GOVERNANCE AND AUDIT COMMITTEE 9/10/25

Attendance: Chair: Carys Edwards
Vice-chair: Rhys Parry

Councillors: Menna Baines, Elfed Wyn ap Elwyn, Elwyn Jones, Edgar Wyn Owen, Richard Glyn Roberts, Huw Rowlands, Angela Russell and Ioan Thomas

Lay Members: Dewi Lewis, Peter Barnes and Paul Millar-Mills

Officers: Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accountancy and Pensions), Luned Fôn (Audit Manager), Delyth Jones-Thomas (Investment Manager), Caren Rees Jones (Group Accountant - Capital and Management), David Lloyd Williams (Group Accountant), and Lowri Haf Evans (Democracy Services Officer)

Others invited: Councillor Huw Wyn Jones (Cabinet Member for Finance) and Yvonne Thomas (Audit Wales)

Item 6: Ffion Mai Jones (Senior Executive Officer)

Item 8 and 13: Dewi Wyn Jones (The Council's Business Support Service Manager)

Item 13: Councillor Nia Jeffreys (Council Leader)

The three new lay members, Dewi Lewis, Peter Barnes and Paul Millar-Mills, were given an opportunity to introduce themselves to the Committee, sharing information about their background and their interests.

1. APOLOGIES

Councillors Dafydd Meurig, Arwyn Herald Roberts, Meryl Roberts and Eifion Jones. Councillor Wendy Cleaver was experiencing technical problems and had been unable to join.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

Concern about the costs should Cyngor Gwynedd appeal the High Court's ruling for the Article 4 Direction and how the Council would prepare a response / address the implications of using taxpayers' money to address the cost.

In response to the concern, the Head of Finance noted, despite being an urgent matter, the service needed an opportunity to prepare a formal response. He noted that the Council was considering an appeal against the ruling and the cost of the appeal was part of those considerations. He elaborated that an update would be presented to the

Committee in the near future and that this risk was appropriate for the Committee to consider.

4. MINUTES

The Chair accepted the minutes of the previous meeting of this committee held on 11 September 2025, as a true record.

5. IMPLEMENTING THE DECISIONS OF THE COMMITTEE

A report was submitted providing an outline of how the Council's departments had responded to the decisions of the Governance and Audit Committee so that Members could be assured that their decisions were being addressed. It was noted that the report gave Members an opportunity to consider the decision made with the intention of removing the item / decision when the action had been completed.

Attention was drawn to the background information about the FMG Morgan Trust Fund that was included following the Committee's request at the September 2025 meeting. It was noted that the style of the information had been presented as it appeared in the four charities' governance documents on the Charities Commission website.

Thanks was given for the report

RESOLVED

- **To accept the contents of the report**

Note: A request to include full name / titles instead of using an acronym

6. MEDIUM TERM FINANCIAL PLAN

The report was submitted by the Cabinet Member for Finance in response to the financial challenges facing the Council. The purpose of the plan was to set out projections for the Council's position over the next three financial years, offering projections as well as proposals to address the financial deficit faced by the Council. It was explained that the document was live and was being updated regularly as information was received and the local and national financial assumptions or projections changed. Any updates would be presented to the Cabinet.

The Head of Finance explained that finding cuts to the Council's services and budget was not a new process, as cuts were now introduced annually. Pride was expressed that the Council had managed to sustain services despite the reduction in the departments' budgets, but one part of the work was to identify the financial deficit, which was £40 million over the next three years and further work was underway to try to fill the gap through a factual plan. It was emphasised that the assumptions were based on information of recent years and there would be pressure to spend less, look at increasing income and implement saving plans.

