categories within the School Transport Policy, namely Primary pupils who live 2 miles or more from the catchment or the nearest school, Secondary pupils who live 3 miles or more from the school catchment area or the nearest school, and additional learning needs schools. There were 204 taxi and 106 school/college buses contracts awarded in April 2024, and this was a mixture between primary schools, secondary schools, and additional learning needs schools.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for managing and monitoring contracts with school transport suppliers and that robust controls are in place to safeguard pupils. To achieve this, the audit encompassed reviewing contracts for a sample of suppliers and ensuring they are complete and meet the service requirements under the Education Act 1996, reviewing the tender processes, reviewing contract monitoring and management arrangements, and confirming that DBS checks are carried out in a timely manner and that the suppliers adhere to relevant Council policies, including the Alcohol and Drug Policy.

3. Audit Level of Assurance

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

Assurance Level	Description
LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	2
MEDIUM	1
LOW	0

5. Main Findings

- 5.1 The School Transport Policy 2022-23 has been published on the Council's website, which includes the criteria for receiving free school transport, as well as how to apply for it, information about ineligible pupils and the code of conduct, in accordance with the Education Act 1996. Contact details, timetables and routes are available on the website, but the link for the fees is inactive. Arrangements are underway to update the School Transport Policy.
- 5.2 The Council uses an electronic purchasing system (DPS) to provide an Education and Social Care transport service. The DPS system is set up to purchase goods, work or services, and it is commonly used. A sample of 6 taxi companies and 6 bus companies were reviewed. The Single Procurement Document was received for 9 of the sample, which is a document setting out what information is required by the Council to assess the suitability of the applicants in terms of compliance with the criteria, their economic and financial position, technical and professional ability. In addition to this document, an additional contract is sent out to the suppliers for signing, but from the sample seen, no suppliers had returned the contract back. The Corporate Category Manager was questioned about this and explained that the document is not a priority because the companies have stated that they accept the terms and conditions of the agreement through the 'eTenderWales' system as part of the DPS process and the Single Procurement Document. In addition, it has been reported that the Corporate Category Manager has received advice from a law firm that an agreement does not have to be signed before being binding.
- 5.3 The Department operates on a contract performance management point system attached to annex A of the terms and conditions document that is sent out to suppliers. The award of a total of 100 points in any rolling 12-month period will trigger a decision to terminate a contract for a specific route under the general conditions of the contract. There was no example or evidence of this being implemented during the audit, and the Transport Manager explained that there has been no case to allocate points. Due to a lack of resources, the Department has been unable to monitor contracts on a regular basis. This was confirmed for the sample checked. It was expressed that the transport officers carried out checks based on complaints received, but no clear supporting evidence of the checks have been kept.
- 5.4 Examples of external risk assessments carried out were received, and enquiries were made to see if there were internal risk assessments. It is a requirement for suppliers to provide their own risk assessment when accepting a contract with the Council. For the sample of contractors selected, 5/12 risk assessments were found to be unavailable. Emails were seen from a transport officer asking for the risk assessments, and that they wanted to initiate penalties to companies that don't respond.

- 5.5 The Manager explained that if an accident occurred or child was hurt, the operator would fill out the 'HS11' form and send it to the Health and Safety Service. The Health and Safety database was checked for any recent HS11 forms, but there was no record at all relating to school transport.
- 5.6 The Transport Manager was questioned about compliance arrangements with the Council's Alcohol and Drug Policy, and explained that the Transport Service does not have arrangements in place, but would contact the police if they were aware of a case where a driver is under the influence of alcohol and/or drugs. The Council has established a new Policy since May 2024, which recognises bus/minibus driving as a 'Very High Outcome Work' following a risk assessment on employees, but this policy is currently not adopted by schools. The old policy (2012) is still in operation, where it is possible to arrange a blood drug or alcohol test if a member of staff is suspected to be at work under the influence, but this does not include Contractors. The Health and Safety Service intends to negotiate with unions in the coming months with the purpose of adopting the new policy from the schools.
- 5.7 A sample of DBS disclosures were reviewed for 5 taxi companies and 6 bus companies. The Transport team is responsible for the bus companies and the Licensing service is responsible for the taxi companies. The Licensing service uses the 'Tascomi' system for keeping DBS information, and it is possible to see which disclosures come to an end by changing a tab on the system. All 5 from the taxi sample were found to have a current DBS disclosure. The Transport Team used an Excel spreadsheet for retaining bus drivers' DBS information, and from the spreadsheet, it is suggested that the disclosure of 16 bus drivers from companies that were in the sample has ended. This was highlighted to the Transport Manager who explained that 6 have been renewed, 2 drivers are on public buses only and therefore not required a DBS, 2 are not working for the company any more, the Council is waiting for a copy of the DBS for one in the sample, 3 have been renewed by Anglesey Council and awaiting to have a copy on file, and one has had to complete another form as the DBS has been cancelled. 4 in the sample were found to have been renewed in May/June 2024, but the Manager did not receive them until the end of September. It was explained that there is a lack of resources because a member of staff has left the team and therefore the DBS spreadsheet used is not up to date and appears not to be updated regularly. The Transport Manager confirmed that they can change to a system on 'iGwynedd' so that DBS disclosures can be monitored more closely.

6. **Actions**

The Transport Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Contact the operators to verify if alcohol and drug tests are being carried out.**
- **Use the action points system to initiate penalties on companies that don't send documents.**
- **Regularly monitor and manage school transport contracts and ensure thorough records are kept.**
- **Update the School Transport Policy and display it on the Council's website.**
- **Move to the Council's DBS system to keep current DBS details and ensure checks are carried out.**

ABSENCE MANAGEMENT SYSTEM AND REFERRAL ARRANGEMENTS

1. Background

- 1.1 Part 1 of the audit was undertaken in April 2024 to identify risks and any significant actions to be completed prior to the system's operational date of 1st June 2024. Adequate arrangements were reported in place for the planning and system design in July 2024 with four risks highlighted and actions agreed for mitigation.

2. Purpose and Scope of Audit

- 2.1 The purpose of Part 2 of the audit was to ensure that managers appropriately processed their staff's sickness absences in the system and in compliance with the Sick Leave Policy (effective from 1st June 2024). To achieve this, the audit encompassed requesting the IT Service to extract data and create specific reports from the system for monitoring compliance and proving that the data are accurate, complete and have been inputted in a timely manner.

3. Audit Assurance Level

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.

4. Current Risk Score

The risks of the audit are as follows:

<u>Risk Level</u>	<u>A lot</u>
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	1

5. Main Findings

- 5.1 During Part 1 of the audit, four additional risks were identified, and it was confirmed that the agreed actions had been included on the action plan and that the implementation status and any other deficiencies were discussed at a weekly meeting between the Support Service, Human Resources and IT officers. Of the 4 risks reported, three of the actions were implemented. For the remaining risk that remain current, this has been added to the agreed action plan in this report with the actions and any extensions agreed with the project coordinator.

5.2 The Human Resources Systems Project Officer reported that she continues to coordinate the implementation of the project and it was clarified that all Services apart from the School Service, use the system for recording sickness and comply with the new policy. The Council and Unions are in discussions regarding the implementation of the policy in Gwynedd's schools. Meanwhile, the Salaries and School Contracts Team Leader continues to run the sickness reports to Corporate Services to feed the information into the Payroll system and for insurance purposes.

5.3 The Human Resources Team Leader Advisor expressed that the following reports are operational:

- Departments, sickness period compared to input period.
- Staff on the trigger stages 1, 2 or 3
- Staff who have not received return to work meetings following a leave of absence.
- Those not acting on the 'triggers' such as those without a valid fitness note, no contact during long-term sick leave.
- Staff under the Sickness Capability Panel
- Staff on long-term sick leave

However, there is currently no report for identifying compliance to Occupational Health and referral triggers or to identify the illness reasons.

5.4 However, the system needed to be able to create reports to monitor the Council's sickness absences within the departments and the cause, for reasons such as performance review meetings. The Research and Information Manager (October 2024) provided an update that the June figures are available but that the intention is to produce a complete 'year to date' report for the Heads of Departments once a report for July to September statistics can be extracted and are accurate, but also with April and May figures (from the old system) for comparison, in hope that the data will report by Service and with the category of illness.

5.5 The foundation of the module appears to be functional and appears appropriate for managing sick absences and referral, but the system is also expected to include the following key controls and functions;

- Prove that there is certainty over backup arrangements and that the data can be recovered effectively.
- That the right to create reports and the ability to manage information type and extraction from the system can be allocated to specific officers.
- Ability for managers to run reports needed for sickness management of their staff.

6. Actions

The Human Resources Systems Project Officer has agreed the following actions to mitigate the risks highlighted:

- **Receive assurances from IT that information is successfully saved or that unsuccessful backups can be identified.**
- **Conduct a recovery test of backup data on the module, and ensure that the data has been correctly recovered by confirming with the relevant service/s.**
- **Supportive Officers given the right to act on sick requests/queries from line managers.**
- **Continue to develop and test the system to ensure bespoke sickness absence management reports etc can be run.**
- **Continue to develop reports for compliance monitoring.**

WHISTLEBLOWING

1. Background

- 1.1 The Policy was formed with the intention of encouraging staff to come forward and express any serious concerns regarding misconduct, to maintain the public's confidence and to preserve the Council's reputation. The Policy's purpose is to enable and encourage workers to share major concerns internally rather than attempt to solve issues externally.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to review office-based staff's awareness of the Whistleblowing Policy and to discover their general opinion on it and its procedures. This was carried out by designing and distributing an online questionnaire to office-based staff to find any changes in the awareness levels since a similar exercise in 2017. The results of the audit reflect the Council's culture.

3. Audit Level of Assurance

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

Assurance Level	Description
LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	2
MEDIUM	0
LOW	0

5. Main Findings

- 5.1 The Council's Whistleblowing Policy is available to read bilingually in the Council's policy centre. The following were seen upon reviewing the policy:
- The policy does not include contact details for whistleblowing e.g. officer name, telephone number, email address, postal address.
 - The external body is referred to as 'Public Concern at Work', but they have changed their name to 'Protect' since 2018.

- 5.2 817 responses were received out of over 2,000 employee email accounts, a response of approximately 40%. 82% of those staff were aware of the Policy which is a decrease from the equivalent 2017 response of 87%.
- 5.3 The survey showed that most of the staff became aware of the Policy through the Policy Centre (369) and their line managers (150). Only 41 became aware due to receiving a Whistleblowing Card and 39 through a poster. 88 of the workers became aware due to an induction pack/session.
- 5.4 Those that were aware of the Policy were asked if they had confidence in the current system by providing a score between 1 and 5, (1 denoting 'no confidence' and 5 'total confidence'). The average score was 3.3, indicating that employees found the current system satisfactory, this is consistent with the 2017 average score of 3.4.
- 5.5 25 members of staff stated that they had 'blown the whistle'. 12 of these individuals noted that the matter had been solved and 8 stated that it had been solved to some extent. 16 (of the 25) were satisfied with how the matter was dealt with (12 matters were solved and 4 were solved to an extent, in their opinion).
- 5.6 For those who stated that they were unaware of the Policy, they were asked if they had ever had concerns regarding misconduct in the workplace but had not acted due to not being aware of the Whistleblowing Policy. The survey found that 15 individuals had not acted as they were unaware of the policy.
- 5.7 The survey listed scenarios in the workplace where a worker should 'blow the whistle', and then asked which scenarios the workers would be likely to 'blow the whistle'. The scores denote the percentage of workers who would be willing to 'blow the whistle' in the scenarios given below. There is a decrease in all scores since 2017.

<i>"Something that...</i>	
<i>... is unlawful, fraudulent or corrupt</i>	90%
<i>... constitutes maladministration as defined by the Local Government Ombudsman</i>	62%
<i>... is against, or fails to comply with the Council's Standing Orders, Financial Regulations or policies, codes of conduct or legal obligations</i>	71%
<i>...falls below established standards of practice</i>	56%
<i>... breaches any statutory code of practice</i>	68%
<i>... amounts to improper conduct</i>	78%
<i>... constitutes sexual, physical, or emotional abuse of clients</i>	90%
<i>... endangers the health and safety of any individual</i>	84%
<i>... is causing, or is likely to cause damage to the environment</i>	61%

<i>... is a miscarriage of justice;</i>	74%
<i>... is an abuse of power or use of the Council's power and authority for an unauthorised purpose</i>	78%
<i>... fails to rectify or take reasonable steps to report a matter likely to give rise to significant and avoidable cost or loss of outcome to the Council or would otherwise prejudice the Council</i>	61%
<i>... is an attempt to cover up any of the above examples</i>	82%
<i>None of the above</i>	4%

5.8 On average, 73% of workers noted that they were willing to 'blow the whistle' compared to 83% in 2017. If the respondent declared that they would not 'blow the whistle' they were asked to explain why. Many indicated that they had no faith in the arrangements or in their managers and consequently worried about the implications on them personally or on their jobs / careers. A sample of the responses are provided below.

"Concern that my identity will not remain confidential and risk if nothing comes out of the matter."

"Due to past examples where the Council has not acted in high profile cases when an individual or individuals have blown the whistle members of staff tend to think there is no point in raising an issue as they suspect some form of cover-up will take place."

"Fear of harassment/or abuse from the person doing it, such as a line manager and fear of negative impacts on a job and personal development into the future."

5.9 The number of responses is evidence that the Council's workers feel that Whistleblowing is important. The comments and recommendations include concerns that whistle blowers are not protected, there is a lack of support and that the process is not as confidential as it should be. A number of responses included comments that an increase in policy awareness is needed primarily through promotion and training. Many suggested increasing the use of posters in visual spaces or distributing more cards as well as holding training sessions or a mandatory e-module.

5.10 The full statistics have been shared with officers.

6. **Actions**

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

- **Update the policy including adding current contact details.**
- **Create and implement an awareness raising and promotional plan for the Policy.**

CREDITORS KEY CONTROLS

1. Background

- 1.1 Council invoices are processed for payment centrally by the Payments Unit. During 2023/24 local invoices were processed within around 20 days on average, while the non-local invoices took around 27 days. A high percentage of payments have been paid through BACS during 2023/24 with fewer cheque payments being processed due to an effort to move more payments to BACS, seeking to modernise and improve efficiency, and the Unit is promoting more departments to send information electronically to reduce duplicates and to process those invoices more quickly. Some Services have also agreed to process invoices themselves such as Residential and Community Care Service to pay care providers weekly. Invoice details are inputted on a spreadsheet, and loaded into the system for payment. The Payments Unit approves the payments before making the payment runs. This process is being trialed with the hope to expand to other services in the future which will reduce the workload of the Payments Unit.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that key creditor system controls were properly implemented. To achieve this, the audit encompassed reviewing established controls for creating and modifying supplier details, processing, approving, and paying invoices, reconciliations of the system, and system backups and access rights.

