



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

GOVERNANCE AND AUDIT COMMITTEE

Date and Time

10.00 am, THURSDAY, 13TH NOVEMBER, 2025

Location

Virtual Meeting

*** NOTE ***

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

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(DISTRIBUTED 06/11/25)

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
Elwyn Jones

Richard Glyn Roberts
Wendy Cleaver

Lay Members (6)

Elwyn Rhys Parry
Carys Edwards
Hywel Eifion Jones
Peter Barnes
Paul Millar-Mills
Dewi Lewis

Ex-officio Members

Chair and Vice-Chair of the Council

A G E N D A

1. APOLOGIES

To receive apologies for absence.

2. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

3. URGENT ITEMS

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

4. MINUTES 5 - 14

The Chairman shall propose that the minutes of the meeting of this committee, held on 9th October 2025, be signed as a true record.

5. IMPLEMENTING THE DECISIONS OF THE COMMITTEE 15 - 20

To consider the report and offer comments

6. FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025 AND RELEVANT AUDIT 21 - 164

To submit –

- Statement of Accounts post-Audit;
- Audit Wales' 'ISA260' report;
- Letter of Representation (Appendix 4 – ISA260 Report).

7. THE GWE JOINT COMMITTEE'S FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025 AND RELEVANT AUDIT 165 - 250

To submit –

- The GwE Statement of Accounts post-audit;
- Audit Wales' 'ISA260' report;
- Letter of Representation.

8. REVENUE BUDGET 2025/26 – END OF AUGUST 2025 REVIEW 251 - 276

To note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the decisions for the Cabinet and comment as necessary.

9. TREASURY MANAGEMENT 2025-26 MID YEAR REVIEW 277 - 288

To consider the report for information.

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|---|-----------|
| 10. COUNCIL TAX COLLECTION RATES | 289 - 295 |
| To consider the report, comment on the content and support the operations in place by the Department. | |
| 11. NATIONAL FRAUD INITIATIVE 2024-25: UPDATE | 296 - 307 |
| To note the contents, offer comments thereon and accept the report. | |
| 12. THE COMMITTEE'S FORWARD PROGRAMME | 308 - 310 |
| To consider the work programme | |

GOVERNANCE AND AUDIT COMMITTEE 9 October 2025

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 communication 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. CYNGOR GWYNEDD'S ANNUAL PERFORMANCE REPORT AND 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 GOVERNANCE AND AUDIT COMMITTEE'S FORWARD WORK 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 and concluded at 13:20

CHAIR

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	13 NOVEMBER 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 5 September 2024

Item	Decision	Update
IMPLEMENTING THE DECISIONS OF THE COUNCIL	To accept the contents of the report. Note: Add to the decision notice: <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. 	No sessions have been arranged yet –Session content to be confirmed for the Housing and Property Department's officers to prepare accordingly.
CYNGOR GWYNEDD ANNUAL PERFORMANCE REPORT AND SELF-ASSESSMENT (draft) 2023/24	To accept the Annual Performance Report and Self-assessment (draft) 2023/24. Note: <ol 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. 	The report was presented in the October 2025 committee. The follow-up actions are shown below in the relevant part of this report.

	<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. 	
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Meeting of 10 October 2024

Item	Decision	Update
AUDIT WALES: URGENT AND EMERGENCY CARE: 'FLOW OUT OF HOSPITAL - NORTH WALES REGION'	<ul style="list-style-type: none"> • To accept the contents of the report. • Submit an update on the recommendations in 12 months' time. 	A timely update is expected.

Meeting 16 January 2025

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 	<p>These action points are expected to be completed as planned.</p> <p>Regarding the CIPFA report – The draft report has been received from CIPFA and is in the process of being finalised which will be reflected in an adjusted action plan/timetable.</p>
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Meeting 6 February 2025

SPECIAL AUDIT REPORT - HOME CARE	<ul style="list-style-type: none"> • To accept and note the progress on the findings of the Internal Audit review of the Council's Home Care arrangements • The thorough Work Programme that was in place to improve the provision was welcomed. • Further updates would be required in 12 months on the progress and the success of the work programme. 	The relevant action point is expected to be completed as planned.
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Meeting 22 May 2025

CYNGOR GWYNEDD SELF-ASSESSMENT	<ul style="list-style-type: none"> • To accept a draft report of the 2024/25 CYNGOR GWYNEDD SELF-ASSESSMENT Comments: <ul style="list-style-type: none"> • Penrhos Scheme - emphasis required on the development of care services in Penrhos and not just housing • Flood Strategy - consideration to the A499 highway • Article 4 Impacts • Future of the ARFOR Scheme - ensuring continuation to the Scheme • Safeguarding Arrangements in Schools - further attention required 	The report was presented in the October 2025 committee. The follow-up actions are shown below in the relevant part of this report.
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Meeting 11 September 2025

CYNGOR GWYNEDD'S ANNUAL GOVERNANCE STATEMENT FOR 2024/25	<ul style="list-style-type: none"> • To accept the (draft) Annual Governance Statement • To accept the (draft) Annual Governance Statement Action Plan. • To approve the Statement, and recommend that the Council Leader and Chief Executive sign it. Note: <ul style="list-style-type: none"> • Amend the current Finance risk score from 20 to 15 in the Welsh version of the report, point 4.2 • The context of the 'culture' risk refers to the fundamental principles of Ffordd Gwynedd • Request for further information to ensure that arrangements are in place to improve services • Request for the Council Tax Collection Rates report to highlight the housing premium 	<p>The governance risk scores will be reviewed regularly and reported to the Committee. This will include information about developments within the departments.</p> <p>The report on Council Tax Collection Rates on the committee's forward programme is due to be presented to the Committee on 13 November.</p>
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REVIEW OF THE DELEGATION SCHEME	<ul style="list-style-type: none"> To accept the report supporting proposed amendments to the Officers' Scheme of Delegation relating to the acquisition and disposal of land and recommends that the Full Council approve the amendments. 	The item is on the Full Council's agenda for 2 October 2025. No Further Action.
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Meeting 9 October 2025

MEDIUM TERM FINANCIAL PLAN	<ul style="list-style-type: none"> To accept the information and note the situation and relevant risks in relation to the Council's financial position. <p>Note: Paragraph 2.10 of the Plan. Request to share information / county's population reduction figures</p>	The information on the county population figures used to calculate the settlement can be seen in the appendix.
SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES	<ul style="list-style-type: none"> To accept the report To note the progress towards realising the savings schemes for 2025/26 and previous years 	No Further Action.
RECOMMENDATIONS AND IMPROVEMENT PROPOSALS OF EXTERNAL AUDIT REPORTS	<ul style="list-style-type: none"> To accept the report <p>Note: To accept the 'Flow Out of Hospital' Investigation progress report, Spring 2026</p>	This action point is expected to be completed as planned.
TREASURY MANAGEMENT QUARTERLY UPDATE	<ul style="list-style-type: none"> To accept the report for information. 	No Further Action.
OUTPUT OF THE INTERNAL AUDIT SECTION	<ul style="list-style-type: none"> To accept the report To support the actions that had already been agreed with the relevant services <p>Note:</p> <ul style="list-style-type: none"> A request to reconsider better terms to attract more workers to the Care field Create a communication pathway and consider the method of sharing the findings of internal audit in Care Homes with Care Inspectorate Wales 	<p>The employment terms and training requirements of care workers are being considered. This is part of the Council's long-term plans and the Committee's views will be communicated to the Department as part of this project.</p> <p>Internal discussions are taking place regarding the sharing of Internal Audit findings with the Care Inspectorate.</p>
INTERNAL AUDIT PLAN 2025/26	<ul style="list-style-type: none"> To accept the report and note progress against the 2025/26 Audit Plan 	No Further Action.

CAPITAL PROGRAMME 2025/26 – END OF AUGUST 2025 REVIEW	<ul style="list-style-type: none"> To accept the report and agree on the recommendations for the Cabinet to consider 	No Further Action.
CYNGOR GWYNEDD'S ANNUAL PERFORMANCE REPORT AND SELF ASSESSMENT 2024/25	<ul style="list-style-type: none"> To accept the draft report <p>Note:</p> <ul style="list-style-type: none"> 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. 	The comments within the draft version of the Self-Assessment have been considered, with the Self-assessment to be submitted to the Cabinet on 11 November 2025 and to the Full Council for approval on 4 December 2025.
THE COMMITTEE'S FORWARD PROGRAMME	<ul style="list-style-type: none"> To accept the Work Programme for November 2025 - October 2026 A request for 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 <p>Note: Remove the Recommendations and Proposals for Improvement from External Audit Reports for November as it was discussed in October 2025</p>	The report on Council Tax Reduction Policy will be presented to the Cabinet on 11 November 2025.

3. RECOMMENDATION

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

Appendix: Population of Counties Used for the Settlement

Unitary Authority	Population, all ages 2021-22	Population, all ages 2022-23	Population, all ages 2023-24	Population, all ages 2024-25	Population, all ages 2025-26	Population, all ages 2021-22	Population, all ages 2022-23	Population, all ages 2023-24	Population, all ages 2024-25	Population, all ages 2025-26
Anglesey	69,879	69,864	69,358	69,049	69,291	2.21%	2.20%	2.21%	2.20%	2.19%
Gwynedd	124,936	125,220	121,468	117,591	119,173	3.95%	3.95%	3.86%	3.75%	3.77%
Conwy	118,001	118,320	116,683	114,290	114,410	3.73%	3.73%	3.71%	3.65%	3.62%
Denbighshire	95,836	96,021	96,007	96,558	97,156	3.03%	3.03%	3.05%	3.08%	3.07%
Flintshire	156,862	157,264	156,296	155,319	155,812	4.96%	4.96%	4.97%	4.96%	4.92%
Wrexham	136,642	136,535	135,767	135,394	136,149	4.32%	4.31%	4.32%	4.32%	4.30%
Powys	132,475	132,538	132,885	133,891	134,439	4.19%	4.18%	4.23%	4.28%	4.25%
Ceredigion	71,491	71,151	71,188	71,610	73,050	2.26%	2.24%	2.26%	2.29%	2.31%
Pembrokeshire	125,989	126,301	124,973	124,367	125,006	3.98%	3.98%	3.98%	3.97%	3.95%
Carmarthenshire	189,021	189,525	188,958	189,117	190,083	5.98%	5.98%	6.01%	6.04%	6.01%
Swansea	248,586	249,275	244,252	241,282	246,742	7.86%	7.86%	7.77%	7.70%	7.80%
Neath Port Talbot	144,003	144,447	143,592	142,158	142,898	4.55%	4.56%	4.57%	4.54%	4.52%
Bridgend	147,165	147,892	147,031	146,136	146,743	4.65%	4.66%	4.68%	4.67%	4.64%
Vale of Glamorgan	134,749	135,617	134,192	133,492	134,733	4.26%	4.28%	4.27%	4.26%	4.26%
Rhondda Cynon Taf	242,158	242,784	240,528	239,018	241,178	7.66%	7.66%	7.65%	7.63%	7.62%
Merthyr Tydfil	60,751	60,919	59,963	58,883	58,593	1.92%	1.92%	1.91%	1.88%	1.85%
Caerphilly	181,846	182,060	179,096	176,130	176,437	5.75%	5.74%	5.70%	5.62%	5.58%
Blaenau Gwent	69,583	69,548	68,204	67,014	67,356	2.20%	2.19%	2.17%	2.14%	2.13%
Torfaen	93,856	94,111	93,314	92,860	93,419	2.97%	2.97%	2.97%	2.97%	2.95%
Monmouthshire	95,134	95,489	94,393	93,886	94,572	3.01%	3.01%	3.00%	3.00%	2.99%
Newport	156,972	158,154	159,446	161,506	163,628	4.96%	4.99%	5.07%	5.16%	5.17%
Cardiff	367,190	368,090	365,711	372,089	383,536	11.61%	11.61%	11.63%	11.88%	12.12%
Wales	3,163,125	3,171,125	3,143,305	3,131,640	3,164,404	100.00%	100.00%	100.00%	100.00%	100.00%

MEETING	Governance and Audit Committee
DATE	13 November 2025
TITLE	Final Accounts for the year ended 31 March 2025 and relevant Audit
PURPOSE	To submit – <ul style="list-style-type: none">• Statement of Accounts post-Audit;• Audit Wales’ ‘ISA260’ report;• Letter of Representation (Appendix 4).
RECOMMENDATION	To consider and approve the information before authorising the Chairman to certify the letter of representation and statement of responsibilities for the statement of accounts
AUTHOR	Dewi Aeron Morgan, Head of Finance

1. ACCOUNTS FOR 2024/25

The Council succeeded in completing the Statement of Accounts for 2024/25 and it was released to Audit Wales on 30 June 2025. The Statement of Accounts for 2024/25 (subject to audit) were presented to the Governance and Audit Committee on 11 September 2025, where they were scrutinised accordingly.

The final accounts following audit are presented to the Governance and Audit Committee on 13 November 2025.

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

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

3. POST-AUDIT FINANCIAL STATEMENTS FOR 2024/25

The final version (post-audit) of the Statement of Accounts for 2024/25 is presented here. The main amendments since the pre-audit version have been outlined in Appendix 2 of the Audit Wales ‘ISA260’ report.

4. RECOMMENDATION

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

- **‘ISA260’ report by Audit Wales in respect of Cyngor Gwynedd**
- **Statement of Accounts for 2024/25 (post-audit)**

5. LETTER OF REPRESENTATION

The Accounts and Audit (Wales) Regulations 2014 require the person presiding at the meeting, together with the Head of Finance, to certify the Letter of Representation electronically (Appendix 4 to Audit Wales' report) after the Governance and Audit Committee has approved the above.

6. CERTIFICATION BY THE APPOINTED AUDITOR

The Auditor General for Wales (Adrian Crompton) will issue the certificate on the accounts after receiving the Letter of Representation duly certified by the person presiding at the meeting and the Head of Finance.

Cyngor Gwynedd

STATEMENT OF ACCOUNTS 2024/25

Finance Department
www.gwynedd.llyw.cymru



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NARRATIVE REPORT

Introduction

Cyngor Gwynedd's accounts for the year 2024/25 are presented here on pages 9 to 87.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This is the Council's main revenue account. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Movement in Reserves Statement** - This statement shows the movement in year on the different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'. The taxation position is reflected in the Movement in Reserves Statement.
- **Balance Sheet** - Sets out the financial position of the Council on 31 March 2025.
- **Cash Flow Statement** - This statement summarises the flow of cash to and from the Council during 2024/25 for revenue and capital purposes.
- **The Welsh Church Fund and FMG Morgan Trust Fund Accounts.**

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

Cyngor Gwynedd's Vision and Priorities

Cyngor Gwynedd's vision and priorities are included in the Cyngor Gwynedd Plan for the period 2023 – 2028. The purpose of the Plan is to set out the Council's vision and priorities for the period between April 2023 and the end of March 2028. The Plan explains why we are focusing our energy and resources in certain areas.

The Plan includes a series of projects for the next five years under seven priority areas:

- Tomorrow's Gwynedd - Giving our children and young people the best possible start in life,
- A Prosperous Gwynedd - Strengthening the economy and supporting the people of Gwynedd to earn a decent salary,
- A Homely Gwynedd - Supporting the people of Gwynedd to live in suitable and affordable homes in their communities,
- A Caring Gwynedd - Supporting the residents of Gwynedd to live full and safe lives in our communities,
- A Welsh Gwynedd - Ensuring that we give residents every possible opportunity to use the Welsh language in the community,
- A Green Gwynedd - Protecting the county's natural beauty, and responding positively to the climate change crisis,
- An Efficient Gwynedd - Putting the residents of Gwynedd first and treating them fairly and ensuring that the Council performs effectively and efficiently.

The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies in Wales to improve economic, social, environmental and cultural well-being. We have reviewed our well-being objectives as part of the process of forming the Cyngor Gwynedd Plan for 2023-28.

The Cyngor Gwynedd Plan 2023 – 2028 is available at [The-Council-Plan-2023-28.pdf \(llyw.cymru\)](#)

The Full Council approved a review of the Cyngor Gwynedd Plan for 2024/25 at its meeting on 7 March 2024. The purpose of the review was to assess the achievements of the projects after a year of implementation as well as to ensure that the projects remain a priority for the Council. A copy of the review is available at [Cyngor-Gwynedd-Plan-2023-28-2024-25-Review.pdf](#)

Financial Strategy

The Council's Financial Strategy and 2024/25 Budget adopted by the Council at its meeting on 7 March 2024 sets out the foundation to achieve the priorities areas, whilst also trying to meet the continuous increase in demand for our services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:

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

In 2024/25 there was an increase in Cyngor Gwynedd's grant from the Welsh Government of 2.3%, which corresponds to an increase worth £5.1m in external funding. However, it was predicted that the Council's expenditure would need to be increased by £22.7m to "stand still" due to the demand on services as well as inflationary pressure remaining high. And so, it was necessary to introduce new savings and cuts, and raise the level of Council Tax in order to set a balanced budget.

In setting the budget, we have tried to minimise the impact of the savings on the residents of Gwynedd. Therefore, the financial situation will continue to pose a significant challenge to us in planning our services for the future. We will therefore continue with the task of ensuring that we achieve those efficiency savings already approved and ensure that we plan for the future to minimise any cuts to services.

Performance Measuring

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

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

Financial Performance 2024/25

- Pressure on Council services was apparent, with overspending of £6.6m at year end, mainly in adult and children care, and the service dealing with waste. Receipts of grants and under-spending on corporate budgets meant that the overspend position was funded and it was possible to transfer £1.5m to the Transformation Fund, to be used for the Council's priorities. The financial out-turn position for 2024/25 was reported to Cabinet at its meeting on 13 May 2025. Members of the Cabinet approved the net services overspend of £400k for the year.
- A shortfall of £8.3m was forecasted in the last budget revenue review, undertaken at the end of November 2024. Since then, the overspend position in the areas of children care and waste has increased, with improvements in the adults' care area following receipts of additional grants. The favourable position of many corporate budgets has also helped to alleviate the financial position of the Council by the end of the financial year.
- The Council received two additional grants from the Welsh Government, the first amounting to £2.1m to assist with wage pressures and the second of £2.6m in response to the additional pressures faced by the authorities during the year.
- At the end of the 2024/25 financial year, an overspend position is reported by 5 departments due to many factors. Substantial pressures continues in the areas of children and adult care and waste.
- The 2024/25 financial position was taken into consideration in the process of establishing the 2025/26 budget with bids being allocated to some of the overspending areas.
- The Comprehensive Income and Expenditure Statement on page 10 shows that the Council's gross revenue expenditure on 'Cost of Services' level as £600m during 2024/25, with the net position as £327m.

TABLE I – Budget and Actual Comparison Summary (Net)

The Council's net budget is mainly financed through council tax, general government grants and national non-domestic rates and totals £361m for 2024/25.

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

	Budget	Actual	Variance
	£'000	£'000	£'000
Net Expenditure on Operations	357,598	361,055	3,457
Departmental carry forward at year-end	0	(400)	(400)
	357,598	360,655	3,057
Financed by -			
Council Tax Income	(124,282)	(127,339)	(3,057)
Share of National Non-Domestic Rate	(43,364)	(43,364)	0
General Government Grants	(189,952)	(189,952)	0
Contribution from the General Fund Balance	0	0	0
	0	0	0

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

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

Department	Performance Report (Outturn) £'000	Transposition Adjustment £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Income & Expenditure Statement £'000
Education	112,300	(329)	111,971	5,849	117,820
Corporate Services	8,235	(8)	8,227	(143)	8,084
Finance	8,482	(42)	8,440	1,492	9,932
Economy and Community	4,908	(1,077)	3,831	2,875	6,706
Adults, Health and Well-being	81,264	90	81,354	(180)	81,174
Children and Family Support	27,096	(86)	27,010	(161)	26,849
Highways, Engineering and YGC *	18,056	(4,343)	13,713	4,376	18,089
Environment	18,176	985	19,161	4,183	23,344
Housing and Property	9,369	863	10,232	5,328	15,560
Corporate Management Team and Legal	2,655	334	2,989	(42)	2,947
Corporate	17,720	(5,085)	12,635	3,362	15,997
Cost of Services	308,261	(8,698)	299,563	26,939	326,502
Other (Contains Centralised and Corporate Adjustment)	52,394	8,698	61,092	(26,939)	34,153
Total	360,655	0	360,655	0	360,655

* This includes adjustments relating to the North and Mid Wales Trunk Road Agency.

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

• Material Items of Income and Expenditure

Related items include:

- (£1m) on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), the net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £40m (Note 23.1) and the revaluation and impairment cost to the Services is £4m (Note 15).

• Other Issues

- Economic instability and financial risks continue in the UK and globally, especially considering the new tariffs between the USA and the rest of the world. The Office for Budget Responsibility predict increases in inflation and energy rates and a decrease in interest rates in their report 'Economic and Fiscal Outlook' dated March 2025. The Council has taken these circumstances into account in its financial plans, maintaining a prudent level of reserves.
- The Council like all other public bodies continue to face significant funding challenges, specifically uncertainty about the level of Revenue Support Grant to be received by the Government. There is no certainty of any increase in the grant in the medium term.

- As a result of Central Government schemes including the Levelling Up Funds, significant grants have been received during 2024/25, which has contributed to the significant increase in revenue expenditure funded from capital under statute, which is £41m (Note 34), whilst the associated grant income to fund such expenditure is (£38m) (Note 32).
- The depreciation value of the Council's assets is £21m (Note 15).

Capital Expenditure in 2024/25

Capital expenditure for 2024/25 amounted to £85.2m. The following table gives an analysis of this expenditure and the way it was financed.

TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

2023/24		2024/25
£'000		£'000
12,972	Education	12,086
5,084	Environment	7,516
0	Corporate Services	87
716	Finance	1,451
18,551	Economy and Community	40,298
10,319	Housing and Property	12,386
382	Adults, Health and Wellbeing	468
1,131	Children and Family Support	2,402
7,717	Highways, Engineering and Gwynedd Consultancy	8,489
39	Chief Executive	0
56,911		85,183
	FINANCED BY -	
8,108	Borrowing	7,113
37,224	Grants and Contributions	66,547
250	Capital Receipts	43
11,329	Revenue and Other Funds	11,480
56,911		85,183

- Revenue Expenditure Funded from Capital Under Statute of £40.8m is included in the above table. This has been charged to the Income and Expenditure Statement in the year. Total expenditure on Non-current Assets and Assets Held for Sale was £45.4m as shown in Notes 15 and 20.
- The Council's Loan Debt at 31 March 2025 was £94.6m – a decrease of £5.4m (from £100m) during the year. A new loan of £0.2m was taken out and repayments of £5.6m were made in accordance with the terms of individual loans.

Provisions and Reserves

In addition to the unearmarked element of General Balances of £7.9m, the Council had provisions of £8.9m, earmarked reserves of £110.8m and school balances of £8.3m. In total, these amounted to £135.9m. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10 and 22.

The adequacy of the Council's specific reserves and provisions was reviewed by the Head of Finance in closing the accounts this year, in accordance with the approved policy. This review was successful in harvesting £1.3m of resources, which Cabinet (at its meeting on 13 May 2025) approved its transfer to the Transformation Fund to fund the Council's priorities.

Pension Fund

The Council (as an employer) has a liability from its share of the assets and liabilities of the Gwynedd Pension Fund as recognised on its Balance Sheet at 31 March 2025. This has been calculated by the Fund's Actuary, Hymans Robertson, in compliance with International Accounting Standard 19. Refer to Note 38 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short term, and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The accounts are based on the valuation held on 31 March 2022, the accounts for the financial year 2026/27 onwards will be based on the valuation held on 31 March 2025.

Governance

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

Accounting Policies

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2024/25 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Changes in Accounting Policies and to the Accounts

The Council's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2024/25 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

Further Information

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

Further information relating to the accounts is available from:

Ffion Madog Evans
Assistant Head of Finance
Accounting and Pensions
01286 679133
Trysorydd@gwynedd.llyw.cymru

Finance Department
Cyngor Gwynedd
Council Offices
Caernarfon
Gwynedd
LL55 1SH

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

Accessibility Statement

We are aware that, owing to the nature and format of the disclosures that are required to be included in this document, not all of the tables are fully compatible with accessibility standards. Should you have any questions regarding this statement of accounts or require any of the tables or disclosures to be provided in a more accessible format please contact Trysorydd@gwynedd.llyw.cymru.

CYNGOR GWYNEDD

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

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

Chair of Audit and Governance Committee

13 November 2025

THE HEAD OF FINANCE'S RESPONSIBILITIES

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

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

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

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Cyngor Gwynedd at 31 March 2025 and the Council's income and expenditure for the year then ended.



Dewi Aeron Morgan CIPFA
Head of Finance, Cyngor Gwynedd

4 November 2025

EXPENDITURE AND FUNDING ANALYSIS

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

EXPENDITURE AND FUNDING ANALYSIS						
2023/24				2024/25		
Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
109,151	6,244	115,395	Education	111,971	5,849	117,820
8,099	28	8,127	Corporate Services	8,227	(143)	8,084
7,254	1,612	8,866	Finance	8,440	1,492	9,932
3,803	3,951	7,754	Economy and Community	3,831	2,875	6,706
76,499	289	76,788	Adults, Health and Well-being	81,354	(180)	81,174
24,423	146	24,569	Children and Family Support	27,010	(161)	26,849
17,407	5,211	22,618	Highways, Engineering and YGC *	13,713	4,376	18,089
18,883	4,046	22,929	Environment	19,161	4,183	23,344
10,835	4,793	15,628	Housing and Property	10,232	5,328	15,560
2,711	(10)	2,701	Corporate Management Team and Legal	2,989	(42)	2,947
16,924	3,656	20,580	Corporate	12,635	3,362	15,997
295,989	29,966	325,955	Cost of Services	299,563	26,939	326,502
30,830	4	30,834	Other Operating Expenditure	32,335	(173)	32,162
18,468	(16,768)	1,700	Financing and Investment Income and Expenditure	20,059	(16,682)	3,377
(340,184)	(20,629)	(360,813)	Taxation and Non-specific Grant Income	(360,655)	(29,178)	(389,833)
5,103	(7,427)	(2,324)	(Surplus)/Deficit on Provision of Services	(8,698)	(19,094)	(27,792)
(123,400)			Opening General Fund Balance	(118,297)		
5,103			(Surplus)/Deficit on General Fund in year	(8,698)		
(118,297)			Closing General Fund Balance	(126,995)		

* This includes adjustments relating to the North and Mid Wales Trunk Road Agency.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2023/24					2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
147,388	(31,993)	115,395	Education		154,763	(36,943)	117,820
9,035	(908)	8,127	Corporate Services		9,167	(1,083)	8,084
12,766	(3,900)	8,866	Finance		13,446	(3,514)	9,932
60,662	(52,908)	7,754	Economy and Community		109,220	(102,514)	6,706
107,514	(30,726)	76,788	Adults, Health and Well-being		114,163	(32,989)	81,174
37,184	(12,615)	24,569	Children and Family Support		38,410	(11,561)	26,849
40,775	(18,157)	22,618	Highways, Engineering and YGC *		41,856	(23,767)	18,089
40,431	(17,502)	22,929	Environment		41,702	(18,358)	23,344
29,455	(13,827)	15,628	Housing and Property		28,546	(12,986)	15,560
3,615	(914)	2,701	Corporate Management Team and Legal		4,488	(1,541)	2,947
44,871	(24,291)	20,580	Corporate		44,237	(28,240)	15,997
533,696	(207,741)	325,955	Cost of Services		599,998	(273,496)	326,502
30,834	0	30,834	Other Operating Expenditure	11	32,335	(173)	32,162
5,774	(4,074)	1,700	Financing and Investment Income and Expenditure	12	6,250	(2,873)	3,377
0	(360,813)	(360,813)	Taxation and Non-specific Grant Income	13	0	(389,833)	(389,833)
570,304	(572,628)	(2,324)	(Surplus)/Deficit on Provision of Services		638,583	(666,375)	(27,792)
	(13,652)		(Surplus)/Deficit on revaluation of Fixed Assets	23.1			(40,307)
	69		(Surplus)/Deficit on revaluation of Financial Instruments	23.3			(276)
	23,491		Remeasurements of the net pension defined benefit liability/(asset)	23.5			1,083
	9,908		Other Comprehensive (Income) and Expenditure				(39,500)
	7,584		Total Comprehensive (Income) and Expenditure				(67,292)

* This includes adjustments relating to the North and Mid Wales Trunk Road Agency.

MOVEMENT IN RESERVES STATEMENT

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

Note	Additional Information			Statement of Movement in Reserves					
	Unearmarked General Fund Balance	Earmarked General Fund Reserves	Total Reserves held by Schools	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 31 March 2023 carried forward	(7,912)	(103,571)	(11,917)	(123,400)	(2,252)	(8,041)	(133,693)	(399,299)	(532,992)
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	(2,324)	0	0	(2,324)	0	0	(2,324)	9,908	7,584
Adjustments between accounting basis and funding basis under regulations	7,427	0	0	7,427	(68)	302	7,661	(7,661)	0
(Increase)/Decrease in 2023/24	5,103	0	0	5,103	(68)	302	5,337	2,247	7,584
Transfers to/from Earmarked Reserves	(5,103)	1,728	3,375	0	0	0	0	0	0
(Increase)/Decrease in 2023/24 (showing transfers to Earmarked Reserves)	0	1,728	3,375	5,103	(68)	302	5,337	2,247	7,584
Balance 31 March 2024 carried forward	(7,912)	(101,843)	(8,542)	(118,297)	(2,320)	(7,739)	(128,356)	(397,052)	(525,408)
Movement in reserves during 2024/25									
Total Comprehensive Income and Expenditure	(27,792)	0	0	(27,792)	0	0	(27,792)	(39,500)	(67,292)
Adjustments between accounting basis and funding basis under regulations	19,094	0	0	19,094	(286)	(320)	18,488	(18,488)	0
(Increase)/Decrease in 2024/25	(8,698)	0	0	(8,698)	(286)	(320)	(9,304)	(57,988)	(67,292)
Transfers to/from Earmarked Reserves	8,698	(8,958)	260	0	0	0	0	0	0
(Increase)/Decrease in 2024/25 (showing transfers to Earmarked Reserves)	0	(8,958)	260	(8,698)	(286)	(320)	(9,304)	(57,988)	(67,292)
Balance 31 March 2025 carried forward	(7,912)	(110,801)	(8,282)	(126,995)	(2,606)	(8,059)	(137,660)	(455,040)	(592,700)

BALANCE SHEET

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

31 March 2024	Note	31 March 2025
£'000		£'000
596,761 Property, Plant and Equipment	15	661,220
60 Heritage Assets		60
165 Investment Property	16	165
2,133 Surplus Assets	15	2,086
17 Long-Term Investments	17	17
5,930 Long-Term Debtors	17&18	6,861
605,066 Long-Term Assets		670,409
97,568 Short-Term Investments	17	86,873
0 Assets Held for Sale	20	217
1,589 Inventories		1,469
121,201 Short-Term Debtors	18	116,480
43,939 Cash and Cash Equivalents	19	66,022
264,297 Current Assets		271,061
(8,591) Bank Overdraft	19	(23,994)
(6,033) Short-Term Borrowing	17	(4,441)
(173,992) Short-Term Creditors	21	(185,635)
(346) Short-Term Provisions	22	(342)
(25,437) Capital and Revenue Grants Receipts in Advance	32	(8,759)
(214,399) Current Liabilities		(223,171)
(3,876) Long-Term Creditors ¹	21	(4,060)
(8,703) Long-Term Provisions	22	(8,607)
(94,006) Long-Term Borrowing	17	(90,138)
(17,248) Pension Liability	38	(15,224)
(793) Lease Liabilities	35	(4,655)
(4,930) Capital and Revenue Grants Receipts in Advance	32	(2,915)
(129,556) Long-Term Liabilities		(125,599)
525,408 Net Assets		592,700
(128,356) Usable Reserves		(137,660)
(397,052) Unusable Reserves	23	(455,040)
(525,408) Total Reserves		(592,700)

¹ Long Term Creditors were not separately disclosed on the Balance Sheet in the 2023/24 Statement of Accounts, with the amount included within Short-Term Creditors.

CASH FLOW STATEMENT

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

2023/24		Note	2024/25
£'000			£'000
(2,324)	Net (Surplus)/Deficit on Provision of Services		(27,792)
(32,816)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	24a	(25,458)
285	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24b	468
(34,855)	Net Cash Flows from Operating Activities		(52,782)
44,136	Investing Activities	25	45,137
1,365	Financing Activities	26a	965
10,646	Net (increase)/decrease in cash and cash equivalents		(6,680)
(45,994)	Cash and cash equivalents at the beginning of the reporting period		(35,348)
(35,348)	Cash and cash equivalents at the end of the reporting period	19	(42,028)

NOTES TO THE ACCOUNTS

NOTE 1 – ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25* supported by International Financial Reporting Standards (IFRS).

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

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

1.2 Accruals of Expenditure and Income

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

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

1.3 Cash and Cash Equivalents

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

1.4 Contingent Assets / Contingent Liabilities

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

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

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

NOTE I – ACCOUNTING POLICIES (continued)

1.5 Corporate

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

1.6 Employee Benefits

1.6.1 Benefits Payable During Employment

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

1.6.2 Termination Benefits

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

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

1.6.3 Post-Employment Benefits

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

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

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

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

1.6.4 The Local Government Pension Scheme

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

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

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

NOTE 1 – ACCOUNTING POLICIES (continued)

Liabilities are discounted to their value at current prices, using a discount rate of 5.80% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

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

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

Service cost comprising:

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

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net pension defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Asset ceiling adjustment – reduces to the calculated asset ceiling if this is lower than the asset position. The asset ceiling calculation is relative to funded obligations. Any unfunded obligations are added to the Net position once the asset ceiling adjustment has been applied.
- Contributions paid to the Gwynedd Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities not accounted for as an expense.

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

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

NOTE 1 – ACCOUNTING POLICIES (continued)

1.6.5 Discretionary Benefits

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

1.7 Events After the Reporting Period

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

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.9 Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

- amortised cost, and

NOTE 1 – ACCOUNTING POLICIES (continued)

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

Financial Assets Measured at Fair Value Through Other Comprehensive Income

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

Financial Assets Measured at Fair Value through Profit and Loss

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

Fair Value Measurements of Financial Assets

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

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

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

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

NOTE I – ACCOUNTING POLICIES (continued)

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

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

1.10 Government Grants and Other Contributions

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

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

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

1.11 Heritage Assets

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

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

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

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

1.12 Inventories and Long-Term Contracts

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

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

1.13 Investment Property

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

NOTE I – ACCOUNTING POLICIES (continued)

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

1.14 Leases

The Council classifies contracts as leases based on their substance – analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all of the economic benefits or service potential from that asset and to direct its use.

The Council as Lessee:

Leases are initially recognised as Right of Use Assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date). The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include; fixed payments; variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date; the exercise price under a purchase option that the Council is reasonably certain to exercise; lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option; penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

Lease payments include an interest charge (reported in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement) and a charge for the principle which reduces the lease liability. The related asset is treated in accordance with the policies applied generally to such assets and is subject to depreciation charges as appropriate. The asset is depreciated straight line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value. As permitted by the code; any leases for low value items, deemed by the Council to be below £10,000, or for a term shorter than 12 months are excluded.

The Council as Lessor:

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

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

1.15 Surplus Assets

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

1.16 Overheads and Support Services

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

1.17 Long-Term Assets

The Council's assets as recorded on the Property Services database are revalued at least every five years. Since the 2015/16 financial year, the Council has established a rolling programme for re-valuing different categories of these assets annually, with valuation usually effective on 31 March each year. This is in accordance with the Code and the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Land and Buildings are shown at fair value, this includes Existing Use Value (EUV) for many items or Depreciated Replacement Cost (DRC) for specialised properties.

NOTE I – ACCOUNTING POLICIES (continued)

Investment Properties are shown at fair value.

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

Infrastructure and community assets are shown at depreciated historical cost.