In the context of the settlement, it was noted that the lack of clarity from the direction of the government meant that it was difficult to plan beforehand for 2026/27 as a result of mixed messages that there would be an addition to the public sector budget from the Westminster Government, but Welsh Government

had warned that could not increase public expenditure under the current economic circumstances. Reference was also made to the possibility that the Welsh Government would be setting a 'rollover budget' for 2026/26, i.e., continuing with this year's budget with only a small addition towards inflation. It was estimated that the average addition would be approximately 1.5% to Gwynedd under the allocation formula. Clarity was expected on the Gwynedd settlement level by November 2025.

Matters to be considered:
- Annual pay inflation for teachers would be 4% in 2026/27 and 3.4% for other staff members - these were salaries that were agreed nationally and there was a need to fund the annual increase
- There would be an increase in levies
- There was an increase in the number of properties paying tax, but no figure had been included
- A reduction to the pension rate was anticipated following a valuation. The pension fund was in a healthy situation and therefore offered an opportunity to reduce contributions - a £3 million saving was anticipated here.
- Every Department would present a business case for additional funding, with a rationale explaining why the addition was required. Every bid would be analysed in detail, with the fund for this reduced from £8 million to £5 million.

Although the time to respond to the situation was scarce (from receiving the settlement to setting a balanced budget), it was confirmed that the hope was to present various options for the next steps for the future.

The Senior Executive Officer elaborated that it was difficult to find savings without a further impact and, with uncertainty in the fields of care, additional learning needs and homelessness, there was no need to rush to make cuts. It was reported that briefing sessions would be arranged to provide updates on the situation to all the elected and lay members.

Thanks was expressed for the report.

In response to a question regarding how the Council could continue to deliver savings and maintain services, it was noted that pockets of efficiency savings were available, suggesting for example, more technology use (although the period of transferring and adapting the way of working was normally longer than the period of delivering the saving). It was elaborated that the challenge was to be innovative, using imagination to work differently, and although the reserves did not fill the gap, it bought time before the plans came into force; some of the plans needed to be refined and developed with information and understanding of how the work would progress.

In response to a question regarding the wording of the Local Government (Wales) Measure 2011 requirements, where the Governance and Audit Committee was expected to scrutinise some financial matters, including the authority's financial plans, **where appropriate,** and who decided on what was appropriate, it was noted that this was the wording of the measure and it was the Committee's role to look at the medium term financial plan as the measure's statutory requirement.

Matters arising from the ensuing discussion:
- Savings had been delivered in the past - this had to be considered as a risk, although it would possibly continue
- There was a need to consider the suggestion of a roll over budget being a

risk to the Council
- There was a need to acknowledge the May 2026 election as a risk
- It would be wise to have a reserve fund, but this would need to be used cautiously

In response to information regarding why Band D was used and whether there was an intention to re-band due to a reduction in housing prices, it was noted that the Local Government Act 2021 outlined the Band D use as a tax base and the Welsh Government was committed to review the council tax bands although no more details were available. It was noted that Wales' bands had not been amended since 2003.

In response to a question regarding unidentified funding and the possibility of receiving additional funding, it was noted that, legally, there was a need to set a budget by 11 March 2026, and therefore there was a need to highlight beforehand where this additional funding would be used.

In the context of the Council tax premium and the intention to earmark it for reinvestment in the housing field, a member asked whether it was an option to direct this money to another field, if it was not used. In response, it was noted that this would be the Full Council's decision and although it was not currently being considered, it could not be disregarded as a future option. However, any discussion or recommendation would be transparent.

In response to a question regarding the pension reduction and why a decision had been made to take the £3 million saving in one year instead of £1 million over three years, it was noted that the choice was a 1% reduction every year or to take the £3 million saving in full. It was considered that this was the best option with the possibility that there would be more than £3 million as the final figures had not been released.

In response to a question regarding the situation should the Welsh Government be unable to pass the budget, it was noted that a statutory mechanism was in place to proceed.

In response to a question regarding the significant reduction in the population figures used for the 2024/25 settlement and whether deaths was the reason for this, it was noted that it was not the change in Gwynedd’s population itself that created an impact, but the change to the Gwynedd population in comparison and not to the population of the rest of Wales. It was noted that a reduction in students in Bangor was one of the reasons, which compared with other counties with other colleges and universities in Wales. In terms of the County's population reduction figures, it was noted that information was available, and it could be shared with the Committee.