3. Audit Assurance Level

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Risk Score

- 4.1 The risks of the audit are as follows:

<u>Risk Level</u>	<u>A lot</u>
VERY HIGH	0
HIGH	0
MEDIUM	5
LOW	1

5. Main Findings

- 5.1 There appears to be no staff manual for Payments staff. However, the Payments and Systems Manager explained that a 'user guide' for the bigger processes such as closing month-end accounts, loading and approving payments is available. Regular tasks such as inputting bulk of invoices is not documented because the procedure is easily done. In addition, the Constitution of the Council 16.20.24 refers to the rights of signatories *'The names of officers authorised to certify such accounts shall be sent to the Head of Finance by each Chief Officer, together with specimen manuscript signatures and initials and shall be amended on the occasion of any change.'* However, the list of signatories is no longer up to date and is not used by the Payments Unit. It was clarified that the Payments Unit receives the invoices to be paid by email from the Services with the authorisation slip (TR) attached completed for each invoice to be processed.
- 5.2 The Payments and Systems Manager expressed that monthly reconciliations had not been implemented regularly during the audit but agreed that these should be reconciled on a monthly basis and the task will be added to the end of each month.
- 5.3 The Payments and Systems Manager produced an 'aged creditors report' which showed outstanding balances on the accounts. From when the report was run (14/06/2024), it was found that only 4 of these invoices were over 90 days with a total of £8,793.07, and the rest within the 30 days. These were checked against the system to identify reasons for the amounts due, but appeared to still be due for payment. The Payments and Systems Manager explained that the Unit has begun to conduct data cleansing exercises to the system, identifying the number of invoices with high totals in each Service, and checked with the suppliers to identify reasons for the ongoing debt on the suppliers' accounts and to resolve the issues.
- 5.4 In addition, from the above report it was observed that several of the supplier showed a credit on the account, i.e. amounts were due to the Council. From the report it appears that a total of £101,281.55 worth of credit notes are outstanding on the system, totalling 61 supplier accounts. £72,714.65 appears to be over 90 days in credit. An independent report of all credit notes on the system was produced and showed a total of around £113,200 of credit balances with the longest record back in 2017. A credit note on the system indicates that a historical credit has been given to the Council, but these appear to be outstanding and are still awaiting to either be claimed/used. A sample of accounts was reviewed, and these appear to be with credit balances on the account. The Payments and System Manager expressed that the system suspends any payments where credit is on the system until these are cleared. The departments are responsible for re-claiming the credit back to the Council. Since the audit, the Payments and Systems Manager confirmed that, from November 2024, a monthly report is being run of credit balances to departments to seek to re-claim outstanding credit balances back into the Council's account.

- 5.5 There are several methods for identifying duplicate creditors. The Payments and Systems Manager expressed that there are many duplicate creditors on the system and it is not feasible to remove them without affecting the audit trail. However, there is the possibility of disabling them. As it is not feasible to review, the system continues with high volume of creditors duplicated on the system which increases risk of duplicate payments. To avoid creating more duplicate creditors on the system, the Payments and Systems Manager expressed that the Unit review the supplier bank details on the system before creating new creditors and if there appears to be more than one account against the same details, then officers will disable the duplicate ones.
- 5.6 A review into the Unit's system backup processes was undertaken to identify whether the system's backup data can be successfully recovered should the Council experience system breakdowns, and the IT Officer expressed that it is possible to run a test on the system but it means that the system will not be operational for a short period of time, in addition a plan will be required for timing the procedure and to validate the data with the Services once the data has been recovered to ensure that the data is accurate and has been successfully recovered. Because of this, the test has not yet been carried out on the system data.

6. Actions

The Payments Unit is committed to implementing the following steps to mitigate the risks highlighted:

- **Publish a formal handbook for Payments Unit staff to ensure that processes are implemented consistently, effectively, and efficiently and any update of financial procedures is revised and approved.**
- **Request IT for assurance that the system's data can be effectively recovered from the backup data**
- **Regular reconciliations from the system to the ledger to ensure balances are correct and any discrepancies can be resolved in a timely manner.**
- **Review invoices on the system that appear to be outstanding for some time and high in value (either one invoice or accumulated) so that payment can be verified or removed.**
- **Review duplicate creditors on the system to check its validity and to either disable or not by**
 - **Request a script from Advance of duplicate creditors that have not been used for some time;**
 - **Review a report of suppliers who have last received a cheque payment and is older than 2/3 years;**
 - **Staff to check duplicates when creating and changing creditors' details mainly by checking bank details;**
 - **Staff refuse or accept duplicate NXG report checks**
- **Review the credit notes outstanding on the system to identify credits that can be reclaimed. Conduct monthly reviews for ensuring credit notes are valid, used or reclaimed.**

CAR PARKS

1. Background

- 1.1 The Economy and Community Department is responsible for car parks in country parks and some of the beaches, managed by the Leisure Resources Manager and the Maritime Service Manager. There are currently 2 established car parks in Llanberis, Dolbadarn and Gilach Ddu with parking pay machines, and a new site established, Y Glyn, has been charging a fee since June 2024. The Maritime Service has three car parks charging fees, Macroes beach in Abersoch and Porthmadog Harbour, and in Dinas Dinlle beach since August 2024. In addition, Morfa Bychan beach charges an entrance fee. There are 'Pay and Display' machines on the sites that are either provided historically by the company 'Metric' or 'Flowbird' for new ones.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for charging and collecting car park fees from country parks, beaches, and harbours. To achieve this, the audit encompassed obtaining a list of chargeable car parks to verify income collection, receipt, and reconciliation in a timely manner. In addition, to identify any savings/benefits from co-working/sharing car park management assets with the Environment Department.

3. Audit Level of Assurance

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	3
LOW	0

5. Main Findings

- 5.1 Four of the car parks allow payments via credit/debit cards and the rest accept cash only, with the intention to change the machines to accept cards by 2025, which will be funded through Park Padarn's budget.
- 5.2 Two of the new car parks that have been set up are with 'Flowbird' machines and the rest are 'Metric' machines. Maritime 'Metric' machines accept cash only and have their own money collecting arrangements, where staff are responsible for reconciling and paying in the cash into the Council's account. No issues were reported arising from this arrangement, but it was recognised that there are associated risks that can be mitigated by moving to card machines.
- 5.3 Other 'Metric' machines from the Country Park Service accept payments via debit/credit cards. Payments are also collected through the 'PaybyPhone' app, where the money is paid into the Council account minus the commission amount charged by the 'PayByPhone' company. A report is provided by 'Metric' and 'PaybyPhone' with a breakdown of the payments and is sent to the Income Service, where the Reconciliation Officer will process the income to the relevant codes in the ledger. The Warden's report agreed with the 'PaybyPhone' report for April 2024 to the end of June 2024 and to the ledger, and the Warden's report for 'Metric' which accepts card payments on behalf of the Council. There were differences found in trying to reconcile the balances, but there appeared to be different 'cut off dates' to the Warden's report against the 'PayByPhone' reports.
- 5.4 The 'Security Plus' company collects cash from the 'Metric' machines and pays them into the Council's account and issues an invoice to the service directly to the attention of the Chief Warden for processing. A sample of 'schedules' were checked against the money received in the ledger and the Warden's report. There was no evidence that these were reconciled on a regular basis.
- 5.5 In terms of 'Flowbird' machines, money from 'TillPayments' for Y Glyn is received daily and goes straight against the Park's parking code in the ledger. This was confirmed by reviewing the ledger. The same arrangements will be in place for the monies collected from the Dines Dinlle car park.
- 5.6 The Leisure Resources Manager explained that Y Glyn car park has been funded by securing a grant for the visitor site and therefore the income from such car parks needs to meet the grant criteria and comply with grant requirements to qualify. It has been reported that the 'Pethau Pwysig' grant and 'Levelling Up Fund' have been secured for visitor sites including the Gilfach Ddu site/car park to be developed and to the Dines Dinlle car park.

- 5.7 One significant concern highlighted by the Services is the lack of implementing parking fines and enforcement arrangements in place for vehicles in breach of car parking fees. No parking enforcement service was in place within the Economy and Community Department at the time of the audit. It was reported that there is an enforcement right in place, but no resources in place to implement it. The Maritime Service Manager expressed that the Service has been placing stickers on cars found parking without paying as a deterrent. This means that the Council is losing long-term income. In addition, they recognised this is where the Enforcement Service, Environment Department can assist them, to support and contribute towards ensuring an income stream for the Council and to meet the Council's savings target. Losses are incurred if enforcement arrangements are not in place.
- 5.8 Management reported that the Service will welcome the Environment Department Parking Enforcement Service to enforce Economy and Community parking sites and is satisfied that any penalties recovered through the Enforcement Service will go towards the Environment Department's income stream. In addition, this will ensure consistency in Council's car parking fees enforcement arrangements and reduce complaints from the local public/residents.

6. **Actions**

The Economy and Community Department is committed to implementing the following steps to mitigate the risks highlighted:

- **Upgrade all car park machines to enable card payments to be accepted.**
- **Collaborate with the Environment Department to ensure that all car parks are subject to enforcement by the Environment Department.**
- **Ensure that responsibilities for reconciling all car park income to the ledger and to the machines is undertaken and that any differences are explained.**

PUBLIC TOILETS

1. Background

- 1.1 The Council has 61 public toilets in Gwynedd, which in terms of numbers, is the highest provision in Wales managed by a Local Authority. Following the Gwynedd Challenge engagement exercise in 2016, and to achieve a £244,000 cut in the services, an alternative provision was adopted through a Partnership Scheme with Town and Community Councils to keep the majority of the County's existing toilets open for the future.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements are in place for the provision of public toilet facilities. To achieve this, the audit encompassed ensuring that the Council complies with the Public Health (Wales) Act 2017, as well as reviewing its arrangements with partners, such as local businesses and Town and Community Councils.

3. Audit Level of Assurance

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	3
LOW	0

5. Main Findings

- 5.1 Like all Welsh Authorities, Gwynedd has a statutory duty to assess the needs of the local community under the Public Health (Wales) Act 2017: Part 8 (Provision of Toilets) by preparing and publishing a local toilet strategy for their area. The strategy aims to ensure the provision of properly maintained, clean and safe facilities. Following discussions with the Highways, Engineering and YGC Department, work appears to be at hand to review the Strategy before May 2025. The Strategy expresses that the Council will undertake a review and prepare an interim progress report every two years. Minutes were submitted to the Leadership Team in September 2023 discussing the steps and suggestions in relation to the toilets.
- 5.2 In 2010, a pay toilet system was introduced at 5 public toilets in Gwynedd. The current fee for toilet access is 20 pence. A document was received setting out the running costs of such facilities, their income, the income target and the actual income, and the figures show that the current income target is not achievable. Income for 22/23 was £4,676 in cash. A large financial gap exists as the income target for 22/23 was £57,960. The problems with the facilities were highlighted, such as the machines had reached the end of their lives, the facilities face regular vandalism incidents and the cost of collecting the cash was high. The Service looked at alternative options for the pay toilets and was trialling payment by cash and card, and had received bid money from the Leadership Team to invest in new payment equipment and hopefully will be operational by the next financial year.
- 5.3 Following the Gwynedd Challenge engagement Exercise in 2016, a Partnership Plan with Town and Community Councils was in place to keep most of the County's existing toilets open for the future. The scheme was developed as an arrangement to work with the Town and Community Councils and for them to contribute towards the running costs of the toilets. Contracts are in place with the Councils to reflect their commitment to the scheme, but also their financial contribution to the costs of their provision. The Head of Highways, Engineering and YGC explained that income is generated through the contributions, but the fees do not increase with inflation, and therefore a financial gap exists. Following discussions with the Service, it is proposed to introduce inflation on the annual fee to close this gap, and this is currently being addressed.

5.4 The Council pays shops, restaurants, and pub owners a sum of up to £500 to allow the public to use their toilets, thereby expanding the provision of publicly available toilets. It is stated in the terms and conditions of the grant *“that the service provider must display at least one sign showing on a suitable window or door that they are a member of the scheme and to inform the public of their right to use the toilets”*. During the audit, 6 grant-receiving businesses were visited to check this, and it was found that only 1 location displayed Cyngor Gwynedd’s specific sign, but an external confirmation was received that two other businesses were displaying the sign. The Head of Highways, Engineering and YGC confirmed that new signs are being printed and will need to be distributed to all businesses, and to introduce a better monitoring system for businesses that have received the payment.

6. **Actions**

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

- **Annual audits are to be carried out for all businesses on the scheme.**
- **To discuss with Community and Town Councils regarding raising inflation for the next financial year.**
- **Trial cash and card payments at toilets in Pwllheli before moving on to the other locations.**

HOMELESSNESS PREVENTION GRANT 2022/23

1. Background

- 1.1 The Welsh Government allocated over £1.2m in grants to Gwynedd during 2022-23 as part of a homelessness prevention campaign, divided into the 'No one left out' element (£938k) to fund support such as temporary accommodation and support that cannot be funded through the Housing Support Grant, £208k for discretionary homelessness prevention support be used in a flexible way with the overall aim of preventing homelessness and supporting measures that reduce dependence on temporary accommodation, and £60k to fund a Strategic Coordinator position.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to certify the audit certificate for 2022-23 by verifying the claimed costs, as well as ensuring that the Service complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

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

Assurance Level	Description
LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Assurance can be given that the entries on the Housing Support Grant audit certificate for the 2022-23 financial year are fairly stated. Based on the tests carried out, an audit trail was seen for the figures.

- 5.2 It was found that the grant instalments were not claimed until a year after the date as indicated in the payment profile of the grant offer letter. The grant offer letter states that the funding must be claimed in accordance with the dates set out in the indicative payment profile and the Welsh Government reserve the right to withdraw any part of the funding that is not claimed promptly. Staffing changes within the Service and the Finance department have contributed to the delays, but continuous communication has been maintained with a Welsh Government officer regarding the situation.
- 5.3 The discretionary element underspent £56k of their allocation during the year, suggesting that an opportunity to claim more costs was missed, but following the staffing changes, the grant has been fully claimed for 2023-24.

6. **Actions**

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

- **Complete and submit the grant claims, along with the supporting documents, in a timely manner.**

HOUSING SUPPORT GRANT

1. Background

- 1.1 The Housing Support Grant is an early intervention grant programme, which helps prevent people from becoming homeless, stabilise their situation in terms of housing, or help individuals that could become homeless to find a home and retain it. It supports vulnerable people to address problems such as debts, employment, tenancy management, substance misuse, violence against women, domestic and sexual abuse, and mental health issues. Up to £6.8m was allocated to Gwynedd by the Welsh Government during 2023-24, and an additional £170k for projects transferring from the Homelessness Prevention Grant.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to certify the Housing Support Grant's audit certificate for the 2023-24 financial year, and the element transferring from the Homelessness Prevention Grant, by reviewing the costs claimed, as well as ensuring that the Service had complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

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

Assurance Level	Description
LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	1
MEDIUM	0
LOW	0

4. Main Findings

- 5.1 Assurance can be given that the entries on the Housing Support Grant audit certificate for the 2023-24 financial year are fairly stated. Based on the tests carried out, an audit trail was seen for the figures.

- 5.2 The audit certificate requires the Internal Auditor to confirm that the expenditure is appropriate, and contributes towards achieving the objectives of the grant, in accordance with the requirements of the grant offer letter. As the grant is used to fund payments to various internal and external service providers, the Service has re-started monitoring visits to ensure the appropriateness of the service provided and the payments made, following a period of staffing shortages.
- 5.3 Following the establishment of the Housing Support Grant in April 2019, 'main programme' projects funded by the Homelessness Prevention Grant were transferred to the Housing Support Grant from 2022-23, and grant funding had been set aside for a transitional period of two years. This grant was to be claimed separately from the Housing Support Grant with its own separate audit certificate. Although the grant money was received for this element in 2022-23, the audit certificate for the period had not been presented, which is now over a year after the deadline stated in the grant offer letter. In addition, it was not possible to certify the 2023-24 audit certificate by the date specified in the grant offer letter as the quarterly grant claims had not been submitted to the Welsh Government. This will now happen in due course. The grant offer letter states that the funding needs to be claimed in accordance with the Welsh Government's timetable, and they reserve the right to withdraw the grant offer if the Council does not claim them promptly.

6. **Actions**

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

- **Complete and submit the grant claims, together with the Audit Certificates to the Welsh Government, for the projects transferring to the Housing Support Grant from the Homeless Prevention Grant.**

HOUSING WAITING REGISTER

1. Background

- 1.1 Cyngor Gwynedd, Adra, Grŵp Cynefin and North Wales Housing have established a partnership called the Gwynedd Common Housing Register Partnership. The Housing Options Team within Cyngor Gwynedd maintains the Housing Register on behalf of the Partnership and processes applications in accordance with the Common Housing Allocation Policy.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the Housing Waiting Register is maintained appropriately and in accordance with the Common Housing Allocation Policy. To achieve this, the audit encompassed verifying a sample of applications on the register, ensuring that they have been processed appropriately in accordance with the Policy.

3. Audit Level of Assurance

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

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The Common Housing Allocation Policy states that it *"meets the requirements set out in Part 6 of the Housing Act 1996 (as amended by the Homelessness Act 2002 and the Housing (Wales) Act 2014), giving reasonable preference to those applicants in greatest need. Specifically, this policy is to be regarded as Cyngor Gwynedd's allocation scheme in accordance with section 167(1) of the Housing Act 1996. It also incorporates the key aims and objectives outlined in the Gwynedd Housing Strategy. The Policy reflects housing need by placing applicants in one of four priority bands"* (with those in the highest priority band further divided into those with a connection to Gwynedd, and those without).