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

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

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

Impairment and Depreciation

Impairment

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

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

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

Depreciation

The main element of IAS 16 is that buildings must be depreciated if they are not valued each year. In addition, each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. A de minimis threshold, below which assets are disregarded for componentisation purposes, needs to be established, which is based on potential material impacts on the financial statements. For the 2024/25 financial year this has been set at 1% of the total value of the buildings at the beginning of the year. The apportionment to be considered for the non-land element of assets above the de minimis threshold is:

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

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

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

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

NOTE I – ACCOUNTING POLICIES (continued)

- (i) Vehicles, Plant, Furniture and Equipment are depreciated over their estimated useful life (3–15 years, or more with supporting evidence)
- (ii) Infrastructure is depreciated over 40 years
- (iii) Revenue Expenditure funded from Capital under Statute is written down in the period in which it arises
- (iv) Land is not depreciated
- (v) Buildings are depreciated over their estimated remaining useful life (5–80 years)
- (vi) Investment Properties, Assets under Construction and Assets Held for Sale are not depreciated

Depreciation is not charged in the year of acquisition.

Minimum Revenue Provision

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

The four MRP options available are:

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

NB This does not preclude other prudent methods.

MRP in 2024/25: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Council chooses).

The MRP Statement was submitted to Council before the start of the 2024/25 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council applied Option 3 in respect of supported capital expenditure funded from borrowing assessing that a prudent measure would be over 50 years, and also Option 3 in respect of unsupported capital expenditure funded from borrowing.

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

The Council reviews this policy annually in light of the Asset Management Plan.

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

1.18 Council Tax and National Non-Domestic Rates

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

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

1.19 Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

NOTE I – ACCOUNTING POLICIES (continued)

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.20 Reserves (and Balances)

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

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

1.21 Revenue Expenditure Funded from Capital Under Statute

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

1.22 Value Added Tax

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

1.23 Debtors and Creditors

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

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

1.24 Allocation of Interest and Receivable Dividends

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

1.25 Borrowing Costs

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

NOTE I – ACCOUNTING POLICIES (continued)

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

I.26 Interest in Companies and Other Entities

The Council has interests in companies and other entities which are required to be included in the financial statement. In line with materiality considerations, the North Wales Economic Ambition Board Joint Committee has been included within the Council's financial statement. The consolidation was conducted on a line-by-line basis and apportioned to each authority on actual transactions in the first instance with the remaining transactions and balances split in accordance with their Governance Agreement.

Based on materiality, the following joint committees have not been consolidated into the Council's financial statement:-

- GwE
- North Wales Residual Waste Treatment Project

Based on materiality, group accounts have not been produced to include Cwmni Byw'n Iach.

I.27 Current Assets Held for Sale

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

I.28 Disposal of Assets

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

I.29 Capital Receipts

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

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

I.30 Service Concession Arrangements

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

I.31 Joint Operations

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

NOTE 1 – ACCOUNTING POLICIES (continued)

1.32 Schools

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

1.33 Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

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

1.34 Other Policies

Cyngor Gwynedd has policies in respect of the following, but they are not considered material for the 2024/25 financial year:

- Intangible Assets
- Foreign Currency Conversion.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2024/25 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

There is no prior period adjustment applicable to the 2024/25 accounts.

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2025/26 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

The Code requires implementation from 1 April 2025 and therefore there is no impact on the 2024/25 Statement of Accounts. It is not anticipated that the other items above will have a significant impact on the information provided in the 2025/26 financial statements.

NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to revenue and capital grants. This issue forms an important part of the Council's continually revised financial strategy, and where all known and forecasted factors are given due consideration. Continued economic uncertainty remains and although inflation and interest rates have reduced, whilst the impact of Covid remains in some areas of the Council. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision.

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

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

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

The following items in the Council's Balance Sheet at 31 March 2025 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over their useful life in accordance with standard accounting and associated practices. The current economic climate brings with it uncertainties for councils in their ability to sustain the necessary spending on repair and maintenance. This obviously would have implications on asset life. Land and buildings are revalued at least every five years, and since 2015/16 a rolling programme of revaluation has been introduced. Judgements often need to be reached as part of the revaluation and impairment assessment process. This brings with it uncertainties, and assumptions have to be made and responded to accordingly.	Any difference between the depreciation applied and actual deterioration to assets will be naturally reflected in future spending patterns. Where necessary, any resultant long-term implications will be incorporated into our financial strategy. Information relating to Property, Plant and Equipment is included in Note 15.
Provisions	There are provisions included within these accounts, the basis of which have been individually assessed from the latest information available, as detailed in Note 22, and include provisions for Waste Sites. The accuracy of the provisions cannot be confirmed until such matters are concluded.	If the provisions are inadequate, the additional costs will be funded from revenue or reserves.
Pension Liability	Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries are involved in giving expert advice to the Council about the assumptions to be used. Brexit and Covid had negative effects on the UK economy and pension asset values, and inflation and interest rates have now reduced and the market seems to be improving and stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation.	The effects on the net pension liability of changes in individual assumptions are set out in Notes 37 and 38.
Impairment Loss Allowance	There is a level of doubtful debt impairment built into the accounts that is based on a specific policy. A specific impairment level policy in respect of doubtful debts is contained within the accounts. The impairment level is reviewed regularly in order to respond to any changes in the economic climate and necessary action taken as appropriate within the accounts to respond accordingly. At 31 March 2025, the Council had a net debtors balance of £123m (Note 18a), and this balance is net of the doubtful debts impairment of £9m.	If the impairment loss allowance is inadequate, the additional funding will come from revenue or reserves.

NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:

- (£1m) on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), the net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £40m (Note 23.1) and the revaluation and impairment cost to the Services is £4m (Note 15).
- The Council like all other public bodies continue to face significant funding challenges, specifically uncertainty about the level of Revenue Support Grant to be received by the Government. There is no certainty of any increase in the grant in the medium term.
- As a result of Central Government schemes including the Levelling Up Funds, significant grants have been received during 2024/25, which has contributed to the significant increase in revenue expenditure funded from capital under statute, which is £41m (Note 34), whilst the associated grant income to fund such expenditure is (£38m) (within Note 32).
- The depreciation value of the Council's assets is £21m (Note 15).

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<u>2024/25</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>				
	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (iii)	Total Statutory Adjustments	Other (Non-statutory) Adjustments (iv)
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000
Education	7,688	(1,839)	0	5,849	0
Corporate Services	28	(171)	0	(143)	0
Finance	1,704	(212)	0	1,492	0
Economy and Community	3,032	(157)	0	2,875	0
Adults, Health and Well-being	474	(576)	0	(102)	(78)
Children and Family Support	83	(244)	0	(161)	0
Highways, Engineering and YGC *	4,937	(561)	0	4,376	0
Environment	4,445	(262)	0	4,183	0
Housing and Property	5,478	(150)	0	5,328	0
Corporate Management Team and Legal	8	(50)	0	(42)	0
Corporate	0	361	2,865	3,226	136
Cost of Services	27,877	(3,861)	2,865	26,881	58
Other Operating Expenditure	(173)	0	0	(173)	0
Financing and Investment Income and Expenditure	(17,171)	754	(207)	(16,624)	(58)
Taxation and non-specific grant income	(29,178)	0	0	(29,178)	0
(Surplus)/Deficit on Provision of Services	(18,645)	(3,107)	2,658	(19,094)	0

* This includes adjustments relating to the North and Mid Wales Trunk Road Agency.

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

<u>2023/24</u>	<u>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</u>					
	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (iii)	Total Statutory Adjustments	Other (Non-statutory) Adjustments (iv)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Education	7,602	(1,358)	0	6,244	0	6,244
Corporate Services	15	13	0	28	0	28
Finance	1,628	(16)	0	1,612	0	1,612
Economy and Community	4,011	(60)	0	3,951	0	3,951
Adults, Health and Well-being	548	36	0	584	(295)	289
Children and Family Support	127	19	0	146	0	146
Highways, Engineering and YGC *	5,254	(43)	0	5,211	0	5,211
Environment	4,020	26	0	4,046	0	4,046
Housing and Property	4,796	(3)	0	4,793	0	4,793
Corporate Management Team and Legal	1	(11)	0	(10)	0	(10)
Corporate	4	(132)	3,735	3,607	49	3,656
Cost of Services	28,006	(1,529)	3,735	30,212	(246)	29,966
Other Operating Expenditure	4	0	0	4	0	4
Financing and Investment Income and Expenditure	(16,581)	(231)	(202)	(17,014)	246	(16,768)
Taxation and non-specific grant income	(20,629)	0	0	(20,629)	0	(20,629)
(Surplus)/Deficit on Provision of Services	(9,200)	(1,760)	3,533	(7,427)	0	(7,427)

* This includes adjustments relating to the North and Mid Wales Trunk Road Agency.

(i) Adjustments for Capital Purposes

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

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

(ii) Net Change for the Pensions Adjustments

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

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

(iii) Other Differences

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

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

(iv) Other (Non-statutory) Adjustments

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

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

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

2024/25	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS				
Adjustments to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	3,106	0	0	(3,106)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	51	0	0	(51)
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(2,571)	0	0	2,571
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	1,475	0	0	(1,475)
Total Adjustments to Revenue Resources	2,061	0	0	(2,061)
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(138)	(329)	0	467
Revenue provision for the financing of supported capital investment	3,456	0	0	(3,456)
Revenue provision for the financing of unsupported capital investment	2,235	0	0	(2,235)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,480	0	0	(11,480)
Total Adjustments between Revenue and Capital Resources	17,033	(329)	0	(16,704)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	43	0	(43)
Application of capital grants to finance capital expenditure	0	0	(320)	320
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	0	43	(320)	277
TOTAL ADJUSTMENTS	19,094	(286)	(320)	(18,488)

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

2023/24	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS				
Adjustments to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	1,760	0	0	(1,760)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(67)	0	0	67
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(3,515)	0	0	3,515
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(7,377)	0	0	7,377
Total Adjustments to Revenue Resources	(9,199)	0	0	9,199
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	45	(318)	0	273
Revenue provision for the financing of supported capital investment	2,756	0	0	(2,756)
Revenue provision for the financing of unsupported capital investment	2,496	0	0	(2,496)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,329	0	0	(11,329)
Total Adjustments between Revenue and Capital Resources	16,626	(318)	0	(16,308)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	250	0	(250)
Application of capital grants to finance capital expenditure	0	0	302	(302)
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	0	250	302	(552)
TOTAL ADJUSTMENTS	7,427	(68)	302	(7,661)

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES

School Balances

This sum is represented by the element of balances released under the delegation of budgets directly to schools which remained unspent at the end of the financial year, and is a net decrease of £260k as compared to the balance on 31 March 2024:

2024/25	Balance	Transfers			Balance
	31 March 2024 £'000	between reserves £'000	in £'000	out £'000	31 March 2025 £'000
School Balances	8,542	0	1,219	(1,479)	8,282
Total	8,542	0	1,219	(1,479)	8,282

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

Earmarked Reserves

The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25, with a net increase of £9.0m since the position at 31 March 2024.

2024/25		Balance	Transfers			Balance
		31 March	between reserves	in	out	31 March
Note		2024				2025
		£'000	£'000	£'000	£'000	£'000
10.1	Renewals Reserves	5,675	0	3,574	(5,279)	3,970
10.2	Schools Digital Strategy Renewal Reserve	2,000	0	0	0	2,000
10.3	Capital Reserves	26,464	(327)	207	461	26,805
10.4	Insurance Reserves	1,426	0	891	(1,018)	1,299
10.5	Service Fund	3,718	(473)	507	(1,147)	2,605
10.6	Convergence Programme Fund	429	53	0	(6)	476
10.7	Redundancy Costs to Realise Savings Reserve	2,101	0	0	(288)	1,813
10.8	Central Training	921	1,640	0	(498)	2,063
10.9	Education Services Reserves	4,242	(785)	794	(208)	4,043
10.10	Economy and Community Reserves	678	0	398	(564)	512
10.11	Highways, Engineering and YGC	284	0	4,489	(595)	4,178
10.12	Environment Reserves	614	0	1,881	(1,453)	1,042
10.13	Housing and Property Reserves	365	0	1,618	(329)	1,654
10.14	Care Reserves	768	0	179	(248)	699
10.15	Business Transformation Funds	941	(37)	0	(73)	831
10.16	Invest to Save Fund – Carbon Reduction Plan	564	0	0	0	564
10.17	Transformation / Council Plan	11,153	2,380	1,595	(3,564)	11,564
10.18	Committed Revenue Grant Fund	1,532	110	325	(397)	1,570
10.19	Housing Water and Sewerage Service Fund	27	227	0	(160)	94
10.20	Housing Environmental Warranty	480	0	0	0	480
10.21	Information Technology Reserve	921	0	0	0	921
10.22	Supporting the Financial Strategy Reserve	15,148	(2,500)	6,276	0	18,924
10.23	Partnering Arrangements	136	(35)	3	(24)	80
10.24	North Wales Economic Ambition Board	652	0	350	(24)	978
10.25	Council Tax Premium Reserve	17,201	0	6,000	(5,784)	17,417
10.26	Digital Strategy Fund	786	0	0	(116)	670
10.27	Shared Prosperity Scheme Fund	1,722	0	2,244	(1,175)	2,791
10.28	Various Other Reserves	895	(253)	180	(64)	758
Total		101,843	0	31,511	(22,553)	110,801

The earmarked reserves closing balance as at 31 March 2025 does not reflect the level of commitments against them. Details are given below of the Council's main specific reserves.

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

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

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

- 10.18 Committed Revenue Grants Fund – includes revenue grants received and committed for future use.
- 10.19 Housing Water and Sewerage Services Fund – amounts reserved for requirements relating to sewerage procedures, water piping and sewage treatment work on old council housing estates, which were not adopted by Welsh Water.
- 10.20 Housing Environmental Warranty – reserved for possible implications as a result of giving environmental warranties to Adra (Tai) Cyfyngedig, in connection with specific and special circumstances that relate to environmental plans on the land of former council housing estates.
- 10.21 Information Technology Reserve – for responding to the demands in the information technology area, including a renewals fund and to respond to uneven patterns of expenditure.
- 10.22 Supporting the Financial Strategy Reserve – a fund established to assist and support the Council’s financial strategy.
- 10.23 Partnering Arrangements – includes amounts allocated in relation to various requirements of partnerships and joint working.
- 10.24 North Wales Economic Ambition Board – for the requirements and commitments of the economic promotion plan relevant to the North Wales Economic Ambition Board (Cyngor Gwynedd’s share only).
- 10.25 Council Tax Premium Reserve – provision from the Council Tax Premium for achieving the Council’s priorities which includes the Housing Strategy.
- 10.26 Digital Strategy Fund – Provision to ensure that the Council’s digital needs enable departments to provide an effective and efficient service to the residents of Gwynedd.
- 10.27 Fund for interest received on the United Kingdom Shared Prosperity Scheme money held in Cyngor Gwynedd’s bank account on behalf of the North region.
- 10.28 Various Other Reserves – includes amounts set aside to meet a variety of other commitments.

NOTE 11 – OTHER OPERATING EXPENDITURE

2023/24		2024/25
£'000		£'000
	Precepts	
18,714	North Wales Police & Crime Commissioner	19,619
2,895	Community Councils	3,116
21,609		22,735
	Levies	
7,914	North Wales Fire Authority	8,295
1,059	Eryri National Park Authority	1,059
122	Local Drainage Boards	125
126	North Wales Corporate Joint Committee	121
9,221		9,600
4	(Gains)/losses on the disposal and de-recognition of non-current assets	(173)
30,834	Total	32,162

NOTE 12 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24		2024/25
£'000		£'000
5,528	Interest payable and similar charges	5,554
(231)	Net interest on the net pension defined benefit liability (asset)	754
(3,831)	Interest receivable and similar income	(2,872)
246	Adjustments to provisions	(58)
(12)	Adjustments to the fair value of financial instruments	(1)
1,700	Total	3,377

* 2023/24 figures have been re-categorised to ensure comparison with 2024/25.

NOTE 13 – TAXATION AND NON-SPECIFIC GRANT INCOME

2023/24		Note	2024/25
£'000			£'000
(112,148)	Council Tax Income	13a	(127,339)
(39,172)	Non-Domestic Rates	13b	(43,364)
(188,864)	Non-ring-fenced Government Grants	32	(189,952)
(20,629)	Capital Grants and Contributions	32	(29,178)
(360,813)	Total		(389,833)

NOTE 13a - COUNCIL TAX

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

The Council Tax Base for 2024/25 was calculated as follows:

CALCULATION OF THE COUNCIL TAX BASE FOR 2024/25			
Valuation Bands	Number of Properties following discounts and premiums	Statutory Multiplier	Equivalent Band D properties
A*	7	5/9	4.03
A	8,105	6/9	5,403.46
B	14,193	7/9	11,039.04
C	11,806	8/9	10,494.32
D	10,534	1	10,534.15
E	8,244	11/9	10,076.12
F	4,227	13/9	6,105.67
G	1,394	15/9	2,323.34
H	255	18/9	509.50
I	80	21/9	185.50
Total			56,675.13
Council Tax base after allowing for losses on collection			56,109.27

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

2023/24		2024/25
£'000		£'000
(112,870)	Council Tax raised	(128,161)
722	Less Increase in the impairment allowance for non-collection	822
(112,148)		(127,339)

NOTE 13b - NATIONAL NON-DOMESTIC RATES

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

The Government sets the National Non-Domestic rate for the year (56.2p in 2024/25) which is then multiplied by the rateable value of the property. Subject to the effects of transitional arrangements and some other reductions, this is the amount payable by the ratepayer.

At the end of the 2024/25 financial year there were 9,020 properties on the local valuation list in Gwynedd, representing a rateable value of £115,003,696.

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

2023/24		2024/25
£'000		£'000
(38,662)	National Non-domestic Rate raised	(45,165)
482	Cost of Collection allowance	480
441	Provision for Bad Debts	472
28	Interest	87
37,711	Sum paid to the National Pool	44,126
0		0
(39,172)	Receipts from the National Pool	(43,364)
(39,172)	Net Income from Non-Domestic Rates	(43,364)

NOTE 14 – BUILDING CONTROL INCOME AND EXPENDITURE ACCOUNT

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

The account is expected to break-even over a three-year rolling period, and this requirement is reviewed annually. There was a loss in 2024/25, therefore an accumulated loss over a period of three years is reported.

2024/25	£'000
Total charges income received (excluding VAT)	(383)
Total charges expenditure incurred	431
(Surplus)/Deficit for 2024/25	48
(Surplus)/Deficit for 2023/24	36
(Surplus)/Deficit for 2022/23	135
(Surplus)/Deficit for the last three years	219

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Movements on Property, Plant and Equipment Balances

Movements in 2024/25:

	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Right of Use Assets	Total Property, Plant and Equipment
Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1.04.24	402,362	47,908	384	2,132	4,873	4,482	462,141
Additions	21,160	10,846	0	119	1,098	824	34,047
Sales	(1,041)	(6,062)	0	0	0	0	(7,103)
Transfers	4,809	0	0	(153)	(4,873)	0	(217)
Revaluation - to Revaluation Reserve	28,472	0	0	26	0	0	28,498
Revaluation - to Services	(1,506)	0	0	(39)	0	0	(1,545)
Balance at 31.03.25	454,256	52,692	384	2,085	1,098	5,306	515,821
Depreciation							
Balance at 1.04.24	1,856	24,752	(1)	(1)	0	0	26,606
Depreciation in year	7,882	5,566	7	13	0	640	14,108
Sales	0	(5,977)	0	0	0	0	(5,977)
Transfers	0	0	0	0	0	0	0
Revaluation	(7,749)	0	0	(13)	0	0	(7,762)
Balance at 31.03.25	1,989	24,341	6	(1)	0	640	26,975
Impairment							
Balance at 1.04.24	13,003	20	1	0	98	0	13,122
Impairment in year - to Revaluation Reserve	282	0	0	2	0	0	284
Impairment in year - to Services	2,733	0	0	1	0	0	2,734
Sales	(832)	0	0	0	0	0	(832)
Transfers	98	0	0	0	(98)	0	0
Revaluation	(4,329)	0	0	(3)	0	0	(4,332)
Balance at 31.03.25	10,955	20	1	0	0	0	10,976
Net Book Value	441,312	28,331	377	2,086	1,098	4,666	477,870
31 March 2025							
Net Book Value	387,503	23,136	384	2,133	4,775	4,482	422,413
1 April 2024							

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Comparative Movements in 2023/24:

	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
Value	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1.04.23	384,250	44,976	687	2,197	19	432,129
Additions	16,675	5,052	0	2	4,756	26,485
Sales	0	(2,120)	(253)	(28)	0	(2,401)
Transfers	(98)	0	0	0	98	0
Revaluation - to Revaluation Reserve	4,194	0	173	(9)	0	4,358
Revaluation - to Services	(2,659)	0	(223)	(30)	0	(2,912)
Balance at 31.03.24	402,362	47,908	384	2,132	4,873	457,659
Depreciation						
Balance at 1.04.23	1,588	21,418	10	(1)	0	23,015
Depreciation in year	7,508	5,412	2	13	0	12,935
Sales	0	(2,078)	0	0	0	(2,078)
Transfers	0	0	0	0	0	0
Revaluation	(7,240)	0	(13)	(13)	0	(7,266)
Balance at 31.03.24	1,856	24,752	(1)	(1)	0	26,606
Impairment						
Balance at 1.04.23	12,726	20	97	5	0	12,848
Impairment in year - to Revaluation Reserve	527	0	0	0	0	527
Impairment in year - to Services	2,396	0	0	0	0	2,396
Sales	0	0	(94)	0	0	(94)
Transfers	(98)	0	0	0	98	0
Revaluation	(2,548)	0	(2)	(5)	0	(2,555)
Balance at 31.03.24	13,003	20	1	0	98	13,122
Net Book Value	387,503	23,136	384	2,133	4,775	417,931
31 March 2024						
Net Book Value	369,936	23,538	580	2,193	19	396,266
31 March 2023						

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

The Council's operational Land and Buildings were revalued by the Council's Estates Manager (M.R.I.C.S) in accordance with the policies noted in section 1.17 of Note 1 of the Accounting Policies and non-operational assets (Surplus) in accordance with 1.15. Note that the Council has established a rolling programme for revaluing different categories of these assets annually.

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

Following the adoption of IFRS16, leases have been reclassified as Right of Use Assets unless exempt and are included as part of the Property, Plant and Equipment total. The asset is depreciated straight line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption (see Note 1.14).

11 schools under church governance are used by the Education Department, with 9 of the buildings not included in the table above because they are not owned by the Council. The Council is responsible for their repair and maintenance, but the amounts are not significant. Ysgol Cae Top, Bangor and Ysgol Pont y Gof, Botwnnog are currently regarded as Council-owned assets in the accounts as the properties' titles (deeds) have not been formally transferred to the Church. The intention is to hold discussions with the Church in Wales to realise this and as a result the treatment of the assets in the accounts may change in the future.

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

Infrastructure

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure assets are shown on the Balance Sheet at depreciated historical cost. Additions were made in year and in accordance with the Local Authorities (Capital Finance and Accounting)(Wales)(Amendment) Regulations 2022 the value of any replaced component of infrastructure assets has been treated as nil thus the value of the derecognition is nil.

	2023/24	2024/25
	£'000	£'000
Net Book Value at 1 April	176,746	180,963
Additions	10,852	11,380
Derecognition	0	0
Depreciation	(6,635)	(6,907)
Net Book Value at 31 March	180,963	185,436

Net Book Value - Property, Plant and Equipment Assets

	2023/24	2024/25
	£'000	£'000
Property, Plant and Equipment Assets		
Infrastructure	180,963	185,436
Other PPE Assets	417,931	477,870
Total Net at 31 March	598,894	663,306

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Capital Commitments

Significant commitments (over £200k) under capital contracts at 31 March 2025 were as follows:

	Sum	Payments to date	Balance
	£'000	£'000	£'000
Barmouth Viaduct Gardens	3,222	515	2,707
Ysgol Our Lady's, Bangor	7,248	1,248	6,000
Ysgol Bontnewydd	601	220	381
Old Library site at Llanberis, Capel Coch Road	884	175	709
Bangor Crematorium	1,198	228	970
Development at Coed Mawr Bangor	2,819	50	2,769
NatWest Bank Site, Caernarfon	331	110	221
Flood Alleviation, Cadnant River	491	203	288
Mona Building, Caernarfon	258	36	222
Ysgol Hiracl	484	86	398
Ysgol Uwchradd Tywyn	853	23	830

NOTE 16 – INVESTMENT PROPERTIES

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

	2023/24	2024/25
	£'000	£'000
Rental income from investment property	7	7
Net gain/(loss)	7	7

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

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

	2023/24	2024/25
	£'000	£'000
Balance 1 April	165	165
Disposals	0	0
Net gains/(losses) from fair value adjustments	0	0
<u>Transfers:</u>		
(to)/from Property, Plant and Equipment	0	0
Balance 31 March	165	165

NOTE 17a – FINANCIAL INSTRUMENTS

(i) Financial Instruments - Classifications

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

Financial Liabilities

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

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

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

Financial Assets

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

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

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

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

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

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

- money market funds

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

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(ii) Financial Instruments - Balances

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

Financial Liabilities	Long-Term		Short-Term	
	31 March	31 March	31 March	31 March
	2024	2025	2024	2025
	£'000	£'000	£'000	£'000
<i>Loans at amortised cost:</i>				
Principal sum borrowed	94,006	90,138	5,589	4,018
Accrued interest	0	0	444	423
Total Borrowing	94,006	90,138	6,033	4,441
<i>Loans at amortised cost:</i>				
Bank overdraft	0	0	8,591	23,994
Total Cash Overdrawn	0	0	8,591	23,994
<i>Liabilities at amortised cost:</i>				
Leases	793	4,655	0	0
Total Other Long-Term Liabilities	793	4,655	0	0
<i>Liabilities at amortised cost:</i>				
Trade payables	0	0	48,118	62,059
Leases	0	0	204	837
Included in Creditors *	0	0	48,322	62,896
Total Financial Liabilities	94,799	94,793	62,946	91,331

* The creditors lines on the Balance Sheet include £126,799,000 (2023/24: £129,344,000) creditors (Note 21) that do not meet the definition of a financial liability.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

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

Financial Assets	Long-Term		Short-Term	
	31 March	31 March	31 March	31 March
	2024	2025	2024	2025
	£'000	£'000	£'000	£'000
<i>At amortised cost:</i>				
Principal	17	17	85,000	74,955
Accrued interest	0	0	984	57
Loss allowance	0	0	(2)	(1)
<i>At fair value through other comprehensive income:</i>				
Equity investments elected FVOCI	0	0	11,586	11,862
Total Investments	17	17	97,568	86,873
<i>At amortised cost:</i>				
Principal	0	0	921	1,007
Accrued interest	0	0	18	15
Loss allowance	0	0	0	0
<i>At fair value through profit and loss:</i>				
Fair value	0	0	43,000	65,000
Total Cash and Cash Equivalents	0	0	43,939	66,022
<i>At amortised cost:</i>				
Trade receivables	5,930	6,861	21,531	28,527
Included in Debtors *	5,930	6,861	21,531	28,527
Total Financial Assets	5,947	6,878	163,038	181,422

* The debtors lines on the Balance Sheet include £87,953,000 (2023/24: £99,670,000) debtors (Note 18) that do not meet the definition of a financial asset.

Material Soft Loans

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

The fair values of such a soft loan are less than the amount of the cash lent. The fair value of a loan at nil interest rate or below the prevailing market rate is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. The sum by which the amount lent exceeds the fair value of the loan is charged to the Income and Expenditure Statement. The 2024/25 Code of Practice sets out specific accounting and disclosure requirements for soft loans. During 2024/25 Cyngor Gwynedd identified the following “soft loans”:

- Deferred Payments on charges due from people under care (amount outstanding at 31.03.25 £3,387,152, 31.03.24 £3,134,453)
- Car and Bike Loans to employees (amount outstanding at 31.03.25 £1,369,926, 31.03.24 £992,361)

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

Equity instruments elected to fair value through other comprehensive income

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

	Fair Value		Dividends	
	31 March	31 March	2023/24	2024/25
	2024	2025	2023/24	2024/25
	£'000	£'000	£'000	£'000
CCLA LAMIT Property Fund	4,157	4,237	215	215
Ninety One Diversified Income Fund	1,114	1,111	52	56
Schroder Income Maximiser Fund	3,144	3,360	195	233
Aegon Diversified Monthly Income Fund	1,161	1,152	78	64
Payden Absolute Return Bond Fund	2,010	2,002	68	121
TOTAL	11,586	11,862	608	689

Offsetting Financial Assets and Liabilities

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

	31 March 2024			31 March 2025		
	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet
	£'000	£'000	£'000	£'000	£'000	£'000
Bank accounts in credit	55,542	(55,542)	0	36,469	(36,469)	0
Total Financial Assets	55,542	(55,542)	0	36,469	(36,469)	0
Bank overdraft	(64,133)	55,542	(8,591)	(60,463)	36,469	(23,994)
Total Financial Liabilities	(64,133)	55,542	(8,591)	(60,463)	36,469	(23,994)

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iii) Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets		2024/25	2023/24
	Amortised Cost	Amortised Cost	Elected to Fair Value through OCI	Fair Value through Profit & Loss	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	5,554	0	0	0	5,554	5,528
Interest payable and similar charges	5,554	0	0	0	5,554	5,528
Interest income	0	(1,543)	0	0	(1,543)	(2,210)
Dividend income	0	0	(689)	(640)	(1,329)	(1,621)
Interest and investment income	0	(1,543)	(689)	(640)	(2,872)	(3,831)
Loss allowance	0	(59)	0	0	(59)	234
Adjustments to provisions and the fair value of financial instruments	0	(59)	0	0	(59)	234
Net impact on surplus/deficit on provision of services	5,554	(1,602)	(689)	(640)	2,623	1,931
Gains on revaluation	0	0	(296)	0	(296)	(105)
Losses on revaluation	0	0	20	0	20	174
Impact on other comprehensive income	0	0	(276)	0	(276)	69
Net (gain)/loss for the year	5,554	(1,602)	(965)	(640)	2,347	2,000

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iv) Financial Instruments - Fair Values

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

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

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

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

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

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2024 £'000	Fair Value 31 March 2024 £'000	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000
<i>Financial liabilities held at amortised cost:</i>					
Loans from PWLB	2	(82,449)	(91,256)	(77,126)	(79,168)
Other loans	2	(17,590)	(16,048)	(17,453)	(13,347)
TOTAL		(100,039)	(108,342)	(94,579)	(92,515)
Liabilities for which fair value is not disclosed *		(57,706)		(91,545)	
TOTAL FINANCIAL LIABILITIES		(157,947)		(186,124)	
<i>Recorded on Balance Sheet as:</i>					
Short-term creditors		(48,118)		(62,059)	
Short-term borrowing		(6,033)		(4,441)	
Short-term cash overdrawn		(8,591)		(23,994)	
Short-term leases		(204)		(837)	
Long-term borrowing		(94,006)		(90,138)	
Long-term leases		(793)		(4,655)	
TOTAL FINANCIAL LIABILITIES		(157,745)		(186,124)	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount. The fair value disclosures of leases are no longer required from 2024/25 due to IFRS16 and therefore the 2023/24 comparatives figures include leases.

The fair value of loans from PWLB is higher than its Balance Sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date. The fair value of other loans is lower than its Balance Sheet carrying amount as the interest payable is lower than the current rates available for similar loans as at the Balance Sheet date.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2024 £'000	Fair Value 31 March 2024 £'000	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000
<i>Financial assets held at fair value:</i>					
Money market funds	1	43,000	43,000	65,000	65,000
Bond, equity and diversified funds	1	7,429	7,429	7,625	7,625
Property funds	2	4,157	4,157	4,237	4,237
<i>Financial assets held at amortised cost:</i>					
Treasury Stock	1	17	17	17	17
TOTAL		54,603	54,603	76,879	76,879
Assets for which fair values are not disclosed *		114,382		111,421	
TOTAL FINANCIAL ASSETS		168,985		188,300	
<i>Recorded on Balance Sheet as:</i>					
Long-term debtors		5,930		6,861	
Long-term investments		17		17	
Short-term debtors		21,531		28,527	
Short-term investments		97,568		86,873	
Cash and cash equivalents		43,939		66,022	
TOTAL FINANCIAL ASSETS		168,985		188,300	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

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

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

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

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

The main risks covered are:

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

Credit Risk: Investments

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

During 2024/25 a limit of £5m of the total portfolio was placed on the amount that can be invested with a single counterparty (other than UK government). For local authorities, secured investments, money market funds, strategic pooled funds and real estate investment trusts, a limit of £10m per counterparty was applied. No more than £40m in total can be invested for a period longer than one year.

The Council does not hold collateral security against any investments.

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

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

Credit Rating	Short-Term	
	31 March	31 March
	2024	2025
	£'000	£'000
AAA (Money Market Funds)	43,000	65,000
AA+	0	0
AA	0	0
AA-	0	0
A+	910	1,000
A	5,000	5,000
A-	0	0
UK Government	0	44,955
Local authorities	80,000	25,000
Total (Principal)	128,910	140,955
Pooled funds *	11,586	11,862
Total Investments	140,496	152,817

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

Loss allowances on treasury investments and cash and cash equivalents have been calculated by reference to historic default data published by credit rating agencies, multiplied by 52% (2023/24: 86%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31 March 2025, £1,231 (£2,008 at 31 March 2024) of loss allowances related to treasury investments.

In addition to treasury investments already made, the Council is exposed to the risk of loss on an undrawn housing association revolving credit facility of £5m (credit rating A-). At 31 March 2025, the loss allowance was £1,051 (£1,159 at 31 March 2024).

Credit Risk: Trade Receivables

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

31 March		31 March
2024		2025
£'000		£'000
8,879	Less than a year	11,530
2,743	Over a year	2,559
11,622		14,089

Historical experience of default and current and forecast economic conditions are considered in calculating our impairment loss allowance.

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

Credit Risk: Loans, Financial Guarantees and Loan Commitments

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

Liquidity Risk

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

The Council holds £66.0m (2023/24: £43.9m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

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

	Discounted (principal plus accrued interest)	Undiscounted (principal plus future interest)	Discounted (principal plus accrued interest)	Undiscounted (principal plus future interest)
Time to maturity (years)	31 March 2024	31 March 2024	31 March 2025	31 March 2025
	£'000	£'000	£'000	£'000
Less than 1 year	6,048	10,877	4,456	8,995
Over 1 but not over 2	4,018	8,995	4,551	9,361
Over 2 but not over 5	5,836	19,728	2,858	16,407
Over 5 but not over 10	25,136	46,496	23,713	43,925
Over 10 but not over 20	15,464	45,002	15,464	44,294
Over 20 but not over 40	27,352	66,289	27,352	64,362
Over 40	16,200	26,113	16,200	25,429
Total	100,054	223,500	94,594	212,773

Market Risk: Interest Rate Risk

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

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

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

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

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

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

	31 March 2024 £'000	31 March 2025 £'000
Increase in interest receivable on variable rate investments	(444)	(636)
Decrease in fair value of investments held at FVPL	57	83
Impact on Surplus or Deficit on the Provision of Services	(387)	(553)
Decrease in fair value of investments held at FVOCI	52	66
Impact on Other Comprehensive Income and Expenditure	52	66
Decrease in fair value of loans and investments at amortised cost *	123	35
Decrease in fair value of fixed rate borrowing *	(10,999)	(8,738)

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

Market Risk: Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates, and the price risk associated with these instruments is managed alongside interest rate risk as described above.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in commercial property prices at 31 March 2025 would result in a £0.17m (£0.18m at 31 March 2024) charge to Other Comprehensive Income and Expenditure.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in share prices at 31 March 2025 would result in a £0.20m (£0.19m at 31 March 2024) charge to Other Comprehensive Income and Expenditure.

Market Risk: Foreign Exchange Risk

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

NOTE 18a – DEBTORS

31 March 2024		31 March 2025
£'000		£'000
19,667	Trade receivables	26,249
5,235	Prepayments	4,358
102,229	Other receivable amounts	92,734
127,131	Total	123,341

The 'Other receivable amounts' figures include long-term debtors of £6,861k (£5,930k in 2023/24). The above debtors' figures are net of impairment losses of £9,134k (£8,558k in 2023/24).

NOTE 18b - COUNCIL TAX DEBTORS

The past due date amount for Council Tax can be analysed by age as follows:

31 March 2024		31 March 2025
£'000		£'000
4,826	Less than one year	7,212
3,809	More than one year	6,768
8,635	Total	13,980

The above Council Tax debtors' figures are net of impairment losses. (Total Council Tax debtors are included within the total of 'Other receivable amounts' in table 18a).