In response to a question regarding using approximately £3.7 million, which was an income from plastic container tax and whether it had to be used for waste infrastructure, it was noted that not all of the funding had to be used for the recycling services, it was possible to use a proportion of the funding on general expenditure.

RESOLVED

To accept the information and note the situation and relevant risks in relation to the Council's financial position.

Note:
Paragraph 2.10 of the Plan. Request to share information / county's population reduction figures

7. SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES

Submitted - the report of the Cabinet Member for Finance requesting that the committee noted the position and relevant risks in respect of the Savings Overview, considered the decisions for the Cabinet (11-11-2025) and provided comment as necessary. It was noted that the report highlighted the situation until the end of August 2025.

It was highlighted, in the 2025/26 Budget report to the Full Council on 6 March 2025, it was reported that £3.5 million worth of savings were profiled for the 2025/26 budget which was a combination of savings to the value of £100k which were newly approved in 2025, and £3.4 million approved in previous years.

It was reported, over the past few years, and as reported to the Committee regularly, difficulties were seen with the delivery of savings in some fields. Attention was drawn to the new savings, as well as the savings approved previously, such as historical savings schemes for the period of the 2015/16 financial year to the 2025/26 financial year, with 98% of the historical savings delivered, namely £33.8 million of the £34.3 million of savings, had now been delivered. In the context of plans still not delivered, the value was £627k, with the majority of them in the Adults, Health and Well-being Department.

In the context of new savings schemes worth £15.6 million, it was reported that 77% of the savings had already been delivered, with a further 4% on track to deliver on time. However, it was noted that risks to deliver the savings were prominent in some fields, such as in the Adults, Health and Well-being Department.

It was reported, following the Chief Executive's recent review of the savings schemes, it was concluded that there was a need for the following:

- to remove one savings scheme in the Customer Contact field to review the Siop Gwynedd opening hours in the three main offices, which was worth £25k
- to reduce the income target from £100k to £20k on a temporary basis on the Neuadd Dwyfor plan by the Economy and Community Department for a two-year period to give time to identify opportunities to act. It was suggested that the saving would be removed by using the savings provision set aside in the corporate budget.

In summarising the situation, it was reported that £46 million of savings had been realised (92% of the required £50 million over the period) and a further 1.3% was forecast to be realised by the end of the financial year (although there was a delay and some risks to delivering the remaining schemes).

The members thanked the officer for the report

Matters arising from the ensuing discussion:

- What was the rationale behind reducing the Neuadd Dwyfor income target?
- There was a need to be vigilant of the recommendations in the Care field - if the savings could not be delivered, there was a need to revoke or review.
- Departments were now scraping for places to make cuts and the legal,

statutory liabilities that had to be delivered were increasing
- It was a continuous battle to provide services and keep the financial balance
- The Care field needed more funding, not face more savings; the demand for services and the statutory demand was increasing.

RESOLVED

- **To accept the report**
- **To note the progress towards realising the savings schemes for 2025/26 and previous years**

8. RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS

A report was submitted by the Council's Business Support Service Manager. Members were reminded that the item was to be considered as a governance role and not as a scrutiny role, with a request that the Committee should be satisfied that there were appropriate arrangements in place to ensure that improvement proposals arising from external audits were achieved.

It was noted that the work of responding to most of the improvement proposals was continuous work and that the Governance Group chaired by the Chief Executive had been addressing the improvement proposals and the progress of the recommendations. It was reiterated, for those proposals receiving a conclusion of 'completed', they were split in two to reflect whether the recommendations had been delivered or whether they were ongoing work for the department. It was stated that the report was also concise, compared with previous reports, because many had been completed and therefore removed, and presenting a formal organisational response form to inspections, which set a definite timetable, had facilitated the process. Reference was made to an additional step introduced, where the Performance Challenge and Support process would check that departments implemented what was recommended in the organisational response.