- 5.2 Access was provided to the Open Housing system, and a report of the register was produced for selecting a sample of applicants. A new system will replace Open Housing in 2025. A sample of 10 (2 in each band) was selected, to verify that the forms were properly completed, and the necessary evidence was received. The evidence and supporting documents are kept on Sharepoint.
- 5.3 From the sample selected, the expected checks had been carried out and the appropriate evidence received. Further clarification was received from the Service if the circumstances of the application suggested that the allocated band might be different from expected. Since her appointment to the position in April 2022, the Team Leader Housing One Stop Shop has introduced an assessment checklist spreadsheet, with a second officer conducting an independent assessment to ensure appropriateness. The sample selected focused on this period. Although these checklists were not complete in all cases, further notes in the Open Housing system elaborated on the checks carried out.
- 5.4 One of the concerns highlighted is that at times it is not easy for the Service to verify applicants' claims of historical connections with Gwynedd, which affects their application's priority. The possibility of using information held by the Council, such as the Electoral Register and Council Tax, to assist with this was discussed. As the Council Tax privacy statement allows internal data sharing for other purposes such as fraud prevention and detection, the Housing Options Team now intends to use it for the purpose of validating applications.
- 5.5 The National Fraud Initiative is a biennial exercise that matches various internal data together, as well as data provided by external organisations to detect and prevent fraud. Housing Waiting Register data is submitted to the Initiative and is matched with benefits data, other authorities' waiting lists, and mortality data from the UK Government's Department for Work and Pensions. Matching data means that it is possible to identify applications with potential discrepancies that need further investigation. As the Council was on the cusp of a new exercise at the time of the audit, the Service is committed to investigate the data matching pairs the Initiative will present.

6. **Actions**

The Team Leader Housing One Stop Shop has committed to implementing the following to mitigate the risks highlighted.

- **Receive training and access to Council Tax data to validate information on application forms**
- **Investigate the individuals highlighted by the National Fraud Initiative through data matching.**

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	06 FEBRUARY 2025
TITLE	INTERNAL AUDIT PLAN 2024/25
PURPOSE OF REPORT	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2024/25 AUDIT PLAN
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

1.1 This report is a progress report on completion of the 2024/25 Internal Audit Plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

2.1 The 2024/25 internal Audit Plan is included in Appendix 1, with the status of the work as at 27 January 2025, together with the time spent on each project. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	4
Field Work Started	7
Awaiting Review	6
Draft Report Issued	0
Closed	0
Final Report Issued	20
Total	37

Cancelled	13
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2.2 The service aims to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2025. The quarterly profile of this indicator is as follows:

End of quarter 1	8%
End of quarter 2	20%
End of quarter 3	50%
End of quarter 4	95%

2.3 As seen from the table above, Internal Audit’s actual achievement up to 27 January 2025 was **54%** - out of **37** individual audits contained in the amended 2024/25 plan, **20** had been released in a finalised version/completed or closed.

3. AMENDMENTS TO THE PLAN

3.1 Initially, an estimated 660 days of audit resources was available to complete the 2024/25 Audit Plan. This was based on the staff resources available, including reasonable allowances for ‘non-productive’ activities, such as annual leave, sickness, training, management, and meetings. However, because of long-term secondments, unforeseen external work (an estimated 150 days), and sickness, it was inevitable that some audits could not be conducted due to fewer resources available.

3.2 To reflect the above in the Audit Plan, it was decided to modify or cancel/delay the following audits until the 2024/25 Audit Plan.

Audits	Days	Amendment/Cancelled
Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	-15	Adjusted
Anti-Fraud and Corruption Prevention Work with the National Fraud Initiative	-20	Adjusted
Homelessness Prevention Grant 2022/23	+5	Additional
Homelessness Prevention Grant 2023/24	+5	Additional
Ash Dieback	-15	Cancelled
Data Protection Arrangements	-15	Cancelled
Use of Consultants	-30	Cancelled
Mobile Phones	-20	Cancelled
Shared Prosperity Fund	-15	Cancelled
External Home Care	-20	Cancelled
Out of County Placements	-20	Cancelled
Fleet Fuel Use	-12	Cancelled
Bereavement Service	-10	Cancelled
Gwynedd Homebuy	-18	Cancelled
Total	-200	

3.3 In accordance with best practice and the Public Sector Internal Audit Standards, the Internal Audit Plan is subject to continuous review to ensure that it remain current and reflect changes in the business environment. To this end, the Audit Plan needs to be flexible, and the plan is reviewed and updated on a regular basis.

3.4 It is inevitable that any audit plan will need to be flexible to be able to respond to emerging high-risk developments and issues. Therefore, conducting the audits will be dependent on a timely assessment of risks/priorities and any new developments or risks that emerge.

4. RECOMMENDATION

4.1 The Committee is asked to note the contents of this report as an update on progress against the 2024/25 audit plan, offer comments thereon and accept the report.

Department	Audit	Original Plan	Adjusted Plan	Actual Days	Remaining	Audit Status	Assurance Level
Education	Post-16 Provision in Schools Grant	5	5	3.91	1.1	Final Report	High
	Unofficial School Funds (Follow-up)	30	20	16.70	3.3	Awaiting Review	
	Education Digital Standards	20	20	4.23	15.8	Field Work Started	
	Schools - General	5	5	0.45	4.6	Field Work Started	
	School Reserve Balances	8	0	0.00	0.0	Cancelled	
	Breakfast Clubs	25	25	9.91	15.1	Field Work Started	
	School Transport	15	15	17.45	-2.4	Awaiting Review	
Environment	Ash Dieback	15	0	1.66	-1.7	Cancelled	
	School Transport Project Management	15	15	17.01	-2.0	Final Report	Limited
	Traffic and Projects	10	0	0.00	0.0	Cancelled	
	Arrangements for the Distribution of Bins	12	12	11.34	0.7	Awaiting Review	
	Car Parks	20	20	20.31	-0.3	Final Report	Satisfactory
	Category Management - Environment	0	20	25.42	-5.4	Awaiting Review	
Corporate Support	Staff Protection register	10	10	11.45	-1.4	Final Report	Satisfactory
	Category Management - Corporate (Follow-up)	0	5	2.66	2.3	Planned	
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	40	15	9.42	5.6	Planned	
	Safeguarding Arrangements - Establishments	3	3	0.47	2.5	Planned	
	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	50	30	10.45	19.6	Field Work Started	
	Information Management - Establishments	3	3	0.00	3.0	Planned	
	Absence Management and Referral Arrangements	15	15	13.15	1.9	Final Report	Satisfactory
	Absence Management and Referral Arrangements (Part 2)	15	15	6.64	8.4	Final Report	Satisfactory
	Freedom of Information	15	15	16.46	-1.5	Final Report	Limited
	Data Protection Arrangements	15	0	0.00	0.0	Cancelled	
	Whistleblowing	25	25	26.51	-1.5	Final Report	Limited
	Use of External Meeting Rooms	15	15	14.24	0.8	Awaiting Review	
	Use of Consultants	30	0	0.81	-0.8	Cancelled	
	Staff Awareness of the Safeguarding Policy	0	15	0.81	14.2	Field Work Started	
Finance	Mobile Phones	20	0	6.08	-6.1	Cancelled	
	Harbour Statement of Accounts 2023/2024	4	4	4.01	-0.0	Final Report	High
	Creditors System – Key Controls	15	15	13.92	1.1	Final Report	Satisfactory
Economy and Community	Welsh Church Fund	3	3	3.01	-0.0	Final Report	High
	Lloyd George Meseum	3	3	3.04	-0.0	Final Report	High
	Shared Prosperity Fund	15	0	0.95	-0.9	Cancelled	
	Car Parks - Ecomy and Community	0	12	8.41	3.6	Final Report	Satisfactory
Adults, Health and Wellbeing	Plas Hafan	12	12	14.77	-2.8	Final Report	Limited
	Llys Cadfan	12	12	13.89	-1.9	Final Report	Limited
	Plas Pengwaith	12	12	13.38	-1.4	Final Report	Limited
	External Home Care	20	0	0.11	-0.1	Cancelled	
Children and Supporting Families	Out of County Placements	24	0	3.15	-3.1	Cancelled	
Highways, Engineering and YGC	Fleet Fuel Use	12	0	0.00	0.0	Cancelled	
	Public Toilets	8	8	14.42	-6.4	Final Report	Limited
	Street Claening	10	10	13.45	-3.4	Awaiting Review	
	Bereavement Service	10	0	0.00	0.0	Cancelled	
Housing and Property	Smallholdings - Follow-up	10	10	5.20	4.8	Field Work Started	
	Housing Waiting Register	10	10	9.92	0.1	Final Report	Satisfactory
	Gwynedd Homebuy	18	0	1.69	-1.7	Cancelled	
	Homelessness Prevention Grant 2022/23	0	5	4.95	0.1	Final Report	Limited
	Homelessness Prevention Grant 2023/24	0	5	1.53	3.5	Field Work Started	
	Housing Support Grant	12	12	10.86	1.1	Final Report	Limited
Corporate Leadership Team	Elections Act 2022	10	0	2.23	-2.2	Cancelled	
		656	456	390.41	65.6		

MEETING	Governance and Audit Committee
DATE	6 February 2025
TITLE	SPECIAL AUDIT REPORT - HOME CARE
AUTHOR	Aled Davies - Head of Adults, Health and Well-being Department
CABINET MEMBER	Councillor Dilwyn Morgan

1. Introduction

Governance and Audit Committee

A report on a Home Care Special Audit carried out by the Internal Audit service was submitted to the Committee on 28 November.

The report noted that the home care commissioning model was an ambitious one and that there were challenges to implementing it. It was found that some processes, the use and management of data, and budgetary management/monitoring were not effective and that these issues required attention and swift action. Internal Audit reported that an element of restructuring the model had been put in place and a Project Group had been set up led by the Head of Adults, Health and Well-being Department to implement a programme of work designed to address weaknesses and prioritise the work. It was noted that Internal Audit are invited to attend the Project Group.

It was decided to accept the contents of the report and note the information. A request was also made for a further report/update from the Adults, Health and Well-being Department to clarify steps underway to respond to the issues raised and to ensure the situation improves. A desire was expressed to have the Chief Executive's input to the report.

It is emphasised again that the audit carried out by the Internal Audit service did not cover a review of the care that is provided.

Care Scrutiny Committee

When the report was submitted about the establishment of the new home care commissioning system, a commitment was made to report on the system a year after its establishment to assess what had worked and to identify issues for improvement. The report addressing this was presented to the Care Scrutiny Committee meeting on 26 September 2024 to support Committee members' desire to take stock of the effectiveness of home care provision across the county particularly in maintaining and improving services for residents.

The main message of this report was that the Council had adopted a new and ambitious home care model, which was in line with the national care commissioning principles and

standards. It was noted that there were many successes to celebrate, many areas where there was hardly any waiting list for care and there was great potential to improve the quality of life for residents in need of care and staff through the new model.

Nevertheless, it was also stressed that we could not ignore the fact that difficulties existed in some areas of the County, and that the challenges were as numerous as the successes. It was noted that there was a lot of work ahead of the Home Care Project Board, and that work would need to be prioritised and would require adequate resource.

The report refers to the fact that the Internal Audit Service was undertaking a special audit into the commissioning arrangements of private home care which would also feed into and influence the work priorities of the Home Care Project Group.

2. Context - The new model

Changes have been made to the way that the Council provides home care, with the Council providing services in some areas and commissioning others to provide a service in other areas. The work has continued to try to ensure that new ways of working develop across the County to align with national expectations and these principles:

- Improved terms and work arrangements for staff
- More flexibility for residents and a clearer focus on what's important to them
- Collaboration between providers and health and care staff in the community, to offer better coordinated services and make more effective use of scarce resources
- Capitalise on the strengths of local communities to reinforce the care available and improve people's quality of life.

We have a waiting list for home care, but we are confident that working towards the new model is one of the factors that has contributed to its reduction over the past 12-18 months. When the report was presented to the Scrutiny Committee in September, data showed that 8,800 hours of home care was provided each week across the County, but an additional 920 hours could not be met. This meant there were 126 people on a waiting list for either new packages of home care or additional hours linked to an existing package of care. By the time of preparing this report, around 8,800 hours of home care are being provided with 625 hours that cannot be provided. There are 79 people on the waiting list with 65 waiting for a new package. Clearly, despite the positive shift, it must be acknowledged that the situation remains unacceptable. It can be confirmed that efforts are continuing to take steps such as:

- Supporting people who assess for care to consider the strengths of the individual and the community and not to commission care when it is not the best solution.
- Collaborate with community partners to develop suitable community hubs and suitable community provisions to meet people's needs.
- Refine work processes and the quality of local discussions to ensure staff resources are used in the most effective and efficient way possible.

The report submitted to the Care Scrutiny Committee presented information in response to specific questions by committee members:-

- Does the existing way of providing home care work?
- What are the successes and challenges?
- Are there issues in some areas?
- If there are issues do you have plans to communicate with/update local members of the situations, particularly ones that result in hospital bed blocking?

This report will not repeat the information submitted to the Care Scrutiny Committee in September 2024, but members of the Governance and Audit Committee are encouraged to read that report as it is useful to clarify exactly what we are seeking to achieve and where we have reached so far.

Internal Audit Report Findings

The findings of the report were summarised as follows:-

- There is inadequate budgetary management of the provision of private home care.
- There are significant deficiencies on the operational management of commissioning home care.
- Although a risk log has been established, there is no clear record that the document is being kept live. The Department is now using Trello boards for project management, but no evidence was seen to confirm the content.
- Assurance cannot be given that the Department has effective management data for managing and commissioning private home care due to an over-reliance on the data of providers and lack of arrangements to cross-check the details with WCCIS.

It was noted that several elements had contributed to the overspending on private home care and the Governance and Audit Committee expressed its desire to be reassured that the issues identified in the report were properly addressed in a timely manner by implementing the Home Care Project Group's work programme.

Work programme to respond to the findings of the Internal Audit report

A Home Care Project Group was established back in March 2024. The Group led by the Head of Adults, Health and Well-being Department meets at least every two weeks, has established a prioritised work programme to strengthen provision and improve the effectiveness and efficiency of the Council's arrangements in the home care field.

It is important to note that the Group is paying attention to how social work teams deal with the provision of home care and the arrangements for the provision of in-house home care as well as the commissioning and management of private residential care provision that was the subject of the special audit by the Internal Audit Service. The Group's work programme reflects this.

As a consequence, it is highly likely that we will be reporting to this committee and the Care Scrutiny Committee that the Home Care Working Group's work programme also

makes a key contribution to the Department and the Council's response to matters likely to be raised in reports from the Wales Audit Office and Care Inspectorate Wales when they will be formally received in the next few weeks. These reports will be the output from a joint inspection of Adult Care Services in Gwynedd undertaken in October 2024.

High-level analysis of the Home Care Project Group's work programme

The Home Care Work Programme has been divided into 3 main 'streams', with a total of 63 sub-projects:

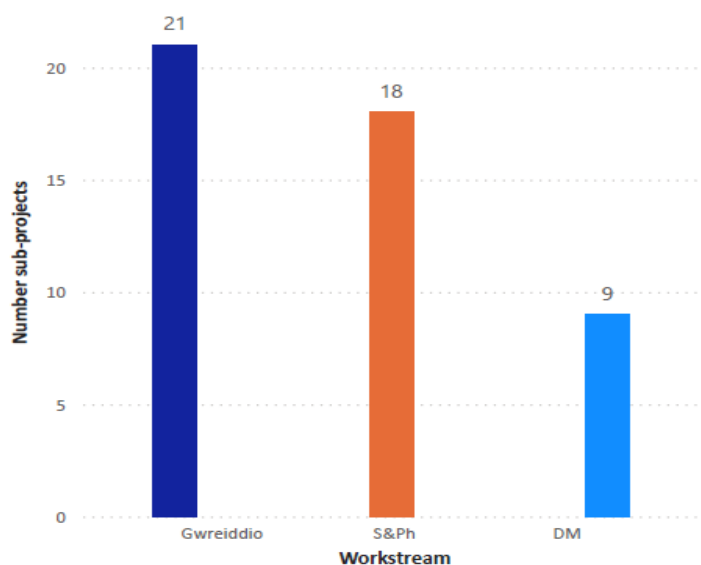
Work stream	Number of activities	Leader
Systems and processes	22	Assistant Head - Business Services
Providing in-house home care	15	Assistant Head - Provider Services
Embedding the new model of working	26	Assistant Head - Older People Services

48 of the sub-projects are involved in the following priority areas:-

- Waiting lists
- Expenditure/Funding
- Contract monitoring

See the breakdown of sub-projects in each work stream that influence the above 3 areas in the graph below.