NOTE 19 – CASH AND CASH EQUIVALENTS

	31 March 2024	31 March 2025
	£'000	£'000
Cash in Hand	7	7
Bank Current Accounts	4	0
Call Accounts	43,928	66,015
Cash and Cash Equivalents	43,939	66,022
Bank Overdraft	(8,591)	(23,994)
Total	35,348	42,028

In order to maximise the returns from short-term investments and cash deposits, the Council invests any surplus funds in its bank accounts along with any surplus funds from the North Wales Economic Ambition Board (NWEAB), GwE Joint Committee and the Gwynedd Pension Fund. As the short-term investments and cash deposits are made in the name of Cyngor Gwynedd, they are shown in full on the Balance Sheet with a corresponding creditor at 31 March 2025 of £53.7m to the NWEAB (£58.9m at 31 March 2024), £605k to the GwE Joint Committee (£2.1m at 31 March 2024) and £35.4m to the Gwynedd Pension Fund (£31.2m at 31 March 2024).

NOTE 20 – ASSETS HELD FOR SALE

	2023/24 £'000	2024/25 £'000
Balance 1 April	47	0
<u>Assets newly classified as held for sale:</u>		
Property, Plant and Equipment	0	217
Expenditure in year	0	0
Revaluation Losses	0	0
Impairment Losses	0	0
<u>Assets declassified as held for sale:</u>		
Property, Plant and Equipment	0	0
Assets sold	(47)	0
Balance 31 March	0	217

NOTE 21 – CREDITORS

	31 March 2024 £'000	31 March 2025 £'000
Trade payables	48,524	62,896
Other payables	129,344	126,799
Total	177,868	189,695

The 'Other payables' figures include long-term creditors of £4,060k (£3,876k in 2023/24).

NOTE 22 – PROVISIONS

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

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

	Balance at 31 March 2024 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2025 £'000
<u>Short-term Provisions</u>				
Waste Sites Provision	(345)	(336)	340	(341)
Loan Commitments	(1)	0	0	(1)
	(346)	(336)	340	(342)
<u>Long-term Provisions</u>				
Waste Sites Provision	(7,635)	498	0	(7,137)
Insurance Claims Provision	(728)	(383)	0	(1,111)
Salary Provision	(340)	(19)	0	(359)
	(8,703)	96	0	(8,607)
Total	(9,049)	(240)	340	(8,949)

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

Insurance Claims Provision – to meet potential insurance claims settlements.

Salary Provision – in accordance with the relevant requirements.

Loan Commitments – recognising the loss allowance of an undrawn revolving credit facility.

NOTE 23 – UNUSABLE RESERVES

31 March 2024		31 March 2025
£'000		£'000
177,504	Revaluation Reserve	214,538
248,102	Capital Adjustment Account	269,278
(1,414)	Financial Instruments Revaluation Reserve	(1,138)
(625)	Financial Instruments Adjustment Account	(574)
(17,248)	Pensions Reserve	(15,224)
(9,267)	Accumulated Absences Account	(11,839)
397,052	Total Unusable Reserves	455,041

23.1 Revaluation Reserve

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

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

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

2023/24		2024/25
£'000		£'000
167,073	Balance 1 April	177,504
25,641	Upward revaluation of assets	46,598
(11,989)	Downward revaluation of assets and impairment losses	(6,290)
13,652	Surplus/(deficit) on revaluation of assets	40,308
(3,146)	Difference between fair value depreciation and historical cost depreciation	(3,274)
(75)	Accumulated gains on assets sold	0
(3,221)	Amount written off to the Capital Adjustment Account	(3,274)
177,504	Balance 31 March	214,538

23.2 Capital Adjustment Account

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

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

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

NOTE 23 – UNUSABLE RESERVES (continued)

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

2023/24		2024/25
£'000		£'000
235,399	Balance 1 April	248,102
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
(24,878)	Charges for depreciation and impairment of non-current assets	(25,294)
(19,923)	Revenue Expenditure funded from Capital under Statute	(40,767)
(201)	Adjustment to non-current balance on the sale of assets	(294)
3,146	Transfer from Capital Revaluation Reserve	3,274
	<u>Capital financing applied in the year:</u>	
250	Capital Receipts	43
37,729	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	67,043
2,755	Revenue provision for the financing of supported capital investment	3,456
11,329	Capital expenditure charged in year against the General Fund	11,480
2,496	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	2,235
248,102	Balance 31 March	269,278

23.3 Financial Instruments Revaluation Reserve

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

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

2023/24		2024/25
£'000		£'000
(1,345)	Balance 1 April	(1,414)
(69)	Fair Value Adjustment	276
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0
(1,414)	Balance 31 March	(1,138)

23.4 Financial Instruments Adjustment Account

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

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

NOTE 23 – UNUSABLE RESERVES (continued)

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

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

2023/24		2024/25
£'000		£'000
(558)	Balance 1 April	(625)
61	Proportion of premiums incurred in previous years charged to General Fund in accordance with statute	61
(128)	Deferred credit for receipt of charges due from people under care	(10)
(625)	Balance 31 March	(574)

23.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the Pension Fund or eventually pays any pensions for which it is directly responsible, with funding requirements set aside by the time the benefits are to be paid.

2023/24			2024/25		
Gwynedd	NWEAB*	Total	Gwynedd	NWEAB*	Total
£000	£000	£000	£000	£000	£000
4,482	0	4,482	(17,248)	0	(17,248)
		Balance 1 April			
(23,486)	(5)	(23,491)	(1,074)	(8)	(1,082)
		Re-measurements of the net pension defined benefit (liabilities) / assets			
(25,610)	(18)	(25,628)	(25,889)	(20)	(25,909)
		Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement			
27,366	23	27,389	28,987	28	29,015
		Employer's pensions contributions and direct payments to pensioners payable in the year			
(17,248)	0	(17,248)	(15,224)	0	(15,224)
		Balance 31 March			

* Cyngor Gwynedd's 12.5% share of the NWEAB's pension reserve is included in the accounts.

NOTE 23 – UNUSABLE RESERVES (continued)

23.6 Accumulated Absences Account

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

2023/24		2024/25
£'000		£'000
(5,752)	Balance 1 April	(9,267)
(3,515)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,572)
(9,267)	Balance 31 March	(11,839)*

* £4k applies to Gwynedd's share of the NWEAB (£4k in 2023/24).

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

2023/24		2024/25
£'000		£'000
(19,570)	Depreciation	(21,015)
(5,308)	Impairment and downward valuations	(4,279)
(604)	(Increase)/Decrease in impairment for bad debts	(576)
(42,370)	(Increase)/Decrease in Creditors	5,563
36,703	Increase/(Decrease) in Debtors	(5,072)
(97)	Increase/(Decrease) in Stock	(120)
1,760	Pension Liability	3,107
(276)	Carrying amount of non-current assets sold or de-recognised	(294)
(3,054)	Other non-cash items charged to net surplus/deficit on the provision of services	(2,772)
(32,816)		(25,458)

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

2023/24		2024/25
£'000		£'000
12	Purchase of short-term and long-term investments	1
273	Proceeds from sale of property, plant, equipment, investment property and intangible assets	467
285		468

NOTE 24c – CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2023/24		2024/25
£'000		£'000
(5,673)	Dividends and Interest received	(5,615)
5,539	Interest paid	5,577

NOTE 25 – CASH FLOW STATEMENT – INVESTING ACTIVITIES

2023/24		2024/25
£'000		£'000
35,860	Purchase of property, plant and equipment, investment property and intangible assets	54,579
825,325	Purchase of short-term and long-term investments	1,054,468
1,595	Other payments/receipts for investing activities	931
(319)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(328)
(818,325)	Proceeds from short-term and long-term investments	(1,064,513)
44,136	Net cash flows from investing activities	45,137

NOTE 26a – CASH FLOW STATEMENT – FINANCING ACTIVITIES

2023/24		2024/25
£'000		£'000
192	Cash payments for the reduction of the outstanding liability relating to a finance lease	(4,495)
1,173	Repayments of short-term and long-term borrowing	5,460
1,365	Net cash flows from financing activities	965

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

	31 March 2024	Financing cash flows	Non-cash changes	31 March 2025
	£'000	£'000	£'000	£'000
Long-term borrowings	(94,006)	3,868	0	(90,138)
Short-term borrowings	(6,033)	1,592	0	(4,441)
On Balance Sheet PFI liabilities	(997)	(4,495)	0	(5,492)
Total liabilities from financing activities	(101,036)	965	0	(100,071)

NOTE 27 – EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2023/24		2024/25
£'000	<u>Expenditure / Income</u>	£'000
	Expenditure	
236,255	Employee benefits expenses	246,473
252,076	Other Services expenses	286,724
560	Support Services recharges	725
44,805	Depreciation, amortisation and impairment	66,077
5,774	Interest Payments	6,250
30,830	Precepts and Levies	32,335
4	Loss on the disposal of assets	0
570,304	Total Expenditure	638,584
	Income	
(71,247)	Fees, charges and other service income	(76,373)
(4,074)	Interest and investment income	(2,873)
(151,320)	Income from council tax and non-domestic rates	(170,704)
(345,987)	Government grants and contributions	(416,253)
0	(Gain) on the disposal of assets	(173)
(572,628)	Total Income	(666,376)
(2,324)	(Surplus) / Deficit on the Provision of Services	(27,792)

NOTE 28 – AGENCY SERVICES

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

- Houses into Homes – closing balance £232k (£195k in 2023/24).
- Houses into Homes 2 – closing balance £465k (£465k in 2023/24).
- Home Improvement Loans – closing balance £615k (£615k in 2023/24).
- Supporting Town Centre Regeneration in Caernarfon – closing balance £615k (£615k in 2023/24).
- Caernarfon and Bangor Town Centre Scheme – closing balance £633k (£633k in 2023/24).
- Bangor and Bethesda Town Centre Scheme – closing balance £500k (£500k in 2023/24).
- Transforming Towns Scheme – closing balance £185k (£187k in 2023/24).
- Gwynedd Town Regeneration Fund – closing balance £32k (£348k in 2023/24).
- Gwynedd Town Regeneration Fund 2 – closing balance £700k (£nil in 2023/24).
- Gwynedd Town Regeneration Fund 10 – closing balance £500k (£nil in 2023/24).

The Council also administers the North and Mid Wales Trunk Road Agency on behalf of the Welsh Government. The principal area of work is managing and maintaining the trunk road network in the North and Mid Wales Councils' Partnership region that extends to 1,088 kilometres. The income transactions recovered during 2024/25 were £82.1m (£92.9m in 2023/24).

In recent years Cyngor Gwynedd have acted as an agent on behalf of Welsh Government for a number of grants and areas of financial support, during 2024/25 the Council has administered the following:

- National Non-Domestic Rates Relief Grant – payments of £3.6m made by the Council (£4.8m in 2023/24); (£0.2m) due from Welsh Government.

NOTE 28 – AGENCY SERVICES (continued)

During 2024/25 Cyngor Gwynedd have acted as an agent on behalf of Welsh Government, to distribute payments related to hosting Ukraine refugees including:

- Ukraine Refugee Host Payments – payments of £216k made by the Council (£287k in 2023/24).
- Ukraine Cash Payments – payments of £6k made by the Council (£8k in 2023/24).

NOTE 29 – MEMBERS' ALLOWANCES

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

2023/24		2024/25
£'000		£'000
1,507	Allowances	1,576
23	Expenses	14
1,530		1,590

NOTE 30 – OFFICERS' REMUNERATION

30a. The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Council to disclose the following information relating to employees appointed as Senior Officers. In compliance with the defined requirements, the pensionable pay, employer's pension contributions and other employer costs are included below (including termination benefits), but the employer's national insurance contributions are excluded.

2023/24			Chief Officers	2024/25		
Salary and other	Employer's Pension Contributions	Total		Salary and other	Employer's Pension Contributions	Total
£	£	£		£	£	£
121,595	23,033	144,628	Chief Executive ¹	126,908	22,485	149,393
103,347	19,843	123,190	Corporate Director	108,595	20,850	129,445
103,347	19,843	123,190	Corporate Director	108,595	20,850	129,445
22,383	4,298	26,681	Head of Education ²	94,266	17,035	111,301
91,205	17,512	108,717	Head of Finance ³	97,586	18,736	116,322
88,627	16,995	105,622	Head of Highways, Engineering and YGC	92,209	17,683	109,892
88,072	16,910	104,982	Head of Adults, Health and Wellbeing	90,274	17,333	107,607
88,072	16,910	104,982	Head of Economy and Community	90,274	17,333	107,607
88,072	16,078	104,150	Head of Children and Family Support	90,274	17,333	107,607
88,072	16,910	104,982	Head of Environment	90,274	17,333	107,607
81,709	15,688	97,397	Head of Corporate Services	86,068	16,525	102,593
84,079	16,122	100,201	Head of Housing and Property	88,254	16,929	105,183
79,443	14,527	93,970	Head of Legal Service ⁴	81,400	15,629	97,029

1. The figures do not include any payment to the Chief Executive in his role as Returning Officer. Amount paid in 2024/25 was £2,945 (None in 2023/24), based on the scale defined by the relevant electoral bodies.

2. Holder in role since 1 January 2024.

3. Holder of role received £7,361 for the Section 151 Officer duties for Eryri National Park Authority (ENPA), in his role since 1 July 2023. An additional Employer's Pension contribution of £1,413 applies to these duties. These totals are included within the amounts in the above table. ENPA reimburses the Council for these payments.

4. The figures do not include any payment to the Head of Legal Service in his role as Deputy Returning Officer. Amount paid in 2024/25 was £1,646 (None in 2023/24), based on the scale defined by the relevant electoral bodies.

NOTE 30 – OFFICERS’ REMUNERATION (continued)

30b. The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Council to include a ratio of remuneration. The ratio of the Chief Executive’s remuneration of £126,908 (£121,595 in 2023/24) to the median remuneration of all the Council’s employees for 2024/25 is 5.04:1, which corresponds to a median salary of £25,183 (5.09:1 in 2023/24, which corresponds to a median salary of £23,893).

30c. Other Council employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions) were paid the following amounts but which include termination benefits paid in 22 cases in 2024/25 (5 cases in 2023/24). 19 of these posts would not appear below except for the termination benefits paid in the individual year. The table below includes starters and leavers whose annualised remuneration would exceed £60,000.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:						
Number in 2023/24				Number in 2024/25		
Schools	Other	Total		Schools	Other	Total
60	15	75	£60,000 - 64,999 *	57	12	69
30	19	49	£65,000 - 69,999 *	58	28	86
13	4	17	£70,000 - 74,999	30	6	36
11	2	13	£75,000 - 79,999	12	4	16
6	1	7	£80,000 - 84,999	17	0	17
2	0	2	£85,000 - 89,999	5	0	5
2	0	2	£90,000 - 94,999	6	0	6
2	0	2	£95,000 - 99,999	1	0	1
1	0	1	£100,000 - 104,999	1	0	1
1	0	1	£105,000 - 109,999	3	0	3
0	0	0	£110,000 - 114,999	0	0	0
1	0	1	£115,000 – 119,999	2	0	2
0	0	0	£120,000 - 124,999	0	0	0
0	0	0	£125,000 - 129,999	1	1	2
0	0	0	£130,000 - 134,999	1	0	1
0	0	0	£135,000 - 139,999	0	0	0
0	0	0	£140,000 - 144,999	0	0	0
0	0	0	£145,000 - 149,999	0	0	0
0	0	0	£150,000 - 154,999	0	0	0
0	0	0	£155,000 - 159,999	1	0	1

* Two employees from a Voluntary Aided School are included above, with one included in the £60,000-£64,999 band and the other in the £65,000-£69,999 band. In 2023/24, one employee in the £60,000-£64,999 band was included.

NOTE 31 – EXTERNAL AUDIT COSTS

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

2023/24		2024/25
£'000		£'000
230	Fees payable to auditors appointed by the Auditor General for Wales with regard to external audit services	233
107	Fees payable to auditors appointed by the Auditor General for Wales in respect of statutory inspections	96
45	Fees payable to auditors appointed by the Auditor General for Wales for the certification of grant claims and returns for the year	47
382		376
(1)	Less: Fees payable to auditors appointed by the Auditor General for Wales in respect of Joint Committees and Harbour Accounts	(1)
(1)	Previous years' adjustment for audit fees	(16)
380	Cyngor Gwynedd Net Fees	359

NOTE 32 – GRANT INCOME

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

	Note	2023/24 £'000	2024/25 £'000
Credited to Taxation and Non-specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	13	188,864	189,952
Government Capital Grants and Contributions -			
21st Century Schools		6,991	6,979
General Capital Grant		4,172	4,966
Local Transport Fund		2,888	2,858
Other		4,178	8,697
	13	18,229	23,500
Other Capital Grants and Contributions	13	2,400	5,678
Total		209,493	219,130
Grants and Contributions Credited to Services			
Welsh Government -			
Childcare Offer Grant		2,858	633
Local Authority Education Grants *		15,572	18,020
Housing Support Grant		7,148	7,444
Children and Communities Grant		4,771	5,359
Post 16 Grant (Education)		4,449	4,745
De-Trunking Grant		0	4,489
Additional Cost Pressures Grant		0	4,043
Teachers' Pension Grant		0	2,333
ARFOR Programme Grant		3,656	6,282
Capital Grants		2,317	5,488
Social Care Workforce and Sustainability Pressures Grant		1,722	1,700
Local Transport Fund Grant		1,263	1,772
Concessionary Fares Grant		1,213	1,507
Other *		8,807	8,928
		53,776	72,743
Other Government Grants and Contributions -			
Department for Work and Pensions		22,285	21,797
Levelling Up Funds		39,320	81,994
Other		23,512	26,267
		85,117	130,058
Other Grants and Contributions		6,570	4,789
Total		145,463	207,590

* 2023/24 figures have been re-categorised to ensure comparison with 2024/25.

NOTE 32 – GRANT INCOME (continued)

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

	31 March 2024 £'000	31 March 2025 £'000
Grants Received in Advance		
<u>Long-term</u>		
Capital Grants and Contributions		
Highways and Municipal Capital Contributions	498	352
Environment (Planning, Transport and Public Protection) Grants	807	1,207
Economy	0	7
North Wales Growth Deal	3,625	1,349
	4,930	2,915
Total Long-term	4,930	2,915
<u>Short-term</u>		
Revenue Grants and Contributions		
Economy and Community Grants	20,233	2,848
Adults, Health and Well-being Grants	0	85
Housing Grants	1,405	1,505
Education Grants	2	0
Finance Grants	0	60
Children and Supporting Families Grants	150	139
Other Grants	306	1
	22,096	4,638
Capital Grants and Contributions		
North Wales Growth Deal	2,990	3,846
Other	351	275
	3,341	4,121
Total Short-term	25,437	8,759
Total	30,367	11,674

NOTE 33 – RELATED PARTIES

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

33.1 Welsh and Central Government

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

33.2 Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 29.

The Council appoints members to some external charitable or voluntary bodies or the members have disclosed a link to organisations, public bodies and authorities. Furthermore, members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Council.

Senior Officers (as defined) have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Council.

Excluding related parties identified separately in 33.3 to 33.8 below, a breakdown of the payments made to these bodies under this heading during 2024/25 and balances at 31 March 2025 is as follows:

	Payments made (including 2024/25 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2024/25 debtors) £'000	Amounts owed to the Council £'000
Relevant to Members only	16,841	2,714	(10,573)	(9,505)
Relevant to Officers only	1,618	15	(48)	(34)
Relevant to both Members and Officers	4,613	340	(528)	(216)
Total	23,073	3,070	(11,150)	(9,755)

33.3 Other Public Bodies

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

33.4 Eryri National Park Authority (ENPA)

The Head of Finance is a Section 151 officer for Eryri National Park Authority (ENPA), as stated in Note 30 of the accounts. Cyngor Gwynedd administers payroll and internal audit services for ENPA. Some Cyngor Gwynedd Members have been appointed as members of Eryri National Park Authority

Payments made (including 2024/25 creditors) £'000	Amounts owed by the Council £'000	Income received (including 2024/25 debtors) £'000	Amounts owed to the Council £'000
20	13	(251)	(197)

NOTE 33 – RELATED PARTIES (continued)

33.5 Adra (Tai) Cyfyngedig

The Council administers payroll services for Adra (Tai) Cyfyngedig. Some Cyngor Gwynedd Members have been appointed as members to the Adra (Tai) Cyfyngedig board.

Payments made (including 2024/25 creditors)	Amounts owed by the Council	Income received (including 2024/25 debtors)	Amounts owed to the Council
£'000	£'000	£'000	£'000
2,592	317	(332)	(26)

33.6 North Wales Corporate Joint Committee

The North Wales Corporate Joint Committee (CJC) was formally constituted on 14 January 2022, and this was a result of the Local Government and Elections (Wales) Act 2021 creating a framework to have a consistent mechanism for regional collaboration between local government. The North Wales CJC's duties are strategic development planning, regional transport planning and may also include economic well-being. The CJC comprises six constituent councils: Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council. Eryri National Park Authority is also a member of the CJC in relation to the exercise of strategic planning functions. Payments to the CJC during 2024/25 and the balances at 31 March 2025 are as follows:

Payments made (including 2024/25 creditors)	Amounts owed by the Council	Income received (including 2024/25 debtors)	Amounts owed to the Council
£'000	£'000	£'000	£'000
108	0	(223)	(210)

33.7 Welsh Joint Education Committee (WJEC)

The Council is a member of WJEC CBAC Limited, a charitable company whose members are the twenty-two Welsh unitary authorities. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

Payments made (including 2024/25 creditors)	Amounts owed by the Council	Income received (including 2024/25 debtors)	Amounts owed to the Council
£'000	£'000	£'000	£'000
877	28	0	0

33.8 Subsidiary

Byw'n lach Ltd was established on 27 June 2018 to provide a leisure service for the residents of Gwynedd. The company is limited by guarantee and the Council's liability is limited to £1, with Cyngor Gwynedd being the sole proprietor. Management responsibilities were transferred to the Leisure Company on 1 April 2019 with a service contract in place which sets out the actual services and outcomes that the company is required to deliver for its fee. The Board of Directors is made up of 6 elected members of Cyngor Gwynedd. The payments to Byw'n lach Ltd for Leisure Services during 2024/25 and the balances at 31 March 2025 are as follows:

Payments made (including 2024/25 creditors)	Amounts owed by the Council	Income received (including 2024/25 debtors)	Amounts owed to the Council
£'000	£'000	£'000	£'000
2,223	167	(420)	(63)

NOTE 34 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

31 March		31 March
2024		2025
£'000		£'000
599,119	Non-current Assets and Assets Held for Sale	663,748
(177,504)	Revaluation Reserve	(214,538)
(248,102)	Capital Adjustment Account	(269,278)
173,513	Capital Financing Requirement	179,932

The movement in the year is explained as follows:

2023/24		2024/25
£'000		£'000
170,812	Capital Financing Requirement 1 April *	177,995
16,675	Land and Buildings	21,160
10,852	Infrastructure	11,380
5,052	Vehicles, Plant and Equipment	10,846
2	Surplus Assets	119
4,756	Assets under construction	1,098
0	Right of Use Assets	824
19,923	Funded from capital under statute	40,767
(250)	Capital Receipts used	(43)
(37,729)	Government Grants and other contributions	(67,043)
(11,329)	Capital expenditure charged to revenue	(11,480)
(2,755)	Revenue provision for the financing of supported capital investment	(3,456)
	Additional voluntary sums set aside:	
(2,496)	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	(2,235)
173,513	Capital Financing Requirement 31 March	179,932

* Includes adjustment for IFRS16 leases.

NOTE 35 – IFRS 16 LEASES

Council as Lessee

The Council's Lease contracts comprise leases of operational land and buildings; and plant and equipment.

The Council has a service concession arrangement which is included in Property, Plant and Equipment in the Balance Sheet but excluded from this note. Further details on GwyriAD Service Concession Arrangement can be found in Note 41.

Right of Use Assets

In 2024/25 the Council applied IFRS16 Leases as required by the Code. The main impact is that a significant number of leases, previously accounted for as operating leases are brought on to the Balance Sheet as a Right of Use Asset and lease liability as of 1 April 2024. Leases of low value (assets below £10k) and leases that have less than 12 months to run are exempt from the new arrangements. Right of Use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date. The weighted average of the incremental borrowing rate used to discount liabilities is 5.07%.

This has resulted in the following additions to the Balance Sheet (See Note 15 for Right of Use Asset details):

	Land and Buildings	Vehicles, Plant and Equipment	Total Right of Use Assets
	£'000	£'000	£'000
Balance at 1.04.24	4,443	39	4,482
Additions	824	0	824
Revaluation	0	0	0
Depreciation	(634)	(6)	(640)
Sales	0	0	0
Balance at 31.03.25	4,633	33	4,666

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

31 March 2024 £'000		31 March 2025 £'000
	Right of Use Asset Lease Liabilities	
	(net present value of liabilities):	
0	Current	621
0	Non-current	4,078
0		4,699

NOTE 35 – IFRS 16 LEASES (continued)

Transactions Under Leases

The council incurred the following expenses and cash flows in relation to leases:

31 March	31 March
2024	2025
£'000	£'000
Comprehensive Income and Expenditure Statement	
0 Interest Expense on lease liabilities	227
0 Expense relating to short term/exempt/low value items	234
Cash Flow Statement	
0 Minimum Lease Payments	834
0 Interest Expense on lease liabilities	227
0 Expense relating to short term/exempt/low value items	234

Maturity Analysis of Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the discounted amounts of expected cash payments):

	31 March	31 March
	2024	2025
	£'000	£'000
No later than one year	0	621
Later than one year and not later than five years	0	1,974
More than five years	0	2,104
	0	4,699

In 2024/25, payments of £607,605 were made by the Council in respect of those assets held as a lease with a Right of Use Asset.

NOTE 35 – IFRS 16 LEASES (continued)

Council as Lessor

Finance Leases

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

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

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

Operating Leases

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

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

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

	31 March 2024 £'000	31 March 2025 £'000
No later than one year	555	241
Later than one year and not later than five years	1,002	594
Later than five years	4,818	4,693
	6,375	5,528

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 lease payments of £1,196,510 were received by the Council (£1,033,783 in 2023/24).

NOTE 36 – EXIT PACKAGES

The number of exit packages with total cost per band, and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the related package cost to the employer, rather than the actual value of the payments to the individuals. In accordance with the requirements the related commitments as known to the Council as at 31 March 2025 are included. Included below are the related gross costs but not the financial savings to the Council, where appropriate.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£							£'000	£'000
0 - 20,000	17	13	7	19	24	32	161	214
20,001 - 40,000	1	4	8	17	9	21	283	633
40,001 - 60,000	0	3	2	3	2	6	99	297
60,001 - 80,000	1	2	0	0	1	2	66	142
80,001 - 100,000	0	0	0	0	0	0	0	0
100,001 - 150,000	0	0	2	0	2	0	240	0
150,001 - 200,000	0	0	0	0	0	0	0	0
200,001 - 250,000	0	1	0	0	0	1	0	201 *
Adjustment to previous year's estimate							0	19
Total	19	23	19	39	38	62	849	1,506

* Contribution of £80,531 towards the Exit Package from Isle of Anglesey County Council.

NOTE 37 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

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

In 2024/25 the Council paid £15.33m (£12.42m in 2023/24) in respect of teachers' pension costs, which represented 28.68% (23.84% in 2023/24) of teachers' pensionable pay. The increase in the contribution rate has led to an increase in the value of the contribution. In addition the Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. In 2024/25 these amounted to £1m (£1.13m in 2023/24) representing 1.86% (2.17% in 2023/24) of teachers' pensionable pay. These costs are accounted for on a defined benefits basis and are included in Note 38.

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NOTE 38 – PENSION COSTS

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

Cyngor Gwynedd participates in two post-employment benefit schemes:

- a) **The Local Government Pension Scheme** administered locally by Cyngor Gwynedd for the employees of Gwynedd and 45 other organizations. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014, and based on a career average salary from 1 April 2014. The Council and the employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. Cyngor Gwynedd's proportion of the total contributions to the Gwynedd Pension Fund in 2024/25 was 35% (36% in 2023/24).
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Cyngor Gwynedd. Policy is determined in accordance with the Local Government Pensions Scheme Regulations.

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

Transactions Relating to Post-employment Benefits

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

NOTE 38 – PENSION COSTS (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability		
	Net (Liability) / Asset	
Period ended 31 March -	2024	2025
	£'000	£'000
Fair value of plan assets	976,244	1,087,014
Present value of funded liabilities	(822,438)	(833,557)
Effect of the asset ceiling	(131,272)	(253,457)
Present value of unfunded liabilities	(18,052)	(17,248)
Opening Position at 1 April	4,482	(17,248)
Service cost -		
Current service cost ¹	(25,614)	(24,317)
Past service costs (including curtailments)	(228)	(818)
Total Service Cost	(25,842)	(25,135)
Net interest -		
Interest income on plan assets	46,494	52,915
Interest cost on defined benefit obligation	(40,028)	(41,376)
Interest on the effect of the asset ceiling	(6,235)	(12,293)
Total Net Interest	231	(754)
Total Defined Benefit Cost Recognised in Profit / (Loss)	(25,611)	(25,889)
Cash flows -		
Participants' contributions	0	0
Employer contributions	24,969	27,207
Benefits paid	0	0
Unfunded benefits paid	0	0
Contributions in respect of unfunded benefits paid	1,637	1,716
Expected Closing Position	5,477	(14,214)
Remeasurements -		
Changes in financial assumptions	54,434	144,863
Changes in demographic assumptions	5,037	1,491
Other experience ²	(25,314)	7,968
Return on assets excluding amounts included in net interest	59,068	(5,847)
Changes in effect of the asset ceiling	137,507	265,750
Total remeasurements recognised in Other Comprehensive Income (OCI)	230,732	414,255
Fair value of plan assets	1,087,014	1,143,772
Present value of funded obligations	(833,557)	(728,537)
Present value of unfunded obligations ³	(17,248)	(15,224)
Closing Position at 31 March ⁴	236,209	400,011

¹ The current service cost includes an allowance for administration costs of 0.6% of payroll.

² Within this other experience item, the funded obligations have decreased by £7,272,000 as a result of the pension increase order being different to the previous assumption. The 31 March 2024 figure includes an allowance of £25,029,000 for the April 2024 pension increase order impact.

³ The unfunded obligations comprise of £5,910,000 (£6,401,000 on 31 March 2024) in respect of LGPS unfunded pensions and £9,314,000 (£10,847,000 on 31 March 2024) in respect of Teachers' unfunded pensions.

⁴ This is inclusive of the liability relating to both Byw'n Iach and the North and Mid Wales Trunk Road Agency (NMWTRA) employees who are under the responsibility of the council.

NOTE 38 – PENSION COSTS (continued)

Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

	31 March 2024	31 March 2025
	£'000	£'000
Fair value of plan assets	1,087,014	1,143,772
Present value of funded obligations	(833,557)	(728,537)
Present value of unfunded obligations	(17,248)	(15,224)
Subtotal	236,209	400,011
Effect of IAS 19/ IFRIC 14	(236,209)	(400,011)
Add value of unfunded obligations	(17,248)	(15,224)
Net Asset/ (Liability) arising from Defined Benefit Obligation	(17,248)	(15,224)

NOTE 38 – PENSION COSTS (continued)

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet reports a net liability of £15.224m. The Council's Actuary, Hymans Robertson LLP, determined that the fair value of the council's pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset. IFRIC 14 and IAS 19 Employee Benefits require that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling, which is capped at £0 excluding unfunded obligations

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculated asset ceiling for 2024/25 results in greater future service contributions than future service costs so the economic benefit is limited to zero before adding the present value of the unfunded obligations. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

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

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Cyngor Gwynedd is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2024. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2025 to be £3.18bn based on information provided by the Administering Authority and allowing for index returns where necessary.

Fair Value of Employer Assets

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

Asset Category	At 31 March 2024				At 31 March 2025			
	Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total £'000	%	Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total £'000	%
Equity Securities								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Private Equity								
All	0	56,520	56,520	5	0	61,761	61,761	5
Debt Securities								
Other	0	0	0	0	0	0	0	0
Real Estate								
UK Property	0	75,708	75,708	7	0	72,776	72,776	6
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds and Unit Trusts								
Equities	0	604,921	604,921	56	0	631,674	631,674	55
Bonds	0	0	0	0	0	336,136	336,136	29
Infrastructure	0	0	0	0	0	33,756	33,756	3
Other	0	309,044	309,044	28	0	0	0	0
Derivatives								
Inflation	0	26,811	26,811	3	0	0	0	0
Cash and Cash Equivalents								
All	0	14,010	14,010	1	0	7,669	7,669	1
Total	0	1,087,014	1,087,014	100	0	1,143,772	1,143,772	100

NOTE 38 – PENSION COSTS (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

	31 March 2024	31 March 2025
Financial Assumptions	% p.a.	% p.a.
Pensions Increase Rate	2.75	2.75
Salary Increase Rate	3.25	3.25
Inflation Rate	2.75	2.75
Discount Rate	4.85	5.80
Long-term expected rate of return on all categories of assets	4.85	5.80
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	65	65
for post-April 2008 service	65	65
Mortality assumptions	Years	Years
Longevity at 65 for current pensioners		
Men	20.7	20.6
Women	23.6	23.5
Longevity at 65 for future pensioners		
Men	21.7	21.6
Women	25.3	25.3

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme commitments as at 31 March 2025 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Council of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The figures in the table below have been derived based on the membership profile of the Council as at 31 March 2022, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

NOTE 38 – PENSION COSTS (continued)

Impact on the Defined Benefit Obligation in the Scheme		
Change in assumption	Approximate increase to Defined Benefit Commitment 31 March 2025	Approximate monetary amount 31 March 2025
	%	£'000
0.1% decrease in real discount rate	2	14,316
1 year increase in member life expectancy	4	29,750
0.1% increase in the salary increase rate	0	776
0.1% increase in the pension increase rate	2	13,936

Impact on the Council's Cash Flows

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

The contributions paid by the Council are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2025 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Council, please refer to the 2022 actuarial report dated 28 March 2023.

Information about the Defined Benefit Obligation

	Liability Split 31 March 2025	
	£'000	%
Active Members	367,951	51
Deferred Members	102,040	14
Pensioner Members	258,546	35
Total	728,537	100

The above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2022. As at the date of the most recent valuation, the duration of the Employer's funded obligations in 2024/25 is 20 years.

Impact in Future Years

The total contributions expected to be made to the Local Government Pensions Scheme by the Council in the year to 31 March 2026 is £26.833m.

As the Actuary's report is based on estimates and due to timing issues, an initial adjustment of £64,270.04 has been made in 2024/25 (£761,058 in 2023/24) to bring the position of the Scheme based on the Actuarial figures in line with the closing position at 31 March 2025 (before applying any asset ceiling adjustments). This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities.

NOTE 39 – CONTINGENT LIABILITIES

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

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

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

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

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

- The Council is assessing potential claims including the conviction of a former head teacher at a Gwynedd School and other matters within the field of education. The current status of the claims vary from the initial stages onwards. In the event of liability being established, the Council's payments will be restricted to the policy deductibles under the relevant liability Insurance policies. The Council has an existing earmarked Insurance Reserve set aside to fund any costs which would not be covered by the Council's cover.

NOTE 40 – TRUSTS

The Council acts as sole trustee for 177 bequests such as school prize funds, and comforts and improvements funds for numerous Council Establishments. The largest fund, the Welsh Church Fund, has a completely separate accounting ledger, whereas the Council holds the property for 176 of these bequests but makes no decision on the funds use. In every case, the funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

The total balance of the 176 bequests derecognised from the Council's Balance Sheet at 31 March 2025 was £2,061,426 (£1,738,131 on 31 March 2024). The funds are fully invested to generate income.

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

NOTE 41 – SERVICE CONCESSION ARRANGEMENTS

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

The assets used to provide the service are recognised on the Council’s Balance Sheet. The value of the related assets was £2.1m as at 31 March 2025 (£2.2m as at 31 March 2024). The Council makes an agreed payment (gate fee) each year based on a minimum amount of tonnage which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The Council has the right to increase the amount of tons over the agreed 7,500 tons to a maximum of 11,000 tons, and will pay a reduced gate fee for anything over 7,500 tons.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£’000	£’000	£’000	£’000
Paid in 2024/25	498	204	61	763
Payable in 2025/26	498	216	49	763
Payable within 2 to 5 years	1,202	577	64	1,843
Total	2,198	997	174	3,369

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

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

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

	2024/25	
	Lease Liability	Deferred Income
	£’000	£’000
Balance outstanding at 1 April 2024	(997)	(644)
Repayment of principal during the year	204	0
Release of deferred income	0	146
Balance outstanding at 31 March 2025	(793)	(498)

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

NOTE 42 – POOLED BUDGET

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, an informal pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people for 2024/25.