Attention was drawn to the 'Urgent and Emergency Care: Flow out of Hospital' inspection, noting that the Committee would receive an 'update when timely'. It was highlighted that the Regional Board had received a progress report in Spring 2025 and following that, the Board requested another progress report 'in twelve months' time'. The option to share the original progress report was proposed or delay until Spring 2026 to receive a more recent progress report.

The members expressed their thanks for the report.

RESOLVED

To accept the report

Note:
To accept the 'Flow Out of Hospital' Investigation progress, Spring 2026

9. TREASURY MANAGEMENT QUARTERLY UPDATE

Submitted - a report by the Investment Manager reporting on the actual results of

the Council's treasury management during 2025/26 until 30 June 2025, against the Treasury Management Strategy for 2025/26 as approved by the Full Council in March 2025. It was noted, in accordance with the requirements of the strategy, that the Investment Manager was requested to report on treasury management prudential indicators every quarter.

It was reported that it had been a very busy and prosperous period for the Council's treasury management activity and no organisation that the Council invested money into had been unable to pay back and a regular interest income had been received.

On 30 June 2025, the Council was in a very strong position with net investments due to the high level of investments and operational capital. This included the Pension Fund's money. It was noted that there had been no significant shift in the level of loans in the 3 months in question; the Council continued with the strategy of using internal resources before borrowing externally. However, it was reported that the Council had paid back a historical loan of £16.2 million and, as a result, had brought positive savings to the Council. In the context of investment activities, it was elaborated that the Council continued to invest into Banks and Building Societies, Local Authorities, Money Market Funds, the Debt Management Office and Pooled Funds, which were consistent with the type of investments that had been made by the Council for several years now.

In the context of a compliance and indicators report, it was reported that all activities had fully complied with the CIPFA code of practice and the Council's Treasury Management Strategy - this was good news and highlighted that there was firm control over the funds.

The members thanked the officer for the report

In response to an observation regarding why there was a need to borrow if there was sufficient funding in the reserves, it was noted that the loans were historical and that the Council had not borrowed for 20 years. It was noted that the penalty clause in the loan agreements meant that they were usually too costly to terminate early, but that an opportunity had arisen to repay a loan of £16.2 million following re-profiling and negotiations with Arlingclose. The opportunity to repay this loan early was one of value

RESOLVED

To accept the report for information.

10. OUTPUT OF THE INTERNAL AUDIT SECTION

Submitted, for information, the report of the Audit Manager updating the Committee on the internal audit work for the period from 12 May 2025 to 28 September 2025. It was highlighted that 3 audits of the 2024-25 operational plan had been completed and 6 audits of the 2025-26 operational plan had been completed and given an assurance level of high; adequate or limited.

Each audit was referred to in turn.

Matters arising from the ensuing discussion:

Breakfast Clubs

- staff members (during the visits) had not completed Fire training or any of the Council's mandatory e-learning modules - this was a fundamental issue
- allergy policy, guidelines in relation to providing purple equipment to every child with an allergy

Plas Hedd / Plas y Don

- Care Staff had to work shifts in the kitchen to ensure that residents were fed
- It was not possible to confirm the number of staff members who had read the Safeguarding Policy or completed mandatory E-learning modules - this was a fundamental issue, although the lack of resources was accepted, was there consistency in the same homes, was there an improvement from year to year? Training could prevent the risk of accidents and appeal costs!
- The same Care Homes broke regulations continuously - this was a major concern.

In response to the observations, it was noted that getting field workers to complete mandatory training modules was a problem throughout the Council and the Safeguarding Panel and the Safeguarding Operational Group was aware of the problem and tried to raise awareness through the Council to try to find a way of ensuring that the employees had access to the information. It was highlighted that a QR code was being trialled as a method of getting workers to complete modules on their mobile phones and work was being done to encourage face-to-face training instead of completing modules on-line.