Number of sub-projects acting on the indicators highlighted in inspection reports by workstream



- Embedding (Gwreiddio) the new model - 21 sub-projects
- Systems and processes (S&Ph) - 18 sub-projects
- In house provision (DM) - 9 sub-projects

A further breakdown showing the numbers of sub-projects in each stream responding to the work areas can be seen in Appendix 1.

When considering these work streams, it should be kept in mind:-

- That the system for commissioning and providing home care is broad and complex.
- That a few 'activities' are substantial and projects in themselves.
- That there are dependencies between many of the activities. For example, some cannot be started or completed until another activity has reached a certain milestone or been completed.
- All activities are prioritised as 'High', 'Medium' or 'Low'.

Examples and more detail about sub-projects that are in the Home Care Project Group's work programme will be presented at the Committee meeting.

The Group meets at least every two weeks to monitor progress on the plans in place and to discuss the removal of barriers to achieving them. The Group's decisions are minuted and the group maintains a full risk log which is monitored regularly.

The Team Leader from the Finance Department who supports the Adults, Health and Well-being Department is a member of the Group and there is an open invitation for representatives from the Internal Audit Service to attend.

The findings of the Internal Audit Special Report relate to issues identified that need to be addressed in terms of robust, effective and timely arrangements for implementation processes, budgetary management, contract management, monitoring, risk assessment, data use and progress reporting. The work of the Project Group is broad and the dependencies between the actions of the streams extensive. However, the issues raised in the audit report are mainly addressed in the Systems and Processes work stream of the work programme.

The Chief Executive's Response

"The Internal Audit Service was commissioned to carry out the special audit into the commissioning arrangements of private home care by the Adults, Health and Well-being Department. The audit exposed a number of weaknesses in the implementation of the arrangements.

The Adults, Health and Well-being Department responded to the initial findings of the Finance Unit by re-structuring the governance arrangements of home care work in the Department. A Project Group has been set up led by the Head of Department and a detailed work programme has been drawn up. The programme covers the entire home care provision. It addresses the private home care issues highlighted in the internal audit report and wider home care provision issues that have been identified by the Department. The programme is also likely to respond to some of the likely findings and recommendations of the Wales Audit Office and Care Inspectorate Wales reports which will be published shortly.

While the home care model adopted in Gwynedd aligns with the national objectives to have arrangements that put our residents at the centre and improve our services locally and contribute to reducing waiting lists, it must also be recognised that arrangements for

elements of its implementation have been weak. The Internal Audit report has highlighted that.

A broad and comprehensive work programme is now in place and the Care Services Director and I are satisfied that it lays the foundation for arrangements for the more effective and robust commissioning and monitoring of private home care provision. Positive steps have already been made but much remains to be done. The nature of demand and the provision of day-to-day home care services makes having a fully efficient system extremely difficult. But we must aim for that.

I can assure committee members that the Director and I will work closely with the relevant cabinet members to support the Adults, Health and Well-being Department to fully implement the work programme. We hope to see the outcomes of the work evident through the governance of the Home Care Project and through the usual performance challenge arrangements over the coming months."

Appendix 1 – Graph showing the allocation of the sub-projects.

Background documents

Home Care Services - Report to the Care Scrutiny Committee – 26th September 2024

Appendix 1



The Home Care Work Programme has three main workstreams, within which there are a total 63 sub-projects. These are as follows:

- In-house provision (15)
- Systems and processes (22)
- Embedding the new model (26)

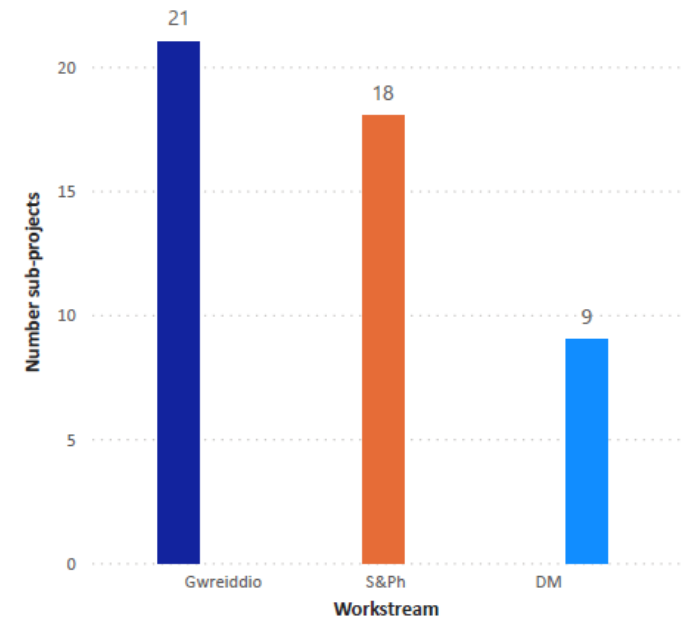
For this report, we are focusing on the 48 sub-projects that impact the matters that arose in the inspection reports, namely:

- Waiting lists
- Expenditure/Budget
- Contract monitoring

See designation in the graph on the right.

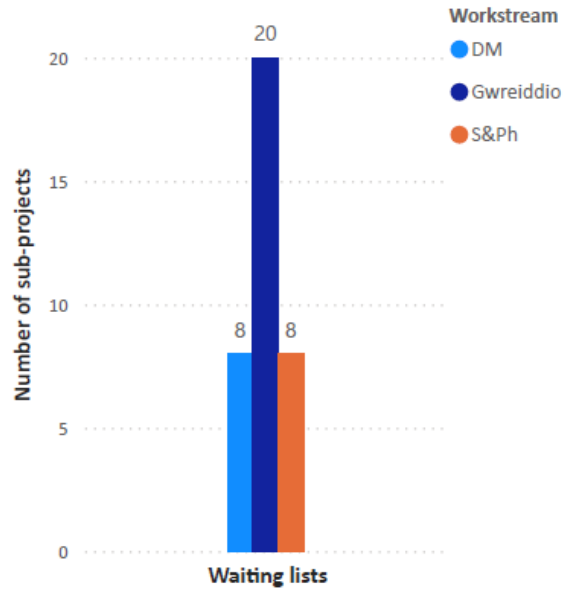
The aim here is to show the relationship between these matters and the workstreams and sub-projects within the Work Programme.

Number of sub-projects acting on the indicators highlighted in inspection reports by workstream



- Embedding (Gwreiddio) the new model - 21 sub-projects
- Systems and processes (S&Ph) - 18 sub-projects
- In house provision (DM) - 9 sub-projects

Number of sub-projects that impact the waiting lists by workflow

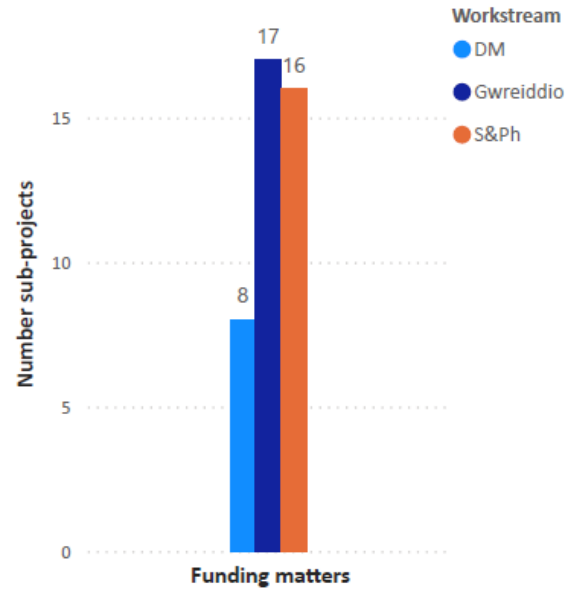


8 sub-projects from the In-house provision workflow act on the Waiting Lists

20 sub-projects from the Embedding the New Model workflow act on the Waiting Lists

8 sub-projects from the Systems and Processes workflow act on the Waiting Lists

Number of sub-projects that impact funding matters by workflow

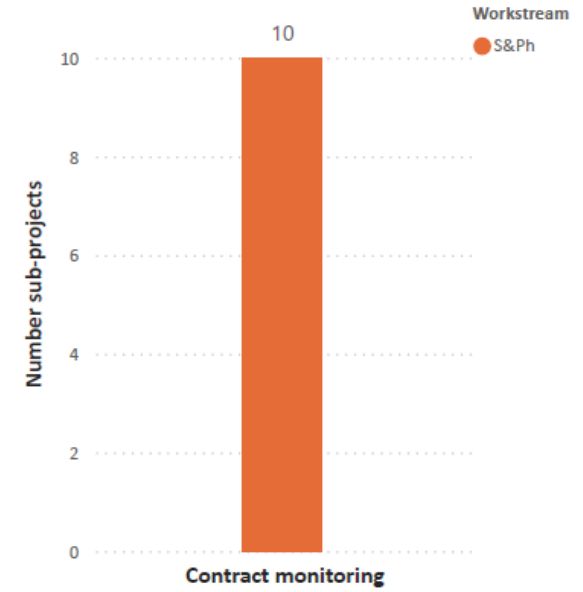


8 sub-projects from the In-house provision workflow act on Funding matters

17 sub-projects from the Embedding the New Model workflow act on Funding matters

16 sub-projects from the Systems and Processes workflow act on Funding matters

Number of sub-projects that impact contract monitoring matters by workflow



No sub-projects from the In-house provision workflow act on Contract monitoring

No sub-projects from the Embedding the New Model workflow act on Contract monitoring

10 sub-projects from the Systems and Processes workflow act on Contract monitoring

MEETING	GOVERNANCE AND AUDIT COMMITTEE
DATE	6th of February 2025
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 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 list is submitted of inspections undertaken by external auditors between 2018 and 2024, 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 February 2024.
- 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 February 2024, 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.

6 Future arrangements

To strengthen the assurance that the Council has suitable arrangements for responding to external reports, along with ensuring that the Council responds promptly to recommendations contained in external reports, we intend to change the future reporting timetable.

From now on, when an external report is published, an "institutional response" will come to this Committee, as is currently the case. The relevant department will then be given up to 12 months to carry out any necessary actions, before reporting back to this Committee that they have been carried out.

This will ensure that we respond promptly to external recommendations, and avoid a situation, as has been the case in the past, where constant updates on our response are provided to this Committee over many years.

In addition, an additional phase will be introduced where the Performance Challenge and Support process will check that departments are acting on what was outlined in the "institutional response" and ensure that any necessary actions are completed within the 12 months.

7 List of Appendices/Literature

Appendix 1 - Improvement Proposals in External Audit Reports.

JANUARY 2025

Improvement Proposals in External Audit Reports

Key to the conclusions –

1. **On-going** - agreement or action plan in place in order to respond to the recommendations and work has commenced.
2. **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.
3. **Completed - recommendations have been realised.**

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

1. 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. In addition, a series of sessions were held to raise awareness of the new arrangements for Department representatives and Cabinet Members, which also provided an opportunity to ask questions and present observations.

These arrangements have been reviewed in recent months, taking into account a report by Audit Wales in September 2023 which refers to the need to consider giving higher visibility to performance information within the public scrutiny committees in order to challenge the progress being made and that the information being presented to elected members as a whole about performance needs to be strengthened. As a result, a new performance reporting regime will be introduced in May 2025 whereby performance reports will be submitted directly to Scrutiny Committees rather than Cabinet. There is also an intention to publish or share performance information more widely, including publishing all performance measures.

Conclusion

Completed – continuous work.

2. 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) Update on recruiting all the necessary lay members
- ii) Arrangements for the provision of training for Committee members
- iii) On a regional North Wales level, confirm the scrutiny arrangements, borrowing powers and the VAT status of the Corporate Joint Committee

Progress against improvement proposals:

- i) The challenge of identifying individuals to take on the role lay members on the Committee requires us to look again at the methods used and to include a combination of the traditional advert, canvassing members and organisations, together with the website to ensure success. This work is underway.
- ii) A workshop for committee members was held on the 3rd of April, 2024.

- iii) We can confirm that the loan powers and VAT status of the Joint Scrutiny Committee have been resolved through regulations which became effective on the 1st of April 2023. A plan based on a standard report and draft standing orders to establish a Joint Scrutiny Committee is in the process of being submitted to the region's councils. The exact timeframe is dependent on the councils' decision-making cycle. It must also be recognised that this is subject to the approval of a Full Council meeting of each Local Authority. The intention was backed by Wrexham County Borough Council in December and decisions by the councils are expected by the end of the municipal year.

Conclusion

On-going.

Timetable

The scrutiny aspect inevitably involves building a consensus between the 6 Councils in north Wales on direction and moving the matter through their individual decision-making arrangements. As a result the schedule is challenging and has slipped but recent progress gives confidence that the situation will be resolved early in 25/26.

3. 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.

Progress against improvement proposals

A1

We have:

- Highlighted the Council Plan in prioritising issues for scrutiny at the annual workshops again this year, drawing particular attention to it.
- Highlighted Council Plan issues/ which are further pre-scrutinised by making them more visual – in the annual report, at the forward scrutiny programme, when considering the questioning strategy at the informal meetings, and highlighted by the Chair at the start of each scrutiny item. This has been welcomed by the Councillors.
- Taken steps to strengthen the Cabinet's forward programme by identifying items beyond six months.
- Modified the Cabinet reporting template to highlight matters that have been brought under scrutiny noting the need for the Cabinet Member to report on the comments of the relevant scrutiny committee since September 2023.
- Shared the annual milestones of delivering the Council's Plan with relevant scrutiny Members

A2

We have:

- Identified a role for the corporate directors to support the scrutineers to identify issues for scrutiny since September 2023
- Begun to identify the strengths and weaknesses of our current arrangements - comments have been made at the scrutiny workshops and an internal review has been undertaken.
- Developed arrangements for reporting performance to the Scrutiny Committees, and starting to report to the committees in 2025/26 after carrying out training for the Scrutiny and Cabinet members.

A3

We have:

- Conducted training for all Councillors on good practice in scrutiny in March 2024. It must be noted that discovering external Welsh-speaking providers is a challenge.
- Adapted our internal operating arrangements as a result of the training and comments raised at the scrutiny workshops to sharpen our questioning strategy, improve the recommendations of the scrutineers and identify and assess the impact of the scrutiny.
- Conducted training for Chairs and aspiring Chairs in May 2024 and conduct training for Scrutiny Forum Members (chairs and vice-chairs of scrutiny committees) when there is any change to membership.
- Reminded Councillors again this year about matters relating to the Well-being of Future Generations Act at the annual scrutiny workshops.

A4

We have:

- Reminded Councillors again this year about matters relating to the Well-being of Future Generations Act and the Equality Act 2010 at the annual scrutiny workshops.
- Reminded all scrutiny Councillors of the importance of attending the annual scrutiny workshops and participating in the training available.
- Identified a specific role for the scrutiny Chairs and vice-chairs to promote the scrutiny workshops and encourage their members to attend all workshops and meetings.
- Reminded all Councillors of their duty to undertake the core training, one of the core areas is 'Equality', which clearly refers to the act. This is receiving ongoing attention from the Democracy Services Committee.
- Developed arrangements for holding informal meetings other than the committee itself to focus on the questioning strategy, taking into account issues in relevant Acts.