The Council's transactions are included under Adults, Health and Well-being in the Comprehensive Income and Expenditure Statement. Income and expenditure for these pooled budget arrangements are as follows; the notional amounts are included for information only.

Care Homes for the Elderly		
2023/24		2024/25
£'000		£'000
	Expenditure	
124,041	Care Home costs	136,047
124,041	Total Expenditure	136,047
	Funding	
(11,914)	Denbighshire County Council	(12,423)
(15,301)	Conwy County Borough Council	(18,090)
(13,578)	Flintshire County Council	(14,980)
(14,957)	Wrexham County Borough Council	(16,470)
(12,044)	Cyngor Gwynedd	(13,084)
(7,214)	Isle of Anglesey County Council	(7,126)
(49,033)	Betsi Cadwaladr University Health Board	(53,874)
(124,041)	Total Funding	(136,047)
0	(Surplus) / Deficit transferred to Reserve	0

* The 2023/24 figures for Conwy County Borough Council's Care Home Funding have been restated to reflect a £2.881m reduction from (£18.182m) to (£15.301m); the Care Home costs have also been restated to mirror this reduction from £126.922m to £124.041m.

NOTE 43 – JOINT OPERATIONS AND JOINT COMMITTEES

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

During 2024/25, Cyngor Gwynedd participated in three joint committees and one joint operation, collaborating in particular areas between local authorities. Separate accounts are required for joint committees. The three joint committees relating to Gwynedd in 2024/25 are:

- GwE
- North Wales Residual Waste Treatment Project (NWRWTP)
- North Wales Economic Ambition Board (NWEAB)

The joint operation relating to Gwynedd in 2024/25 is:

- Actif North Wales

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

Joint Committee / Joint Operation	Host Authority for Finance	Councils and Organisations participating in the Joint Committee / Joint Operation	Cyngor Gwynedd's Share %	Value of Gwynedd's Share (Income and Expenditure Account) £'000
Joint Committee				
GwE	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle Anglesey County Council Wrexham County Borough Council	17.55	702
North Wales Residual Waste Treatment Project	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council	24.24	1
North Wales Economic Ambition Board *	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle Anglesey County Council Wrexham County Borough Council Bangor University Grŵp Llandrillo Menai Wrexham Glyndŵr University Coleg Cambria	Refer to note below	

Joint Operation

Actif North Wales **	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council Wrexham County Borough Council	16.67	0
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* Cyngor Gwynedd's accounts include their actual transactions and balances in respect of the NWEAB'S business as well as their share of the remaining transactions and balances, which have been distributed as 12.5% (Local Authority) and 6.25% (Further/Higher Education) in accordance with the allocations in the Governance Agreement 2.

** Actif North Wales is grant funded.

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

NOTE 44 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised by the Head of Finance on 4 November 2025. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

THE WELSH CHURCH FUND

2023/24 £'000		2024/25 £'000
976	Amount of Fund at 1 April	978
	Add - Income during the year	
49	Interest on Investments	49
	Less - Expenditure during the year	
(47)	Grants and expenses	(25)
978	Amount of Fund at 31 March	1,002
	Represented by the following Assets	
7	Debtors	5
900	Investments	900
71	Cash in Hand	97
978		1,002
978	Total	1,002

NOTES TO THE ACCOUNTS

1. The Scheme for the administration of the Fund provides that the income be applied for charitable purposes - educational, recreational and social, at the discretion of the Council.

2. The Charities Act 1993 requires that an independent examination of the statement of accounts of the Welsh Church Fund be carried out annually.

3. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2025 was £906,375.

FMG MORGAN TRUST FUND

2023/24 £'000		2024/25 £'000
167	Amount of Fund at 1 April	166
	Add - Income during the year	
17	Interest on assets	16
	Less - Expenditure during the year	
(18)	Grants	(8)
166	Amount of Fund at 31 March	174
	Assets	
144	Investments	144
22	Cash in Hand	30
166		174

NOTES TO THE ACCOUNTS

1. This Fund was set up from the residuary estate of the late Mrs. Florence Merthyr Guest Morgan. The income from the Fund was to be applied to aid residents of certain areas of Llŷn for specified purposes.
2. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2025 was £381,145 (£369,850 at 31 March 2024).
3. The FMG Morgan Fund is outside the provision of the Charities Act 1993. No independent examination or audit is therefore required in respect of this Trust Fund.

ANNUAL GOVERNANCE STATEMENT

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

Part 1: SCOPE OF RESPONSIBILITY

Cyngor Gwynedd is responsible for ensuring that it conducts its business in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Cyngor Gwynedd also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the exercise of its functions, having regard in particular to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

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

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

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework described above has been in place at Cyngor Gwynedd for the year ending 31 March 2025 and remains applicable up to the date of the approval of the Statement of Accounts.

Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

- 3.1 The **Governance Arrangements Assessment Group** monitors matters of governance continuously in a disciplined manner, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Corporate Director, the Monitoring Officer, the Section 151 Officer, Head of Corporate Support, Assistant Head of Corporate Support, Assistant Head of Finance, the Risk and Insurance Manager and the Council Business Service Support Manager.
- 3.2 To reflect the CIPFA/SOLACE Framework - *Delivering Good Governance in Local Government*, the local framework is set out in the form of a Governance Risk Register that is part of the Corporate Risk Register, identifying 24 areas of governance risks.
- 3.3 An outline is given of the Governance Areas, how they link to the CIPFA/SOLACE principles, the relevant risks and the Council's arrangements to deal with these, are in the remainder of this section of the Annual Governance Statement.

CIPFA/SOLACE Framework Core Principle A: Behave with integrity, demonstrating a strong commitment to ethical values, and respect for the rule of law.

Culture

- A review of the progress of Ffordd Gwynedd was carried out across the Council in collaboration with Cabinet and a Task and Finish Group with members from among the members of the Governance and Audit Committee. That led to a new 5-year Work Programme to 2028 which was approved by Cabinet on 7 March 2023. The Plan identifies nine areas that the Council will focus on in order to further embed the "way of working".
- A Lead Group (the Council's Corporate Management Team) has been established with a focus on one of the workstreams at each monthly meeting. The Group maintains an overview of the implementation of the Work Programme and offers guidance on embedding the culture within the Council. A Group of officers leading on the individual workstreams meets monthly under the chairmanship of the Corporate Director while a Practitioner Group has been formed to support individuals driving reviews within their services.
- An annual report is presented on the progress of the work culture which is based on the conclusions of a self-assessment that each Department is asked to undertake and also on the results of the "Llais Staff" Survey which is carried out every twelve months.

Conduct

- The Council has adopted codes of conduct for its members and officers, based on national regulations (codes such as the Member/Officer Relationship Code; the Members Code of Conduct; the Code of Conduct for Officers; The Anti-Fraud and Corruption Policy and the Whistleblowing Code of Practice) and these together lay the foundation for ensuring integrity and ethics.
- There is clear evidence that the Council gives legitimate consideration to the Ombudsman's reports as part of the work of the Standards Committee, which is working effectively.

Lawfulness

- Everything the Council does has to comply with the law. Statutory officers (the Monitoring Officer and Head of Finance) must comment on any formal decision, as part of a comprehensive Constitution that is regularly reviewed. The role of statutory officers is a core part of the Council's governance arrangements.

CIPFA/SOLACE Framework Core Principle B. Ensuring openness and comprehensive stakeholder engagement

Being open

- The minimum possible number of Committee reports is exempt, and in addition to the publication of full committee minutes, individual members' decision sheets are publicised, with procedures in place to ensure this happens. Background papers are published with committee reports to ensure that decisions are made with full information. A number of meetings of decision-making committees are webcast.
- The Council publishes its Corporate Plan, Annual Performance Report and Statement of Accounts to try and provide as much information as residents would need to hold us accountable. Various other methods are also used such as the website and social media to try to ensure that the residents of Gwynedd are aware of what is happening within the Council.

Stakeholders

- The willingness of public sector bodies, including Cyngor Gwynedd, other neighbouring unitary councils, the Police, the Health Board, the third sector and others to co-operate in order to deliver joint public services can have a significant, visible impact on the People of Gwynedd, as part of the requirements of the Well-being of Future Generations (Wales) Act 2015.
- A Public Service Board has been established and meets regularly.

Engagement

- A range of corporate engagement procedures have been put in place to ensure that we receive the views of the public and other stakeholders as appropriate.

CIPFA/SOLACE Framework Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Direction and vision

- The Council's Plan 2023-28 was approved by the full Council on the 2nd of March, 2023. The Plan includes our ambition and projects under 7 priority areas. The plan has been reviewed annually in March since its adoption.

Sustainability

- Since May 2023 reports submitted to Cabinet are required to highlight how the contents of the report reflect the requirements of the Well-being of Future Generations (Wales) Act 2015.
- Training sessions have been held with elected members to increase awareness of the Act in October 2022 and 2024.
- The Council has already adopted a Sustainable Procurement Policy which is in line with the principles of the Well-being of Future Generations (Wales) Act 2015. By adopting the Policy, it is intended to consider the potential social, economic and environmental impact that our procurement decisions may have and what steps can be taken to make the best use of Council spending, for the benefit of the County.

CIPFA/SOLACE Framework Core Principle D: Determine the interventions necessary to maximise the delivery of the intended outcomes

Decisions

- There is evidence over the last few years that Cyngor Gwynedd is prepared to take difficult decisions, but only after considering the evidence in detail.

Planning Operations

- The Council strives to maintain a suitable balance between having Project Management procedures in place and working efficiently. In that regard, the Council already maintains robust project management arrangements for the largest projects, using a less comprehensive version but based on the same principles for other projects.
- The Council has a Mid-Term Financial Plan, with annual budgets based on that. The Council's work on financial planning is regularly praised by the external auditors, and the Governance and Audit Committee takes a leading role on financial scrutiny.

Reviewing Outcomes

- The Council's risk assessment, Corporate Plan formulation and project management arrangements ensure that the intended outcomes at the start of any project are clear. The annual performance report seeks to focus on assessing the extent to which those outcomes have been achieved.

CIPFA/SOLACE Framework Core Principle E: Develop the capacity of the entity, including the capacity of its leadership and the individuals within it

Property Assets

- A new Asset Management Plan for the 10 year period 2024-2034 has been adopted by the Council on 11 July 2024.

Information Technology Assets

- A new Digital Plan for the period 2023-28 has been adopted; it was scrutinised by the Education and Economy Scrutiny Committee in September 2023 and formally approved by Cabinet in November 2023.

Workforce Planning

- The Workforce Planning Project Board has agreed on long-term objectives and a list of sub-projects for the period leading up to March 2028.
- Exit interview arrangements and a new jobs website are in place.

Leadership

- The series of Managers and Team Leaders Network meetings (held twice a year) is a key part of the shift of emphasis from a culture of "management" to "leading" within the Council.
- A specific project continues to have a high improvement priority in relation to Women in Leadership within the Council. The Council recognises that the number of women fulfilling a managerial role within the Council is disproportionate to the division of the entire workforce and therefore seeks to boost the number of women applying for and reaching senior positions within the Council.
- The Corporate Management Team is committed to its development, with each team member completing a personal profile and attending regular workshops in order to develop as an individual leader and to reinforce the ability to take full advantage of operating as a team.
- Similarly, the new Cabinet formed in December 2024 is committed to its development at the level of individual members and as a team.

Customer Contact

- In-depth analysis carried out and presented to Members in October 2022 with a programme of work identified and the risk added to the corporate governance risks. Planning calls are being received directly from the Planning Service from the 1st of April, 2023 and a short training module has been piloted for all staff dealing with enquiries.
- A Plan for Working for the Future was adopted in September 2023.

CIPFA/SOLACE Framework Core Principle F: Risk and performance management through sound internal control and strong control over public funds

Risk Management

- There are strong arrangements for monitoring our compliance with certain types of operational risks. All risks in the Corporate Risk Register have been considered from the perspective of the risk to the People of Gwynedd, not from the Council's intrusive perspective.
- The Council's systems for identifying, assessing, recording and reporting risks are constantly evolving.

Performance

- Officers and Members continually question whether we are measuring the right things. There are regular meetings with Cabinet Members and management to assess the latest performance with members of the relevant Scrutiny Committee also present to give a challenge.
- Since April 2025, regular performance reports from Cabinet members on their areas of responsibility are submitted to meetings of the Scrutiny Committees, where previously the reports went to Cabinet. This change is seen as a key step in improving challenge and accountability.
- Complaints are also a key way to get information to improve. The Corporate Complaints Regime continues to develop well. The Service Improvement Officer ensures that we learn lessons from complaints, and avoids repeating mistakes.

Internal Control

- Reviewing and adapting internal controls so that they are proportionate to what is needed is core to the aim of putting the people of Gwynedd at the centre of everything we do, removing over-bureaucratic tasks. Removing barriers is part of everyone's job, resulting in an appropriate level of internal control. The efficiency of the Internal Audit regime is under ongoing review, and a self-assessment shows that the service meets professional standards as expected. The Governance and Audit Committee has an agreed terms of reference which is reviewed regularly. There is evidence that the Governance and Audit Committee is very effective in fulfilling its functions.

Information

- The Council's Information Plan 2021-2026 (2024 update) includes a number of plans for addressing the risks of information management and data use. 23 of the 65 projects within the scheme have already been completed and the remainder are ongoing.
- The cross-departmental Information Group takes a corporate overview of this area.

Finance

- The Council has effective arrangements for financial planning and management, including accountants and internal auditors, led by the chief finance officer.
- Internal auditors have a focus on effective arrangements and controls in financial systems, while the accountants work closely with the departments and encourage managers' ownership of their systems, performance, and financial appropriateness.
- The review of expenditure against budgets, and monitoring that savings have been achieved by all Council departments, ensures that the services are operating efficiently. The revenue expenditure situation is reported to the Governance and Audit Committee and Cabinet but as the need to find savings continues, and demand for services increases, a situation can be envisaged where there are insufficient funds in the future to address the budget shortfall.

Health, Safety and Wellbeing

- Health and Safety Policy adopted by the Council which is reviewed annually.
- Specialist consultants available to advise. Mandatory training is provided for all Council staff.
- IOSH Safe Management training is provided to Managers and relevant staff, with various other training in place depending on the nature of responsibilities.
- Communication arrangements with a Corporate Forum and Advisory Panel including a dedicated intranet site with a host of guidelines and procedures.
- An accident reporting and investigation procedure has been established.

CIPFA/SOLACE Framework Core Principle G: Implement good practices in transparency, reporting, and audit to ensure effective accountability

Accountability

- The Council has provided guidance on the preparation of reports and on good decision-making, to ensure that the reports available to the public are clear.

Assurance

- Statutory officers ensure that matters comply with the law and constitution arrangements while the Chief Executive and Directors continually challenge whether departments are doing the right things.
- The Governance and Audit Committee keeps an overview of the governance arrangements as well as the implementation of external auditors' recommendations. This is supported by the Internal Audit Service operating in accordance with the statutory professional standards, the Public Sector Internal Audit Standards.
- Scrutiny arrangements have been reviewed a number of times in recent years, with Audit Wales's independent report in September 2023 identifying good progress in Gwynedd's standard of scrutiny.
- The scrutiny officers work closely with the Chairs/Vice-Chairs of the individual committees to ensure clarity and share best practice. This will develop further with the support of the Chief Executive and Directors on a regular basis in scrutiny committees.
- Training for the Corporate Management Team has taken place and an annual meeting will be held to review progress. Training for Members in relation to their responsibilities on factors to be taken into account in decision-making.

Part 4: ASSESSMENT OF THE EFFECTIVENESS OF OUR GOVERNANCE ARRANGEMENTS

- 4.1 Cyngor Gwynedd has carried out a self-assessment of its governance arrangements in accordance with requirements CIPFA/Solace Framework *Delivering Good Governance in Local Government* and the requirements of the Local Government and Elections (Wales) Act 2021. The assessment has highlighted the following in terms of mitigating the governance risks:
- The most notable progress during the second year of the Ffordd Gwynedd Plan is:
 - Learning, Experimenting and Taking Action to Improve** - The emphasis in the current Plan on carrying out reviews on smaller pieces of work systems, as well as carrying out reviews on whole systems, has borne fruit and all Departments in the Council are able to provide examples of reviews that have led to improvements during the year.
 - Leadership** - The new look Ffordd Gwynedd training programme has been reintroduced for managers during the year while the Manager Development Programme is going from strength to strength with the positive feedback from attendees.
 - Support and Development** – A new Learning and Development Framework has been launched with the programme for the first year focusing on basic training such as finance management, wellbeing and digital skills. The Senior Leadership Program, the Management Development Program and the Women in Leadership Program continue to showcase their value with a large number of officers eager to sign up on each occasion when a new series is announced.
 - Workforce Planning and Talent Development** – Seven work streams have been identified to drive this work forward. They range from running a "Ffordd Gwynedd" exercise on the whole process of attracting staff to work for the Council, to the need for the establishment of specific training schemes that greet rare skills and specialties, as well as the appropriate behaviours, which are necessary for future continuity of service.
 - A Satisfied and Healthy Workforce** - A new Well-being Strategy was approved by Cabinet at its meeting on 17 December, 2024. The Strategy is based on three foundations, namely leadership and management, sustainable support, and a work environment with mental, physical, social and financial well-being at the heart of what is sought to be achieved.
 - Customer Contact** - A cross-departmental Group has been established to formulate a Charter and Customer Contact Standards. That Charter, in its final draft form, will be submitted to Cabinet for adoption on July 8, 2025. There has been comprehensive consultation on the content of the Charter across Council services and this is a good example of seeking views on developments with staff.
 - The Council has introduced a series of annual milestones for each of the projects in the Council's Plan to allow us to measure progress as well as plan work for the future. Work to further improve this is ongoing.
 - The Council's Constitution is a public document that sets out the governance arrangements and a Guide to the Constitution is provided to reinforce this. The Governance Group has continued to meet regularly and maintains an overview of governance issues within the Council. The Group consists of the Corporate Director, the Monitoring Officer, the Section 151 Officer, the Head of Corporate Support, the Assistant Head of Corporate Support, the Risk & Insurance Manager and the Council's Business Support Service Manager.
 - The Council publishes an Annual Governance Statement outlining our governance arrangements and their effectiveness following the principles of the CIPFA/Solace *Delivering Good Governance in Local Government* Framework.
 - The Council has a process to manage risks by having a Corporate Risk Register in place.
 - An annual workshop on assurance and risks will be held with external auditors (Audit Wales, Care Inspectorate Wales and Estyn).
 - When recommendations are issued by external audit bodies, an institutional response will be prepared on behalf of the Council and the Governance and Audit Committee is responsible for reviewing and assessing the response along with progress against the recommendations.

- Appropriate arrangements are also in place to respond to any reports from the Health and Safety Executive (HSE).
- The main governance risks are scored both corporately and at the Department level as the level of risk varies. The internal Governance Group has an overview and is responsible for quality assurance within Cyngor Gwynedd.
- The Council has commissioned *Local Partnerships* to undertake a review of our governance arrangements, with the intention of providing the Council with an independent and objective challenge as well as offering any recommendations for improvement.
- While the regime and future risk management strategies are generally improving and strengthening, new arrangements have been put in place to try to standardise and try to harmonise the scores for very high risks. These are submitted to the Corporate Management Team every 3 months. During 2025/26 we will also report on these risks to the Governance and Audit Committee and Leadership Team twice a year.
- On the basis of Internal Audit work completed during 2024/25, it was considered that Cyngor Gwynedd's internal control framework during that financial year was operating at a level of reasonable assurance on the overall adequacy and effectiveness of the Authority's governance, risk management and internal control framework.
- There are robust arrangements in place for supporting Elected Members in Gwynedd, with 97% of Gwynedd Councillors reporting that the service provided by the Democracy Team is very good. We will continue to build on these solid foundations in the year ahead.
- The Head of Finance has carried out a self-assessment of compliance with the CIPFA Financial Management Code, and updates it at least once a year and the current assessment shows high compliance across all of the standards. In 2025, we have commissioned CIPFA to undertake an independent audit of the self-assessment, and the outcome of that work will be considered when designing a financial support service for the future.
- The Apprenticeship Scheme has provided an opportunity for **81** apprentices since 2019 and the Graduate Scheme ("Cynllun Yfory") has given an opportunity **to 37** professional trainees since 2017 with many of them having been offered a job with the Council. For 2025, a total of 21 new jobs are available, namely 13 apprentice jobs and 8 graduate jobs.
- The 2024 "Llais Staff" Survey was conducted during a challenging period that included fiscal uncertainty, political changes in the Council, and a period of further changes to our 'working for the future' working arrangements following the pandemic. As a result, there has been a slight decrease in the level of staff satisfaction in response to most of the questions, but the level of satisfaction remains high for some of the key indicators e.g. the score for the statement 'the Council is a good place to work' is 80%, and 87% for "I've been motivated to do my best in my job for the benefit of the people of Gwynedd." As in last year's survey, this year's survey consisted of 4 parts – Me and my Well-being, Me and my job, Me and my service and Me and my Employer.

1,330 staff completed the Staff Voice questionnaire, which is approximately 21.8% of staff who had the opportunity to answer the survey. **50.6%** indicated that they agreed or strongly agreed **that the Council was effectively discharging its duties.**

40.9% agreed or strongly agreed **that the Council was making the best use of the resources at its disposal**, and **48.6%** agreed or strongly agreed **that the Council had arrangements in place to ensure that it was performing effectively.**

- Trade Unions were consulted and asked for feedback on the following areas:
 - Comments on the authority's performance and areas for improvement
 - Is the Council carrying out its duties effectively?
 - Is the Council making the best use of the resources at its disposal?
 - Does the Council have arrangements in place to ensure it performs effectively?
 - Tips for improving staff engagement and wellbeing

Among the responses, it was noted that there was room for improvement in communication with unions regarding staffing issues in some departments, and there was a recognition that there was

some way to go in terms of Social Partnership (when groups such as local government, businesses and trade unions work together to make decisions), as this is a learning process.

- Gwynedd was part of the National Resident Survey, the first of its kind to be conducted in Wales. There were 3,094 responses to the survey.
- The number of Valid Formal Complaints has decreased this year compared to last year, but those that have gone to the Ombudsman have increased. We are still working on reducing the time taken to respond to complaints and aim for the new Customer Contact Charter being developed to have a positive impact on this.
- The Procurement Team provides advice and support to services and ensures that the organisation follows regulations and best practice in procurement.
- In 2024/25 the Council was shortlisted for the Wales procurement award (GO Awards). The nomination is for our efforts to seek to gain social value in the procurement of our food provision across the County.
- An extensive training programme for Elected Members was provided during 2024/25 which included core training in seven specific areas:
 - i. Safe Leadership and Personal Safety
 - ii. Code of Conduct
 - iii. Well-being of Future Generations Act
 - iv. Safeguarding Children and Adults
 - v. Your Responsibility for Equality
 - vi. Your Responsibility as a Corporate Parent
 - vii. Information About People : Your Responsibility
- Setting a balanced budget for 25/26 is a challenge, particularly given the need to ensure that departmental budgets are adequate to provide the necessary level of services for the people of Gwynedd, and to avoid overspending as seen in 2024/25. At that time there was a departmental overspend of £6.6m with significant overspend in the Departments of Adults, Health and Well-being, Children and Families, Highways, Engineering and YGC and Environment.
- During 2024, Audit Wales undertook a review of the Council's financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term. It was found that there had been a significant increase in the number of departments in the Council that overspent in the last two financial years, and that the Council had developed arrangements to review its budgets.
- An internal review is underway to improve our Council Tax collection arrangements, and actions have been introduced to increase collection rates in the future. This work will continue to receive attention over the coming year. We are also keen to ensure that issues such as this receive early attention in the future and will be looking to review our arrangements to ensure this happens.
- Over the past year, there have been changes in the Council's political leadership, with several new Cabinet Members taking on responsibilities across a range of areas. In addition, appointments to senior officer positions are expected over the next few months. These changes may pose challenges to consistent leadership and cause delays in strategic decision-making, but we recognise this and intend to address the issue appropriately.
- A Strategic Equality Plan for 2024-28 has been developed to provide a framework to improve fairness within the Council and ensure that we treat people according to their needs, and this work is ongoing.
- Each year the Council prepares a Financial Strategy and sets a balanced Budget to ensure continuity of service.
- The Council also publishes a Statement of Accounts at the end of each financial year showing its annual expenditure. The review of expenditure against budgets and monitoring that savings have been achieved by all Council departments, ensures that the services are operating efficiently. However, as noted earlier, the increasing pressures on the Council's budget are making it harder for departments to maintain the same level of services within the budget provided, leading to a risk of overspending

- The Local Government and Elections (Wales) Act 2021 has created new duties for Political Group Leaders to take an element of responsibility for promoting good behaviour and co-operating with the Standards Committee. A protocol and criteria for assessing the fulfilment of the duty were agreed in a workshop between the members of the Committee and the Leaders. These were adopted by the Standards Committee and would contribute to the preparation of the Committee's annual report. This work has been supported by regular meetings and communication with the Monitoring Officer.
- 4.2 For each of the Governance Risks, a current risk score is shown, which is the score after an objective assessment of the management arrangements currently in place. Two factors are taken into account:
- **Impact** of risk if the event is realised
 - The **Probability** of it happening.
- 4.3 The Impact scores range from 1 (visible impact) to 5 (catastrophic impact), and the Probability scores of 1 (Very Unlikely) to 5 (happening now). The risk score is calculated by multiplying the impact score and the probability score together.
- 4.4 The relative level of risks is assessed as follows:

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

- 4.5 Following the self-assessment set out above, the Governance Group assesses the risk scores in the 24 governance areas as follows:

Area	Risk	Effect	Likelihood	Risk Score
Culture	Inappropriate culture within the Council can hinder our ability to do the right things in the correct manner	4	3	12
Conduct	Lack of integrity, ethics and respect in the conduct of members and officers, undermining the public's confidence in the Council	2	2	4
Lawfulness	Ignoring the rule of law, which means that the Council is open to challenges from the courts.	3	1	3
Being open	Council that is not open, meaning that it is not possible to hold it accountable for its decisions	2	1	2
Stakeholders	Weak relationship with institutional stakeholders, ending with sub-optimal services	3	3	9
Engagement	Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making	3	3	9
Direction and vision	Direction and vision that is not rooted in the outcomes for individuals and therefore does not realise the needs of the People of Gwynedd	3	2	6
Sustainability	Failing to comply with the five principles of the Well-being of Future Generations Act	3	3	9
Decisions	Unwillingness to make decisions on action, which means a delay in achieving the outcomes for the people of Gwynedd	2	2	4
Planning Operations	Intervention without sufficient planning	2	2	4

Area	Risk	Effect	Likelihood	Risk Score
Reviewing outcomes	Failure to review the outcomes of our actions, which means that we do not learn lessons by continuing to do the same things incorrectly	3	2	6
Property Assets	The Council's property assets not used to their full potential	2	2	4
Information Technology Assets	The Council's Information Technology assets not used to their full potential	3	3	9
Workforce Planning	Failure to plan the workforce in terms of attracting, developing and retaining staff	3	3	9
Leadership	Deficiencies in the Council's leadership means that we are not doing the right things	4	2	8
Risk Management	Weaknesses in our risk management arrangements that increase the threat of something going wrong or failure to take an opportunity to improve	5	2	10
Performance	Weaknesses in our performance management arrangements mean that we cannot take appropriate steps to achieve our purpose	2	2	4
Internal Control	Unsuitable internal control arrangements which means that we either do not protect ourselves from risks, or waste resources on over-control	2	2	4
Information	Failure to maximise the potential of information in supporting Council business and failure to meet statutory requirements	4	3	12
Finance	Overspending due to underfunding or lack of financial control	5	3	15
Accountability	Poor reporting, lack of transparency and unsuitable for the audience	2	2	4
Assurance	Lack of assurance and accountability that raises suspicion amongst the public regarding what the Council is doing	3	5	15
Health, Safety and Wellbeing	Ineffective Health, Safety and Wellbeing Management System	5	3	15
Customer Contact	Lack of timely response to enquiries	3	4	12

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

Part 5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 The above scores show that none of the 24 areas of governance present a very high risk. 6 is high risk and 9 is medium risk.
- 5.2 The self-assessment has identified the following improvements that will be implemented in 2025-26.
- In response to the recommendations of a study by Audit Wales we will be looking to improve our service commissioning arrangements.
 - Manage the impact of the significant changes that have recently taken place in the Council's political leadership and among Heads of Department.
 - Improve training on risk identification and management.
 - To act on the relevant recommendations in the Local Partnerships report.
 - Consider how we can build on the resident survey organised by the Welsh Local Government Association/Data Cymru and obtain more information/evidence to enable us to improve services.
 - To put further action in place to improve compliance with the Social Partnership Duty.
 - To act on the findings of the Staff Voice Survey, including appreciation and well-being.
- 5.3 An update on previous years' actions will be reported in Cyngor Gwynedd's Annual Performance Report and Self-Assessment 2024/25.

Part 6: OPINION

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

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DAFYDD GIBBARD
CHIEF EXECUTIVE OF CYNGOR GWYNEDD

Cllr. NIA JEFFREYS
LEADER OF CYNGOR GWYNEDD

DATE: 16/10/2025

DATE: 16/10/2025

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of the Cyngor Gwynedd for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Cyngor Gwynedd's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Cyngor Gwynedd as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis of opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Cyngor Gwynedd's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Cyngor Gwynedd will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cyngor Gwynedd's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override;
- obtaining an understanding of Cyngor Gwynedd's framework of authority as well as other legal and regulatory frameworks that Cyngor Gwynedd operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cyngor Gwynedd; and
- obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

Gwynedd in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
19 November 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Audit of Accounts Report – Cyngor Gwynedd

Audit year: 2024-25

Date issued: October 2025

Document reference: 5112A2025



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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2024-25 accounts. My team have already discussed these findings with the Head of Finance.

My team have substantially completed the audit work as set out in my Audit Plan dated May 2025.

Since my Audit Plan, I have updated materiality to reflect the 2024-25 accounts. I have not identified any new audit risks. My response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, and give a true and fair view, in all material aspects. My proposed audit opinion and basis for it is outlined on page 23.

It is the responsibility of the those charged with governance, i.e. the Governance and Audit Committee to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of Cyngor Gwynedd for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We intend to issue an **unqualified opinion** on the accounts

See [Appendix 4](#)



There are no **other significant matters** to report.

See [Audit findings](#)



There are **uncorrected misstatements** in the accounts which we wish to draw to your attention.

See [Audit findings](#)



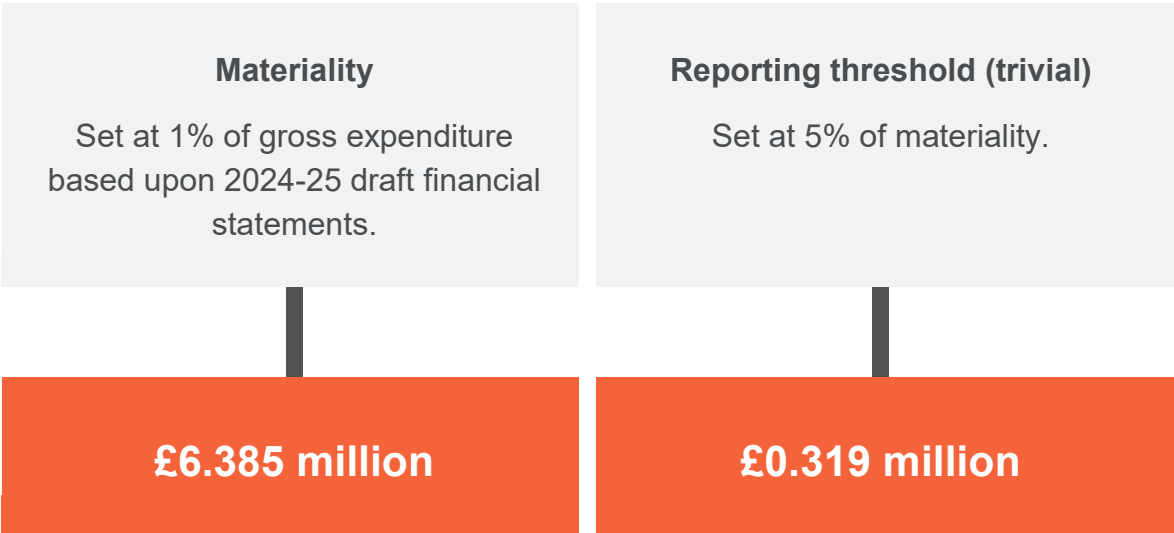
The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.



We are aiming to certify your accounts on 19 November 2025 following approval of the accounts at the Governance and Audit Committee on 13 November 2025. This falls after the statutory deadline of 31 October, which could not be met due to the timing of the Committee meeting.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users’ decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:



Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below the misstatements we identified in the accounts, which has been discussed with management but remains uncorrected. We request that these misstatements be corrected.

If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them.

Note 15 Property, Plant and Equipment (PPE)

- An item of capital expenditure that was funded from capital grant was initially recorded as additions to Property, Plant and Equipment (PPE) on the Balance Sheet. However, audit testing identified that Cyngor Gwynedd does not hold ownership of the building to which the expenditure relates to. While the expenditure remains capital in nature, it should have been classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS) and reported in the Comprehensive Income and Expenditure Statement (CIES). This reclassification resulted in PPE being overstated by £0.332 million and REFCUS being understated by £0.332 million.
- Cyngor Gwynedd correctly recognises non-enhancing capital expenditure as additions to PPE followed by immediately recognising an impairment, resulting in no impact on the Net Book Value. However, failure to allocate this expenditure to specific assets in the Fixed Asset Register prevents accurate adjustment of Gross Book Value (GBV) and Accumulated Impairment at revaluation. Instead, derecognition is delayed to the following year, leading to understated GBV and misstatements in the CIES, Movement in Reserves Statement (MiRS) and PPE disclosures. In 2024-25, £0.775 million was derecognised from both cost and accumulated impairment. A further £1.225 million

was capitalised and impaired during the year which will impact the 2025-26 financial statements.

- An error in Cyngor Gwynedd's valuation workbook led to discrepancies between the Valuer's valuation sheets and the figures used to update the Fixed Asset Register. Consequently, asset values were misstated, resulting in a net revaluation overstatement of £0.408 million. This required corresponding adjustments to the Revaluation Reserve of £0.403 million and in the CIES of £5,000.

Note 17a (iv) Financial Instruments

Cyngor Gwynedd retrospectively adjusted the 2023–24 short-term lease figure in the 'Financial Liabilities held at amortised cost' table by removing a balance of £0.997 million. This approach does not comply with the requirements IFRS 16 - Leases, which requires prospective application. Cyngor Gwynedd stated the amendment was made to improve comparability between the 2023–24 and 2024–25 financial years.

Note 21 Creditors – other payables

Audit testing identified a creditor balance of £0.907 million, originally recognised in 2013, that was incorrectly included in the closing balance as of 31 March 2025. Following a review of the grant letter, we concluded that the grant was not repayable, contrary to Cyngor Gwynedd's initial assessment. As a result, the creditor balance is overstated by £0.907 million.

Note 35 IFRS 16 Leases

- Audit testing identified that the Right of Use Assets of peppercorn leases had not been revalued at fair value in accordance with IFRS 16 - Leases guidance. Although most of the leases were subsequently assessed and found to fall below the *de minimis* threshold of £10,000, one asset was valued at £0.675 million. This asset should have been recognised as a Right of Use Asset on the Balance Sheet, resulting in an understatement of £0.675 million, with a corresponding adjustment to the CIES in relation to the gain on recognition.
- The review of lessor lease arrangements involving sub-leases had not been undertaken in accordance with the requirements of IFRS 16, as

outlined in the CIPFA Code of Practice. This was due to the absence of an assessment of whether the authority had control over the leased assets, a requirement for recognising a Right of Use Asset.

Consequently, £1.531 million should have been reclassified from Land and Buildings to Right of Use assets within the Property, Plant and Equipment disclosure. However, restrictions within the fixed asset register did not allow Cyngor Gwynedd to reclassify assets previously recognised under Property Plant and Equipment as Right of Use Assets.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 2**.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of Cyngor Gwynedd's financial reporting process.

There were no such issues identified during the audit.

Other matters

Implementation of International Accounting Standard (IFRS) 16 - Leases

As highlighted in our Audit Plan, we identified a risk that Cyngor Gwynedd may not have appropriately applied the requirements of IFRS 16 Leases, potentially resulting in material misstatements within the financial statements.