In the context that it was concerning that unqualified staff worked in kitchens, it was noted that staff recruitment continued to be a problem in the care field and accepted that the situation was not ideal. It was reiterated that the Management Improvement Working Group had conducted an inspection with the managers of some of the Care Homes and improvements had been proposed. It was noted that the inspections had been conducted in a three-year cycle and that three of the homes had received a follow-up audit with the intention of either presenting a follow-up report to the Committee or for the Management Improvement Working Group to discuss specific matters in detail with the Managers before reporting to the Committee.

In response to a question as to whether Internal Audit shared their findings with Care Inspectorate Wales and whether there was a clear communication pathway with the Inspectorate, it was noted that Internal Audit looked at the Inspectorate's reports on homes to see whether actions had been included and evidence of improvements, but Internal Audit did not share the results of their findings with the Inspectorate. It was elaborated that this could be considered and to find a clear community pathway to share findings.

The Chair noted that the Managers of the Care Homes had expressed in the Management Improvement Working Group that modifications to employment terms had led to staffing and recruitment problems. It was suggested to revisit these terms as the situation had not been fully addressed.

The members thanked the officer for the report

RESOLVED

- **To accept the report**
- **To support the actions that had already been agreed with the relevant services.**

Note:
- Create a communication pathway and consider the method of sharing the findings of internal audit in Care Homes with Care Inspectorate Wales
- A request to reconsider better terms to attract more workers to the Care field

11. INTERNAL AUDIT PLAN 2025/26

Submitted, for information, a report by the Audit Manager updating the Committee on the current situation in terms of completing the Internal Audit Plan 2025/26. Reference was made to the status of the work and the time spent on each audit. It was highlighted that 13.33%, out of the 45 individual audits in the amended plan, that 6 had been released in a final version / completed, or had been closed.

Attention was drawn to the 'Global Internal Audit Standards', (January 2026) arranged for the Committee members as an opportunity for them to discuss work aspects and the role of the Committee.

The members expressed their thanks for the report, noting that it was a very small team addressing a wide range of fields.

RESOLVED

To accept the report and note progress against the 2025/26 Audit Plan

12. CAPITAL PROGRAMME 2025/26 - END OF AUGUST 2025 REVIEW

Submitted - a report by the Cabinet Member for Finance outlining the capital programme (end of August 2025 position) and also approving the relevant funding sources. The Committee was asked to scrutinise the information and offer comments before submitting the report for the Cabinet's approval on 11 November 2025.
Reference was made to a breakdown per Department of the £152.9 million capital programme for the 3 years from 2025/26 - 2027/28, as well as the sources available to fund the net increase of approximately £47.9 million since the original budget, with £36.9 million of it deriving from re-profiling at the end of the previous year.
It was elaborated that,

- There were firm plans in place to invest £100.7 million in 2025/26 on capital schemes, with £47.4 million (47%) of it funded through specific grants.
- An additional £12.4 million proposed spending had been re-profiled from 2025/26 to 2026/27 and 2027/28.
- the main schemes that had slipped since the original budget included £4.5 million for Schools Schemes (Sustainable Learning Communities and Others), £3.5 million in Levelling-up Fund Schemes, £1.2 million from

Care Project Joint Funding Provision, £1.0 million from Economic Boost and Industrial Units Schemes and £1.0 million from other Housing and Grants Schemes.

Attention was drawn to the additional grants list that the Council had managed to attract since the last review which included, £2.9 million - Grants from the Local Transport Fund (LTF) and the Active Travel Fund (ATF) from the Welsh Government for many different schemes, £2.0 million - Energy Wales Grant - from the Welsh Government towards electric batteries and work in Plas Ogwen, £1.8 million - Shared Prosperity Fund Grant from the UK Government - an amount is paid for Cyngor Gwynedd to allocate across the counties in north Wales, £1.4 million - Childcare Capital Grant from the Welsh Government and £0.8 million - Sustainable Learning Communities Grant

Reference was made to the information about the Council's Capital Prudential Indicators and highlighted that, in accordance with the CIPFA Prudential Code, the Council was obliged to report the information - he added that the Council had complied in full with the policy on borrowing for capital purposes.