A5

We have:

1. Re-established an investigations programme (which was discontinued during covid for obvious reasons), within the resources available. One investigation has already reported as well as one task and finish group, and one more investigation is underway.
2. It is fair to note that the investigations and task and finish groups take up a significant amount of Councillors' time, and it can be a challenge to ensure that a sufficient number of members are available, as well as officers to support the process.
3. Adhered to our current arrangements of proposing to members of the scrutiny committees in the first instance before extending to all members.

A6

We have:

- Conducted 'good practice in scrutiny' training which referred to the need for a questioning strategy and created clear recommendations for all members.

- Adapted our internal operating arrangements as a result of the training and comments raised from the scrutiny workshops to sharpen our questioning strategy, improve the recommendations of the scrutineers and identify and assess the impact of the scrutiny by holding informal meetings on a different day for the committee and putting a serious focus on the work. Members of the Scrutiny Forum have a key role to ensure that the focus remains during committee meetings and to guide members towards strong, clear and sound recommendations.
- In the Autumn of 2024 arrangements were been developed to enable Scrutiny Chairs to bring forward-scrutiny matters to Cabinet meetings, ensuring a clear role for all.
- Established a formal tracking regime that provides an update on decisions/recommendations for each Scrutiny Committee. Information for the period May 2022 to the end of November 2024 has been shared with all scrutiny members, and will be sent to them every 6 months from now on. The information is intended to be used to highlight the impact of public scrutiny in the Annual Scrutiny Report.

Conclusion

Completed – continuous work.

4. Cyngor Gwynedd – Digital Strategy Review

Local report for Gwynedd from Audit Wales published in December 2023.

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

Improvement Proposals arising from the report -

R1 - Strengthening the evidence base

To help ensure that its next digital strategy is well informed and that its resources are effectively targeted, in developing its strategy the Council should draw on evidence from a wide range of sources, including;

- involving stakeholders with an interest in the digital strategy as well as drawing on the views of stakeholders from existing sources
- the objectives and strategies of other public bodies, and identifying opportunities to collaborate
- analysis of current and future trends (see our audit criteria for Q.1.1 and Q1.2 in Appendix 1 for some examples of what this might include)

R2 - Identifying resource implications

To help ensure that its next digital strategy is deliverable the Council should identify the short- and long- term resources implications of delivering it together with any intended efficiency savings.

R3 - Arrangements for monitoring value for money

To be able to monitor the value for money of its next digital strategy, the Council should strengthen its arrangements for monitoring both its progress and impact over the short, medium and longer term.

The trail of the discussion on the recommendations

R1

The Digital Plan has been extensively shared for comments as well as proposals to collaborate, including with Wales' local governments, the digital office of the WLGA, CDPS, Betsi Cadwaladr University Health Board, the North Wales Fire and Rescue Service, and Bangor University.

Extensive engagement has taken place internally within the Council, including holding a prioritisation workshop and new content suggestions with the Corporate Management Team, Assistant Heads and the Managers' Network.

The Digital Plan was presented to the Education and Economy Committee on 14/09/23 to seek opinion before being finally presented to the Cabinet. The Plan was warmly welcomed, and valid and useful comments were fed back into the Plan before it continued its journey to the Cabinet.

Numerous sources were used in the preparation of the Digital Plan, approved by the Council's Cabinet on November 7th, 2023, including developments in the digital field, service trends, environmental implications, prospective investments on infrastructure by the North Wales Ambition Board, and digital strategies of other organisations, including the Welsh Government.

Having been presented to the Cabinet on November 7th, 2023, there will be an ongoing review of the Plan with technology changes, financial climate and the needs of our services being considered, which may lead to the introduction of changes, as confirmed in the comments of the Chief Finance Officer:

'The Digital Plan will be under ongoing review, and I am satisfied that the adoption of the Plan would not prejudice the bidding arrangements. Should a shortage of funding mean that some of the bids are unsuccessful we will re-prioritise the content of the Plan as necessary.'

R2

A full analysis has been carried out regarding the resources needed to realise the vision of the Digital Plan, along with identifying opportunities for efficiency savings. The projects and the request for additional resource support were submitted to the corporate bid procedure, in accordance with the plans identified in the report which supported the Digital Plan on its presentation to the Council's Cabinet for approval on November 7th, 2023:

'Detailed work has been made in relation to the initial costs of putting the Plan into action. The identified costs are a combination of capital and one-off revenue costs, and permanent revenue. A specific fund has been earmarked for some time for one-off costs, and it will be possible to realise many elements of the projects in question by using this financial resource. However, there will be a need to consider the permanent revenue implications within the corporate bidding system annually.'

Furthermore, the Chief Finance Officer's comment states:

'Every single project in the Digital Plan has been costed, and as noted those costs are a combination of permanent revenue, one-time revenue and capital. One-time resources have been earmarked for the Digital Plan in the form of a fund, and I can confirm that bids for permanent revenue have been submitted in accordance with the Council's normal arrangements.'

R3

Arrangements for monitoring progress are set out in the report presented to the Council's Cabinet on November 7th, 2023, stating:

'The governance arrangements for realising and monitoring the work programme is as follows. The Finance and Information Technology Department are responsible for realising the Digital Plan in the Council's Plan, and the Assistant Head of that department is the Project Manager. The Digital Transformation Board has been established to keep an overview on the work programme's progress and to offer challenge and support, in addition to the usual performance challenge and support arrangements – this to acknowledge how important the development of the digital field is to our ability as a Council to provide services towards the future.'

Further reference to the monitoring arrangements can be found in the body of the Digital Plan, with the Corporate Director stating:

'A comprehensive annual review together with regular progress reports will allow us to monitor the contribution of the individual projects to the broader vision, accepting that, given the constant advancements in digital technology, the priorities will require some adjusting, even within the lifetime of the Plan.'

A full record of the governance arrangements appears in the last chapter of the Plan, entitled "Governance Arrangements."

Progress against improvement proposals

R1

Completed for the presentation of the Digital Plan (07/11/23).
An ongoing task to keep the Plan up to date.

R2

Already completed (07/11/23).

R3

Already completed (07/11/23).

Conclusion

Completed - recommendations have been realised.

Additional reports since February 2024

5. Cyngor Gwynedd – Use of performance information: service user perspective and Outcomes

Wales Audit Report, January 2024

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

Improvement Proposals arising from the report requiring updates

Information about the server user's perspective

R1 The Council should strengthen its arrangements to enable Senior Learners to understand the perspective of the service user through:

- sharing its performance information on service's user perspective with a wider variety of Senior Leaders to ensure that it is worth as much as possible considering cross cutting themes of its well-being objectives;
- ensure itself that the information on service user perspective derives from the variety of service users including groups that share protected characteristics.

Information about results

R2 The Council should strengthen the information provided to Senior Leaders to help them to evaluate that the Council fulfils its aims and the intended results.

The direction of the discussion on the recommendations

Report and recommendations have been discussed as part of reviewing our performance reporting arrangements over the past few months.

R1

A new performance reporting regime will be introduced in May 2025 where performance reports will be submitted to Scrutiny Committees rather than Cabinet meetings. This will see performance information shared with a wider range of senior leaders.

We are already looking to improve the information we have by increasing the variety of individuals with protected characteristics or groups who represent them within our Citizens Panel.

An engagement group (which includes representatives from each Department) has been established, and work has taken place through the group to raise awareness among managers of the need to collect the views of individuals with protected characteristics. We also intend to take part in the National Residents Survey (coordinated by Data Cymru) to improve the information we have on residents' views of all our services and performance.

R2

Milestones have been confirmed for Council Plan projects and shared with relevant Members and Officers to enable them to evaluate whether we are achieving our intended objectives and outcomes. Progress is constantly monitored at the performance challenge and support meetings, and through overview reports.

Work is ongoing to compare measures and management data with our peers. This would allow us to identify areas where there are performance discrepancies.

Conclusion

Completed – continuous work.

6. A report on education services in Cyngor Gwynedd

Estyn, June 2023

[Link to the report on the Estyn website](#)

Improvement Proposals arising from the report

R1

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.

R2

Improving arrangements for monitoring, evaluating, and promoting pupils' attendance.

R3

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.

The direction of the discussion on the recommendations

R1

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.

Work is already underway 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.

R2

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. The process of drawing up an action plan in response to the recommendation has begun, which includes the following elements:

- Improve attendance reporting systems.
- Early identification of persistent absences. 31 January 2024 31 March 2024 Inclusion Manager / Data Unit Manager Assistant Head of Additional Learning Needs and Inclusion
- 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.

R3

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. Discuss the findings and recommendations of the commissioned report with stakeholders and draw up an action plan in response to the recommendations. Implement the action plan and monitor the results.

Progress against improvement proposals

R1

Over the past year, the Department has been working on formulating a 10-year Education Strategy for Gwynedd. An initial draft of it was before the Education and Economy Scrutiny Committee on 14 September 2023, along with discussions in the Headteachers' Strategic Groups, and more recent discussions with headteachers in informal sessions. We will continue with informal engagement and discussions on the content of the Strategy in the Spring 2025 term, before publicly consulting on it and presenting it before Cabinet.

R2

The plans for Attendance remain in place, and continue to develop. As noted in the last report, the data availability has improved in terms of the data range available to analyze attendance trends. This improves the Authority's ability to target interventions. That work has had an impact with attendance rates improving at the end of the Autumn Term, although there is some way to go for rates to increase to what they were before Covid-19. The process of formulating an action plan is in response to the recommendation. The attendance campaign has started, with more visual materials available for schools to use in the pipeline

soon. Each Secondary School has received a visit from the Welfare Team to map out their attendance targeting processes and methods. A questionnaire has also been sent out to each school to identify where further targeting and development is needed.

Funding is coming from the Welsh Government to increasing attendance through a grant to the Welfare team together and a Community Schools grant. This is being used to increase capacity within the Welfare team, and to employ family workers to provide intervention for parents.

R3

After receiving the recommendations of an External Appraisal of inclusion provisions, an Inclusion Project Board was established comprising Education/ALN and I Officers, Children's Service and Youth service, Headteachers. Board members had the opportunity to visit other LA's to identify good practice, hold a workshop of services that support families, look at possible options and so on. The Board has now reached the point of finalizing options that will be presented to the Leadership Team (on January 14, 2025). Options are working towards September 2025 for any change to the provision.

Conclusion

Completed – continuous work.

7 An inspection of youth offending services in Gwynedd and Ynys Môn

HM Inspectorate of Probation, March 2024

[Link to the report](#)

Improvement Proposals arising from the report –

There are 7 recommendations contained in the report:

The Gwynedd & Ynys Môn Youth Justice Service should:

1. improve the quality of assessment and planning work to keep children safe and manage the risk of harm they present to others
2. ensure that management oversight is consistently effective in reviewing Asset Plus activity and contingency planning, so that practitioners are clear about what they need to improve
3. provide practitioners with comprehensive guidance that supports the completion of effective out-of-court assessment and planning work
4. improve the knowledge and understanding of practitioners to identify when children are being exploited so that timely action is taken to keep children safe.

The Gwynedd & Ynys Môn Youth Justice Strategic Management Board should:

5. ensure consistent attendance at the management board from senior education and health leaders, to achieve positive education and health outcomes for all children
6. address the disconnect between the strategic management board and frontline practitioners
7. address the gap in speech, language, and communication provision for children and ensure that services are provided which assess and respond to children's communication needs.

The direction of the discussion on the recommendations

A detailed Improvement Plan has been prepared to address the recommendations, and this was shared with the Governance and Audit Committee on the 5th of September, 2024. The Improvement Plan was produced in collaboration with members of the Management Board, Executive Management Group and Service staff following a meeting held to review the draft report and initiate the process of formulating a response, so that the ownership to implement the Improvement Plan is received through the Service and with our partners.

Progress against improvement proposals

An action plan to respond to the recommendations is being implemented.

- The existing Improvement Plan will be part of the service's Annual Youth Justice Plan from 2025-26.
- Some of the improvements outlined in the plan require progress at a national/partnership level and require policy change.

The Youth Justice Management Board reviewed the Gwynedd Mon HMIP Improvement Plan on **11th Dec 2024**, the Board noted significant progress had been made in;

- Staff **training/development**
- Policy and practice changes to **Prevention and Diversion**
- Completion on **Resettlement** requirements
- **Governance and Oversight** improvement

In addition to Local Management Board oversight of the Improvement Plan, the **Youth Justice Board** (YJB/MOJ) for England and Wales have an oversight and supportive role in the Inspection Improvement Plan, and they were in attendance on the 11th Dec and were satisfied good progress was being made with the Plan.

Conclusion

Completed - ongoing work.

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

Cyngor Gwynedd have created a new Regeneration Plan for the county. The county is split into 13 areas and a local area plan has been prepared for each of the 13 areas. Intense consultation has taken place with operational community groups and town and community councils to seek views on the important themes for communities and how a model of collaboration can be built upon to act on these priorities. This also includes a combination of a number of cross-departmental consultations.

We now have an 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 presented the plans to the public in a series of local workshops in order to identify partners and to see whether local partnerships needed to be established to implement plans. Work to establish arrangements to ensure an ongoing dialogue with the communities to keep the area plans active has been ongoing during October-December 2024. During 2025 we will build on these arrangements and liaise to arrange ways to collaborate and develop the projects in the action plans. It will also be an opportunity to discuss new projects.

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

Completed – continuous work.

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 issue, there are no recommendations specific to Gwynedd. Nevertheless, the recommendations have been considered by the Care Business and Commissioning Service on behalf of the Department for Adults and the Department for Children, and are being implemented. The use of direct payments in Gwynedd has been among the lowest in Wales and the service has not been of the standard we would like, but this has been addressed as described below, and the use of direct payments is on the rise. There is still some work to be done, but this will be part of the ongoing work of the Care Business and Commissioning Service.

Progress against improvement proposals

Part 1 and Part 2:

The direct payments regime in Gwynedd is now clearer, with the service internalised in its entirety. Direct payment users get to choose their own payroll provider where they will hire employees themselves. This gives users of direct payments more say and control in accordance with the Act, but also gives the Department more control and oversight.

A project group has reviewed the public information available about direct payments, reviewed the promotional leaflets etc, and made this simple and accessible information available to employees at the front line as well as the public. The direct payments team has a closer relationship with the personal assistants, with further work to be done on this element.

Training for social workers and occupational therapists should continue to ensure that they are confident with the new arrangements and confident of promoting it, and this work is part of the day-to-day development of the service.

Part 3:

The service consistently reports through the Council's challenge and performance support regime on direct payment use, but there is much more to do. Discussions are ongoing on establishing a more comprehensive performance reporting system including their impact on individuals and their carers after putting them in place. A comprehensive evaluation system is yet to be developed, now part of the team's day-to-day work. Work goes on to discuss how other counties evaluate, and how we can learn from good practice.

Development of the direct payments service in Gwynedd will continue, and it is hoped to appoint a leader soon who will drive the service forward, amongst other preventative services such as technology etc.

Conclusion

Completed – continuous work.

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. We have commissioned the Bevan Foundation to facilitate three workshops in Gwynedd and Anglesey to ensure that organisations in the area have a shared understanding of poverty and to help organisations think more strategically about their role in delivering a solution. There has been some slippage with the timetable, but the programme of work will be presented to the Scrutiny Committees in January (Gwynedd) and March (Anglesey).

Recommendation 5

We have completed work to understand the people of Gwynedd's experiences of living in poverty. 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.

We supported vulnerable individuals following Storm Darragh, and we have supported older people with the pension credit. In addition, a new coordinator has recently been appointed, who will further develop this work.

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 now use our version of it, on an electronic app, and it includes questions on engagement, cumulative impact, mitigation, impact monitoring and a further action plan.

Progress against improvement proposals

A number of this report's recommendations have already been delivered, and an update on those that remain is provided above.

Conclusion

R2 - Ongoing.

R5 – Ongoing.

R8 - Completed – continuous work.

Timetable

Being developed at present.

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 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 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've adapted it slightly for local purposes and are using it in the form of an electronic app.

Recommendation 4 - We believe the use of the new electronic impact assessment app has improved our delivery, as it encourages those who use it to consider the issue more

seriously. That said, we continue to look out for good practice and further guidance and are very willing to adapt.