During our audit testing, a more detailed assessment of the standard's requirements could have strengthened the approach taken. As a result, there was a need to re-draft the disclosure as they were not in compliance with the CIPFA Code of Practice. In addition to the uncorrected misstatements relating to IFRS 16 identified above, the other corrected misstatements for IFRS 16 are detailed in **Appendix 2**.

Further Considerations

We will continue to work with Cyngor Gwynedd and the wider sector to review our ambition to bring forward the audit deadline to September 2026 as part of the 2025-26 accounts audit process. To meet these deadlines, it will be imperative that:

- a high-quality set of accounts and annual governance statement are received on time;
- the accounts are fully supported, with all working papers available and quality assessed at the commencement of the audit; and
- officers are available throughout the summer audit window to ensure audit queries are resolved in a timely manner.

The draft financial statements were received on the agreed date of 30 June 2025. Cyngor Gwynedd had prepared the majority of working papers in advance of the audit, and we noted positive improvements in several areas compared to the prior year. There are still opportunities to enhance the standard of certain working papers, and introducing a strengthened quality assurance process could support this. Doing so may also help reduce the number of adjustments (both corrected and uncorrected) identified during the audit. We also acknowledge that some audit queries took longer to resolve, and we appreciate the team's efforts in managing competing priorities during a busy period.

Due to the volume of misstatements identified during the audit, the estimated fee of £232,750 for the audit of the financial statements will be exceeded. We will liaise with the Head of Finance to agree the final additional fee.

These delays did not impact on our ability to complete the audit by this year's agreed deadline. However, we are mindful that the accounts audit window will be shorter next year, and similar delays could pose a significant risk to meeting the revised certification deadline of 30 September.

We have not raised a recommendation in respect of this issue. We will discuss it as part of our audit post project learning with officers to assess the position. We would like to thank officers for their engagement with the audit team throughout the audit.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4**, which includes additional representations on the uncorrected misstatements identified above.

Recommendations

The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.

We will monitor progress against the recommendations during next year's audit.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: my local audit team

Engagement Lead	Matthew Edwards matthew.edwards@audit.wales
Audit Manager	Yvonne Thomas yvonne.thomas@audit.wales
Audit Lead	Sioned Owen sioned.owen@audit.wales

Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves.
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

The safeguards outlined in the Audit Plan regarding the Audit Manager and Audit Lead's acquaintances and/or family employed Cyngor Gwynedd were appropriately implemented to manage any potential conflicts.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of Cyngor Gwynedd accounts. **Exhibit 2** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 2: audit risks reported previously, work done and outcome

Audit risk	Work done	Outcome
Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team: <ul style="list-style-type: none">• tested the appropriateness of journal entries and other adjustments made in preparing the financial statements;• reviewed accounting estimates for bias; and• evaluated the rationale for any significant transactions outside the normal course of business.	My audit work did not identify any instances of management override of controls.

Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability. For example, at 31 March 2024, the liability was in fact a surplus, primarily due to higher interest rates.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

The audit team:

- evaluated the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assessed the accuracy and completeness of the information provided by Cyngor Gwynedd to the actuary to estimate the liability;
- tested the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;
- assessed the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertook any additional procedures required; and
- assessed whether any legal cases could have a material impact on the net liability, and if so, confirmed that this has been appropriately recognised and disclosed within the financial statements.

My audit work did not identify any issues with the valuation of the pension valuation. See **Appendix 2** for my findings on the presentation of the pension valuations.

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.

Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be revalued every five years, but values may also change year on year, and there is a risk that the carrying value of assets recognised in the accounts could be materially different to the current value of assets as at 31 March 2025, particularly in the current economic environment.

The audit team:

- reviewed the information provided to the valuer to assess for completeness;
- evaluated the competence, capabilities and objectivity of the professional valuer;
- tested a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process were reasonable, and the revaluations were correctly reflected in the financial statements; and
- tested the reconciliation between the financial ledger and the asset register.

See **Appendix 2** for details of my findings in relation to the valuation of land and buildings.

<p>Senior officer remuneration</p> <p>Even though there are no significant changes in senior officers for 2024-25, remuneration paid to senior officers continues to be of high interest and is material by nature.</p> <p>Therefore, there is a risk that even low value errors in the disclosure could result a material misstatement.</p>	<p>The audit team:</p> <ul style="list-style-type: none">• ensured that remuneration disclosed were consistent with supporting evidence;• ensured that amounts paid were consistent with those approved by the Council; and• ensured that disclosures were complete based on the team's knowledge and are prepared in accordance with requirements.	<p>My audit work did not identify any issues with the disclosure of senior officer remuneration.</p>
<p>IFRS 16 - Leases</p> <p>Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.</p> <p>This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.</p> <p>There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.</p>	<p>The audit team:</p> <ul style="list-style-type: none">• reviewed Cyngor Gwynedd's working papers to ensure all leases falling within the scope of the standard were included in calculations;• tested a sample of asset and liability calculations to ensure that the assumptions were reasonable, and calculations were correctly prepared; and• confirmed that asset and liability values were correctly accounted for and disclosed in the financial statements.	<p>See Appendix 2 for my findings in relation to the implementation of the standard.</p>

Related Party Disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Council and the other body/party.

The Council has many relationships that could be considered a related party. Many are well known, for example, Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. The transactions are of high interest to the public and are considered to be material by their nature.

There is a risk of material misstatements due to incomplete or inaccurate disclosures, even where these are of a relatively low value.

My Audit team:

- reviewed the Council's process for identifying related party relationships and associated transactions and balances;
- undertook procedures to confirm the completeness of related party relationships; and
- ensured disclosures were complete, accurate, consistent with evidence and in accordance with the Local Government Code.

See **Appendix 2** for details of my findings in relation to related party disclosures.

Legal claims

The Council has received potential claims for damages which could be material to the accounts. There is a risk that the financial statements are therefore materially misstated in respect of this matter.

My Audit team:

- engaged with management and the monitoring officer to understand the nature, likelihood and potential financial impact of any claims at year end;
- ensured that all necessary disclosures regarding any claims were complete, accurate and in accordance with the Local Government Code; and
- ensured they were correctly accounted for in the financial statements.

My audit work ensured that the relevant disclosures were appropriately revised to reflect the current status of the legal claims.

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts area	Explanation
£0.406 million	Note 17a (ii) Financial Instruments – Balances Table Trade payables has been decreased by £0.406 million to £48.118 million	When comparing last year's audited financial statements with the current year draft accounts, we identified that the 2023-24 figure for short-term creditors was overstated by £0.406 million.
	Note 17a (iv) Financial Instruments- Fair Value Table Short-term creditors has been decreased by £0.406 million to £48.118 million	
£2.141 million	Note 18a Debtors Other receivable has been increased by £2.141 million	Audit testing identified a misclassification whereby a creditor balance of £2.141 million was erroneously included within the debtors. This treatment is inconsistent with the CIPFA Code of Practice which requires that transactions of different nature be disclosed separately on the Balance Sheet.
	Note 21 Creditors Other payables has been increased by £2.141 million	
	Corresponding adjustments have also been made to the Cashflow note (Note 24a)	

Additional disclosure	<p>Note 18a Debtors</p> <p>The value of the impairment loss of £9.134 million has been added to the footnote.</p>	<p>In accordance with the CIPFA Code of Practice, all material balances and transactions must be appropriately disclosed in the financial statements.</p>
£19.121 million	<p>Note 19 Cash and cash Equivalents</p> <p>Bank Overdraft increased by £19.121 million</p> <p>Note 21 Creditors</p> <p>Other payables decreased by £19.121 million</p> <p>Corresponding adjustments have also been made to the Cashflow note (Note 24a)</p>	<p>Our audit testing identified that transactions classified as cash in transit as of 31 March 2025 were incorrectly recognised as creditors. Given that the payment instruction to the bank had been made before year end, the entity no longer held a present obligation in respect of the liability, nor did it retain control over the associated asset.</p> <p>Consequently, the creditor balance was overstated by £19.121 million (of which £0.233 million related to the North Wales Economic Ambition Board) and cash understated by a corresponding amount. Given the limited guidance in the CIPFA Code of Practice for this particular scenario, the IASB Conceptual Framework was consulted to ensure the accounting treatment was appropriately supported.</p>
£4.060 million	<p>Balance Sheet</p> <p>Long term creditors increased by £4.060 million</p> <p>Short term creditors decreased by £4.060 million</p>	<p>Audit testing revealed that £1.630 million of creditors were misclassified as short-term rather than long-term liabilities. Subsequent work carried out by the Council quantified the total misclassification as £4.060 million.</p>

	Note 21 heading amended from Short-Term Creditors to Creditors and a footnote included to disclose the nature of the balance	
Various	Note 33 Related Parties Disclosure Redrafted	<p>The CIPFA Code of Practice does not prescribe detailed guidance on the presentation of this note. However, to enhance clarity and avoid any misinterpretation by users, the note was redrafted to remove duplicate entries totalling £12.319 million where certain related parties had been included in more than one table. This adjustment prevents the overstatement of related party values and supports accurate and transparent disclosure.</p>
Numerous amendments to narrative and figures	Note 35 IFRS 16 Leases Disclosure Redrafted	<p>We reviewed the leases disclosure presented in Note 35 and identified that it required redrafting to ensure compliance with the CIPFA Code of Practice.</p> <p>While the underlying data was consistent with IFRS 16 requirements, the format used reflected elements of the legacy IAS 17 presentation, which was no longer applicable.</p> <p>The note omitted the required expenses table, as required by IFRS 16 to provide clarity on lease-related expenditure.</p>

Presentational	Note 38 Pensions cost – Changes in the Fair Value of plan assets, defined benefit obligation and net liability table	As the CIPFA Code of Practice does not require separate disclosure of asset, liability and asset ceiling adjustment components, it was agreed to simplify the presentation by disclosing only the net position.
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There have also been numerous minor amendments as a result of our work.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of Cyngor Gwynedd for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Cyngor Gwynedd's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Cyngor Gwynedd as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Cyngor Gwynedd in accordance with the ethical requirements that are relevant to my audit of the financial

statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Cyngor Gwynedd's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using

the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Cyngor Gwynedd will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cyngor Gwynedd's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override;
- obtaining an understanding of Cyngor Gwynedd's framework of authority as well as other legal and regulatory frameworks that Cyngor Gwynedd operates in, focusing on those laws and regulations that had

- a direct effect on the financial statements or that had a fundamental effect on the operations of Cyngor Gwynedd; and
- obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
19 November 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

13 November 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements of Cyngor Gwynedd for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

Financial statement representations

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

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

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

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

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

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

- An (UKSPF) capital grant-funded expenditure was incorrectly recognised as additions to Property, Plant and Equipment (PPE) on the Balance Sheet resulting in PPE Additions being overstated by £0.332 million and Revenue Expenditure Funded from Capital Under Statute (REFCUS) understated by £0.332 million. As the misstatement is not material, we have not actioned this amendment.
- We appropriately treat non-enhancing capital expenditure as additions to PPE with immediate impairment, resulting in no change to Net Book Value. However, not linking this expenditure to specific assets for two capital schemes in the Fixed Asset Register delays derecognition and affects the accuracy of Gross Book Value, Accumulated Impairment, and related financial disclosures. In 2024–25, £0.775 million was derecognised for the related 2023–24 schemes, while £1.225 million was capitalised and impaired, impacting the 2025–26 accounts. As the misstatement is not material, we have not actioned this amendment.
- A valuation workbook error caused an asset misstatement, leading to a £0.408m revaluation overstatement. Adjustments of £0.403m to the Revaluation Reserve and £5,000 to the Comprehensive Income and Expenditure Statement (CIES) were required. As the misstatement is not material, we have not actioned this amendment.
- We removed £0.997m from the 2023–24 short-term lease figure on Note 17a (iv) to improve year-on-year comparability, but this retrospective adjustment does not comply with IFRS 16, which requires prospective application. As the misstatement is not material, we have not actioned this amendment.
- Audit testing found a £0.907m creditor from 2013 incorrectly retained in the 2025 closing balance. The grant was not repayable, leading to an overstatement of the creditor balance. As the

misstatement is not material, we have not actioned this amendment.

- Audit testing found that peppercorn lease assets were not revalued as required by IFRS 16. While most fell below the £10,000 threshold, one asset worth £0.675m was omitted, leading to an understatement of Right of Use Assets and a corresponding gain omission in the CIES. As the misstatement is not material, we have not actioned this amendment.
- The review of lessor lease arrangements involving sub-leases identified that the requirements of IFRS 16 had not been fully applied. Specifically, the absence of an assessment of whether we had control over the leased assets impacted the reclassification to Right of Use Assets. As a result, £1.531 million should have been reclassified from Land and Buildings to Right of Use Assets. However, due to system limitations within the fixed asset register, this reclassification could not be processed. As the misstatement is not material, we have not actioned this amendment.

Representations by the Governance and Audit Committee

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 13 November 2025.

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

Signed by:
Dewi Aeron Morgan
Head of Finance

13 November 2025

Signed by:
Carys Edwards
Chair of Governance and Audit
Committee

13 November 2025

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



MEETING	Governance and Audit Committee
DATE	13 November 2025
TITLE	The GwE Joint Committee's Final Accounts for the year ended 31 March 2025 and relevant Audit
PURPOSE	To submit – <ul style="list-style-type: none"> • The GwE Statement of Accounts post-audit; • Audit Wales' 'ISA260' report; • Letter of Representation.
RECOMENDATION	To receive and note the report of the Auditor General for Wales, approve the 2024/25 accounts, and authorise the Chair of the Governance and Audit Committee to sign the letter of representation for GwE.
AUTHOR	Dewi Aeron Morgan, Head of Finance, Cyngor Gwynedd

1. FINANCIAL REPORTING REQUIREMENTS

- 1.1 GwE, the Regional School Effectiveness and Improvement Service came to an end on 31 May 2025, as a result the Joint Committee did not meet after this date. Cyngor Gwynedd is the host council responsible for meeting the accounting responsibilities and reporting on the financial matters of GwE's Joint Committee and therefore, the 2024/25 and 2025/26 accounts are submitted to Cyngor Gwynedd's Governance and Audit Committee for approval.
- 1.2 There are specific accounting and audit reporting requirements for Joint Committees.
- 1.3 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.
- 1.4 Although it is not an independent legal entity, for the purposes of keeping accounts and being audited, the GwE Joint Committee is separately subject to the same regulations as other local councils.

2. ACCOUNTS FOR 2024/25

- 2.1 The Revenue Income and Expenditure Account for 2024/25 was submitted to the 21 May 2025 meeting of GwE's Joint Committee in "outturn" format.

- 2.2 The Statement of Accounts for 2024/25 (subject to audit) were released to the Auditros and also placed on Cyngor Gwynedd's website on 30 June 2025, but with GwE having already come to an end on 31 May 2025, it was not possible to present them to the Joint Committee.

3. AUDIT

The accounts have been subject to audit by Audit Wales over the past few months, and the 'ISA 260' report is presented here by the Auditor General for Wales detailing Audit Wales' main findings. Page 5 of the report states an "unqualified opinion on the accounts" for 2024/25.

4. FINAL ACCOUNTS FOR 2024/25

The GwE Statement of Accounts for 2024/25 (post audit) is also presented herewith. The issues raised as part of the audit have been outlined in Appendix 2 of the 'ISA260' report presented by Audit Wales on behalf of the Auditor General for Wales.

5. RECOMENDATION

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

- 'ISA260' report by the Auditor General for Wales
- The GwE Statement of Accounts for 2024/25 (post audit)

6. LETTER OF REPRESENTATION

The Accounts and Audit (Wales) Regulations 2014 require the person presiding at the meeting, together with the Head of Finance, to certify the Letter of Representation electronically, after the Governance and Audit Committee has approved the above.

7. AUDITOR GENERAL FOR WALES CERTIFICATE

The Auditor General for Wales (Adrian Crompton) will issue the certificate on the accounts following receipt of the Letter of Representation duly certified by the person presiding at the meeting and the Head of Finance.

GwE Joint Committee
(Conwy, Denbighshire, Flintshire, Gwynedd,
Anglesey and Wrexham councils)

STATEMENT OF
ACCOUNTS
2024/25

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NARRATIVE REPORT

INTRODUCTION

The Regional School Effectiveness and Improvement Service (GwE) was established in partnership between the six north Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the councils and undertake the statutory function of the councils in respect of school improvement and effectiveness. This includes the duty to monitor, challenge, provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

Cyngor Gwynedd has been appointed as host authority in implementing and maintaining the service, and the Joint Committee of all the partners oversees the management of the service.

On January 31st 2024, Jeremy Miles, Minister for Education and Welsh Language published a written statement: The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales <https://www.gov.wales/written-statement-next-stage-review-school-improvement-roles-and-responsibilities-education>. This statement outlined changes to school improvements arrangement in Wales with the regional consortia model being replaced by a partnership model between two or more Local Authorities from April 1st, 2025. As a result, the 6 Authorities decided to end the GwE on 31 May 2025.

The GwE Joint Committee accounts for the year 2024/25 are presented here on pages 8 to 37. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25*.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The income and expenditure have been split between the six councils as follows for 2024/25:

Conwy	15.24%
Denbighshire	15.62%
Flintshire	22.71%
Gwynedd	17.55%
Anglesey	10.04%
Wrexham	18.84%
Total	100.00%

- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2025.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2024/25.

These accounts have been prepared on the basis that GwE is coming to an end on 31 May 2025 and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

GwE's Vision and Priorities

GwE is the north Wales regional school improvement service working alongside and on behalf of the north Wales local authorities – Wrexham, Flintshire, Denbighshire, Conwy, Gwynedd, Anglesey.

Our work is driven by an ambition to see the schools and organisations we work with achieve their aspirations and to see all learners succeed.

As proud Welsh citizens with international knowledge we will support our schools to become successful and confident learning organisations. We will work together to ensure that all learners have the education they deserve in a caring environment, so that they can be capable and resilient individuals who achieve their full potential notwithstanding their race, gender, background and creed. We stand against racism and any form of discrimination.

The Business Plan spans a three-year period from 2023 onwards and, it sets out GwE's strategic objectives for and the priorities for improvement and the work programmes to be undertaken. The Business Plan is available at:

<https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?cid=243&mid=4879&ver=4>

Following the announcement by Welsh Government that the regional consortia's arrangement was to end, 2024/25 has been a transitional year. The priority was to continue support for the Schools, until the establishment of the new way of working.

Financial Strategy

The Joint Committee's Financial Strategy and 2024/25 Budget that was adopted by the Joint Committee at its meeting on 20 March 2024 sets out the foundation to achieve the improvement priorities, whilst also trying to meet the continuous increase in demand for services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:

<https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?mid=5005&x=1>

2024/25 Performance

GwE reports regularly on the performance of the service in delivering the service functions and key aims.

2024/25 Financial Performance

- The Comprehensive Income and Expenditure Statement on page 9 shows that the Joint Committee's gross revenue expenditure on 'Cost of Services' level was £9,987k during 2024/25, with a net position of (£266k).
- The financial out-turn position for 2024/25 was reported to the Joint Committee at its meeting on 21 May 2025. Joint Committee members approved the transfer of £221k from the general underspend fund and £313k from the Newly Qualified Teachers fund to contribute towards this year's overspend.
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 9 and 10 detail the analysis in movements for the year.

TABLE 1 - Budget and Actual Comparison Summary (Net)

Table 1 provides a budgetary performance comparison at a summary level, which is detailed further in Table 2.

	Budget	Actual	Variance
	£'000	£'000	£'000
Expenditure on Operations	9,948	11,030	1,082
Income			
Council contributions			
Conwy	(1,389)	(1,476)	(87)
Denbighshire	(1,372)	(1,460)	(87)
Flintshire	(1,944)	(2,031)	(87)
Gwynedd	(1,632)	(1,719)	(87)
Anglesey	(1,095)	(1,182)	(87)
Wrexham	(1,695)	(1,782)	(87)
Other Income	(821)	(846)	(25)
Net (Underspend)/Overspend	0	534	534

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

	Performance Report (Out-turn)	Adjustment with latest information¹	Performance Report (Outturn) Adjusted	Transposition Adjustment²	Net Expenditure Chargeable to the General Fund Usable Reserves	Adjustments between Funding and Accounting Basis (Note 9)	Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure	11,030	(75)	10,955	0	10,955	(968)	9,987
Income	(10,496)	75	(10,421)	168	(10,253)	0	(10,253)
Net Cost of Services	534	0	534	168	702	(968)	(266)

1. Adjustment with latest information – Adjustment between the outturn report and the basis of the accounts having received the latest information about redundancy and others.
2. Transposition Adjustment – This adjustment refers to a normal annual contribution from the NQT fund and interest on balances received in the financial year, and a technical adjustment to the outturn.

Material Items of Income and Expenditure

Related Items include :-

- £821k on pensions, being the annual remeasurement of the net defined benefit liability/(asset) relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 15).
- £10,253k in grants and contributions and equivalent expenditure (Note 20).
- The accounts include costs associated with redundancies (including early retirement capital costs) equivalent to £2,417k (Note 19)

Other Issues

- On January 31st 2024, Jeremy Miles, Minister for Education and Welsh Language published a written statement: The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales <https://www.gov.wales/written-statement-next-stage-review-school-improvement-roles-and-responsibilities-education>. This statement outlined changes to school improvements arrangement in Wales with the regional consortia model being replaced by a partnership model between two or more Local Authorities from April 1st, 2025. As a result, the 6 Authorities decided to end the GwE on 31 May 2025.
- The Economic instability and financial risks continue in the UK and globally. Especially considering the new tariffs between the USA and the rest of the world. The Office for Budget Responsibility predict increases in inflation and energy rates and a decrease in interest rates in their report 'Economic and Fiscal Outlook' dated March 2025.

Reserves

The Joint Committee had usable reserves at the beginning of the financial year. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10.

Pension Fund

The Joint Committee (as an employer) has a nil net liability from its share of the assets and liabilities of the Gwynedd Pension Fund as recognised on its Balance Sheet at 31 March 2025. This has been calculated by the Fund's Actuary, Hymans Robertson, in line with International Accounting Standard 19. Refer to Note 22 for further information.

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

Governance

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

Accounting Policies

The Joint Committee's existing accounting policies are amended only insofar as to reflect the guidance in the 2024/25 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Changes in Accounting Policies and to the Accounts

The Joint Committee's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2024/25 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

Further Information

The Statement of Accounts is available on Cyngor Gwynedd's website
<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/GwE-Joint-Committee.aspx>

Further information relating to the accounts is available from:

Ffion Madog Evans
Assistant Head of Finance
Accounting and Pensions
01286 679133
Trysorydd@gwynedd.llyw.cymru

or

Gwion Elis Jones
Senior Accountant
01286 679060

Finance Department
Cyngor Gwynedd
Council Offices
Caernarfon
Gwynedd
LL55 1SH

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

Accessibility Statement

We are aware that, owing to the nature and format of the disclosures that are required to be included in this document, not all of the tables are fully compatible with accessibility standards. Should you have any questions regarding this statement of accounts or require any of the tables or disclosures to be provided in a more accessible format please contact Trysorydd@gwynedd.llyw.cymru.

GwE JOINT COMMITTEE

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

Cyngor Gwynedd as host authority bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs.

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

13 November 2025

Carys Edwards

Chair of Governance and Audit Committee, Cyngor Gwynedd

THE HEAD OF FINANCE'S RESPONSIBILITIES

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

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

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

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the GwE Joint Committee at 31 March 2025 and the Joint Committee's income and expenditure for the year then ended.



Dewi Aeron Morgan CPFA

Head of Finance, Cyngor Gwynedd

4 November 2025

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25			
Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£'000	£'000	£'000		£'000	£'000	£'000	
6,609	295	6,904	Employees	8,751	(1,775)	6,976	
352	0	352	Property	415	0	415	
227	0	227	Transport	150	0	150	
1,376	0	1,376	Supplies and Services	448	0	448	
8,981	0	8,981	Third Parties	1,191	0	1,191	
0	0	0	Un-apportioned Expenses	0	807	807	
(17,023)	0	(17,023)	Income	(10,253)	0	(10,253)	
522	295	817	Cost of Services	702	(968)	(266)	
(45)	(25)	(70)	Other Income and Expenditure	(25)	0	(25)	
477	270	747	(Surplus) / Deficit on Provision of Services	677	(968)	(291)	
(1,154)			Opening Balances of Usable Reserves	(677)			
477			(Surplus)/Deficit on Usable Reserves in Year	677			
(677)			Closing Balances of Usable Reserves	0			

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing the Joint Committee service in accordance with generally accepted accounting practices.

2023/24				Note	2024/25		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
6,904	0	6,904	Employees		6,976	0	6,976
352	0	352	Property		415	0	415
227	0	227	Transport		150	0	150
1,376	0	1,376	Supplies and Services		448	0	448
8,981	0	8,981	Third Parties		1,191	0	1,191
0	0	0	Un-apportioned Expenses		807	0	807
0	(17,023)	(17,023)	Income		0	(10,253)	(10,253)
17,840	(17,023)	817	Cost of Services		9,987	(10,253)	(266)
0	(70)	(70)	Financing and Investment Income and Expenditure	11	0	(25)	(25)
17,840	(17,093)	747	(Surplus) / Deficit on Provision of Services		9,987	(10,278)	(291)
		481	Remeasurement of the net defined benefit liability/(asset)	15			821
		481	Other Comprehensive Income and Expenditure				821
		1,228	Total Comprehensive Income and Expenditure				530

MOVEMENT IN RESERVES STATEMENT

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

		Movement in Reserves Statement		
	Note	Total Usable Reserves	Unusable Reserves	Total Joint Committee's Reserves
		£'000	£'000	£'000
Balance 31 March 2023 carried forward		(1,154)	(442)	(1,596)
<u>Movement in reserves during 2023/24</u>				
(Surplus)/Deficit on provision of services		747	0	747
Other Comprehensive Income and Expenditure		0	481	481
Total Comprehensive Income and Expenditure		747	481	1,228
Adjustments between accounting basis and funding basis under regulations	9	(270)	270	0
Net (Increase)/Decrease before Transfers to Usable Reserves		477	751	1,228
(Increase)/Decrease in 2023/24		477	751	1,228
Balance 31 March 2024 carried forward	10+15	(677)	309	(368)
<u>Movement in reserves during 2024/25</u>				
(Surplus)/Deficit on provision of services		(291)	0	(291)
Other Comprehensive Income and Expenditure		0	821	821
Total Comprehensive Income and Expenditure		(291)	821	530
Adjustments between accounting basis and funding basis under regulations	9	968	(968)	0
Net (Increase)/Decrease before Transfers to Usable Reserves	10+15	677	(147)	530
(Increase)/Decrease in 2024/25		677	(147)	530
Balance 31 March 2025 carried forward		0	162	162

BALANCE SHEET

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

31 March 2024 £'000		Note	31 March 2025 £'000
1,110	Short-term Debtors	12	1,325
2,122	Cash and Cash Equivalents	13	605
3,232	Current Assets		1,930
(2,864)	Short-term Creditors	14	(2,092)
(2,864)	Current Liabilities		(2,092)
0	Pension Liability	22	0
0	Long-term Liabilities		0
368	Net Assets		(162)
(677)	Usable Reserves	10	0
309	Unusable Reserves	15	162
(368)	Total Reserves		162

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of contributions from the authorities, grant income or from the recipients of services provided by the Joint Committee.

2023/24		Note	2024/25
£'000			£'000
747	Net (Surplus)/Deficit on Provision of Services		(291)
(235)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	16	1,808
512	Net cash flows from Operating Activities		1,517
0	Investing Activities		0
0	Financing Activities		0
512	Net (Increase)/Decrease in cash and cash equivalents		1,517
(2,634)	Cash and cash equivalents at the beginning of the reporting period	13	(2,122)
(2,122)	Cash and cash equivalents at the end of the reporting period		(605)

NOTES TO THE ACCOUNTS

NOTE I – ACCOUNTING POLICIES

I.1 General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost. The accounts have been prepared on the basis that GwE will be coming to an end on 31 May 2025

The Joint Committee's practice is to operate on the basis that all items of expenditure are treated as revenue in the first instance. Should any items of a capital nature (e.g. IT equipment, furniture) prove to have a material significance on the true and fair presentation of the financial position then the items would be treated according to proper practices.

The nature of the Joint Committee's transactions is limited and only the relevant policies can be seen below.

I.2 Accruals of Expenditure and Income

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

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

I.3 Cash and Cash Equivalents

The Joint Committee does not have its own bank account and cash is administered by Cyngor Gwynedd within its own accounts.

NOTE I – ACCOUNTING POLICIES (continued)

I.4 Employee Benefits

I.4.1 Benefits Payable during Employment

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

I.4.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the offer of those benefit can no longer be withdrawn or when the restructuring costs are recognised.

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

I.4.3 Post-employment Benefits

Employees of the Joint Committee are members of one pension scheme:

- The Local Government Pensions Scheme, administered by the Gwynedd Pension Fund at Cyngor Gwynedd.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Joint Committee and their previous employers.

I.4.4 The Local Government Pension Scheme

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 5.80% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

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

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

NOTE I – ACCOUNTING POLICIES (continued)

Service cost comprising:

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

Remeasurements comprising:

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

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

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

1.4.5 Discretionary Benefits

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

NOTE I – ACCOUNTING POLICIES (continued)

1.5 Events after the Reporting Period

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

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.7 Government Grants and Other Contributions

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

1.8 Overheads and Support Services

Charges for services provided by the Central Support Departments within Cyngor Gwynedd are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

1.9 Reserves

Specific reserves are created to set aside amounts for future spending schemes. This is done through transfers out of the General Fund Balance in the Movement in Reserves Statement.

Certain reserves, namely “unusable reserves”, are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Joint Committee.

1.10 Value Added Tax

Only in a situation when VAT is irrecoverable will VAT be included or charged as ‘irrecoverable VAT’. Since the Joint Committee has not registered for VAT, the VAT is recovered through Cyngor Gwynedd's VAT registration.

NOTE 1 – ACCOUNTING POLICIES (continued)

1.11 Debtors and Creditors

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

1.12 Joint Operations

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

The GwE Joint Committee has been categorised as a Joint Operation, making use of the assets and resources of the operators rather than the establishment of a separate entity.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

The Joint Committee's existing accounting policies are amended only insofar as to reflect the guidance in the 2024/25 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

NOTE 3- PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments during 2024/25.

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed.

A review of the accounting standards has been carried out this year, but none of the standards in question will have a material impact on GwE.

NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In recent years there has been some uncertainty about levels of funding and distribution of Welsh Government grants, with these grants being paid directly to the authorities, who then commission GwE services. This issue forms an important part of the Joint Committee's continually revised financial strategy, and where all known and forecasted factors are given due consideration.

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

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

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

The following item in the Joint Committee's Balance Sheet at 31 March 2025 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries are involved in giving expert advice to the council about the assumptions to be used.</p> <p>Brexit and Covid had negative effects on the UK economy and pension asset values, but inflation and interest rates have decreased and the market seems to be improving and stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation as a result of the recovery.</p>	The effects on the net pension liability of changes in individual assumptions are set out in Note 22.

NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:-

- £821k on pensions, being the remeasurements of the net defined benefit liability/(asset) relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 15).
- £10,253k in grants and contributions and equivalent expenditure (Note 20).
- The accounts include costs associated with redundancies (including early retirement capital costs) equivalent to £2,417k (Note 19)

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2024/25				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Employees	0	(1,628)	(147)	(1,775)
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Un-apportioned Expenses	0	807	0	807
Income	0	0	0	0
Cost of Services	0	(821)	(147)	(968)
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	0	0	0
Taxation and non-specific grant income	0	0	0	0
(Surplus) / Deficit on Provision of Services	0	(821)	(147)	(968)

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2023/24				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Employees	0	101	194	295
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Income	0	0	0	0
Cost of Services	0	101	194	295
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	(25)	0	(25)
Taxation and non-specific grant income	0	0	0	0
(Surplus) / Deficit on Provision of Services	0	76	194	270

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

(i) Net Change for the Pensions Adjustments

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

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

(ii) Other Differences

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

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

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

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

2024/25		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS		
	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 22)	(1,609)	1,609
Employer's pensions contributions and direct payments to pensioners payable in the year	2,430	(2,430)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 8)	147	(147)
Total Adjustments	968	(968)

2023/24		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS		
	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 22)	(907)	907
Employer's pensions contributions and direct payments to pensioners payable in the year	831	(831)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 8)	(194)	194
Total Adjustments	(270)	270

NOTE 10 – TRANSFERS TO/FROM USABLE RESERVES

10a. The General Fund

The note below sets out the amounts set aside from the General Fund in usable reserves to provide financing for expenditure plans, with a decrease of (£221k) during the year.

GwE Joint Committee General Fund	
	£'000
Balance 31 March 2024	221
<u>Transfers:</u>	
In	0
Out	(221)
Balance 31 March 2025	0

10b. The Newly Qualified Teachers Fund

The note below highlights the amount set aside from the Newly Qualified Teacher Fund in usable reserves in order to provide funding for spending plans to support newly qualified teachers, with a decrease of (£456k) during the year.

GwE Joint Committee Newly Qualified Teachers Fund	
	£'000
Balance 31 March 2024	456
<u>Transfers:</u>	
In	0
Out	(456)
Balance 31 March 2025	0

NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24	2024/25
£'000	£'000
(25) Net interest on the net defined benefit liability/(asset)	0
(45) Interest Receivable	(25)
(70) Total	(25)

NOTE 12 – SHORT-TERM DEBTORS

	31 March	31 March
	2024	2025
	£'000	£'000
Trade Receivables	168	35
Prepayments	48	54
Other Receivable Amounts	894	1,236
Total	1,110	1,325

NOTE 13 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Cyngor Gwynedd within its own accounts. The figure shown in the table each year is the net cash sum held on behalf of the Joint Committee within the Cyngor Gwynedd amounts.

	31 March	31 March
	2024	2025
	£'000	£'000
Cash in Bank held by Host Authority	2,122	605
Cash and Cash Equivalents	2,122	605

NOTE 14 – SHORT-TERM CREDITORS

	31 March	31 March
	2024	2025
	£'000	£'000
Trade Payables	239	268
Other Payables	2,625	1,824
Total	2,864	2,092

NOTE 15 – UNUSABLE RESERVES

31 March 2024		31 March 2025
£'000		£'000
0	Pensions Reserve	0
(309)	Accumulated Absences Account	(162)
(309)	Total Unusable Reserves	(162)

15.1 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible, with funding requirements set aside by the time the benefits are to be paid.

2023/24		2024/25
£000		£000
557	Balance 1 April	0
(481)	Re-measurements of the net defined benefit (liability) / asset (Note 22)	(821)
(907)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,609)
831	Employer's pensions contributions and direct payments to pensioners payable in the year	2,430
0	Balance 31 March	0

15.2 Accumulated Absences Account

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

2023/24		2024/25
£000		£000
(115)	Balance 1 April	(309)
(194)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	147
(309)	Balance 31 March	(162)

NOTE 16 – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2023/24		2024/25
£'000		£'000
(805)	(Increase)/Decrease in Creditors	625
840	Increase/(Decrease) in Debtors	215
(76)	Pension Liability	821
(194)	Other non-cash items charged to net surplus/deficit on the provision of services	147
(235)		1,808

NOTE 17 – OFFICERS' REMUNERATION

17a. The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers. In compliance with the defined requirements, the pensionable pay, employer's pension contributions and other employer costs are included below (including termination benefits), but the employer's national insurance contributions are excluded. The following payments were paid to the Joint Committee's senior officers directly employed by GwE as follows:

2023/24				Senior Officers	2024/25			
Salary £	Employer Pension Contributions £	Other Employer Costs £	Total £		Salary £	Employer Pension Contributions £	Other Employer Costs £	Total £
110,537	20,670	0	131,207	Managing Director ¹	51,964	8,819	454,932	515,715
0	0	0	0	Head of GwE Service – Professional Learning ²	58,337	10,909	0	69,246
0	0	0	0	Head of GwE Service – School Improvement ²	60,220	11,261	0	71,481

1. In post until 31 August 2024, an exit package is included in Other Employment Costs, see Note 19 for further explanation.
2. Officers in post from 1 August 2024. The officers have been employed throughout the year, but as chief officers from 1 August 2024, with only the cost of the chief officer role included above.