The members thanked the officer for the report

RESOLVED

To accept the report and agree on the recommendations for the Cabinet to consider

13. ANNUAL PERFORMANCE REPORT AND CYNGOR GWYNEDD SELF-ASSESSMENT 2024/25

Councillor Nia Jeffreys (Leader of the Council) and Dewi Jones (Council Business Support Service Manager) were welcomed to the meeting.

A draft of Cyngor Gwynedd's Annual Performance Report and Self-Assessment 2024/25 was submitted for the Committee's consideration asking them to provide comments and recommendations on the content of the report. It was reported that the Self-Assessment was a statutory requirement under the Local Government and Elections (Wales) Act 2021 which also stated that the Committee needed to be involved in the self-assessment process.

Members were reminded that their observations and recommendations on the draft matters from the May 2025 meeting had been incorporated in the Self-assessment and any further observations would be included in the same manner with an expectation for the Cabinet and the Full Council to consider them.

During the ensuing discussion, the following observations were noted:

- A 1% increase in the number of the working age population and an increase in the number of people aged 65 and above in the County suggested major future implications for the care and health service. Has studies or research been carried out to look at these effects?
- The Gwynedd and Eryri Sustainable Visitor Economy Plan 2035 had been published, but what was the output of that plan?
- There was a reference to the introduction of Article 4, but was there a need to add a comment on the current situation?
- Staff Well-being Questionnaire / Staff Survey - needed to try and reach all Council employees to get a better response.

- Contrary to other reports submitted to the Committee, the report was an aspiration rather than a factual statement. The document was self-promotional - needed a more realistic, factual and useful reflection and a suggestion to include examples and evidence to give substance to some sentences in the report
- Penrhos Scheme - needed to promote the development of care services in Penrhos, and not just housing
- Flood Strategy - welcomed the consideration to the A499 highway

In response to the comment that the report may be self-promoting and that there was a need to be more 'honest', it was noted that the report highlights strengths, but weaknesses and risks are also included. The suggestion to include examples and evidence to strengthen some elements of the report was accepted. In the context of an increase in the older population of the County and a decrease in the numbers of young people, it was noted that the Llechen Lân Project had looked at the situation and that there was a reference to the work in the report. The Project also included plans to try to respond to the situation.

The Leader thanked the Committee and officers for their work, which included a broad range of topics.

RESOLVED

To accept the draft report

Note:

- To consider the impact of a reduction in the numbers of young people and an increase in the County's older population on the Council's services
- To refer to work being done to increase the responses to the staff survey
- To include examples and evidence to provide substance to some sentences in the report

14. THE COMMITTEE'S FORWARD PROGRAMME

Submitted - a forward programme of items for the Committee's meetings until September 2026.

In response to an observation regarding the consideration to add items to the forward programme, it was noted that the Chair holds discussions with the Head of Finance to discuss the forward programme, ensuring that items do not overlap with the items on the Council's Scrutiny Committees. It was elaborated that many of the items were cyclic and statutory, but there was room to consider more items if they were appropriate to the Committee's work.

It was proposed to receive an update on the work of the premium exemption policy.

RESOLVED:

- **To accept the Work Programme for November 2025 - October 2026**
- **To request an update on the work of the Finance Department on drawing up the policy on exceptions to the Council tax premium in relation to self-catering accommodation businesses that fail to reach the 182-day letting threshold.**

Note:
Remove the Recommendations and Proposals for Improvement from External Audit Reports item for November as it was discussed in October 2025

The meeting commenced at 10.00 am and concluded at 1.20 pm

CHAIRMAN