Progress against improvement proposals

The new version of the impact assessment is now operational, and we will modify it as necessary.

Conclusion

Completed – continuous work.

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 requiring updates:

- 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;
 - integrated into business plans.

The direction of the discussion on the recommendations

Recommendation 1

Cyngor Gwynedd's [Climate and Nature Emergency Plan](#) (CNEP) is monitored by the Climate and Nature Board, which consists of the Leader of the Council, Cabinet Members, Chief Officers and a representative of scrutiny committees. The Board monitors development and expenditure on projects within the CNEP, and provides guidance on new priorities or projects.

During 2024 we have been reviewing the CNEP to ensure our priorities remain current, and to remove or add new projects. Further discussions on the review will take place in the Climate and Nature Executive Group (Council officers) and the Climate and Nature Board over the coming months, prioritising based on the impact in terms of carbon and financial savings and what can be achieved within the available budget.

At a meeting of the Council's Cabinet on 12 March 2024 it was agreed to delegate expenditure from the remaining amount in the Council's climate fund to the Chief Executive in consultation with the Leader and members of the Climate and Nature Board.

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.

Before deciding to invest in a new project a business plan that includes carbon savings analysis and financial investment will be discussed by the Climate and Nature Board, and where necessary they will then be presented to Cabinet. 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 strategies and business plans is ongoing work, but during 2024/25 the WLGA published guidance on how local authorities can seek to reduce carbon emissions through their procurement processes, through lands management and through business travel and commuting. Work is currently underway to apply the new guidance to integrate carbon savings into our business plan development and evaluation processes.

Conclusion:

Completed – continuous work.

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.

R3 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

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 Councillors) 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.

Progress against the recommendations

R1

The self-assessment checklist was completed and the report was brought to the attention of local social enterprises. There was also discussion at a Third Sector Group meeting with representatives from the 3rd sector, Councillors and Officers in Gwynedd to self-evaluate our engagement, performance management and monitoring. This work goes on.

R2

A cross-departmental group is regularly held to redesign and direct the Compact (an agreement between the Council and the 3rd Sector) with Mantell Gwynedd involved in this work. We also consult with the 3rd Sector Group regarding this work, and intend to take it to Cabinet shortly.

Mantell Gwynedd is working with commissioning officers within the Council to consider how to monitor performance and deliver social value for money while doing so. This work is ongoing.

R3

We have an understanding of our development and promotion of social enterprises in accordance with the requirement of Section 16. A report on this work is included in the Annual Report of the Director of Social Services.

Conclusion:

Completed – continuous work.

Additional reports since February 2024

7. Sustainable development? – making best use of brownfield land and empty buildings

Audit Wales

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

Recommendations arising from the report:

R1

To enable stakeholders to assess potential sites councils should create a systematic process to find and publicise suitable sites for regeneration: • this should draw on data already held by councils, as well as external data sources to develop a composite and more complete picture of sites; and • where known, key barriers should be named to help efforts to overcome them

R2

To help ensure that regeneration activity and the shaping of the environment is informed by the needs of communities Councils should increase opportunities for community-based involvement in regeneration, both in plan-making and actual development.

R3

To provide focus and impetus to developing brownfield sites Councils should review their current regeneration approaches and where appropriate set clearer, more ambitious regeneration policies and targets. Together these should:

- set out the approach and expectations of the council;
- set out how their approach will be resourced; and
- set out how the approach aligns with national policy goals and regional planning priorities

The direction of the discussion on the recommendations

R1

As part of the process of creating a new Local Development Plan for the Gwynedd Local Planning Authority Area, one evidence base that the Planning Policy Service will undertake is an Urban Capacity Study. The purpose of this work is to identify sites (lands and buildings)

that could be available to meet development needs during the Plan's lifespan, for example, for housing and employment uses. This work will be undertaken for the main settlements with specific consideration given to brownfield land.

Having identified potential sites, discussions will be held with other Services to assess the suitability of any sites to be designated within the Plan. This will consider any key obstacles to develop.

However, due to the rural nature of the area, it must be recognised that opportunities to designate brownfield land have previously been limited.

R2

As part of the new Local Development Plan process, the Delivery Agreement includes a Communities Inclusion Plan. This provides participation opportunities to stakeholders, including the public, in the key steps of preparing the Plan.

In addition, one step within the process of preparing the Plan is the demand for sites where there is an opportunity to offer lands for inclusion in the Plan.

Cyngor Gwynedd has developed a new Regeneration Framework for the county; including 13 regeneration plans for local catchment areas. As part of the process, a local engagement campaign was organised to identify main matters and local priorities. The draft local regeneration Plans have been prepared which reflect the priorities of local communities.

R3

Planning Policy Wales (PPW) (Edition 12/ February 2024) states support for the development of brownfield land where able when sites are suitable.

There is a Policy in the current Plan to prioritise the development of brownfield land and there will be a similar Policy in the new Plan.

To set targets in the Plan, paragraph 4.2.19 states that "...providing housing-based regeneration sites can sometimes be difficult, making it difficult to note development timetables. When the ability to deliver is a problem, planning authorities should omit such sites from their housing supply to ensure that they do not rely on them to satisfy the housing requirement of their development plan..."

This intertwines with the need to ensure the deliverability of sites before they are included in the Plan. This may mean that it is difficult to set a specific target within the Development Plan for regeneration sites.

As part of the process of preparing the new Plan, the Planning Policy Service will discuss specific plans with other Services that should be included in the Plan. This may include regeneration sites if they meet deliverability requirements.

Progress against the recommendations

R1

Preparation of the new Local Development Plan is underway and the Welsh Government has approved the Delivery Agreement for the Plan since April 2024, which sets out the resources the Council will provide for the preparation of the Plan, as well as setting a timeframe of 3 and a half years for completion. The steps for preparing the new Plan include a systematic process (see reference to "site demand" in A2 below as an example of this) of identifying sites suitable for meeting and developing needs of the area over the next 15 years.

Meanwhile, planning applications for new developments will continue to be decided in accordance with the Joint Local Development Plan, which has also been prepared using a systematic process to locate the sites designated as suitable for development.

R2

The Community Involvement Plan which is a part of the Delivery Agreement, approved by Welsh Government, is already being implemented as part of the preparation of the new Plan.

The call for sites, where developers and the public can propose sites / lands for development or protection, has commenced and been extended to the end of January 2025, with this process involving extensive consultation with communities.

R3

Stimulating brownfield site development is supported in the policies of the Joint Local Development Plan, and this will also be addressed in the preparation of the new Plan.

Consideration is being given to the Regeneration Framework for the County and the Area Regeneration Plans as we prepare the new Plan, and the Plan is also expected to align with national policies.

Conclusion:

Completed – continuous work.

8. Setting of Well-being Objectives – Cyngor Gwynedd

Audit Wales

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

Recommendations arising from the report:

R1

Delivery of well-being objectives

The Council should ensure that budget-setting or producing of a medium-term financial plan are clearly aligned with the Council's new well-being objectives, so that there is clarity about how savings targets or known future financial uncertainty might affect the delivery of its current well-being objectives.

R2

Appropriate measures and monitoring arrangements

The Council should ensure that it develops appropriate outcome measures and provides effective monitoring, reporting and scrutiny of the progress being made on delivering its current well-being objectives.

R3

Improving well-being and having a broad impact

The Council should map how the Council's work could support partners' objectives, and vice versa when setting future well-being objectives so that it can identify opportunities to collaborate with others.

R4

Involvement and consultation

The Council should extend its stakeholder networks when setting future well-being objectives and seek to involve people who reflect the full diversity of the county.

The direction of the discussion on the recommendations

Recommendations received and plans put in place to respond. The organisational response form was presented to the Governance and Audit Committee at the meeting on 23rd May 2023.

Progress against the recommendations

R1

The Medium Term Financial Plan was approved by Cabinet at their meeting on the 14 May 2024, therefore this work has been completed.

R2

The work to identify suitable measures to measure progress against our wellbeing objectives is still ongoing but has slipped somewhat from the original timetable set out due to staffing changes within the Business Support Service. This will be addressed over the coming months.

R3

As part of the work of the Gwynedd and Anglesey Public Service Board the Council (along with the other partner organisations) are committed to mapping the threats and challenges they currently face. The next step is to try to identify opportunities to collaborate with other organisations or with all organisations such as a Board (there are already some examples where opportunities have been identified to collaborate with individual organisations).

R4

Work continues to increase diversity on the Equality Core Group with representatives for young people and queer young people added over the past year. Services within the Council have benefited from consultation with the group on work in the areas of transport, youth service, housing. Further work will take place in the areas of engagement, museums, elections, and parking over the coming months.

Over the next few weeks we will be taking part in the National Resident Survey to give County residents the opportunity to provide feedback on how the Council is performing. As part of this work we will implement a communication plan that will ensure we raise awareness of the survey amongst equality characteristic groups.

Conclusion:

Ongoing.

9. Urgent and Emergency Care: Flow out of Hospital – North Wales Region

A report by Audit Wales

[Link to the report](#)

Recommendations arising from the report:

There are 16 recommendations in the report – details can be found here: [Link to the report](#)

The direction of the discussion on the recommendations

As this is a regional report for North Wales, a response has been prepared at a regional level. This was discussed at the Governance and Audit Committee meeting on 10th October, 2024. It was agreed at that time that an update on the recommendations would be provided to the Committee in 12 months' time.

Progress against the recommendations

Actions are underway, and a report on progress will be submitted to the Regional Partnership Board in February, 2025.

Conclusion:

On-going.

Timetable:

To be confirmed.

MEETING: GOVERNANCE AND AUDIT COMMITTEE

DATE: 6 FEBRUARY 2025

TITLE: CONTRACT PROCEDURE RULES

PURPOSE: Updating the Committee on the changes to the Contract Procedure Rules taking place as a result of the Procurement Act 2023

OPERATION: Acceptance of the amended Contract Procedure Rules, which will come into force on the date the new legislation comes into force

CABINET MEMBER: COUNCILLOR LLIO ELENID OWEN

**LIAISON OFFICER: IWAN EVANS,
HEAD OF LEGAL SERVICES AND MONITORING OFFICER**

ARWEL EVANS – PROCUREMENT MANAGER

1. Since the United Kingdom left the European Union, the Government (UK) has recognised this as an opportunity to review legislation related to public sector procurement. They have passed the Procurement Act 2023 and the Act was originally due to come into force on 28 October 2024 but was pushed and now comes into force on 24 February 2025. In addition, the Welsh Government has passed the Social Partnership and Public Procurement (Wales) Act 2023 which places more responsibilities and duties on public sector organisations in Wales that are also involved in procurement.
2. In light of the new legislation, the Procurement department has been preparing the Council for the change in forthcoming legislation. As part of doing this the Legal department, in consultation with the Procurement department, has been reviewing the Council's internal arrangements within the Contract Procedure Rules covered by section 17 of the Constitution.
3. The purpose of the Contract Procedure Rules is to set out the process the Council should follow when carrying out a procurement exercise and in particular a procurement exercise which does not fall under the Act or Regulations. The Rules set out the different methods and when they should be used. The Rules need to be updated to reflect the change in procurement legislation and to ensure compliance by reviewing the Council's procurement processes. It is also an opportunity to ensure that the Contract Procedure Rules are flexible enough to allow officers to carry out procurement practice in the most efficient and effective way. In addition, it ensures that there is control to any procurement exercise and ensures value for money for the Council.
4. Not reviewing and amending the Rules would raise a significant risk to the Council and the Council would be open to legal challenge for failing to comply with the legislation, and also likely to receive criticism from auditors and regulators.

Appendix 1: Amended section 17 (Welsh)

Appendix 2: Amended Section 17 (English)

SECTION 17

17. CONTRACT PROCEDURE RULES

17.1 INTRODUCTION

- 17.1.1 Procurement is the process by which the Council manages the acquisition of all its Goods, Services and Works. Upon identification of need, it includes consideration of options, the actual procurement process and the subsequent management and review of the contracts.
- 17.1.2 These Contract Procedure Rules (“CPRs”) cover the procurement activities of the Council that are not governed by the Procurement Act 2023 (“Act”) and the Procurement (Wales) Regulations 2024/782 (“Regulations”). Compliance with the Act and the Regulations is a strict legal requirement upon the Council, and it is not open to the Council to waive compliance of these for procurements.
- 17.1.3 These CPRs apply to procurements which are to be commenced on or after 24 February 2025. Any contracts awarded under previous legislation will continue to be managed under that legislation until such a time as the contract ceases to exist.
- 17.1.4 Procurement by the Council is governed by the Act and Regulations. The law requires all council procurement and contracting to be conducted transparently, fairly and in a non-discriminatory manner. In the event of statutory or other legal requirements exceeding the requirements contained within these CPRs, then statute shall take precedence over any provision within these CPRs.
- 17.1.5 The Act sets out the following objectives for the procurement of contracts: delivering value for money, maximising public benefit, sharing information for the purpose of allowing suppliers and others to understand the authority’s procurement policies and decisions, and acting and being seen to act, with integrity, the (“Procurement Objectives”).
- 17.1.6 In addition, the Council shall have regard to particular participation barriers which may face small and medium sized enterprises and consider whether such barriers can be removed or reduced.
- 17.1.7 In all its procurements the Council must comply with the based principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality and these rules are designed to ensure compliance with the same.

17.2 DEFINITIONS AND INTERPRETATIONS

17.2.1 In these Rules the following definitions apply:

- **Authorised Officers** means the holder for the time being of any post named in the Scheme of Delegation as having delegated powers and duties in respect of the procurement concerned.
- **Chief Officer** means any officer in the following categories of officer, Chief Executive, Corporate Director and Head of Department.
- **Contract** means any form of agreement (including, without limitation, official purchase orders) for the supply of Goods, provision of Services or carrying out of Works.

- **Contractor** means any contractor, supplier or provider with whom the Council enters into a Contract for the carrying out of works, provision of services or the supply of goods.
- **Corporate Contract Register** means a list of contracts given by the Council.
- **Frameworks** means an agreement between a contracting authority (the Council) and one or more Suppliers, the purpose of which is to establish the terms (in particular with regard to price and quantity) governing a contract or contracts to be awarded during the period for which the framework applies.
- **Goods** covers all the goods, supplies, substances and materials that the Council purchases, hires or otherwise obtains.
- **Grant and Grants** a sum of money paid or to be paid by the Council to a third party, and in respect of which the Council does not require the grantee to provide the Council with any services, goods or carry out any works for the Council's direct benefit. The Grant may be conditional (i.e. obligation to spend the Grant in a particular manner, to account for that spend and repay the Grant if the Grant conditions are breached).
- **ITT** means an invitation to submit a Tender.
- **Light Touch Contract** means a proposed contract for the provision of certain social or other specific services listed in Schedule 1 of the Regulations.
- **Procurement** means the process by which the Council manages the acquisition of all its goods, services and works. It includes the identification of need, consideration of options, the actual procurement process and the subsequent management and review of the contracts.
- **Procurement Manager** means the Council's Procurement Manager or any officers under his/her supervision or management who are given delegated powers to carry out any of the obligations, duties or activities required to be performed by him/her under these Rules or to act in his/her absence.
- **Procurement Process** means the procurement process spans the whole life cycle, from identification of needs, options appraisal, conditions of participation, award and contract management through to the end of a contract or the end of the useful life of the asset, or disposal of the asset.
- **Rules** means these Contract Procedure Rules.
- **Services** includes all services, which the Council purchases or otherwise obtains including advice, specialist consultancy work, agency, staff, etc.
- **Regulations** means the Procurement (Wales) Regulations 2024 and any amendment or re-enactment thereof.
- **Tenderer/Tenderers.** Individual, individuals, partnerships, companies or other bodies invited to submit quotes/tenders, prices for providing the Council with services, supplying goods or carrying out works.
- **Variation and Variations** means any alterations to a contract, including additions, omissions, substitutions, alterations or changes of any other nature.
- **Works** includes all works of new construction and repairs in respect of physical assets (buildings, roads, etc.) including all those activities constituting works for the purposes of the Regulations.