NOTE 17 – OFFICERS’ REMUNERATION (continued)

17b. Other Joint Committee employees receiving more than £60,000 remuneration for the year* (excluding employer’s pension and national insurance contributions), but include termination benefits. This includes termination benefits paid in 20 cases in 2024/25 (no cases in 2023/24). Four of these posts would not appear below except for the termination benefits paid in the individual year.

Number of other employees who would receive more than £60,000 and includes remuneration and termination benefits:		
Number in 2023/24*		Number in 2024/25*
Total		Total
42	£60,000 - £64,999	15
5	£65,000 - £69,999	14
13	£70,000 – £74,999	13
3	£75,000 - £79,999	5
1	£80,000 - £84,999	3
0	£85,000 - £89,999	2
0	£90,000 - £94,999	0
0	£95,000 - £99,999	2
0	£100,000 - £104,999	2
0	£105,000 - £109,999	2
0	£110,000 - £114,999	2
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	2
0	£130,000, - £134,999	1

*The numbers for 2024/25 and 2023/24 include staff which have started or finished in their employment during the year, adjusted to a full year of employment.

NOTE 18 – EXTERNAL AUDIT COSTS

The Joint Committee has incurred the following costs relating to external audit.

2023/24		2024/25
£'000		£'000
14	Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	19
14	Net Fees	19

NOTE 19 – EXIT PACKAGES

The number of exit packages with total cost per band, and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the redundancy costs and pension contribution costs to the employer, rather than the actual value of the payments to the individuals. In accordance with the requirements the related commitments as known to the Joint Committee as at 31 March 2025 are included. Included below are the related gross costs but not the financial savings to the Joint Committee, where appropriate.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
£	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
0 - 20,000	0	5	0	1	0	6	0	74
20,001 - 40,000	0	4	0	2	0	6	0	161
40,001 - 60,000	0	3	0	1	0	4	0	186
60,001 - 80,000	0	0	0	2	0	2	0	142
80,001 – 100,000	0	3	0	0	0	3	0	272
100,001 – 150,000	0	3	0	0	0	3	0	353
150,001 – 200,000	0	1	0	0	0	1	0	198
200,001 – 250,000	0	1	0	0	0	1	0	220
250,001 – 300,000	0	0	0	0	0	0	0	0
300,001 – 350,000	0	0	0	0	0	0	0	0
350,001 – 400,000	0	1	0	0	0	1	0	356
400,001 – 450,000	0	0	0	0	0	0	0	0
450,001 – 500,000	0	1	0	0	0	1	0	455
Total	0	22	0	6	0	28	0	2,417

NOTE 20 – GRANT INCOME

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

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
Grants and Contributions Credited to Services				
Welsh Government				
Pupil Development Grant (PDG) - Looked After Children	1,145		0	
PDG – Strategic Adviser	100		0	
PDG – Consortia Led Funding	186		0	
Other	376		253	
		1,807		253
Regional Consortia Grant				
Welsh Government (excluding the EIG)		7,013		0
Education Improvement Grant (EIG)				
Match funding from councils	457		0	
Welsh Government	2,481		0	
		2,938		0
Other Government Grants and Contributions				
Education Workforce Council	541		229	
		541		229
Grants and Contributions from the councils				
Councils' contributions towards the Core Service				
Conwy	667		610	
Denbighshire	682		625	
Flintshire	1,001		909	
Gwynedd	770		702	
Anglesey	443		402	
Wrexham	831		754	
		4,394		4,002
Councils' commissioning agreement				
Conwy	0		656	
Denbighshire	0		624	
Flintshire	0		912	
Gwynedd	0		807	
Anglesey	0		570	
Wrexham	0		818	
		0		4,387
Other Grants and Contribution		330		198
Transition Funding for School Improvement Partnership Programme Grant (£123k from each authority)		0		738
Contributions from the authorities to fund GwE overspend (£74k from each authority)		0		446
Total Grants and Contributions Credited to Services		17,023		10,253

NOTE 21 – RELATED PARTIES

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

Function of the Joint Committee

The Regional School Effectiveness and Improvement Service (GwE) has been established in partnership between the six north Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the councils and undertake the statutory function of the councils in respect of school improvement and effectiveness. Summarised below are the payments and income between the Joint Committee and the Local Authorities for the 2024/25 financial year. Cyngor Gwynedd has been appointed as host authority in implementing and maintaining the service, and the Joint Committee of all the partners oversees the management of the service.

	Payments made	Amounts owed by the Joint Committee	Income Received	Amounts owed to the Joint Committee
Local Authority	£'000	£'000	£'000	£'000
Conwy County Borough Council	351	45	1,268	212
Denbighshire County Council	130	7	1,321	197
Flintshire County Council	402	1	1,824	220
Cyngor Gwynedd	570	33	1,699	225
Isle of Anglesey County Council	155	3	974	198
Wrexham County Borough Council	212	10	1,572	198

Members

Members of the Joint Committee have an influence over the Joint Committee's financial and operating policies.

Members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Joint Committee. During 2024/25 no payments were made or owed by the Joint Committee for the related bodies.

Officers

The Joint Committee's Senior Officers have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. During 2024/25 no payments were made or owed by the Joint Committee for the related bodies.

NOTE 22 – PENSION COSTS

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

GwE participates in two post-employment schemes:

- a) **The Local Government Pension Scheme** administered locally by Cyngor Gwynedd. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014 and based on a career average salary from 1 April 2014. The Joint Committee and the employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets. GwE's proportion of the total contributions to the Gwynedd Pension Fund in 2024/25 was 1.2% (1.3% in 2023/24).
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Cyngor Gwynedd. Policy is determined in accordance with the Local Government Pensions Scheme Regulations.

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

Transactions Relating to Post-employment Benefits

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

NOTE 22 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Net (liability) /asset	
	31 March 2024	31 March 2025
	£'000	£'000
Fair Value of plan assets	26,324	29,888
Present value of funded obligations	(22,876)	(23,764)
Effect of the asset ceiling	(2,891)	(6,124)
Opening Position as at 1 April	557	0
Service Cost		
- Current service cost*	(932)	(802)
- Past service cost (including curtailments)	0	(807)
Total Service Cost	(932)	(1,609)
Net interest		
- Interest income on plan assets	1,267	1,483
- Interest cost on defined benefit obligation	(1,105)	(1,186)
- Interest on the effect of the asset ceiling	(137)	(297)
Total Net Interest	25	0
Total Defined Benefit Cost Recognised in Profit or (Loss)	(907)	(1,609)
Cash flows		
- Participants' contributions	0	0
- Employer contributions	842	1,618
- Benefits paid	0	0
Expected closing position	492	9
Remeasurements		
- Changes in financial assumptions	1,535	4,135
- Changes in demographic assumptions	143	44
- Other experience**	(683)	211
- Return on assets excluding amounts included in net interest	1,609	(164)
- Changes in the effect of the asset ceiling	(3,096)	6,421
Total remeasurements recognised in Other Comprehensive Income (OCI)	(492)	10,647
Fair value of plan assets	29,888	32,638
Present value of funded obligations	(23,764)	(21,982)
Closing Position as at 31 March	6,124	10,656

Please note the Employer's fair value of plan assets is approximately 1% of the Fund's total.

The present value of funded obligations comprises of approximately £12,540,000 in respect of employee members, £1,435,000 in respect of deferred pensioners, and £8,007,000 in respect of pensioners as at 31 March 2025.

* The current service cost includes an allowance for administration expenses of 0.6% of payroll.

**Within this other experience item, the funded obligations have decreased by £211,000 as a result of the pension increase order being different to the previous assumption.

NOTE 22 – PENSION COSTS (continued)

Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

	31 March 2024	31 March 2025
	£'000	£'000
Fair value of plan assets	29,888	32,638
Present value of obligations	(23,764)	(21,982)
Subtotal	6,124	10,656
Effect of IAS 19/ IFRIC 14	(6,124)	(10,656)
Net Asset/(Liability) arising from Defined Benefit Obligation	0	0

The actuarial valuation of the Joint Committee's pension scheme liabilities and pension reserve shown on the Balance Sheet reports a net asset or liability of zero. The Joint Committee's Actuary, Hymans Robertson LLP, determined that the fair value of the Joint Committee's pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset. IFRIC 14 and IAS 19 Employee Benefits require that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling, which is capped at £0

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Joint Committee's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculated asset ceiling for 2024/25 results in greater future service contributions than future service costs so the economic benefit is limited to zero. The Joint Committee relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

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

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for the Joint Committee is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2024. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2025 to be £3.18bn based on information provided by the Administering Authority and allowing for index returns where necessary. Only a portion of the Fund is related to GwE.

NOTE 22 – PENSION COSTS (continued)

Fair Value of Employer Assets

The asset values below are at bid value as required under IAS 19.

Asset Category	At 31 March 2024				At 31 March 2025			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Debt Securities								
Other	0	0	0	0	0	0	0	0
Private Equity								
All	0	1,554	1,554	5	0	1,762	1,762	5
Real Estate								
UK Property	0	2,082	2,082	7	0	2,077	2,077	6
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds and Unit Trusts								
Equities	0	16,633	16,633	56	0	18,025	18,025	55
Infrastructure	0	0	0	0	0	963	963	3
Other	0	8,497	8,497	28	0	9,592	9,592	29
Derivatives								
Inflation	0	737	737	2	0	0	0	0
Cash and cash equivalents								
All	0	385	385	1	0	219	219	1
Totals	0	29,888	29,888	100	0	32,638	32,638	100

NOTE 22 – PENSION COSTS (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

	31 March 2024	31 March 2025
Financial Assumptions	% p.a.	% p.a.
Pensions Increase Rate	2.75	2.75
Salary Increase Rate	3.25	3.25
Inflation Rate	2.75	2.75
Discount Rate	4.85	5.80
Long-term expected rate of return on all categories of assets	4.85	5.80
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	65	65
for post-April 2008 service	65	65
Mortality assumptions	Years	Years
Longevity at 65 for current pensioners		
Men	21.7	21.6
Women	24.1	24.1
Longevity at 65 for future pensioners		
Men	22.7	22.6
Women	25.7	25.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme commitments as at 31 March 2025 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Joint Committee of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

NOTE 22 – PENSION COSTS (continued)

The figures in the table below have been derived based on the membership profile of the Joint Committee as at 31 March 2022, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Impact on the Defined Benefit Obligation in the Scheme		
Change in assumption	Approximate increase to Defined Benefit Obligation	Approximate monetary amount
	31 March 2025	31 March 2025
	%	£'000
0.1% decrease in real discount rate	2	424
1 year increase in member life expectancy	4	879
0.1% increase in the Salary Increase Rate	0	28
0.1% increase in the Pension Increase Rate	2	407

Impact on the Joint Committee's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Funding levels are monitored on an annual basis.

The contributions paid by the Joint Committee are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2025 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Joint Committee, please refer to the 2022 actuarial report dated 28 March 2023.

Information about the Defined Benefit Obligation

	Liability Split	
	31 March 2025	
	£'000	%
Active Members	12,540	57.1
Deferred Members	1,435	6.5
Pensioner Members	8,007	36.4
Total	21,982	100.0

The above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2022. As at the date of the most recent valuation, the duration of the Employer's funded obligations in 2024/25 is 19 years.

Impact in Future Years

The total contributions from the GwE Joint Committee to the Local Government Pension Scheme in 2025/26 for the two months up to the end of May 2025, when the GwE service ended, was £119k.

As the Actuary's report is based on estimates and due to timing issues, adjustment of (£812k) in 2024/25, (£111k in 2023/24), to bring the position in the Scheme based on the Actuarial figures in line with the closing position as at 31 March 2025 (before applying any asset ceiling adjustments). This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities.

NOTE 23 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised by the Head of Finance on 30 June 2025. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

ANNUAL GOVERNANCE STATEMENT

This statement meets the requirement to produce a Statement of Internal Control pursuant to Section 5 of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018).

Part 1: SCOPE OF RESPONSIBILITY

- 1.1 GwE was established as a Joint Committee to be a regional school effectiveness and improvement service by the 6 North Wales local authorities in 2013 by undertaking the functions that are detailed in an agreement between the Joint Committee and the authorities. In the agreement, the Councils agreed to work together in a partnering relationship to establish a Regional School Effectiveness and Improvement Service to be accountable to, and undertake the statutory functions of the Councils in respect of school improvement and effectiveness.
- 1.2 The vision was to establish a Regional School Effectiveness and Improvement service to be accountable to, and undertake the statutory responsibilities of the six local North Wales Authorities in respect of the duties to monitor, challenge, provide support services for curriculum, continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.
- 1.3 GwE is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.4 In discharging this overall responsibility, GwE is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk and adequate and effective financial management.
- 1.5 On December 18th, 2023, Jeremy Miles, then Minister for Education and Welsh Language halted the Middle Tier Review accepting the interim findings as final. On December 19th, 2023, the Welsh Government rationalised pre-16 education grants that were allocated to Local Authorities and Regional Consortia into the Local Authority Education Grant (LAEG). On January 31st, 2024, Jeremy Miles, Minister for Education and Welsh Language published a written statement: *The next stage in the review of school improvement - the roles and responsibilities of education partners in Wales*. This statement outlined changes to school improvements arrangement in Wales with the regional consortia model being replaced by a partnership model between two or more Local Authorities.
- 1.6 Following the Welsh Government decision to amalgamate the main education grants under one heading, the Local Authority Education Grant (LAEG) from 2024-25 onwards, the grant has been paid to the Local Authorities to manage and delegate funding directly to schools. The requirements, risks, terms and conditions of the grant are now the sole responsibility of the individual Local Authorities. To ensure continuity of support to schools while the review progresses, Welsh Government noted that they expected any current regional working arrangements to continue during this time and be facilitated through the specific grant funding to support curriculum and professional learning in schools. The 'Curriculum for Wales' and 'Professional Learning and Leadership' elements of the 'Reform' LAEG were fully transferred to GwE by all 6 regional Authorities to deliver support on these aspects whilst meeting the terms and conditions of the grant. The GwE Budget for 2024-25 also reflects a decision by the six Local Authorities to reduce their contribution to the core service by 10%.
- 1.7 These decisions have had a significant impact on the service provided by GwE and school improvement arrangements in North Wales from April 1st, 2024. Specifically:
 - GwE has changed from being a 'regional joint service' to a commissioned service.

- GwE is a client providing a differentiated commission to the Local Authority.
- The strategic direction for school improvement is provided by the Chief Education Officers who are held accountable by local scrutiny arrangements.
- GwE had to strictly adhere to the commission defined by the Local Authorities which is captured in the individual Commissioning Agreement for the Financial Year 2024-25.

1.8 This statement details the arrangements that have been in place for the financial year 2024-25 and in the context of the above changes.

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which GwE is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authorities that are part of GwE to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of GwE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.4 The governance framework described above has been in place at GwE for the year ended 31 March 2024 and up to the date of approval of the 2024-25 statement of accounts.

Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

- 3.1 The GwE Management Board monitors matters of governance, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement.
- 3.2 To demonstrate good governance, GwE must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). This statement has been prepared in accordance with those principles.
- 3.3 An outline is given of the Governance Areas and GwE's arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.
- 3.4 This statement details the arrangements that have been in place for the financial year 2024-25 and in the context of the changes outlined in Part 1.

Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Assessment	Assured

How we do this:

- GwE follows the host authority (Gwynedd Council) operating rules, which details how decisions need to be made and the procedures to be followed to ensure they are efficient, transparent and available to local people.
- The GwE Inter Authority Agreement have agreed to the following principles of good governance:
 - Openness and Trust
 - Commitment and Drive
 - Skills and Creativity
 - Effective Relationships
 - Developing and Adaptive
 - Reputation and Standing
 - Reasonableness of Decision Making
 - Necessary Consents
 - Members and Officers' Commitments
- The voting members of the GwE Joint Committee are governed by the Code of Conduct of their relevant Council. The Codes of Conduct for Councillors and employees within the Constitution of the host authority are built upon the principles of openness, transparency and honesty
- The following service and personal values are embedded within the service and have been set to enable the service to achieve the vision and objectives for delivery. These include:
 - Respect;
 - Trust;
 - Wellbeing;
 - Innovate and inspire;
 - Support and collaborate;

- Cymru a'r Gymraeg
- Staff are expected to demonstrate the highest standards of the service behaviors and values.
- GwE, supported by the host authority, has procedures in place to ensure the Joint Committee meetings are conducted effectively and decision making is effective.
- All meetings of the Joint Committee during 2024-25 have been held virtually via Zoom. Guidance has been produced for Members in relation to attending virtual meetings.

Principle B	Ensuring openness and comprehensive stakeholder engagement
Assessment	Assured

How we do this:

- The Joint Committee meetings are open meetings, and all papers are published on the host authority (Gwynedd Council) website and the GwE website.
- The Joint Committee meetings have a forward calendar of meetings set out for the year ahead.
- GwE encourages stakeholder engagement and feedback via a broad range of communication and engagement methods. Examples include: attendance at Headteacher Federation meetings; cluster groups; weekly bulletin; networks, social media etc.
- Openness and comprehensive stakeholder engagement is ensured through:
 - Joint working ensuring strong governance and regional consistency in support, messaging and guidance given to schools.
 - Establishing clear lines of communication with key stakeholders.
 - Reports for the Joint Committee
 - Sharing regular updates and ensure contact and support.
 - Sharing information, key messages and work streams with LAs / Elected Members.
 - Updating key stakeholders on various GwE matters.
 - Sharing regional information and ensure consistent messages.
 - Ensuring consistency as regards national and regional information.
 - Ensuring effective communication.
 - Liaising with key stakeholders.
- Teamwork, joint working and collaboration has also been at the heart of the work with schools. GwE has encouraged schools to collaborate through sharing practice and co-constructing areas that need improving. We have invested in various cluster models, alliances and networks, and encouraged schools to find a range of appropriate partners to deliver improvement and changes. All schools in the region are part of a cluster or a forum where they can come together to discuss operational issues as well as sharing best practice. This joint work facilitated by GwE staff has been very successful and sets a very strong infrastructure in place for future work.
- The region has also looked outward for good practice in terms of identifying effective peer review models as well as encouraging our schools to develop and evolve their own practice. GwE believe that peer engagement should closely complement the dimensions identified within the OECD publication 'What Makes a School a Learning Organisation'. The principles within sit within all Professional Learning and across GwE.

- Critical to the development of the learning organisation work, there are four transversal themes which run throughout to include Trust, Time, Technology and Thinking Together. These have been fundamental in developing GwE's approach to developing strong partnerships as trust underpins the relationships needed internally and externally for learning organisations to thrive.
- There has been agreement with Headteachers on a series of regional principles for peer engagement. A model of peer review and improvement planning was agreed (the Schools Partnership Programme [SPP]), approved by the Management Board and Joint Committee. All GwE SIAs have received continuous training and support on peer review, facilitation, mentoring and coaching and a programme is in place to offer SPP training to all 405 regional schools and the Referral Units.

Principle C	Defining outcomes in terms of sustainable economic, social and environmental benefits
Assessment	Assured

How we do this:

- Each Local Authority has a detailed Business Plan and a Commissioning Agreement agreed upon by the head of service and the core lead.
- GwE Business Plans with each Local Authority embrace the Terms and Conditions of the Reform grant. The plans outline how and when each priority will be met and set expectations in terms of the next steps. The plans note the support and provision available to all regional schools in terms of the 'Curriculum for Wales' and 'Professional Learning and Leadership' elements.
- The GwE Professional Learning Offer responded specifically to the terms and conditions of the grant, and offered a provision to support these aspects. The Offer was to all practitioners in north Wales in the form of a regularly updated catalogue [GwE Professional Offer](#).
- GwE has reported to the Joint Committee and the Local Authorities on the Reform element of the grant in 2024-25.
- The clear and robust accountability framework is a key strength in GwE. Detailed business plans address all aspects of the work of GwE. Plans are fully costed, with clear success criteria and milestones for delivering objectives.
- Staff on all levels fully understand their responsibility for continued improvement and accountability. Ongoing issues are referred to GwE Senior leaders in a timely manner.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
- GwE have also developed an Evaluation and Impact Strategy so that it can clearly evaluate and capture impact of its work in line with its core school improvement function and to enable it to fully meet the expectations as outlined in the School Improvement Guidance. The purpose of the strategy is to articulate clearly how GwE will engage in ongoing evaluation processes in line with its commitment to developing a culture of continuous improvement as a learning organisation. The self-evaluation processes will draw upon a range of sources that are both qualitative and quantitative which support schools in working towards the national priorities.
- There are rigorous and comprehensive arrangements in place to identify and manage risks on a local, regional and national level. The risk register is a live document, which is kept under regular review to identify increasing risks or risks which are no longer deemed as high level. It is presented to the Joint Committee on an annual basis and when new risks are identified, of which the Joint Committee needs to be made aware.

Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
Assessment	Assured

How we do this:

- GwE has procedures in place to ensure the Joint Committee meetings are conducted effectively and that decision making is effective. A series of reports have been produced and shared with the Management Board and the Joint Committee during the year.
- Visits by Estyn HMI through the Regional Consortia Link Inspector were held during the year.
- GwE has an agreed Inter Authority Agreement (IAA) that sets out clearly how the Joint Committee operates and how decisions are made and procedures need to be followed to ensure efficiency, transparency and accountability.
- The Joint Committee is a joint committee constituted by the Councils under section 101(5) and 102(1) of the Local Government Act 1972 and section 20 of the Local Government Act 2000. Meetings of the Joint Committee are subject to the provisions of the Local Government Act 1972 including the provisions on access to information and meetings held in public.
- Members of the Joint Committee and the public have the full benefit of access to the Joint Committee papers and supporting information.
- The Joint Committee meets a minimum of three times a year.
- The IAA identifies the following two categories of decisions together with the means by which they will be taken:
 - 'Joint Committee Matter' – being a matter which is to be decided upon at a quorate (3 voting members) meetings of the Joint Committee by those present and entitled to vote and any such decision will be binding on all the Councils;
 - 'Matter Reserved To The Councils' – being a matter which will have to be referred to each Council for decision and, for the avoidance of doubt, any such matter will not be dealt with by the Joint Committee (as the case may be) until the matter has been determined by all of the Councils. If the Councils fail to reach the same decision in respect of such matter then the matter shall be referred under Dispute Resolution as a dispute for resolution.
- The terms of reference and delegated powers of the Joint Committee are to promote joint working in the delivery of the Service through:
 - facilitating constructive partnership working;
 - engaging with key interested bodies and stakeholders when appropriate;
 - carrying out such other activities calculated to facilitate, or which are conducive to the successful delivery of the Service;
 - to oversee the management of the Service and ensure that the Service is provided and performs in accordance with the expectations of the Partner Authorities as reflected in the Full Business Case, Inter Authority Agreement and agreed Annual Business and Commissioning Plans;
 - to approve the budget for the Service on an annual basis;
 - to approve the business plan for the Service on an annual basis;
 - to monitor and manage the risks associated with the Service;
 - to ratify requests from the Service for additional budget funding from individual Councils;
 - to approve the staff structure of the Service;

- to appoint the Managing Director of the Service;
- to decide on disciplinary action against the Managing Director;
- where required, to determine or arrange for the determination of appeals in relation to Human Resources matters.
- The Joint Committee is supported by a Management Board with the following terms of reference:
 - Co-construct the annual Business Plan, including the individual appendices to identify specific requirements at individual LA Level;
 - Monitor progress against the priorities and outcomes identified in the Business Plan on a regular basis;
 - Have arrangements in place to make sure that GwE financial controls and systems are robust;
 - Provide professional advice to the Joint Committee with regard to the appointment of the Managing Director;
 - Regularly report to the Joint Committee.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
- The consortium has effective financial management processes in place. Communication and consultation on financial arrangements is effective, and GwE staff, the host local authority and Joint Committee all review the core funding and grant expenditure on a regular basis.
- Through the self-evaluation process, the link between the business planning process and decisions regarding financial planning is strengthened as the work streams that underpin the business plan clearly note the resources to be used.

Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
Assessment	Assured

How we do this:

- GwE staff have re-purposed their work appropriately over the last few years to continue to deliver effective services and support for all their communities of schools during and after the pandemic.
- Communication and engagement within the leadership structure of GwE has been regular and clear.
- GwE have kept true to their vision and values as an organisation that is continually learning.
- The OECD's transversal themes of Trust, Thinking together, Time and Technology have remained at the heart of the work with schools and partners.
- The service in its entirety has re focused several times to meet the needs of the range of stakeholders. The ability to be flexible and agile and to work effectively together in different teams, often cross sector, has had significant impact on organisational behaviour and external perception. At the heart of the refocusing has been the need to ensure that the well-being of school leaders, their staff and learners is paramount to the decision-making and ensuring that the right level of support, operational or professional, can be directed accurately by the service.
- The consistency and quality of challenge and support to schools is good. Regular training, support and discussions ensure that Supporting Improvement Advisers' knowledge and understanding of national and local developments, and the implications of this on their roles, is good.

- Quality Assurance processes continue to develop and evolve in line with national developments and principles. The Professional Review process has continued during the year which take into account training or development needs.
- Members also of staff have access to appropriate induction tailored to their role with ongoing training and professional development.
- The health and well-being of children and the workforce continues to be a priority, and doing all we can to support the well-being of our school staff, children and young people across the region.
- Messages and information are communicated clearly and on a regular basis to all employees. Generic, purposeful and effective support programmes are offered.

Principle F	Managing risks and performance through robust internal control and strong public financial management
Assessment	Assured

How we do this:

- The clear and robust accountability framework in a key strength in GwE. Detailed business plans address all aspects of the work of GwE. Plans are fully costed, with clear success criteria and milestones for delivering objectives.
- Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities.
- Each Local Authority has a detailed Business Plan and a Commissioning Agreement agreed upon by the head of service and the core lead.
- GwE Business Plans with each Local Authority embrace the Terms and Conditions of the Reform grant. The plans outline how and when each priority will be met and set expectations in terms of the next steps. The plans note the support and provision available to all regional schools in terms of the 'Curriculum for Wales' and 'Professional Learning and Leadership' elements.
- The consortium has effective financial management processes in place. Communication and consultation on financial arrangements is effective, and GwE staff, the host local authority and Joint Committee all review the core funding and grant expenditure on a regular basis.
- There are arrangements in place to identify and manage risks on a local, regional and national level. The risk register is a live document, which is kept under regular review to identify increasing risks or risks which are no longer deemed as high level. It is presented to the Joint Committee on an annual basis and when new risks are identified, of which the Joint Committee needs to be made aware.

Principle G	Implementing good practices in transparency, reporting and audit to deliver effective accountability
Assessment	Assured

How we do this:

- The regional service evaluates its work regularly and uses information effectively to ensure that areas for improvement are identified swiftly and are firmly addressed via detailed business planning.

- The Joint Committee meetings are open meetings and all papers are published on the host authority (Gwynedd Council) website and the GwE website.
- GwE is a 'relevant body' which must maintain an adequate and effective system of internal audit of its accounting records and system of internal control. In order to comply with these statutory requirements, the internal audit service of the host authority is provided to GwE in accordance with the Public Sector Internal Audit Standards ("PSIAS"). The Standards are relevant to every internal audit service provider for the public sector, whether internal, shared service or external.

Part 4: SIGNIFICANT GOVERNANCE ISSUES

- 4.1 The above assessment indicates that there are no issues which are a significant governance issue.

Part 5: GOVERNANCE MATTERS IDENTIFIED

- 5.1 No governance issues were identified in 2024/2025.

Part 6: OPINION

We are of the opinion that the governance arrangements described above offer strong assurance that our governance arrangements work well.



GwE Lead Officer

Date: 21/05/2025

EUROS DAVIES

GwE HEAD OF SERVICE



Vice-Chair of GwE Joint Committee

Date: 21/05/2025

COUNCILLOR PHIL WYNN

WREXHAM COUNTY BOROUGH COUNCIL

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of GwE Joint Committee for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

GwE Joint Committee's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of GwE Joint Committee as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the GwE Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

I note that the GwE Joint Committee formally ceased operations on 31 May 2025, with its functions and services transferred to the six constituent local authorities. In line with Practice Note 10, the continued provision of service approach applies in the public sector context, whereby the going concern basis remains appropriate if the underlying services are expected to continue, even if the entity itself ceases to operate.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have

performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the GwE Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the GwE Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, the Head of Internal Audit for Cyngor Gwynedd and those charged with governance, including obtaining and reviewing supporting documentation relating to GwE Joint Committee's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override;
- obtaining an understanding of GwE Joint Committee's framework of authority as well as other legal and regulatory frameworks that GwE Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of GwE Joint Committee; and
- obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
19 November 2025

I Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Audit of Accounts Report – GwE Joint Committee

Audit year: 2024-25

Date issued: October 2025

Document reference: 5110A2025



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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2024-25 accounts. My team have already discussed these findings with the Assistant Head of Finance, Accountancy and Pensions.

My team have substantially completed the audit work as set out in my Audit Plan dated May 2025.

Since my Audit Plan, I have updated materiality to reflect the 2024-25 accounts. I have not identified any new audit risks. My response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, and give a true and fair view, in all material aspects. My proposed audit opinion and basis for it is outlined on page 18.

It is the responsibility of those charged with governance, i.e. the Governance and Audit Committee, Cyngor Gwynedd to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of GwE Joint Committee for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We intend to issue an **unqualified opinion** on the accounts

See [Appendix 4](#)



There are no **other significant matters** to report

See [Audit findings](#)



There are no **uncorrected misstatements** in the accounts, which we wish to draw to your attention

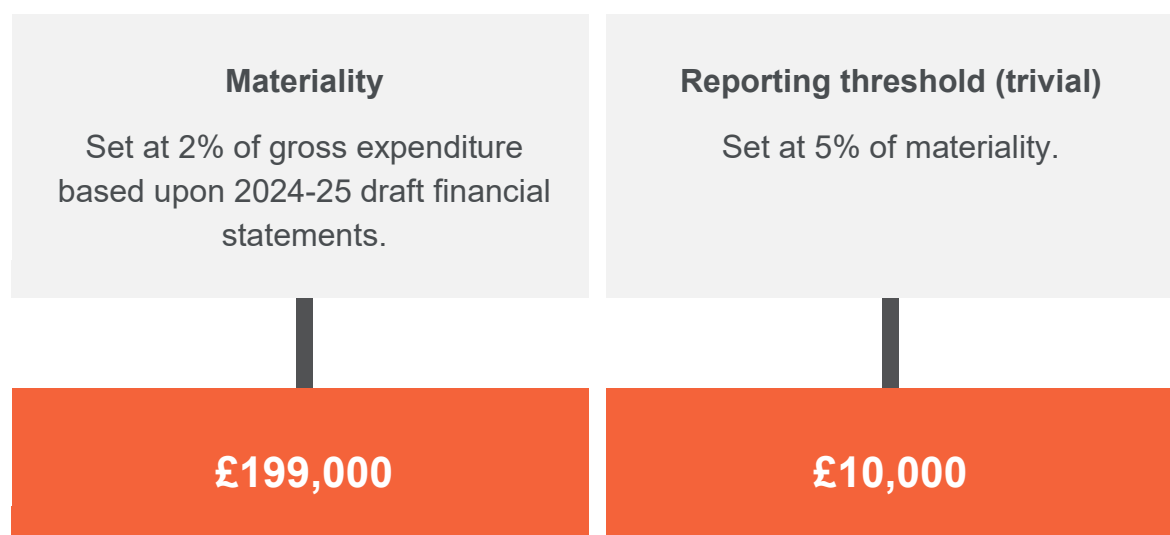
See [Audit findings](#)



We are aiming to certify your accounts on 19 November 2025, following approval by the Governance and Audit Committee, Cyngor Gwynedd on 13 November 2025. This falls after the statutory deadline of 31 October, which could not be met due to the timing of the Committee meeting.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:

Senior Officer Remuneration	Related party disclosures (individuals)
£1,000	£10,000

Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

There were no uncorrected misstatements.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 2**.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of the Joint Committee's financial reporting process.

There were no such issues identified during the audit.

Further considerations for 2025-26

We will work with Cyngor Gwynedd as host authority for the Joint Committee, and the wider sector, to review our ambition to bring forward the audit deadline to September 2026 as part of the 2025-26 accounts audit process. In order to meet this deadline, it will be imperative that the accounts and the annual governance statement are received on time, are of a high quality and are fully supported, with all working papers available and quality assessed at the commencement of the audit, and staff are available throughout the audit window to ensure audit queries are resolved in a timely manner.

The draft financial statements were received by the agreed deadline of 30 June and working papers were prepared in readiness for the start of the audit process. However, we are conscious that the planned reduction in

the account's preparation and audit window next year may present challenges in meeting future deadlines.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4**, the contents of which are in line with our standard request for representations.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: my local audit team

Engagement Lead	Matthew Edwards matthew.edwards@audit.wales
Audit Manager	Yvonne Thomas yvonne.thomas@audit.wales
Senior Auditor	Siwan Glyn siwan.glyn@audit.wales

Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

The safeguards outlined in the Audit Plan regarding the Audit Manager's acquaintance with an officer of the Joint Committee were appropriately implemented to manage any potential conflicts.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of GwE Joint Committee accounts. **Exhibit 2** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 2: audit risks reported previously, work done and outcome

Audit risk	Work done	Outcome
Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team: <ul style="list-style-type: none">• tested the appropriateness of journal entries and other adjustments made in preparing the financial statements;• reviewed accounting estimates for bias; and• evaluated the rationale for any significant transactions outside the normal course of business.	My audit work did not identify any instances of management override of controls.

Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability. For example, at 31 March 2024, the liability was in fact a surplus, primarily due to higher interest rates.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

The audit team:

- evaluated the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assessed the accuracy and completeness of the information provided by the Joint Committee to the actuary to estimate the liability;
- tested the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;
- assessed the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertook any additional procedures required; and
- assessed whether any legal cases could have a material impact on the net liability, and if so, confirmed that this has been appropriately recognised and disclosed within the financial statements.

My audit work did not identify any issues with the valuation of the pension. See Appendix 2 for my findings on the presentation of the pension valuations.

Exit package payments to departing Senior Management Team members

The dissolution of the Joint Committee on 31 May 2025 led to a restructuring of the Senior Management Team resulting in the departure of senior officers during the year. This is considered a sensitive area for disclosures that could lead to material misstatement due to the lower materiality threshold applied to senior officer remuneration (as noted above) which may lead to non-compliance with the requirements of the Code of Practice on Local Authority Accounting.

The audit team:

- ensured that the exit packages disclosed were consistent with supporting evidence; and
- ensured the disclosures were complete and prepared in accordance with requirements.

My audit work did not identify any issues with the disclosures of exit payments.

Senior Officer Remuneration

Remuneration paid to senior officers continues to be of high interest and is material by nature. There is a risk that changes in the Senior Management Team following the restructuring are not appropriately disclosed in the financial statements and even low value errors in the disclosure of remuneration could result a material misstatement.

The audit team:

- gained an understanding of the movements in the senior management team during 2024-25;
- ensured that remuneration disclosed was consistent with supporting evidence; and
- ensured that disclosures were complete based on the team's knowledge and are prepared in accordance with requirements.

See Appendix 2 for details of my findings in relation to senior officer remuneration.

Implementation of International Accounting Standard (IFRS) 16 - Leases

Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.

This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.

There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.

Our findings confirmed that the body did not hold any lease contracts in its own name. Instead, all relevant lease arrangements were held in the name of the host authority. As a result, there was no requirement for the body to disclose a lease-related note under IFRS 16 in its financial statements.

My audit work did not identify any issues with the disclosures of IFRS 16.

Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Joint Committee and other bodies/parties.

The Joint Committee has many relationships that could be considered a related party. Many are well known for example, Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

The audit team:

- reviewed the Joint Committee's process for identifying related party relationships and associated transactions and balances;
- undertook procedures to confirm the completeness of related party relationships; and
- ensured disclosures were complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

My audit work did not identify any issues with the related party disclosures.

Redundancy Costs

The dissolution of the Joint Committee on 31 May 2025 has led to some staff being made redundant on 31 May 2025. These were approved during 2024-25.

An accrual for the estimated costs for redundancies on 31 May 2025 will be disclosed in the 2024-25 financial statements. There is a risk of material misstatement as the value of the payments is likely to be material.

The audit team:

- assessed the reasonableness of the assumptions made by the Joint Committee in calculating the redundancy accrual; and
- performed detailed testing for a sample of transactions.

My audit work did not identify any issues with redundancy costs.