- **Written** means in writing or in a "written" electronic form.

17.2.2 All values referred to in these Rules are inclusive of V. A. T.

17.2.3 Any dispute regarding interpretation of these Rules shall be referred to the Monitoring Officer for resolution.

17.2.4 These Rules shall be read in conjunction with the Council's Constitution as a whole and in particular the Council's Financial Procedure Rules, which must be complied with.

17.2.5 The Procurement Manager shall undertake a formal review of these Rules at least every two years and advise the Legal Department of any changes needed.

17.2.6 Amendments to Statutory Thresholds will be incorporated in these Rules as a matter of course.

17.3 COMPLIANCE WITH THESE RULES

17.3.1 These Rules must be followed when dealing with any Council Procurement except for those Procurements and other matters referred to in Rule 17.4.

17.3.2 Every Procurement undertaken by the Council or any other party on its behalf must comply with

- (a) all relevant statutory provisions;
- (b) where applicable the Regulations;
- (c) the Council's Constitution;
- (d) the Council's strategic objective and policies including the Corporate Procurement Strategy.
- (e) the Council's Sustainable Procurement Policy; and
- (f) the guidance on the Procurement Unit Intranet Site.

17.3.3. The Procurement Manager may from time to time issue procurement guidance. Chief Officers must ensure that employees in their Service are aware of such guidance and should ensure compliance.

17.3.4 Any failure by an officer to comply with any provision of these Rules may result in disciplinary action.

17.4 EXEMPT CONTRACTS

17.4.1 Exemptions are where the CPRs are suspended entirely. The following contracts are exempt from the requirements of these CPRs:

- i. Internal purchases or service provision;
- ii. Vertical arrangements, i.e. a public contract awarded by a Council to a legal person controlled by the Council and which carries out at least 80% of its activities for the Council;
- iii. horizontal arrangements, where two or more contracting authorities genuinely cooperate with each other to meet public service obligations that each is entrusted to perform;
- iv. utilities contracts between a utility and a relevant joint venture to

which that utility is party, where the joint venture was formed for the purpose of carrying out that utility activity for at least three years and the parties to the joint venture are committed, by way of written agreement to continue to be parties to the joint venture for a period of three years following the date of that agreement;

- v. Contracts relating solely to the acquisition, by whatever means, of land, buildings or any other complete work (i.e., a functioning structure that results from the carrying out of works), or of an interest in or right over any of them (with the exception of development agreements);
- vi. Contracts for the acquisition, development, production or co-production of material intended for broadcast (by any means) by a contracting authority to the general public;
- vii. Contracts to facilitate the provision to the general public of an electronic communications service (within the meaning of s.32 of the Communications Act 2003);
- viii. contracts for the provision to a contracting authority of arbitration, mediation or conciliation or other similar services;
- ix. contracts for the provision of Exempt Legal Services;
- x. financial services – contracts for the lending of money in any currency to a contracting authority;
- xi. contracts of employment or worker's contracts;
- xii. contracts for the provision of research and development services;
- xiii. international agreements and organisations;
- xiv. any contracts that a contracting authority determines should not, in the interests of national security, be subject to this Act;
- xv. award of Grants (Grants are not regulated by public procurement law as they are not public contracts. However, they are regulated by the rules on state aid and by general public law controls relating to fiduciary duty and proper spending of public money as well as specific conditions which may include procurement requirements);
- xvi. individual orders placed under contracts which provide for orders to be placed against agreed schedules of rates, or under a measured term contract or under a Framework, provided that such contracts or Framework have been let by the Council in accordance with these Rules;
- xvii. individual orders placed under Crown Commercial Service and or Welsh Government let Framework or other public sector Framework where the Council is permitted to place orders under such agreements;
- xviii. contracts for services entered into in pursuance of powers under the National Health Services and Community Care Act 1990 and the Children Act 1989 for the benefit of an individual;
- xix. instructions and briefings issued by or on behalf of the Monitoring Officer to Counsel. The Monitoring Offices will make arrangements to ensure that a record is kept of all such instructions or briefs together with a record of Counsel's fee;
- xx. Goods, Services and Works procured by another public body on behalf of or for the joint benefit of the Council and other parties (i.e. a collaborative procurement agreement such as contracts awarded via the National Procurement Service etc.) and provided that in such case, the other public body's procurement/contract rules, all UK procurement law requirements, and the Procurement Objectives have been complied with. The advice of the Procurement Manager must be sought before placing reliance on any such arrangement;
- xxi. Individual "De-minimus" contracts within the Council's public transport support budget up to an aggregated maximum of 40% of that budget.

17.4.2 Where the Council procures health care services as described and provided for in Schedule 1 of the Health Services (Provider Selection Regime) (Wales) Regulations 2024 (“PSR”), such procurements shall be carried out in accordance with the PSR and not the Act or Regulations.

17.5 COUNCIL-WIDE FRAMEWORKS AND DYNAMIC MARKETS

17.5.1 Where available, use must be made of the Council's existing corporate purchasing and Framework let or a Dynamic Market in accordance with these Rules, unless in exceptional circumstances the Procurement Manager has agreed otherwise. The Corporate Procurement Unit maintains a register of such agreements and can provide advice on their use.

17.6 ESTIMATING THE CONTRACT VALUE

17.6.1 The general rule for estimating the value of a contract includes a calculation taking into account:

- The value of any goods, services or works providing by the contracting authority under the contract other than for payment;
- Amounts payable if an option to extend or renew the term of the contract was exercised;
- Amounts representing premiums, fees, commissions or interest that could be payable; and
- amounts representing prizes or payments that could be payable to participants in a procurement; and
- inclusive of VAT.

17.6.2 No works or requirements for goods or services may be artificially split to avoid compliance with UK procurement law or these Rules.

17.6.3 In determining the value of the total consideration, which the Council expects to pay, the Council shall, where relevant, take account of:

- (a) any form of option
- (b) the term/period of the proposed Contract
- (c) any rights to renew the Contract/extend the Contract period
- (d) any price, payment, premium, fees, commission, interest or other form of remuneration payable under the proposed Contract or in respect of the proposed procurement.

17.6.4 In determining the value of any Contract for the hire of Goods, if the term of the Contract is indefinite or uncertain at the time the Contract is entered into, then the value shall be taken as equating to the value of the monthly consideration multiplied by 48.

17.6.5 In determining the value of any Contract for the provision of Services or carrying out of Works, if the term of the Contract is indefinite or uncertain at the time the Contract is entered into then the value shall be taken as equating to the value of the monthly consideration multiplied by 48.

17.6.6 Where the Council has requirements over a period of time for Goods and Services where the contracts have similar characteristics and the Goods and Services are of the same type, and enters into a series of contracts or a contract which is renewable, then the estimated value shall be calculated by the total spend on such matters over the last 12 months or projected

estimated spend for next 12 months, whichever is the greater. In estimating this value the advice of the Procurement Manager must be sought.

- 17.6.7 For Frameworks , or similar, without a known annual expenditure but with duration exceeding one year, the number of years duration will be multiplied by the likely annual expenditure and must be determined in consultation with the Procurement Manager. The maximum period now permitted under the UK Procurement Rules for Frameworks is 4 years, unless there are clear justifications for this, which must be set out in the Tender Notice or Transparency Notice relating to the Framework.
- 17.6.8 Open Frameworks must be valued by including the value of all Frameworks that could be awarded under the Open Framework and therefore, the value of all contracts that could be awarded under each of the Frameworks in the scheme.
- 17.6.9 Concession contracts are to be valued differently. Concession contracts should be valued by way of estimating the maximum amount the supplier could expect to receive, taking account of a similar non-exhaustive list of variables in the general rule, with certain modifications more pertinent to concession contracts, such as amounts received on the sale of assets held by the supplier under the concession contract.
- 17.6.10 If a contract value cannot be estimated, then the contract is deemed to be valued as above threshold.

17.7 CONTRACTS UNDER £50,000 (Quotations)

- 17.7.1 Where possible, goods, services and works must be obtained via existing corporate Frameworks, standing lists or consortia arrangements.
- 17.7.2 Where there are no existing approved arrangements, the following number of quotations must be sought and evidenced in accordance with Rules 17.7.3 or 17.7.4.
 - (a) Up to £5,000 require only one quotation;
 - (b) Between £5,000 and £50,000 require three quotations.
- 17.7.3 For Procurements up to £5,000 the quotation obtained must be in writing in order that best value and the integrity of the process can be demonstrated. This information must be retained by the Service.
- 17.7.4 For Procurements of £5,000 to £50,000 records will be kept detailing which Contractors were selected to quote, to whom the Contract was awarded and the reasons for so doing (lowest price or offer which represents best value to the Council and why), so that best value and the integrity of the process can be demonstrated. The confidentiality of quotes will be maintained until the contract has been awarded. This information must be retained by the Service. It is important to appreciate that Contractors must be informed of how their quotations will be evaluated and this information should be set out when Contractors are asked to quote.
- 17.7.5 Where similar goods, services and works are regularly required, and arrangements described in Rule 17.5 are not available, consideration must be given to awarding a framework and the advice of the Procurement Manager must be obtained.

17.7.6 Where goods, services or works are regularly procured from a single particular supplier under this Rule and the aggregated value of those contract exceed £50,000 in any financial year, the matter must be reported by the Head of Department to the Procurement Manager who will undertake a review of the arrangements with regard to ensuring compliance with these Rules and the Councils Policies and Strategies.

17.8 CONTRACTS VALUED ABOVE £50,000 (TENDERS)

17.8.1 For procurements with an estimated value of more than £50,000 at least three written tenders must be invited.

17.8.2 For the rules as to: Pre-qualification, ITT, Receipt, Custody and Opening of Tenders, Tender Evaluation, Evaluation Team, Risk and Awarding Contracts, see rules 17.12-17.13, 17.18, 17.20-17.24.

17.8.3 The Corporate Procurement Unit shall maintain a Corporate Contract Register which will record to whom contracts are awarded and the procurement route following in each case. The Authorised Officer must provide the Corporate Procurement Manager with all required information to facilitate this.

17.8.4 All tenders must use a tender reference number and advise the Corporate Procurement Unit of this number.

17.9 CONTRACTS TO WHICH THE REGULATIONS APPLY

17.9.1 In the case of procurements that fall to be dealt with under the Regulations:

- (a) tenders will be invited in accordance with the requirements of the said Act and Regulations for the time being in force; and
- (b) such Act and Regulations will take precedence over these Rules;
- (c) such Act and Regulations include requirements which are over and above the requirements set out in these Rules.

17.9.2 Advice and guidance on whether a particular procurement is subject to the Regulations can be obtained from the Procurement Manager and Monitoring Officer.

17.9.3 The current thresholds, as of the 1st of January 2024 are:

- Supplies & Services £214,904
- Subsidised Services Contracts £214,904
- Works £5,372,609
- Light Touch Contract for Services £663,540

The value of a procurement must now be calculated inclusive of VAT as per the Procurement Policy Note 10/21 and 11/23.

The thresholds change every two years and are due to change again on the 1st of January 2026.

17.10 CONSULTANTS

17.10.1 Any consultants used by the Council shall be appointed in accordance with these Rules. Where the Council uses Consultants to act on its behalf in relation to any procurement, then the relevant Head of Service shall ensure

that the consultants carry out any procurement in accordance with these contract procedure rules. No consultant shall make a decision on whether to award a contract or to whom a contract should be awarded. The relevant Head of Service shall ensure that the consultant's performance is monitored.

17.11 NOMINATED AND NAMED SUB-CONTRACTORS

17.11.1 If a sub-contractor, supplier or sub-consultant is to be nominated or named to a main contractor, quotations or tenders must be invited in accordance with these Rules and the terms of the invitation shall be compatible with the main contract.

17.12 PRE QUALIFICATION (Applies to all)

17.12.1 The Council shall only enter into a Contract with a Contractor if it is satisfied as to the Contractor's competencies. The criteria for selecting Tenderers may include, but need not be limited to:

- (a) Technical or professional competence and experience including qualifications;
- (b) Health and Safety;
- (c) Quality including certification by official quality control institutes or agencies of recognised competence and or attesting conformity to quality assurance standards and or measures or equivalent bodies or standards;
- (d) Financial and economic standing including appropriate insurance provisions;
- (e) Sustainability, including environmental management measures,
- (f) Evidence as to whether they are unsuitable on grounds, e.g. of bankruptcy, criminal conviction or failure to pay taxes;
- (g) Welsh Language Measures;
- (h) Data Protection; and
- (i) Ethical Employment and Safeguarding.

17.12.2 Any procurements subject to the Regulations shall comply with the appropriate Regulations.

17.12.3 All Pre Qualification processes shall comply with the Procurement Objectives referred to in 17.1.7. above and any requirements as to Pre Qualification must be formulated so as to avoid breaching those principles.

17.12.4 All time limits for Pre Qualification processes shall be such as are reasonable having regard to the subject matter of the contract, the value of the contract and the Procurement Objectives.

17.13 THE INVITATION TO TENDER

17.13.1 These requirements apply to all invitations to Tender irrespective of value.

17.13.2 The ITT must include details of the Council's requirements for the particular contract including:

- (a) a specification of the Services, Goods or Works being procured and instructions on whether any variants are permissible;
- (b) the procurement timetable including the tender return date and time, which shall allow a reasonable period for the applicants to prepare their tenders;
- (c) the Council's terms and conditions of contract;
- (d) the evaluation criteria including attached weightings;
- (e) the Form of Tender;
- (f) pricing mechanism and instructions for completion;
- (g) whether the Council is of the view that TUPE will apply;
- (h) form and content of method statements to be provided;
- (i) rules for submitting of tenders;
- (j) tender reference;
- (k) any further information which will inform or assist Tenderers in preparing tenders.

17.13.3 Every Tenderer submitting a tender will be required to sign a declaration to the effect that:

- (a) they have not and will not inform any other person of the amount of their tender;
- (b) they have not fixed the amount of any tender in accordance with a price fixing arrangement;
- (c) they accept that the Council is entitled to cancel the contract and to recover from them the amount of any loss resulting from such cancellation if it is discovered that there has been any corrupt or fraudulent act or omission by them which in any way induced the Council to enter into the contract;
- (d) acknowledging that the Council is not bound to accept the lowest or any tender submitted, that the tender exercise may be aborted at any stage during the tender process and that they tender at their own cost and expense.

17.13.4 All time limits for Tendering Processes shall be such as are reasonable having regard to the subject matter of the contract, the value of the contract and the Procurement Objectives.

17.14 COMPETITIVE TENDERING PROCEDURE

17.14.1 The Council may choose to award a public contract to a supplier submitting the most advantageous tender (“MAT”) in a competitive tendering procedure, which must take one of two forms.

17.14.2 In the case of procurements not governed by the Regulations the Council will publish a notice on the Council’s Sell2Wales website. The extent and nature of the publication shall be proportional to the value and subject matter of the Procurement and regard shall be had to the Procurement Objectives.

17.14.3 The advertisement shall contain details of the proposed contract and specify a time limit within which interested parties may express an interest in tendering for the contract. After the expiry of the deadline date for expressions of interest, the Council shall send any party expressing an interest an ITT. The ITT shall specify the return date for tenders.

17.14.4 All Tenderers expressing an interest are invited to tender. In the case of procurements with an estimated value above £50,000 where fewer than three Tenderers have expressed an interest the Authorised Officer must, in consultation with the Procurement Manager, determine whether there is sufficient interest to demonstrate genuine competition before deciding to continue the Procurement.

17.15 OPEN PROCEDURE:

17.15.1 a single stage procedure under which any interested party can submit a tender. The decision to award the contract must be based solely on the single tender, subject to any disregarded tenders. This is a process where all providers interested in the contract and who have responded to an advertisement can submit tenders. All such tenders must be considered without any prior selection process. The conditions of participation and evaluation stages are carried out after the submission of the tenders.

17.16 COMPETITIVE FLEXIBLE PROCEDURE:

17.16.1 this procedure is non-prescriptive and allows the Council flexibility to design their own procurement process, to suit its specific needs and requirements. The Council must have regard to the Procurement Objectives and meet the procedural requirements applicable to the competitive tendering procedure, such as relating to time and transparency. The Council must decide who to award the contract to based on who the Council considers appropriate for the purpose of awarding the public contract.