Appendix 2 – Summary of corrections made

During our audit, the following misstatements were identified that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts area	Explanation
Various	Note 17a Officer remuneration The salary and pension contributions for the Heads of GwE Service were updated to accurately reflect the remuneration received from the correct commencement date of their senior roles.	To ensure accuracy of the financial statements.
Disclosure only	Note 22 Pensions cost The asset and liability figures presented in relation to the asset ceiling did not correctly add up to the reported net (liability)/asset figure, resulting in a cross-casting error. Since the CIPFA Code of Practice does not require separate disclosure of asset and liability components, it was agreed to simplify the presentation by disclosing only the net position, thereby resolving the inconsistency.	To ensure accuracy of the financial statements.

£147,000

**Note 16 Cash flow statement:
adjustments to net surplus or
deficit on the provision of
services for non-cash
movements**

The movement in the accumulated absences account was incorrectly included within the 'increase/decrease in creditors' line. In accordance with CIPFA guidance, this movement should be separately disclosed under 'Other non-cash items charged to the net surplus or deficit on the provision of services'.

To ensure accuracy of the financial statements.

There have also been a small number of minor amendments to the narrative and figures as a result of our work.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of GwE Joint Committee for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

GwE Joint Committee's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of GwE Joint Committee as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the GwE Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial

statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

I note that the GwE Joint Committee formally ceased operations on 31 May 2025, with its functions and services transferred to the six constituent local authorities. In line with Practice Note 10, the continued provision of service approach applies in the public sector context, whereby the going concern basis remains appropriate if the underlying services are expected to continue, even if the entity itself ceases to operate.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the GwE Joint Committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible

financial officer anticipates that the services provided by the GwE Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, the Head of Internal Audit for Cyngor Gwynedd and those charged with governance, including obtaining and reviewing supporting documentation relating to GwE Joint Committee's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override;
- obtaining an understanding of GwE Joint Committee's framework of authority as well as other legal and regulatory frameworks that GwE Joint Committee operates in, focusing on those laws and regulations

- that had a direct effect on the financial statements or that had a fundamental effect on the operations of GwE Joint Committee; and
- obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
19 November 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

13 November 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements of GwE Joint Committee for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:

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

Financial statement representations

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

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

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

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

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed

to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions

Representations by the Governance and Audit Committee, Cyngor Gwynedd

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee, Cyngor Gwynedd on 13 November 2025.

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

Signed by:

Dewi Aeron Morgan

Head of Finance, Cyngor Gwynedd

13 November 2025

Signed by:

Carys Edwards

Chair of Governance and Audit Committee, Cyngor Gwynedd

13 November 2025

Audit quality

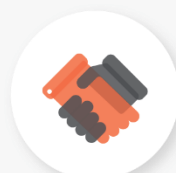
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.





Final Letter of Representation

Gofynnwch am/Ask for: Dewi Morgan

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Ein Cyf / Our Ref: DAM/NJOM

Eich Cyf / Your Ref:

Auditor General for Wales

Wales Audit Office

1 Capital Quarter

Cardiff

CF10 4BZ

13 November 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements of GwE Joint Committee for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions

Representations by the Governance and Audit Committee, Cyngor Gwynedd

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee, Cyngor Gwynedd on 13 November 2025.

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

Signed by:
Dewi Aeron Morgan
Head of Finance, Cyngor Gwynedd

13 November 2025

Signed by:
Carys Edwards
Chair of Governance and Audit
Committee, Cyngor Gwynedd

13 November 2025

Agenda Item 8

MEETING:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	13 NOVEMBER 2025
TITLE:	REVENUE BUDGET 2025/26 – END OF AUGUST 2025 REVIEW
PURPOSE:	Monitoring Report on the Latest Financial Position
ACTION:	Receive the information, consider the risks arising from the forecast expenditure against the budget, and scrutinise the decisions to be presented to Cabinet regarding budget management by the Council and its departments
CABINET MEMBER:	COUNCILLOR HUW WYN JONES
CONTACT OFFICER:	FFION MADOG EVANS, ASSISTANT HEAD OF FINANCE

1. In accordance with the requirements of the Local Government (Wales) Measure 2011, the Governance and Audit Committee is expected to scrutinise some financial matters, including budget monitoring reports, as appropriate.
2. The attached report (Revenue Budget 2025/26 – End of August 2025 Review) was submitted to the Cabinet on 11 November 2025.
3. The Cabinet Member for Finance and the Chairman of the Governance and Audit Committee have asked us to present this report to the Governance and Audit Committee to be scrutinised.
4. The Governance and Audit Committee is requested to note the situation and the relevant risks regarding the budgets of the Council and its departments, consider the decisions for the Cabinet and comment as necessary.

Appendices:

Cabinet report 11/11/2025: Revenue Budget 2025/26 – End of August 2025 Review

CYNGOR GWYNEDD - Report to Cyngor Gwynedd Cabinet

Title of item:	Revenue Budget 2025/26 – End of August 2025 Review
Cabinet Member:	Councillor Huw Wyn Jones, Cabinet Member - Finance
Relevant officer:	Ffion Madog Evans, Assistant Head of Finance Department - Accountancy and Pensions
Date of meeting:	11 November 2025

1. Decision sought

That the Cabinet:

- 1.1 Approve additional financial support above the contractual payment projected to be £219k to Cwmni Byw'n Iach to be funded from the transformation fund, delegating the right to the Cabinet Member for Economy in consultation with the Cabinet Member for Finance, the Chief Executive and the Head of Finance to agree on the amount of the final financial support above the contractual payment to Byw'n Iach at the end of the financial year.
- 1.2 Ask the Head of Finance and Head of Environment to submit a further report on the possible options for funding the costs of making safe/demolishing the Corbett Arms building in Tywyn.
- 1.3 Approve the transfer of £3.757 million of underspend on corporate budgets to the Council's Financial Strategy Reserve, with its use to be considered before the end of the current financial year.
- 1.4 Approve the financial virements as outlined in **Appendix 3** following a review of the funds, removing £576k worth of negative balances from the funds of the Adults, Health and Well-being Department (£300k) and the Children and Supporting Families Department (£276k), following the departments' overspending for three consecutive years.

2. The reason why the Cabinet needs to make the decision

- 2.1 The purpose of this report seeks to provide a trajectory of the revenue position by the end of the financial year. Therefore, the amounts noted below is an estimate of what we are projecting by March 2026, and they are not amounts that represent the current overspend position.

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

3. Introduction and Rationale

Background / Introduction

- 3.1** The end of August report is submitted on the latest review of the Council's revenue budget for 2025/26, and a summary of the situation per Department is outlined in **Appendix 1**. The current projections suggest that five of the departments will have budget deficits by the end of the year. The main deficit is anticipated in:

- Adults, Health and Well-being - Domiciliary Care and Residential Homes
- Environment Department - Waste
- Children and Families Department - out-of-county placements, Derwen and Post-16
- Housing and Property Department - Homelessness
- Highways, Engineering and YGC Department - less income than expected on the highways side

- 3.2** Below, and in **Appendix 2**, further details are provided relating to the main issues and headings where a budget deficit is projected, as well as specific recommendations, where appropriate.

4. The reasoning and justification for recommending the decision

The Savings Situation

- 4.1** 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. The budgets have been reduced by this amount; therefore, the situation is reported upon after consideration of the savings.
- 4.2** In recent years, we have reported on risks in achieving savings. In terms of the remaining schemes, there are risks to the delivery of some of the schemes.
- 4.3** The latest situation in terms of savings is that almost £46 million, namely 92% of the amended savings schemes since 2015, have now been realised.

5. Council Departments

5.1 Adults, Health and Well-being Department

There is a mixed situation for the 2025/26 budget, with over £3 million in additional permanent funding allocated to the Department, whilst the budget at the same time was reduced by cuts of over £1m this year, as well as £500k of historical savings removed from the budget but not realised to date (total savings of £1.5m). Nevertheless, the latest projections suggest that if no operational changes are made during this year, then the budget deficit will be £3.1m by the end of the financial year.

The demand for residential services increased, with 29 additional residents in private homes, partly due to staffing challenges at internal residential homes, which has led to a reduction in the beds available, leading to substantial cost increases. There has been an unexpected and unusual increase in the number (12 since November 2024), of individuals requiring residential care due to mental health issues, and this adds to the demand.

In addition, there was a significant increase in the costs of residential homes due to the increase in national insurance costs to the care providers. Likewise, the domiciliary care provision is seen to be costing more than the budget, and this shows the additional cost of the effort made to provide care in areas where a service is not readily available. The internal domiciliary care service saw additional costs of around three-quarters of a million because of the recent increase in sickness rates. The Department is committed to reduce these costs, and the subsequent overspend, during this year.

5.2 Children and Families Department

An increase was seen in the Department's budget for 2025/26 of £2.175 million. There are many additional cases where individuals require specialist care outside the county, and this care is expensive; an increase is also seen in the care provision for children with disabilities in the county by means of Derwen and Hafan y Sêr services, and consequently, it is anticipated that there will be a budget deficit of approximately £1.5 million by the end of the financial year unless there will be a change in what is provided during the year.

5.3 Education Department

An underspend of (£20k) is anticipated by the Education Department. Following substantial overspend on school transport over the last few years, the field received an additional budget allocation of £896k on a permanent basis and a further £939k for the year only, to address the pressures in the field of school buses and taxis. There has been an improvement in the field of transport and, therefore, it is possible to reduce the one-off contribution to £639k based on the latest projections.

5.4 Byw'n lach

Over the past few years, Cwmni Byw'n lach has received financial support from the Council which was £550k in 2022/23, £308k in 2023/24 and £281k in 2024/25, which was above the contractual payment in the delivery contract, to enable them to maintain their services. It is projected that the demand for financial support continues in 2025/26 with the required amount being £219k by the end of the year. We will be holding further discussions with the company before establishing whether it is appropriate for the Council to provide financial support again this year.

5.5 Highways, Engineering and YGC Department

A budget deficit of £522k is anticipated by the Department by the end of the year. A reduction was seen in the work being commissioned by external agencies which is having a negative impact on the income of the highway services. The department is prudent when attempting to project the spending arising when responding to storms and inclement weather. Spending on the inclement weather response is a part of the Department's annual operations now, and efforts are made to cope with the spending by means of programmed work initially, but over the last 3 years, the response has been above the programmed and has led to an overspend. In the Municipal service, a combination of factors, including additional pressure on the staff budgets of street cleaning and cleaning public toilets. While income losses are issues for land maintenance and public toilets.

5.6 The Environment Department

A budget deficit of £740k is anticipated by the Department by the end of the year. The annual trend of overspending in the waste field continues and is responsible for £662k of the overspend. The Department has many plans in progress to address this overspending. At one time, the overspend was £1.4m, therefore, a lot has been achieved over the past two years. To achieve the last step, there will be a need to complete a restructure of the waste Service, followed by further operational changes.

Furthermore, after Cyngor Gwynedd achieved a 65.3% rate for recycling in 2024/25 which is below the Welsh Government's 70% recycling target, this means that the Council is facing a £612k fine subject to an assessment against various criteria from the Government. However, as we have a formal plan in place to seek to address and meet the national target, and that we are working closely with the Welsh Government on that, we believe that the risk of forcing the fine on us is low and therefore we have not included this amount in the trajectory for the end of the year.

£3.7m of new income was received which derives from a levy on packaging for producers and retailers, to promote recycling by the companies who create this waste. The purpose of the income is the ability to invest in our recycling infrastructure, although technically it

is not restricted to this only. For this year, we will need to use the first proportion of this income to meet any deficit in the waste service's revenue budget before transferring the rest to a reserve for the time being.

We will also need to consider how to fund the costs of making safe and/or demolishing the Corbett Arms Hotel building in Tywyn over the coming weeks. It is a Grade II listed building, which has been causing concern to Cyngor Gwynedd and the local community for years as it is in a structurally dangerous condition, which has meant that the Council has had to act to protect and safeguard the public. The final cost could be somewhere between £1m and £1.5m. The Department cannot cope with such one-off expenditure without notice within their usual revenue budget and therefore a separate report will be needed in due course to consider what other options we have to address this cost.

5.7 Housing and Property

The trend of significant pressure on the emergency accommodation service continues, with expenditure on the field forecast to be £6.7 million this year, compared to £6 million last year. The reported financial situation considers an additional budget of £3m allocated from the council tax premium and a one-off additional budget allocated as part of the bids procedure to assist with the increasing pressures. It is anticipated that the department will overspend £167k, which is a combination of higher costs to move and store the personal property who receive emergency accommodation; an increase in the number of individuals who present themselves as homeless and in need of accommodation; and an increase in the price per night for emergency accommodation by some providers.

5.8 Corporate

An underspend of £3.8 million on corporate headings because of added tax yield and prudent projections when setting the 2025/26 budget. Following recent confirmation for the 2025/26 national pay settlement, the settlement was lower than what we provided in our budget for 25/26 and in addition, we received a grant towards teacher pay. After the Welsh Government's delay in confirming its contribution towards the additional costs of councils' national insurance until the summer, the Council received a grant that was higher than what was originally expected.

5.9 Funds

Funds were reviewed as outlined in **Appendix 3**, following the Adults, Health and Well-being Department and the Children and Families Department's overspend for three consecutive years, which means that their departmental funds have negative balances worth £576k. It is suggested that the balance is removed to allow the departments to focus on the 2025/26 challenges.

6. Conclusion

- 6.1** A spending position of £2.5 million more than the budget is projected by the end of the financial year to continue to meet the increasing demand for services for the rest of the year, based on the information that we currently have. This figure is based on a budget deficit of £6.3 million at the end of the year by the departments, with the impact being mitigated by the fact that there will be a likely underspend of £3.8 million on corporate budgets.

7. Next steps and timetable

- 7.1** Act on the recommendations submitted and submit a follow-up report to the Cabinet on 20 January 2026 following a review of the situation at the end of November.

8. Observations of the Statutory Officers

8.1 Chief Finance Officer

I have worked with the Cabinet Member to prepare this report, and I confirm the content.

8.2 Monitoring Officer

No comments to add in terms of propriety.

Appendices:

Appendix 1 - Summary of departmental budgets' net positions

Appendix 2 - Details of budgets and the significant variances

Appendix 3 - Review of Reserves

Revenue Budget 2025/26 - Summary of the position per Department

	End of August Review			
	2025/26 Proposed Budget	Gross Estimated Over / (Under) Spend 2025/26	Recommended Adjustments	Estimated Adjusted Over / (Under) Spend 2025/26
	£'000	£'000	£'000	£'000
Adults, Health and Well-being	84,181	3,133	0	3,133
Children and Families	26,548	1,561	0	1,561
Business Service and Care Commissioning	3,163	(93)	0	(93)
Education	125,492	(20)	0	(20)
Economy and Community	6,307	296	(219)	77
Highways, Engineering and YGC	19,037	522	0	522
Environment	18,952	740	0	740
Housing and Property	12,389	167	0	167
Corporate Management Team and Legal	2,937	(21)	0	(21)
Corporate Support	8,473	(6)	0	(6)
Finance (and Information Technology)	9,361	(8)	0	(8)
Corporate Budgets (Differences only)	*	(3,757)	3,757	0
Totals (net)	326,201	2,514	3,538	6,052

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Adults, Health and Well-being Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Adults Services</u>						
Management	598	536	(62)		(62)	(114)
Learning Disabilities Services	31,213	31,402	189		189	(92)
Mental Health Services	6,076	6,636	560		560	(218)
Older People's Services						
Residential and Nursing - Homes	24,516	25,428	912		912	(750)
Domiciliary Care	11,700	13,258	1,558		1,558	2,125
Physical Disabilities Services	3,653	2,581	(1,072)		(1,072)	(1,214)
Direct Payments	2,194	2,011	(183)		(183)	(433)
Others	3,057	3,147	90		90	408
	45,120	46,425	1,305	0	1,305	136
<u>Adults Services Total</u>	83,007	84,999	1,992	0	1,992	(288)
<u>Provider Services (shows net budget)</u>						
Residential Care	26	1,073	1,047		1,047	504
Community Care	1,147	1,251	104		104	614
Others	1	(9)	(10)		(10)	27
<u>Provider Services Total</u>	1,174	2,315	1,141	0	1,141	1,145
Closure of 2024/25 Accounts Adaption					0	(757)
<u>Adults, Health and Well-being Total</u>	84,181	87,314	3,133	0	3,133	100

Adults, Health and Well-being

Over £3.1 million in additional permanent funding was allocated to the Department for the 2025/26 budget onwards. Nevertheless, it is projected that there will be a departmental budget deficit of £3.1 million by the end of the financial year.

Department Management - underspend on the legal and staff turnover budgets.

Learning Disability - although the service received an additional budget allocation of £400k in 2025/26, the new savings schemes to the value of £735k are not being realised and therefore lead to an overspend. Pressure on supported accommodation and on the residential services in Council homes. The work of reviewing care packages continues and is bearing fruit.

Mental Health - although £177k of additional funding has been allocated to this field for 2025/26, a budgetary deficit of £693k is projected for the residential and nursing element following an unexpected and unusual increase with seven new cases during this financial year (12 since November 2024). The support plans and supported accommodation are underspending and so reduce the overspend reported.

Older People - £1.5 million in additional permanent funding was allocated to the Department for 2025/26, with £1.2 million of it allocated to Domiciliary Care. Nevertheless, an overspend of £1.3 million is projected by the end of the year. In residential and nursing, the demand on residential care increased with 29 additional residents in external residential homes, partly due to staffing challenges in internal residential homes resulting in fewer beds being available, thus increasing the cost. In domiciliary care, the costs are forecasted to exceed the budget by £1.6 million due to the additional costs relating to the provision of services in areas where services are not readily available. In the physical disabilities field, the reduced demand for domiciliary care continues. In 'Others', savings schemes are yet to be realised.

Provider Services - staff overspend in residential care including £755k of an overspend on the use of agency staff. An additional budget of £1 million has been permanently invested in domiciliary care in 2025/26 and therefore there is a reduction in the overspend reported this year; nevertheless, staff costs are above the budget, with high levels of sickness and rates of non-contact hours.

Savings - in terms of the situation of realising savings for the department, although progress has been seen in realising savings, savings to the value of £1.5 million are yet to be realised.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Children and Families Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	708	825	117		117	(3)
Operational	3,075	3,450	375		375	433
Placements						
Out-of-County Placements	6,930	7,339	409		409	2,107
Small Group Homes	196	208	12		12	28
Fostering through an Agency	1,755	1,523	(232)		(232)	(427)
Fostering - Internal	3,120	3,138	18		18	(201)
Support Services and Others	2,211	2,429	218		218	427
	14,212	14,637	425	0	425	1,934
Post-16	1,779	2,008	229		229	273
Derwen Service	3,662	4,177	515		515	1,235
Youth Justice	274	269	(5)		(5)	(41)
Early Years	156	(15)	(171)		(171)	(119)
Workforce Development Unit	311	311	0		0	0
Others	2,371	2,447	76		76	93
Closure of 2024/25 Accounts Adaption			0		0	(3,705)
<u>Children and Families Total</u>	26,548	28,109	1,561	0	1,561	100

Children and Families

£2.175 million of additional permanent funding was allocated to the Department for the 2025/26 budget. Nevertheless, a budgetary deficit of £1.5 million is forecasted by the department by the end of the financial year.

Management - one-off additional staffing costs.

Operational - although a permanent additional resource to the value of £365k has been allocated to the field for 2025/26 onwards, the overspend trend continues as a result of substantial pressure on support plan support as well as field worker staffing above the budget.

Placements - although an increase has been seen in the average number of out-of-county placements again this year to 37 (34.3 in 2024/25, 25.7 in 2022/23), as three exceptional cases in non-registered placements have already ended this year, with a further three to end by the end of October, this means that the costs have reduced substantially as they cost £675k each on average. The average cost of other placements reduced to £205k compared with 2024/25.

The average numbers of Agency Fostering and In-house Fostering are consistent with the numbers for 2024/25. It was seen that the income from the Home Office has reduced for unaccompanied asylum seekers (without parents/guardians) who are receiving a service. In the support service and others, there is increasing pressure on the budget of the support workers and on the North Wales Adoption Service.

Small Group Homes - the homes are currently being established in Gwynedd with one home now operational, and the second in the autumn and the third in February. This in-house provision means that children can be placed in-house instead of with out-of-county external providers. The Council received grants to establish the homes as well as a contribution towards the costs of running the homes this year.

Post 16 - additional pressures on the service including the over 18s asylum seeker element as the Home Office's contribution is not sufficient to cover the costs. Staffing above the social worker budget also contributes to the overspending.

Derwen - to respond to the overspending trend, Derwen received an additional permanent resource allocation of £1 million for the 2025/26 budget. Nevertheless, the projected overspend is £515k, with pressures on support plan workers and specialist support.

Early Years - staff turnover and increasing grants available to fund the core spending led to an underspend.

Others - many factors including overspending on staffing, specialist service fees and on the out-of-hours service.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW

Business and Care Commissioning Service	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Support and Commissioning	1,328	1,328	0		0	(77)
Income and Finance	1,556	1,492	(64)		(64)	83
Preventative Services	279	250	(29)		(29)	(21)
Closure of 2024/25 Accounts Adaption - underspend not carried forward			0		0	15
Business and Care Commissioning Service Total	3,163	3,070	(93)	0	(93)	0

Business and Care Commissioning Service

Support and Commissioning - staffing above the budget on the Carers Plan being counterbalanced by reducing spending on the professional service budget and grant receipts in the Development Unit.

Income and Finance - grant receipt towards staff time associated with the work to implement care cases software across North Wales is the main reason for the projected underspend.

Preventative Service - receipt of an additional grant for preventive services which means there is an underspend at the end of the financial year.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Education Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Leadership and Management	2,516	2,564	48		48	33
Devolved Schools	105,017	105,017	0		0	0
Gwasanaethau Ansawdd Ysgolion	(2,205)	(2,226)	(21)		(21)	(43)
Infrastructure and Support Services						
Transportation	8,380	8,380	0		0	0
Ancillary Services	1,087	1,000	(87)		(87)	(182)
Others	4,208	4,268	60		60	(18)
	13,675	13,648	(27)	0	(27)	(200)
Additional Learning Needs and Inclusion	5,477	5,449	(28)		(28)	24
Youth Service	1,012	1,020	8		8	(5)
Closure of 2024/25 Accounts Adaption - underspend not carried forward			0		0	191
Education Total	125,492	125,472	(20)	0	(20)	0

Education

Leadership and Management - one-off spend on a new information management system for schools.

Schools Quality Service - transition period for the new service with vacant posts, but there is pressure on the immersion system budget.

Transport - following substantial overspending in the field over the past years, a budget of £896k was allocated on a permanent basis and a further £939k for the year only to address the pressures in the field of school buses and taxis. Based on the latest projections, the one-off contribution can be reduced to £639k, therefore we report on a balanced financial position.

The transport field continues to be the subject of a strategic review to try to control the increase in the expenditure, so that it is possible to reduce overspending and take advantage of opportunities for efficiencies.

Infrastructure and Support Services - Ancillary Service - projection of a higher income and lower costs for catering after receiving a grant receipt for primary school free school meals. Overspend on staff costs due to sickness are issues in school cleaning and caretaking. The care element of the breakfast clubs also continues to overspend by £89k as a result of higher staff costs and a lack of income.

Infrastructure and Support Services - Others - one-off costs being reduced by underspending on other budgets.

Additional Learning Needs and Inclusion - a mixed picture which is a combination of staff turnover and grant receipts but there is pressure on other various headings. The circumstances relating to one specific centre has ended and is responsible for an overspend of £66k.

Youth Service - higher spending in many areas, including Youth Support and Youth Clubs.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW

Economy and Community Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	407	403	(4)		(4)	(269)
Community Regeneration and Support Programmes	644	644	0		0	113
Maritime and Country Parks	(138)	(112)	26		26	195
Byw'n Iach and Other Leisure Contracts	2,194	2,527	333	(219)	114	151
Economic Development Programmes	(67)	(67)	0		0	(200)
Marketing and Events	269	269	0		0	(27)
Gwynedd Libraries	1,854	1,829	(25)		(25)	(105)
Gwynedd Museums, Arts and Archives	1,095	1,110	15		15	147
Use of the Department's Underspend Fund	49	0	(49)		(49)	(5)
Economy and Community Total	6,307	6,603	296	(219)	77	0

Economy and Community

Management - grant receipt leading to an underspend on the core budget.

Maritime and Country Parks - a mixed picture which includes spending above the budget of £66k in Doc Fictoria, Caernarfon, whilst Country Parks underspend (£45k) as a result of staff underspend and surpassing income in Parc Padarn, whilst there was less spending on several headings in Parc Glynllifon.

Byw'n lach and Other Leisure Contracts - transfer of the leisure provision to Byw'n lach in April 2019, but the responsibility for the property running costs remain with the Council. Over the past few years, the company has received annual financial support from the Council which was £550k in 2022/23 and £308k in 2023/24, and £281k in 2024/25, which was above the contractual payment in the delivery contract, to enable them to maintain their services. It is projected that the demand for financial support continues this year, and the required amount is £219k by the end of the year.

Furthermore, an overspend of £150k on the Economy and Community Department budget to run leisure facilities.

Gwynedd Libraries - transitional year following the work of restructuring the service which means that some posts have been vacant for part of the year. Higher rent income receipt along with less spending on several budget headings.

Gwynedd Museums, Arts and Archives - overspending mainly because staffing costs exceed the budget and lack of income is an issue in Storiol £27k and Lloyd George Museum £24k. The budget projections for Neuadd Dwyfor improved.

To reduce the reported overspend, the department is using £49k from a departmental underspend fund.

It is recommended that the Cabinet approves additional financial support for Byw'n lach if the overspend continues at the end of the financial year, with the current projections estimating support to the value of £219k.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW

Highways, Engineering and YGC Department (including Trunk roads)	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
<u>Gwasanaethau:</u>						
Highways (including Trunk roads)	12,249	12,437	188		188	241
Engineering	486	455	(31)		(31)	(25)
Municipal	6,098	6,543	445		445	674
Gwynedd Consultancy	204	124	(80)		(80)	(234)
Closure of 2024/25 Accounts Adaption			0		0	(556)
<u>Highways, Engineering and YGC Total</u>	19,037	19,559	522	0	522	100

Highways, Engineering and YGC (including Trunk roads)

Highways Services - although an increase was seen in realising savings in this area, some new savings still need to be delivered. Furthermore, there was a reduction in the income from external agencies.

Engineering Services - underspend on various headings as well as a higher income receipts.

Municipal Services - a mixed picture which is a combination of factors, including the need to realise savings. Pressures also on the budgets of street cleaning and public toilet cleaning staff. Income losses are issues for land maintenance and public toilets. Following recent work in the Crematorium, a resulting reduction was seen in the associated income projections.

Gwynedd Consultancy - projected performance over the income from external organisations such as other councils and the Welsh Government in roads and engineering as well as vacancies and staff turnover.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Environment Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	783	944	161		161	212
Planning and Building Control Service	777	844	67		67	189
Street Care and Transport Services						
Network Management (Transportation)	356	(18)	(374)		(374)	(547)
Parking and Parking Enforcement	(2,623)	(2,417)	206		206	753
Integrated Transport	2,313	2,383	70		70	(68)
	46	(52)	(98)	0	(98)	138
Markets	11	10	(1)		(1)	0
Countryside and Access	738	745	7		7	(7)
Public Protection	1,938	1,880	(58)		(58)	(283)
Waste	14,659	15,321	662		662	1,100
Use of Parc Adfer Refinance Gain Share Reserve			0		0	(1,100)
Closure of 2024/25 Accounts Adaption			0		0	(149)
Environment Total	18,952	19,692	740	0	740	100
<u>Income / Grant received in 2025/26 to be put into Funds</u>						
Parc Adfer Refinance Gain Share		(187)	(187)	187	0	
Extended Producer Responsibility for packaging		(3,713)	(3,713)	3,713	0	
Total	0	(3,900)	(3,900)	3,900	0	

Environment

Department Management - a delay in realising savings schemes to the value of £150k as well as an overspend on vehicle costs.

Planning and Building Control Service - lack of income is an issue in Development Control and Land Charges, but this is reduced by an underspend on staff costs.

There are projected costs to the value of £1.5 million relating to a dangerous building, i.e., Corbett Arms Hotel, Tywyn, which is a Grade II listed building. This has been a concern to Cyngor Gwynedd and the local community for years as it is in a structurally dangerous condition and this meant that the Council had to act to protect and safeguard the public. The Department are unable to cope with such unexpected expenditure within their revenue budget, and therefore a separate report will be needed in due course to consider what other options we have to meet this cost.

Street Care Services and Transport Network Control (Transportation) - exceeding the streetworks fees income, as well as vacant posts and underspend on many of the budget's headings.

Parking and Parking Enforcement - after parking fees were increased in April 2025, the parking income projections are better than the deficit of £826k reported in 2024/25 but continues to be £319k lower than the target. An underspend on staff and other budgets improves the situation.

Integrated Transport - the grants received for this area does not meet the whole costs. Projected underspend on staff costs and other budgets reduces the reported overspend.

Public Protection - vacant posts and less expenditure on several budget headings, including services and supplies. Projected to exceed income in trading standards but income down in the field of taxi licensing, licences and environmental protection.

Waste - although an additional budget of £400k has been allocated for 2025/26 onwards, several factors are responsible for the overspend of £662k projected. The work of introducing changes to the field continues, but overspending on waste collection and recycling, running the recycling centres and on the waste treatment and transfer sites. Many savings schemes are slipping because of restructuring challenges. A reduction is expected in the waste disposal costs of Parc Adfer, which assists the situation.

Recycling Target 2024/25 - after Cyngor Gwynedd achieved a 65.3% rate for recycling in 2024/25 which is below the Welsh Government's 70% recycling target, this means that the Council is facing a £612k fine subject to an assessment against various criteria from the Government. We believe that the risk of being forced to pay the fine is low and therefore we have not included this amount in the calculation for the end of the year.

Reclaiming the Shared Returns of Parc Adfer - One-off saving to all councils from the returns of re-funding Parc Adfer. The contribution has been placed in a reserve, with the first call from it to be used to fund the overspending in the waste field.

Extended Producer Responsibility for packaging material - new income receipt for councils which derives from a levy on packaging materials for producers and retailers, to promote recycling. The money will fund the recycling fine, and the rest will be put in a reserve to be prioritised.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Housing and Property Department	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Management	795	659	(136)		(136)	(35)
Housing Services						
Homelessness	6,795	7,258	463		463	(34)
Private Sector Housing	478	412	(66)		(66)	15
Others	426	327	(99)		(99)	(9)
	7,699	7,997	298	0	298	(28)
Property Services						
Property	3,882	3,876	(6)		(6)	41
Caretaking, Catering and Cleaning	13	24	11		11	19
	3,895	3,900	5	0	5	60
Closure of 2024/25 Accounts Adaption			0		0	3
<u>Housing and Property Total</u>	12,389	12,556	167	0	167	0

Housing and Property

Management - underspending on services and supplies and on staffing costs.

Homelessness - the trend of significant pressure on the emergency accommodation service continues, with expenditure on the field forecast to be £6.4 million this year, compared to £6 million last year. An additional budget of £3m was allocated from council tax premium to emergency accommodation as well as an additional one-off budget allocated as part of the bids system and further to this to assist with the additional pressure. A combination of higher costs is seen for moving and storing the personal belongings of households receiving emergency accommodation, an increase in the number of individuals presenting as homeless and needing accommodation, and an increase in the nightly rate for emergency accommodation by some providers.

Private Sector Housing - staff turnover and underspend on supplies and services.

Housing Services, Others - underspend on staff costs and on property budgets as well as a grant receipt.

Property Services - underspend on staffing costs and travelling costs but pressure on the services and supplies budget in Property whilst lack of income is a problem in Pest Control.

Caretaking, Catering and Cleaning - overspend on the costs of services and supplies and lack of income.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW

Central Departments	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Team and Legal	2,937	2,916	(21)		(21)	0
Finance (and Information Technology)	9,361	9,353	(8)		(8)	0
Corporate Services	8,473	8,467	(6)		(6)	0
Central Departments Total	20,771	20,736	(35)	0	(35)	0

Central Departments

Corporate Management Team and Legal - exceeding income and staff turnover in various fields responsible for the projected underspend. Various one-off costs will also be funded within the underspend.

Finance (and Information Technology) - staff turnover and attracting additional income assisting the department to cope with the substantial increase in the costs of processing income from the customers and residents of Gwynedd.

Corporate Services – combination of reasons responsible for the situation, but mainly an underspend on staff costs and exceeding income. The latest projections suggest that the Print room will be overspending by the end of the year.

REVENUE BUDGET 2025/26- END OF AUGUST REVIEW						
Corporate (Reflects variances only)	2025/26 Proposed Budget	2025/26 Estimated Position	Estimated Over / (Under) Spend 2025/26	Use of Other Sources or Other Adjustments Recommended	Estimated Adjusted Over / (Under) Spend 2025/26	Net Over / (Under) Spend Final Position 2024/25
Area:-	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax	*	*	(1,986)	1,986	0	0
Council Tax Reductions	*	*	258	(258)	0	0
Interest	*	*	(104)	104	0	0
Savings Provision	*	*	0	0	0	0
Pay Inflation			(601)	601	0	0
National Insurance	*	*	(289)	289	0	0
Elimination of Negative Balances in Care Area Funds	*	*	576	(576)	0	0
Others	*	*	(1,611)	1,611	0	0
Corporate Total	*	*	(3,757)	3,757	0	0

Corporate

Council Tax - additional council tax returns because of prudent projections when setting the 2025/26 budget. Following the trend seen in 2024/25 with an increase of 387 in the number of premium second homes, there was a further increase of 79 up to the end of August this year. Furthermore, up to the end of August, we saw 347 properties transferring from non-domestic rates to council tax (692 in 2024/25, 381 in 2023/24). However, contrary to this picture, the Valuer's Office allowed 81 properties to transfer from council tax to non-domestic rates (189 in 2024/25, 193 in 2023/24, 452 in 2022/23). In 2025/26, £6 million in council tax premium has been earmarked for the Housing Strategy, and a further £3 million for the Homelessness field.

Council Tax Reductions - following a campaign to target different groups to increase the number of applications, an increase was seen in the number who claim the reduction in Gwynedd over the past 12 months compared with the trend in previous years.

Interest - projections that the interest received will exceed the expected target.

Savings Provision - following the inability of some departments to realise savings in certain areas, corporate provision has been made so that it is available to eliminate problematic savings and bridge the realisation of savings.

Pay Inflation - following recent confirmation about the 2025/26 national pay settlement, the settlement was lower than what was provided along with a grant receipt for teachers' salaries.

National Insurance - the Welsh Government's delay in confirming its contribution towards the additional costs of councils' national insurance until the summer, the Council received a grant that was higher than what was originally expected.

Abolishing the Negative Balances of Reserves in the Care Field - overspend reserves to the value of £576k have accumulated by the Adults, Health and Well-being Department and the Children and Families Department over the past three years, it is suggested that they are written-off for departments to address the current challenges.

It is recommended that £3.757 million is transferred to the Council's Financial Strategy Reserve, with its use to be considered before the end of the current financial year.

Following a reserve review exercise detailed in **Appendix 3**, that the overspend reserves of the:

- Adults, Health and Well-being Department worth £300k
- Children and Families Service to the value of £276k,

Therefore, a total of £576k, is written off to allow the departments to focus on the challenges for 2025/26.

Review of Reserves

Following a review of the reserves, it is recommended to remove negative balances from the following reserves after overspend for three consecutive years in the care departments:

Fund	Amount to be deleted £'000
Adults, Health and Well-being Department Overspend Fund	300
Children and Families Department Overspend Fund	276
Total	576

MEETING:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	13 NOVEMBER 2025
TITLE:	TREASURY MANAGEMENT 2025-26 MID YEAR REVIEW
PURPOSE:	CIPFA's Code of Practice recommends that a report on the Council's actual Treasury Management during the current financial year is produced.
RECOMMENDATION:	RECEIVE THE REPORT FOR INFORMATION
AUTHOR:	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. INTRODUCTION

The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi- annual and annual outturn reports.

This report also includes the requirement in the 2021 Code, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly reports.

The Council's Treasury Management Strategy for 2025/26 was approved at Full Council on 6th March 2025. 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 risk are therefore central to the Council's Treasury Management Strategy.

2. EXTERNAL CONTEXT

Economic Background: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down % from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity

markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Credit review: Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

3. LOCAL CONTEXT

On 31st March 2025, the Council had net investments of £53m rising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while the usable reserves and working capital are the underlying resources available for investment.

These factors are summarised in the table below.

Balance Sheet Summary –

	31.3.25 Actual £m
CFR	180
Less: Other debt liabilities	(6)
Borrowing CFR	174
Less: Usable reserves	(138)
Less: Working capital	(89)
Net borrowing/ (investment)	(53)

The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 30th September 2025 and the change during the period is shown in the table below.

Treasury Management Summary

	31.3.25 Balance £m	6 month Movement £m	30.9.25 Balance £m
Long-term borrowing	90.1	(16.3)	73.8
Short-term borrowing	4.0	(1.1)	2.9
PFI	5.5	0.0	5.5
Total borrowing	99.6	(17.4)	82.2
Short-term investments	(86.9)	31.4	(55.5)
Cash and cash equivalents	(66.0)	30.9	(35.1)
Total investments	(152.9)	62.3	(90.6)
Net investments	(53.3)	44.9	(8.4)

4. BORROWING STRATEGY AND ACTIVITY

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield and the Council intends to avoid this activity in order to retain its access to PWLB loans

Borrowing Position

At 30th September 2025 the Council held £75.7m of loans as part of its strategy for funding previous years' capital programmes, and £1.0m for specific projects. Outstanding loans on 30th September 2025 are summarised in the table below:

	31.3.25	6 month	30.9.25	30.9.25
	Balance	Movement	Balance	Rate
	£m	£m	£m	%
Public Works Loan Board	76.8	(1.1)	75.7	5.49
Bank (long term)	16.2	(16.2)	0.0	n/a
Specific Projects	1.1	(0.1)	1.0	n/a
Total borrowing	94.1	(17.4)	76.7	

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. During the period under review, the Council has repaid a historical bank loan of £16.2 million due to the favourable terms offered and this will reduce the Council's long-term borrowing costs.

The Council considers it to be more cost effective in the near term to use internal resources and borrow short term loans when required. This strategy enables the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

5. TREASURY INVESTMENT ACTIVITY

The CIPFA Treasury Management Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the 6 months, the Council's investment balance ranged between £74.3 and £141.0 million due to timing differences between income and expenditure. The investment position during the period is shown in the following table:

Treasury Investment Position

	31.3.25	6 month	30.9.25	30.9.25
	Balance	Movement	Balance	Income
	£m	£m	£m	Returns
				%
Banks & building societies (unsecured)	6.0	(5.9)	0.1	3.4
Local authorities	25.0	5.0	30.0	4.2
Money Market Funds	65.0	(30.0)	35.0	4.1
Debt Management Office	45.0	(31.7)	13.1	4.0
Pooled Funds	11.9	0.3	12.2	5.8
Total investments	152.9	(62.3)	90.6	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum 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.

As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in the table below.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2025	4.67	A+	50%	22	4.85%
30.09.2025	4.62	A+	45%	30	4.36%
Similar Las	4.20	AA-	41%	32	4.03%
All LAs	4.54	A+	62%	11	4.20%

Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.95% and 4.45% and Money Market Rates between 3.68% and 4.54%.

£13m of the Council's investments has been invested in externally managed strategic pooled property, multi-asset, bond and equity funds where short-term security and

liquidity are lesser consideration, and the objectives instead are regular revenue income and long- term price stability. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Council's investment objective are regularly reviewed.

The performance of our pooled property, multi-asset, bond and equity funds at 30 September 2025 can be seen below:

STRATEGIC POOLED FUND PORTFOLIO						GWYNEDD		From:	22/02/2019	To:	30/09/2025
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
AEGON (KAMES) DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	1,158,480	1,215,328	-34,672	425,979	6.6	-2.77%	34.08%	31.30%	10.2%	
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,524,344	4,246,822	-753,178	1,291,322	6.6	-15.06%	25.83%	10.76%	5.9%	
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	1,228,153	1,135,551	-114,449	333,007	6.4	-9.16%	26.64%	17.48%	3.6%	
PAYDEN ABSOLUTE RETURN BOND FUND	ABSOLUTE RETURN	233,541	2,001,355	1,355	240,874	2.1	0.07%	12.04%	12.11%	1.1%	
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	7,675,245	3,592,015	76,707	1,240,789	4.8	2.18%	35.30%	37.48%	9.4%	
GRAND TOTAL			12,191,070	-824,239	3,531,972	5.4	-6.33%	27.14%	20.80%	4.8%	
Unrealised capital loss since purchase:				-808,931	Annualised income return:			4.52%	Average Bank Rate:		2.34%

It is evident that the combined capital value of £12.19m is less than the initial investment of £13m. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters, and even years; but with the confidence that over a three to five year period total returns will exceed cash interest rates. Investment in these funds will be maintained in the medium term.

6. COMPLIANCE

Compliance with specific investment limits is demonstrated in the table below.

Investment Limits

The Council failed to comply with two investment restrictions and this occurred because we had a high level of cash and therefore the investment with some counterparties was increased temporarily. We have opened additional accounts to ensure full compliance in the future.

	Counterparty Maximum during period	Counterparty 30.9.25 Actual	Counterparty 2025/26 Limit	Complied
The UK Government	£40.2m	£13.3m	Unlimited	✓
Local authorities & other government entities	£5m	£5m	£8m	✓
Secured investments	£0m	£0m	£8m	✓
Banks (unsecured)	£5m	£0.1m	£4m	X
Building societies (unsecured)	£0m	£0m	£4m	✓
Registered providers (unsecured)	£0m	£0m	£4m	✓
Money market funds	£10m	£8m	£8m	X
Strategic pooled funds	£5m	£5m	£8m	✓

Real Estate Investment Trusts	£0m	£0m	£8m	✓
Other investments	£0m	£0m	£4m	✓

Compliance with the Authorised Limit and Operational Boundary for external debt is shown in the table below:

Debt Limits

	Maximum during period	30.9.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied
Borrowing	£94.1m	£76.7m	£184m	£194m	✓
PFI & finance leases	£5.5m	£5.5m	£6m	£6m	✓
Total debt	£100.6m	£82.2m	£190m	£200m	✓

7. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

i. Liability Benchmark

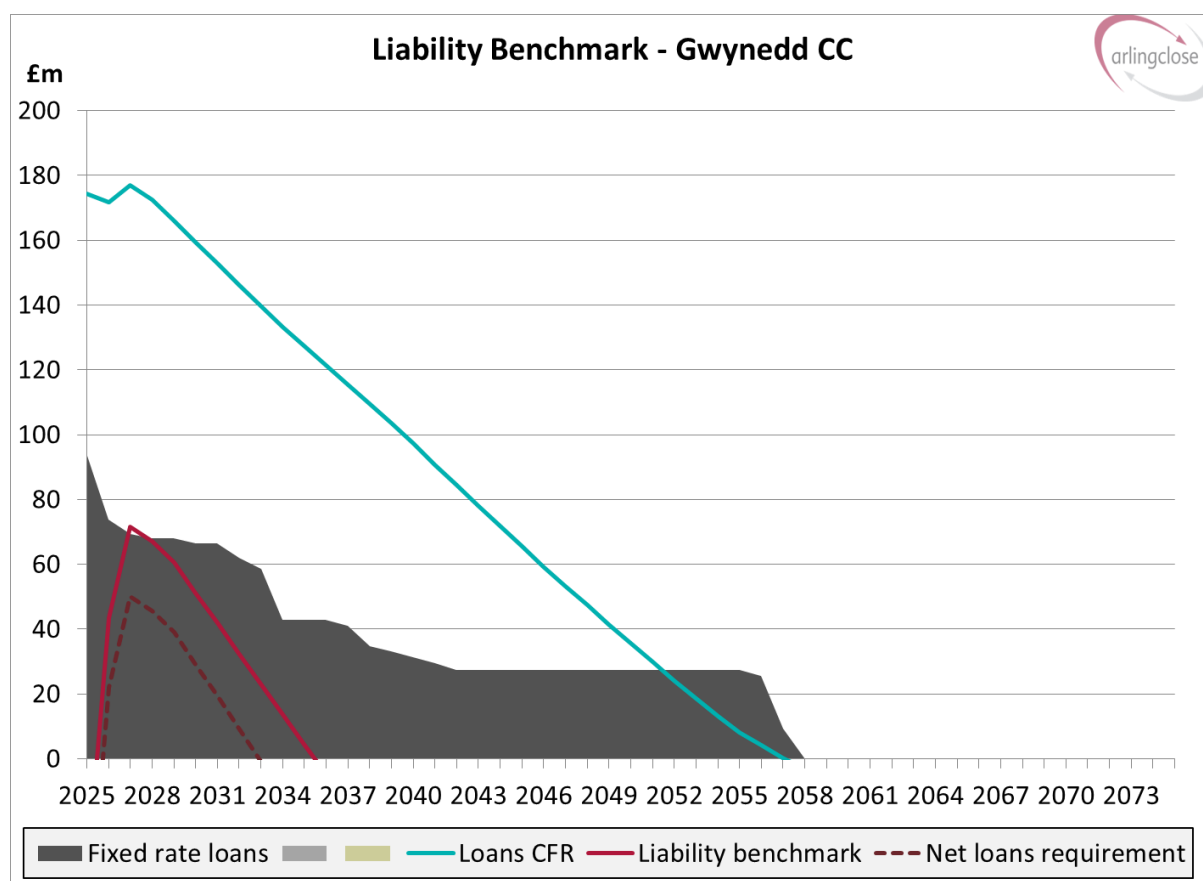
This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long- term borrower or long- term investor in the future, and so shape its strategic focus and decision making. It 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 of £21.5m required to manage day to day cash flow.

	31.3.25 Actual	31.3.26 Estimate	31.3.27 Estimate	31.3.28 Estimate
Loans CFR	174.4	171.8	176.9	172.4
Less: Balance Sheet resources	(232.8)	(149.8)	(126.9)	(126.9)
Net loans requirements	(58.4)	22.0	50.0	45.5
Plus: Liquidity allowance	21.5	21.5	21.5	21.5
Liability benchmark	(36.9)	43.5	71.5	67.0
Existing borrowing	94.6	74.4	69.8	68.2

The table shows that the Council expects to remain borrowed above its liability benchmark up until 2027. This is because the Council holds reserves, and cash

outflows to date have been below the assumptions made when the loans were borrowed.

Following on from the medium-term forecast above, the long-term liability benchmark assumes no new capital expenditure funded by borrowing, minimum revenue provision on new capital expenditure based on a 50 year straight line method. This is shown in the chart below 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 maybe in the short term in the near future.

ii. 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 fixed rate borrowing were:

	Actual	Upper	Lower	Complied
Under 12 months	3.83%	25%	0%	✓
12 months and within 24 months	7.45%	25%	0%	✓
24 months and within 5 years	2.11%	50%	0%	✓
5 years and within 10 years	30.81%	75%	0%	✓
10 years and above	55.79%	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.

iii. 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 limits are:

	2025/26	2026/27	2027/28	No precise date
Actual principal invested beyond year end	£13m	£0	£0	£0
Limit on principal invested beyond year end	£40m	£20m	£20m	£20m
Complied	✓	✓	✓	✓

Additional indicators:

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

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the time-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment and taking the arithmetic average, weighted by the length of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.9.25 Actual	2025/26 Target	Complied
Portfolio average credit score	4.62	A score of 6 or lower	✓

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.

	30.9.25 Actual	2025/26 Target	Complied
Total cash available within 3 months	£78.4m	£10m	✓

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 was:

	30.9.25 Actual	2025/26 Limit	Complied
Upper limit on one year revenue impact of a 1% rise in interest rates	£694,020	£1,324,700	✓
Upper limit on one year revenue impact of a 1% fall in interest rates	£694,020	£1,324,700	✓

Treasury Management Performance

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

The Council's budgeted investment income for the year is £0.9m, however the actual expected investment income for the year 2025/26 is slightly higher at £1.0m.

8. INVESTMENT TRAINING

During the period, officers have attended investment training with Arlingclose and CIPFA relevant to their roles.

9. RECOMMENDATION

To receive the report for information.

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	13 NOVEMBER 2025
TITLE	COUNCIL TAX COLLECTION RATES
PURPOSE OF THE REPORT	OUTLINE THE EXTENT AND VALUE OF THE LOSS AND HOW THE COUNCIL IS ACTING TO ADDRESS THE SITUATION
AUTHOR	DEWI MORGAN – HEAD OF FINANCE SIAN PUGH – ASSISTANT HEAD OF FINANCE
OPERATION	RECEIVING THE REPORT, COMMENTING ON THE CONTENT AND SUPPORTING THE OPERATIONS IN PLACE BY THE DEPARTMENT.

1. PRESENTATION

- 1.1 Council Tax collection rates (within the year) in Gwynedd were the lowest in Wales in 2024/25, with 92.9% of debts collected by the end of the financial year on 31 March 2025. The highest collection rate among Welsh Councils was 97.7% whilst the Council on the next position to Gwynedd (i.e. 21st across Wales) was at 94.1%. See Appendix 1 for more details.
- 1.2 The collection rate of 92.9% includes basic Council Tax plus the Premium on second homes and empty properties. These outstanding debts totalled £8.2m as at 31 March 2025 and that is out of tax due of £116.5m for 2024/25.
- 1.3 A Finance Performance Report was submitted to the Education and Economy Scrutiny Committee on 19 June 2025. It was explained in this report that the Rates Service is subject to a comprehensive Ffordd Gwynedd review and that the Council Tax collection rate for 2024/25 has been identified as a red measure where there is concern about performance. It was noted that the collection rate is lower than it has historically been (94.4% in 2023/24) and also in comparison to other local authorities in Wales. A performance report to the end of October 2025 will be submitted to the Education and Economy Scrutiny Committee on 11 December 2025.

2. BACKGROUND

- 2.1 The table below shows collection rates on the different types of accounts for 2024/25 along with the value of outstanding debts by category as at 31 March 2025.

Accounts	Collection Rates (%)	Value of outstanding debts at 31 March 2025 (£m)
Accounts with Council Tax and Second Homes Premium	87.29	3.1
Accounts with Council Tax and Empty Property Premium	81.41	0.8
Accounts with basic Council Tax only	95.09	4.3
Total	92.93	8.2

- 2.2 It can be seen from the table above that our overall collection rates are affected by the second home and empty property premium, with the debts on accounts that include a premium in addition to the basic tax at £3.9m (£3.1m second homes and £0.8m empty properties) and the debts on basic Council Tax accounts only, at £4.3m. It can also be seen that there is a collection rate of 95.09% on the accounts with basic Council Tax only, which is 2.16% higher than the average of 92.93% across all categories.
- 2.3 Since April 2023, self-catering properties in Wales have to be available for 252 days and let for 182 days a year in order to be included on the non-domestic rates list rather than the Council Tax band. In 2024/25, 692 properties were transferred back to Council Tax with 558 of these properties returned in the second half of the year. A number of them were likely to be transferring from the non-domestic rates list where taxes were not payable, to the Council Tax band where they needed to pay the basic council tax and 150% council tax premium. They were also applications that were being backdated and some of them back to April 2023. As a result, the bills were substantial and therefore remain unpaid at the end of March 2025. By the end of September 2025, a further 395 (134 by the end of September 2024) properties had transferred to the Council Tax band. The Welsh Government is currently consulting on refining the classification of self-catering properties for local tax purposes:

[Proposed refinements to the classification of self-catering properties for local tax purposes | GOV.WALES](#)

The results of the consultation may lead to further changes to the "182 days" rules which would potentially lead to a further change in the situation in the coming year.

- 2.4 The administration of the Premium puts serious pressure on the ability of the Tax Service to carry out its work. There has been a significant backlog of work in the service since the introduction of the Premium in 2018 and continues to represent a huge proportion of the enquiries that the service has to deal with. This in turn has an impact on the service's ability to collect the Council Tax money needed to provide Council services. When the premium was introduced, a budget of £52,600 was received to fund two posts, and additional funding of £114,750 was sought in 2024/25 to fund one new post plus job upgrades across the service following an appraisal.
- 2.5 At the end of Quarter 1 of the 2025/26 financial year Cyngor Gwynedd's Tax collection rate was 28.25% which placed us in 11th place in Wales. This compares to 28% and rank 15 at the end of the same period in 2024/25. At the end of October 2025, we have collected 63.17% compared to 63.55% at the end of October 2024. This slight reduction in the collection rate is likely to be mainly due to the continued transfer of properties to the Council Tax bands from non-domestic rates with the number of properties transferred in the same period last year being two-thirds less (see 2.3).
- 2.6 The table below shows the level of Council Tax inflation in Gwynedd over the last six years, with an inflation increase of 9.54% in 2024/25. Therefore, this may also have been a contributing factor to the reduction in the collection rate and the financial ability of the taxpayers to pay their bills.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax Inflation (%)	3.90	3.70	2.95	4.95	9.54	8.66

Service Review

- 2.7 The review of the Service referred to in paragraph 1.3 above has identified some of the weaknesses in the Service which have contributed to the decline in the collection rate:-
- A backlog of over three months in responding to emails from taxpayers which meant that many of them were getting into a situation of arrears even before their bills were received, due to a delay in receiving the bill or a delay in setting up payment/direct debit arrangements.

- Delay in sending reminders in 2024/25 due to long-term illness of a member of staff.
- Although Court had made liability orders, there was a delay before they were transferred to the enforcement company.
- The resources of the Recovery Team have halved over the past five years, and the two experienced officers who remained there have retired or is retiring. Although a Recovery Officer was recently advertised, the applications received did not meet the essential requirements of the job.

3. NEXT STEPS

3.1 We accept that this is not a situation we want to be in and the need to change our arrangements has already been identified, a review is underway and steps are being put in place to strengthen our recovery arrangements. Some of the operations that have been identified and implemented so far are:-

- The “Ffordd Gwynedd” Review was commissioned under the leadership of the “Ffordd Gwynedd” Senior Adviser. The review has been valuable to the service with a large number of actions identified and now recorded in a detailed Action Plan. Some of them have been implemented and others are in the pipeline and the Plan will be updated and reviewed regularly. We are also working on managerial data to enable us to identify areas that need attention and prioritising moving forward.
- In April 2025, we appointed a new position of Team Leader. This has been seen as a vital position for the structure and this post has been core for the service over the past six months.
- As part of planning for the future workforce, a Tax and Benefits Professional Trainee along with a Tax Apprentice were appointed during the year.
- Staff turnover levels have been high over recent years and it has been difficult to attract and retain staff at the salary level on offer. The jobs have been evaluated and a number of the pay scales have increased as a result.
- Over the period May 2025 to July 2025, three experienced tax agency officers were appointed to assist with the work backlog. While one of their contracts will expire in mid-November, the contract for the other two will be extended, while continuing to monitor and assess the need on a regular basis. Although this is only a temporary arrangement, we have seen great benefit from them and have benefited from their experiences, not only in the area of tax administration, but in specialist areas of recovery and systems as well.
- The email backlog is down to 185 messages by November 2025 and the oldest awaiting response is now just 10 days old. This is a significant

improvement from the 3,500 emails outstanding at the start of the current financial year. It will not be possible to remove the email backlog altogether as enquiries will increase significantly during the year at times when reminders and summonses will be released. Therefore, our priority at the moment is to reduce the backlog of work while also taking steps to introduce electronic ways of working in order to improve efficiency and the service given to customers. Using technology to automate as much of the officers' work as possible, in order to free up their time to focus on collecting the money and increasing the collection rates. Automating the procedure of receiving Council Tax income by direct debit will free up half a job in itself, and the hope is to have this in place before the end of the calendar year. We are also looking to increase the numbers who are willing to accept electronic correspondence along with the option of submitting forms online with the hope of reducing the need for them to contact us by phone and email.

- Re-examine the use made of the digital imaging system to ensure that we are using it to its full potential, as well as ensuring that any correspondence on it has been processed.
- There was a backlog of over 500 cases where Council Tax bills were returned as the holder named on the bills no longer lives in the property. A student was appointed over the summer to clear this work with a view to handing over the work to the administrative team from now on, with the training currently taking place.
- We are in the process of reviewing our structures for all of the Finance Department's recovery work and a financial bid for 2026/27 has been submitted for this. In addition, despite our failure to appoint a Recovery Officer, we were able to appoint two Assistant Recovery Officers.
- We also took advantage of the recovering experience of one of the agency officers, who is currently assisting on specific tasks in this field.
- A detailed timetable has been put in place for sending reminders in 2025/26. In addition, we are looking at our delegation arrangements so that officers are available to operate during the absence of key officers.

3.2 To date in 2025/26 we have received 2,018 liability orders, valued at £4.7m, and there will be a further application to the court on 26 November 2025, for 939 liability orders, valued at £2.3m. While a high percentage of them are relevant to 2025/26, a proportion of them also apply to previous years. Our priority with these this year is to ensure that there is no delay before the cases are submitted to the enforcement company in order to maximise the taxes collected during the year. As mentioned in 2.7, this delay in 2024/25 was partly responsible for the reduction in collection rates.

4. RECOMMENDATION

- 4.1 Receiving the report, commenting on the content and supporting the operations in place by the Department.

Council for Wales Tax Collection Rates 2024/25

Local Authority	Collection Rate (%)
Neath Port Talbot	97.7
Flintshire	97.2
Denbighshire	97.1
Conwy	96.7
Carmarthenshire	96.4
Powys	96.3
Rhondda Cynon Taf	95.9
Monmouthshire	95.7
Vale of Glamorgan	95.7
Newport	95.7
Wrexham	95.6
Caerphilly	95.5
Ceredigion	95.5
Bridgend	95.3
Anglesey	95.3
Pembrokeshire	95.1
Cardiff	94.8
Torfaen	94.6
Merthyr Tydfil	94.6
Swansea	94.5
Blaenau Gwent	94.1
Gwynedd	92.9

Source: https://stats.gov.wales/en-GB/04eb4d05-55ab-4c1c-80fa-627fa809fc14?page_size=100&filter%5BYearCode%5D.202425%5B%5D=202425&filter%5BDescCode%5D.8%5B%5D=8&dataViewsChoice=filter

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	13 NOVEMBER 2025
TITLE	NATIONAL FRAUD INITIATIVE 2024-25: UPDATE
PURPOSE OF REPORT	TO PROVIDE A NATIONAL-LEVEL UPDATE ON THE LATEST NATIONAL FRAUD INITIATIVE EXERCISE 2024–25
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

- 1.1 As a public authority, Cyngor Gwynedd is required by law to protect the public funds it administers. Every two years, a data matching exercise known as the National Fraud Initiative (NFI) is carried out. Data matching involves comparing computer records held by the Council against other computer records held internally or with another body, to see the extent to which they match. When data is matched, it may indicate a possible inconsistency that requires further investigation, as it could be fraudulent. It cannot be assumed that there is a case of fraud, error, or another explanation until an investigation is conducted.
- 1.2 This briefing note provides an update on the latest NFI 2024-25 exercise at a national level as at 31 July 2025. It also provides some local level data for Cyngor Gwynedd.

2. RECOMMENDATION

- 2.1 The Committee is asked to note the contents of this report, offer comments thereon and accept the report.

Briefing Note

National Fraud Initiative 2024-25: update Cyngor Gwynedd

About the National Fraud Initiative

- 1 The National Fraud Initiative (NFI) is a biennial UK-wide counter-fraud exercise. It helps prevent and detect fraud by electronically sharing and matching data sets. **Appendix 1** provides further information on how the NFI works.
- 2 In Wales, the NFI operates under the Auditor General's statutory powers. Participation is mandatory for unitary local authorities, NHS bodies, police forces, and fire and rescue authorities. Participating on a voluntary basis in the latest exercise are the Welsh Government, some Welsh Government arm's length bodies (Natural Resources Wales, Arts Council of Wales, Sport Wales, National Library of Wales, Transport for Wales), and South East Wales Corporate Joint Committee.
- 3 This briefing note provides an update on the latest NFI 2024-25 exercise at a national level and as at 31 July 2025. It also provides some local level data for your organisation, although we are encouraging those charged with governance to seek further local detail from lead officers.

Data submission for 2024-25

- 4 The NFI 2024-25 exercise is underway. Participants submitted data for the biennial batch data matching exercise in October 2024. This included data on housing benefits, housing tenants and waiting lists, blue badge parking permits, licences, and various payments such as creditor payments, payroll, and pensions.
- 5 The UK Public Sector Fraud Authority released most data match reports to participants by the end of December 2024. Council tax and electoral register data are submitted annually. The most recent deadline for submitting this data was February 2025.
- 6 Supplementary data runs take place during the exercise to process new, incomplete or missing data submissions. For example, progress is being made to amend the Public Audit (Wales) Act 2004 through a Legislative Reform Order which will enable the NFI to resume the matching of adult social care data during the NFI 2024-25 exercise.

National update

Data matches and investigation

- 7 To date, almost 440,000 data matches have been identified for the Welsh NFI 2024-25 exercise participants. **Exhibit 1** shows that most of these matches are for unitary authorities and health bodies.

Exhibit 1: NFI 2024-25 Welsh participant data matches by type of organisation, at end of July 2025

Type of organisation	Number of data matches	% of data matches
Unitary authority	373,114	84.9
Health	50,409	11.5
Police	2,641	0.6
Fire and rescue	740	0.2
Other	12,749	2.9
Total	439,653	100.0

Source: Audit Wales analysis of NFI web-application data

Note: % total does not match the sum of the parts due to rounding.

- 8 Data matching identifies potentially fraudulent or erroneous claims and payments. No assumption can be made about whether there is fraud, error, or another explanation until an investigation is carried out. There can, for example, be false positives around creditor payments if bodies are deliberately making staged payments of the same amount.
- 9 We recognise it is not practical to investigate all data matches, particularly for bodies with large numbers of matches. Bodies are encouraged to take a risk-based approach to assessing data match reports and deciding what type of, and how many, data matches they review.
- 10 By the end of July 2025, five participating bodies had not yet closed any data matches. Some participants are making good progress with reviewing NFI 2024-25 data matches, while others have made limited progress.
- 11 **Exhibit 2** shows the total number of data matches for each data match area. It also shows the number of data matches closed in a data match area, along with the number of participants that have matches in that area.

The absence of closed matches indicates that the participant has not reviewed any matches in that area.

Exhibit 2: NFI 2024-25 Welsh participant data matches processed and closed, at end of July 2025

Data match area	Data matches	Data matches closed	Participants with data matches	Participants with no closed statuses for their matches
Council tax single person discount	198,146	5,385	22	11
Creditors	187,228	19,791	48	16
Council tax reduction scheme	16,578	3,547	22	1
Blue badges	10,377	5,849	22	3
Payroll	8,150	1,705	46	6
Housing waiting lists	6,359	1,392	18	5
Housing tenants	4,636	879	11	2
Pensions	2,962	1,098	12	4
Resident parking	2,405	2,368	8	1
Procurement	1,985	400	42	28
Housing benefit	826	483	22	2
Taxi drivers	1	1	1	0
Total	439,653	42,898	49	5

Source: Audit Wales analysis of NFI web-application data

Note: After risk assessing data match reports and any subsequent investigations, each data match should be 'closed' and given a match status. There are a range of 'closed' statuses. Matches not investigated should be given the status 'Closed – Not selected for investigation'. Assigning match statuses to data matches can be done individually or by bulk selection.

Outcomes

- 12 Welsh participants recorded outcomes of £4.7 million for the period 1 April 2024 to 31 July 2025. **Exhibit 3** shows which matching process the outcomes relate to.

Exhibit 3: Welsh participant reported NFI outcomes, 1 April 2024 to 31 July 2025

NFI exercise	Outcomes (£s)
NFI 2024-25 biennial exercise	1,719,037
Late savings from the NFI 2022-23 biennial exercise	867,157
Annual council tax data matching exercises	2,080,831
Total	4,667,025

Source: Audit Wales analysis of NFI web-application data

Note: Outcomes are made up of (i) actual amounts participants have recorded as fraud or error; and (ii) estimated elements which seek to capture the value of loss from a fraud or error detected, and the value of any future losses that bodies may have incurred without intervention following an NFI match. Most datasets have a methodology to calculate estimated savings. All methodologies are reviewed by the Cabinet Office's NFI Governance Board and approved by the Cabinet Office's Fraud Prevention Panel.

Local update

- 13 Data matches are released in data match reports. Each report has a different purpose and compares data from two or more datasets. The reports are broken down into dataset types: for example, housing benefit, payroll, or creditors.
- 14 An organisation's risk assessment of the data match reports should determine the types and numbers of data matches to be investigated. To aid risk assessment, the NFI web application flags some data match reports as 'key reports' with historically high success rates in identifying fraud or error. Also, most individual data matches are assigned a fraud risk score.
- 15 **Exhibit 4** shows the total number of data matches identified for Cyngor Gwynedd, along with those recorded in key reports. **Appendix 2** provides some further analysis of these data matches by fraud risk score.

Exhibit 4: Cyngor Gwynedd's NFI 2024-25 data matches, at end of July 2025

Data match area	Data matches in all reports	Data matches in key reports with historically high success rates
Blue badges	321	270
Council tax single person discount	5,650	5,650
Council tax reduction scheme	565	476
Creditors	18,743	4,680
Housing benefit	13	11
Housing waiting lists	71	43
Payroll	620	618
Pensions	494	363
Procurement	131	131
Total	26,608	12,242

Source: Audit Wales analysis of NFI web-application data

Note: Council tax single person discount data match reports are not formally designated as 'key reports' but are treated as such in practice.

- 16 Various factors can influence which data match reports are reviewed and when this takes place. For example, an organisation may prioritise looking at data match reports linked to areas where it has concerns about internal controls or where there is a history of fraud or error. Also, local resourcing will dictate the pace of progress. For these reasons, this general update does not provide further detail on where processing work and outcomes are recorded by your organisation at this stage.
- 17 The NFI web application features a dashboard and provides various reports on outcomes and processing activity. We encourage those charged with governance to seek more detailed updates on processing work and outcomes recorded from their NFI Senior Responsible Officer and NFI Key Contact.

Future Audit Wales work

- 18 For this NFI exercise we will carry out a high-level assessment of participants' governance and follow-up arrangements. We will engage with bodies over the autumn/early winter to consider issues covered in our NFI self-appraisal checklist.¹ We will also analyse the risk assessment and data match processing work carried out, and the outcomes recorded by participants, as reflected in the NFI web application.
- 19 This work will help us understand the factors influencing the outcomes reported by individual bodies and the variations between them. Findings from this assessment will inform our next national report in autumn 2026.

¹ In December 2024, we shared the updated checklist with NFI senior responsible officers and key contacts. We encouraged all bodies to complete it and share it with those charged with governance.

Appendix 1 – The National Fraud Initiative

The NFI uses data matching to detect and prevent fraud. It electronically compares sets of data against other records held by the same and other bodies, to see to what extent they match.

The data matching flags anomalies or inconsistencies that indicate potential fraud or error. Indicators of potential fraud are reported to the participants, who are responsible for following up these matches.

The effectiveness of the NFI depends on the thoroughness of the assessment and investigation of matches and recording of outcomes.

Bodies record the outcomes in the NFI web application. Each participant body has a nominated Senior Responsible Owner and Key Contact for the NFI, who in some cases may be the same individual.

The UK Public Sector Fraud Authority, part of the UK Government's Cabinet Office and HM Treasury, oversees the NFI across the UK. Audit Wales leads the exercise in Wales under the Auditor General's powers in the Public Audit (Wales) Act 2004. The Auditor General's Code of Data Matching Practice summarises the key legislation, and controls, governing the exercise in Wales.

We published a report on the outcomes from the 2022-23 NFI exercise in October 2024. Reports on the NFI for other parts of the UK are produced by the Public Sector Fraud Authority, Audit Scotland, and the Northern Ireland Audit Office.

There is no direct cost to participants for taking part in the exercise. Audit Wales receives funding, through the Welsh Consolidated Fund, to pay for bodies to participate in the NFI. This covers the central data matching processing for the biennial exercise, as well as the annual exercise for council tax and electoral register datasets. This remained the case for the NFI 2024-25 exercise. The main costs to participants are, therefore, the resources used to submit data and conduct follow-up work once data matches are released.

Appendix 2 – Analysis of data matches by fraud risk score for Cyngor Gwynedd

The NFI assigns a fraud risk score of very high risk, high risk, or medium risk to most, but not all, data matches. This risk score is based on a combination of two factors:

- Risk logic – a set of criteria for each dataset combination that, when met, indicates a fraudulent outcome is more likely to occur.
- Footprint score – the number of times an individual in a match appears at the address across all NFI data. It is an indicator of whether that person resides at that address.

Exhibit 5 and **Exhibit 6** provide further analysis of Cyngor Gwynedd's data matches by risk score for data matches in all data match reports and those in key reports. This analysis builds on **Exhibit 4** in the main body of this briefing note. Not all data matches are formally assigned a risk score. Council tax single person discount data matches and matches in key reports that are not formally assigned a risk score should generally be treated as 'very high risk' in practice.

Exhibit 5: Cyngor Gwynedd's NFI 2024-25 data matches by risk score for data matches in all reports, at end of July 2025

Data match area	All data matches	Very high risk	High risk	Medium risk	No risk score
Blue badges	321	286	35	0	0
Council tax single person discount	5,650	-	-	-	-
Council tax reduction scheme	565	25	99	39	402
Creditors	18,743	553	18,190	0	0
Housing benefit	13	11	0	0	2
Housing waiting lists	71	71	0	0	0
Payroll	620	250	17	20	333
Pensions	494	364	98	31	1
Procurement	131	0	0	0	131
Total	26,608	1,560	18,439	90	869

Source: Audit Wales analysis of NFI web-application data

Exhibit 6: Cyngor Gwynedd's NFI 2024-25 data matches by risk score for data matches in key reports, at end of July 2025

Data match area	All data matches	Very high risk	High risk	Medium risk	No risk score
Blue badges	270	235	35	0	0
Council tax single person discount	5,650	-	-	-	-
Council tax reduction scheme	476	24	36	17	399
Creditors	4,680	546	4,134	0	0
Housing benefit	11	9	0	0	2
Housing waiting lists	43	43	0	0	0
Payroll	618	250	16	19	333
Pensions	363	303	45	14	1
Procurement	131	0	0	0	131
Total number of data matches	12,242	1,410	4,266	50	866

Source: Audit Wales analysis of NFI web-application data

Forward Programme of the Governance and Audit Committee to November 2026

15 January 2026

Implementing the Decisions of the Committee
Review of the Committee's Self-Assessment Work Programme
Revenue Budget 2024/25 – End of November 2024 Review
Capital Programme 2024/25 – End of November 2024 Review
Savings Overview: Progress Report On Realising Savings Schemes
Council Tax Section 13A Reductions
Audit Wales Reports
The Committee's Forward Programme

5 February 2026

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Half-yearly Risk Report
Review of the Committee's Self-Assessment Work Programme
Internal Audit Output
Internal Audit Plan 2025/26
Savings 2026/27
Capital Strategy 2026/27 (including Investment and Borrowing Strategies)
Budget 2026/27
Internal Audit Strategy and Annual Internal Audit Plan 2026/27
Governance Risks Mid-Year Update
Recommendations And Improvement Proposals of External Audit Reports
Audit Wales Report / CG Commissioning Arrangements
The Committee's Forward Programme

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Elect Chair

Elect Deputy Chair

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Gwynedd Harbours' Final Accounts for the Year Ended 31 March 2026

Final Accounts 2025/26 - Revenue Outturn

Capital Programme 2025/26 – End of Year Review (31 March 2026 Position)

Output of the Internal Audit Section

Head of Internal Audit Annual Report 2024/2025

Internal Audit Charter

Audit Wales - Quarter 4 Update

Audit Wales - Cyngor Gwynedd Annual Audit Summary 2025

Audit Wales Reports and Organisational Response

Treasury Management Quarterly Report

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Annual Performance Report and Cyngor Gwynedd Self-Assessment 2024/25

Committee Development Programme

Statement of Accounts 2025/26 (Subject to Audit)

Gwynedd Council's Annual Governance Statement For 2025/26

Treasury Management 2025/26

Half-yearly Risk Report

Medium-Term Financial Plan

Audit Wales Reports - Q1 Update

Annual Performance Report and Cyngor Gwynedd Self-Assessment 2025/26

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The Council's Arrangements for Dealing with Complaints

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Final Accounts for the Year Ended 31 March 2025 and Relevant Audit

Recommendations And Improvement Proposals of External Audit Reports

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Capital Programme 2026/27 – End of August 2026 Review

Savings Overview: Progress Report on Realising Savings Schemes

Treasury Management Quarterly Report

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Audit Wales Reports - Q2 Update on the Work Programme and Timetable

Recommendations And Improvement Proposals of External Audit Reports

The Committee's Forward Programme