17.16.2 The Council must use the competitive flexible procedure where:

- it wishes to limit the number of suppliers before inviting tenders;
- when procuring under a dynamic market; and

- when reserving a public contract to Supported Employment Providers or Public Service Mutuals.

17.16.3 A competitive tendering procedure does not need to be used by the Council where a Direct Award is justified in accordance with the Act or when awarding a public contract under a Framework.

17.17 DIRECT AWARD:

17.17.1 This provides for the award of a public contract without using a competitive tendering procedure and the public contract is able to be placed with the supplier directly without competition.

17.17.2 There are limited circumstances in which the Council is permitted to award a public contract without first running a competitive tendering procedure. Officers should refer to the circumstances as set out in section 41 and Schedule 5 of the Act. These circumstances also apply to below-threshold Direct Awards.

17.17.3 Before awarding a contract in this way, the council must consider whether the supplier is an Excludable Supplier, if so, the council will need to determine if it is appropriate for the supplier to be awarded the contract.

17.17.4 Paragraph 15 of Schedule 5 (Direct Award: User Choice Contracts) of the Act allows for Direct Award of a user choice contract provided certain conditions are met. User Choice Contracts are not suitable for a competitive tendering procedure due to the needs or preference of an individual. The council must also be of the view that it is in the best interests of the individual that the contract is not awarded under a competitive tendering procedure. User choice services should be delivered under Light Touch Contracts for the purpose of benefitting a particular individual and where the council is required to take into account the view of the individual or their carer as to who should supply the user choice services.

17.18 RECEIPT, CUSTODY AND OPENING OF TENDERS

17.18.1 Invitations to tender must clearly set out the latest tender return date and time.

17.18.2 All tenders must be returned using the official envelope or official returns labels and the exterior of the envelope may not be marked in any way which identifies the tenderer.

17.18.3 Tenders with an estimated value below £50,000 (if received by post in the official envelope or using the official tender return label) will be returned to the Head of Service. Tenders will be opened in the presence of two employees designated by the Head of Service of the relevant service area as the case may be. Both employees must be independent to the letting of the Contract. When opened, all tenders will be recorded in a tender register and the tenders and register will be initialled and

dated by designated officers present at the time. A copy of such record shall be sent to the Procurement Manager.

17.18.4 Tenders with an estimated value above £50,000 must be addressed to the Monitoring Officer if received by post enclosed in the official envelope or using the official tender return label provided by the Council. The Monitoring Officer will be responsible for the receipt, custody and opening of such tenders. Tenders for the same procurement will be opened consecutively at the same session in the presence of two employees designated for the purpose. One employee will be nominated by the Monitoring Officer and the other employee will be nominated by the relevant Head of Service. Both employees must be independent to the letting of the Contract. When opened, all tenders will be recorded in a tender register and the tenders and register will be initialled and dated by designated employees present at the time. The opened tenders will then be sent to the evaluation officer.

17.18.5 Tenders received after the date and time for receipt of tenders will not be accepted.

17.19 ELECTRONIC TENDERING

17.19.1 With the agreement of the Procurement Manager, the tender process including invitation and receipt of tenders may be conducted electronically using the Council's eProcurement tools and the provisions of Rules 17.14 to 17.18 may be modified to facilitate this, provided that the electronic system used is approved by the Senior Manager Revenues and Risk.

17.19.2 When requesting multiple quotations or tenders the use of personal or generic email addresses should be avoided to ensure that bids are received in accordance with opening procedures and that receipt of bids are correctly recorded.

17.20 TENDER EVALUATION

17.20.1 Tenders shall be evaluated in accordance with the evaluation criteria and weightings set out in the ITT. All contracts, except contracts where lowest price was predetermined to be the appropriate criteria, shall be awarded on the basis of the offer which represents the most advantageous tender having regard to the evaluation criteria and weightings set. The evaluation criteria and weightings must be predetermined and listed in the ITT documentation. In addition, the criteria and weightings shall be strictly observed (and remain unchanged) at all times throughout the contract award procedure. Guidance and assistance on relevant evaluation criteria can be obtained from Corporate Procurement Unit and Legal Unit.

17.20.2 The assessment criteria used shall be given a weighting representing a percentage of the total importance. A consideration to social value shall be included in the assessment criteria or otherwise specified in the requirements of the contract.

17.20.3 If, after the tenders have been opened and examined, an error in computation of the tender is detected, the Tenderer will be given details

of the error and the opportunity to confirm the tender submission as corrected, or withdraw their tender.

17.20.4 At all times during any such clarification process the Council shall consider and comply with the Procurement Objectives of non-discrimination, equal treatment, transparency, mutual recognition and proportionality, principles which apply to all the Council's Procurements.

17.21 EVALUATION TEAM

17.21.1 For each Contract with an estimated value above £50,000 the Authorised Officer shall form an evaluation team ('Evaluation Team') with responsibility for evaluating tenders. The Evaluation Team shall consist of at least two officers with relevant expertise to successfully complete the evaluation. Written records of the evaluation must be kept.

17.22 RISK

17.22.1 For Procurements with an estimated above £50,000 the Authorised Officers shall carry out a risk assessment at the outset and thereafter maintain and update the same throughout the Procurement Process. The decision maker must be informed of any risks identified.

17.22.2 For Procurements with an estimated value of £50,000 or above, the Evaluation Team shall consider whether a performance bond and/or a parent company guarantee (if applicable) will be required from the preferred Supplier and where such a requirement arises ensure that it is included as a requirement of the procurement process.

17.22.3 For all Procurements the Authorised Officer shall consider the appropriate type (employee liability, public liability, professional indemnity, etc.) and level of insurance required for each contract and ensure that it is included as a requirement of the procurement process.

17.23 APPROVED LIST

17.23.1 Approved Lists can only be used where recurrent contracts of a similar type are likely but where such contracts need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise. Approved Lists cannot be used for contracts where the estimated value is above £50,000

17.23.2 No supplier may be entered on an Approved List until there has been an adequate investigation, having regard to Rule 17.12 into both their financial and their technical ability to perform the contract, unless such matters will be investigated each time bids are invited from that list.

17.23.3 Approved Lists must be drawn up after an advertisement inviting applications for inclusion on the list. The advertisement must be placed to secure the widest publicity among relevant suppliers. Persons may be entered on a list between the initial advertisement and re-advertisement provided the requirements of Rule 17.23.2 are complied with.

17.23.4 Approved lists of suppliers to Services shall be maintained in an open, fair and transparent manner and must be made available to the public

on the Council's website. Any request by an economic operator to be included on the list can be accommodated provided that they meet the requirements of Rule 17.23.2.

17.23.5 The list must be reviewed at least annually and re-advertised at least every three years. On re advertisement, a copy of the advertisement must be sent to each person on the list, inviting them to reapply. Review means:

- (i) the reassessment of the financial and technical ability and performance of those persons on the list, unless such matters will be investigated each time bids are invited from that list
- (ii) the deletion, with notice, of those persons no longer qualified, with a written record kept justifying the deletion.

17.24 AWARDING CONTRACTS

17.24.1 A Contract may only be awarded by an Authorised Officer. The Authorised Officer must ensure, prior to seeking such a decision that sufficient funds are in place to meet all contract payments and if any funding is being obtained from third parties that any conditions attaching to such funding have been complied with.

17.24.2 Where the Contract to be awarded has an estimated value of £250,000 or above the relevant Cabinet Member must within 5 working days of the date of award of the contract be advised in writing of the award of the contract such notification to specify the subject matter, parties and value of the contract.

17.24.3 The Council shall only award a Contract where it represents best value for money. A Contract shall only be awarded using the pre-determined tender evaluation criteria and weightings. Where a tender is to be evaluated on price only, the Contract must, subject to Rule 17.24.4 below, be awarded to the Tenderer submitting the lowest price.

17.24.4 If, in the opinion of the Authorised Officer, a Tender is considered to be abnormally low the Tender may be disregarded but only if:

- (a) the Authorised Officer has requested in writing an explanation of the Tender or of those Parts which it considers contribute to the offer being abnormally low;
- (b) taken account of the evidence provided in response to a request in writing; and
- (c) subsequently verified the Tender.

17.24.5 Save for exceptional circumstances, no Contractor should be asked to provide any Services, supply any Goods or carry out any Works (including preliminary Works) until the Contract is concluded or the Services, Goods or Works concerned are covered by a letter of intent. Any decision to the contrary must be made by the Head of Service for the service area concerned and such decision shall contain a full risk assessment as to the possible implications to the Council of the

Contractor being allowed to start before the contract terms and conditions have been finalised or a letter of intent issued.

17.24.6 Letters of intent shall only be used in exceptional circumstances, as follows:

- (a) Where a Supplier is required to provide services, supplies or works prior to formal written acceptance by the Council; or
- (b) Where the Council's form of tender does not include a statement that until such time as a formal contract is executed, the Council's written acceptance of a tender shall bind the parties into a contractual relationship.

17.25 NOTIFICATION OF AWARD AND ASSESSMENT SUMMARIES

17.25.1 Once the evaluation has been completed, then save for the successful Tenderer, all those expressing an interest and tendering will receive an assessment summary:

- (i) The assessment criteria and weightings
- (ii) The score that the Tenderer obtained against those assessment criteria and weightings (where relevant)
- (iii) The overall score the winning Tenderer obtained; and
- (iv) The name of the winning Tenderer.

17.25.2 If any additional information is to be disclosed to Tenderers, this must be agreed in advance with the Procurement Manager, taking into account the requirements of any legislation relating to the disclosure of information.

17.25.3 The list of points where de-briefing may be appropriate includes:

- (i) conditions of participation: where the candidate is not selected (short listed) to take part in the tender process;
- (ii) award: where the Tenderer was not awarded the Contract after evaluation of proposals/tender. Such de-briefing should never be conducted before the contract award decision is made and all unsuccessful Tenderers have been formally notified of the same. It should be made clear that the de-briefing process cannot be used to change the choice of a Contractor or to re-open the selection process.
- (iii) if any potential supplier is asked to withdraw or withdraws during the Procurement. De-briefing will only be conducted at the request of the Contractor.

- 17.25.4 The Council may voluntarily enter into a standstill period, which should be for no less than 8 working days from the day on which the Contract Award Notice is published.
- 17.25.5 A standstill period is not mandatory where the council awards a public contract in accordance with a Direct Award under section 41 and section 43 of the Act; contracts awarded under Frameworks or Dynamic Markets; and Light Touch Contracts.
- 17.25.6 A Contract Details Notice is a mandatory notice which must be published by the Council each time a public contract is entered into. If the contract is a light touch contract, this must be published before the end of the period of 120 days beginning with the day on which the contract is entered into. Otherwise, the notice must be published before the end of the period of 30 days beginning with the day on which the contract is entered into. The Contract Details Notice must set out that the Council has entered into a contract, and include the information contained in Regulation 32 (Contract Details Notices: Open or Competitive Flexible Procedure), Regulation 33 (Contract Details Notices: Frameworks), Regulation 35 (Contract Details Notices: Direct Award) or Regulation 36 (Contract Details Notices: Below-Threshold Contracts) of the Regulations (as applicable depending on the route the Council has taken) as amended from time to time.

17.26 COMPLETION OF CONTRACTS

- 17.26.1 With the exception of any Contract formed using a purchase order output on a Council electronic purchasing system any Contract with an estimated value above £100,000 must be:
- (i) in writing;
 - (ii) made under the Council's seal.
- 17.26.2 Contracts of £100,000 and under in value must be made using:
- (i) a purchase order generated by Council electronic purchasing system, or
 - (ii) be an official order form produced by the Council, or
 - (iii) a written Contract.

17.27 CONTRACT MANAGEMENT

- 17.27.1 Once the Contract has been awarded the Authorised Officer must identify and nominate an individual who will manage the day to day aspects of the Contract for its term and if requisite to plan what will happen once the Contract comes to an end (plan for any new procurement exercise required).
- 17.27.2 The day to day management of the Contract shall include monitoring in respect of:

- (i) performance
- (ii) compliance with specification and contract terms
- (iii) cost
- (iv) any value for money/best value requirements
- (v) user satisfaction, and
- (vi) risk management.

17.27.3 Where the total value of the Contract exceeds £250,000 the Authorised Officer must make a written report to the Head of Service evaluating the extent to which the Contract is meeting the objectives set. This should be done normally when the Contract is completed but for term contracts such report should be prepared annually.

17.28 SOCIAL SERVICE CONTRACTS AND THE LIGHT TOUCH REGIME

17.28.1 Section 9 of the Act and Schedule 1 of the Regulations
There is a specific regulatory framework for procuring social service contracts and these are addressed for both contracts that fall under these Rules and the Regulations. Such contracts are in many ways different from contracts for construction work, office supplies and IT equipment.

17.28.2 The light-touch regime (LTR) is a specific set of rules for certain contracts which include certain social, health, education and other public services, defined by Common Procurement Vocabulary (CPV) codes, and are subject to much more flexible procurement rules.

17.28.3 At and above the threshold level, in the case of procurements where the Regulations apply, the main mandatory requirements are:

- a) Tender Advertising: The publication of a Planned Procurement Notice Tender Notice (unless a direct award justification applies);
- b) The publication of a contract award notice following each individual procurement;
- c) Compliance with the Procurement Objectives of these CPRs;
- d) Conduct the procurement in conformity with the information provided in the Tender Notice or Planned Procurement Notice regarding: any conditions for participation; time limits for contacting or responding to the Council; and the award procedure to be applied.
- e) Time limits imposed by the Council on suppliers, such as for responding to adverts and tenders, must be reasonable and proportionate. There are no stipulated minimum time periods in the light touch regime rules, so the Council should use its discretion and judgement on a case by case basis.

17.28.4 **Below-Threshold:**

In the case of procurements where these Rules apply, being that the procurement falls below the light touch regime threshold, the main mandatory requirements are:

a) Below threshold procurement procedures should replicate other sections of these Rules to ensure value for money, the required level of quality and performance.

b) Where there are no existing approved arrangements, the following number of quotations should be sought and evidenced:

- i) Up to £5,000 requires only one quotation
- ii) Between £5,000 and £50,000 requires three quotations preferably via S2W
- iii) An openly publicised and available procurement process should be conducted whilst seeking to invite at least three written tenders

c) The flexibility of the light touch regime are utilized whilst also undertaking a procurement activity which is conducted with openness, probity and accountability.

17.28.5 Further considerations to social service contracts and the Light Touch Contract arrangements.

17.28.5.1 Reserved Contracts – Section 33 of the Act provides for procurements for certain service contracts to be “reserved” to organisations that meet certain criteria. These contracts may run for a maximum period of 3 years. In essence, this means it is possible to run a competition in compliance with the new light-touch contracts regime of UK procurement rules where participation is limited to qualifying organisations such as mutual and social enterprises.

17.28.5.2 The same arrangement for awarding reserved contracts will apply for services below the threshold covered by the light touch regime.

17.28.5.3 Standstill Period - We will send a standstill notice and observe the standstill period for light touch procurements that fall under the Regulations as per the ‘Guidance on the Standstill Period’ which can be found on [Procurement Act 2023 guidance: contract details notices | GOV.WALES](#) .

17.28.5.4 Contracts below the light touch regime threshold do not need observe a standstill period. However, the award of contracts should be undertaken in accordance with section 17.24 and the relevant sections of 17.25 of these Rules.

17.29 WAIVERS OF CONTRACT PROCEDURE RULES

17.29.1 A waiver may be agreed by the relevant Cabinet Member if he or she is satisfied after considering a written report by the Chief Officer, that the waiver is justified because:

- (i) the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is

demonstrated to be such that a departure from the requirements of these Rules is justifiable, or

(ii) the circumstances of the proposed contract are covered by legislative exemptions; or

(iii) it is in the Council's overall interests; or

(iv) there are other circumstances which are genuinely exceptional.

17.29.2 A record of the decision approving a waiver and the reason for it must be kept and an entry made in the appropriate register.

17.29.3 There is no power to provide a waiver in respect of the requirements of the Regulations.

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