



Complete Agenda

Democratic Services
Swyddfa'r Cyngor
CAERNARFON
Gwynedd
LL55 1SH



Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Meeting

GOVERNANCE AND AUDIT COMMITTEE

Date and Time

1.00 pm, TUESDAY, 3RD FEBRUARY, 2026

Location

Virtual Meeting

*** NOTE ***

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

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(DISTRIBUTED 27/01/26)

GOVERNANCE AND AUDIT COMMITTEE

MEMBERSHIP (18)

Plaid Cymru (8)

Councillors

Geraint Wyn Parry
Arwyn Herald Roberts
Meryl Roberts

Ioan Thomas
Menna Baines
Huw Rowlands

Edgar Wyn Owen
Elfed Wyn ap Elwyn

Independent (4)

Councillors

Wendy Cleaver
Richard Glyn Roberts

Angela Russell
Elwyn Jones

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. IMPLEMENTING THE DECISIONS OF THE COMMITTEE 5 - 8

To consider the report and offer comments

5. BUDGET 2026/27 9 - 58

To scrutinise the information before the Cabinet recommends the 2026/27 budget to the Full Council

6. CAPITAL STRATEGY 2026/27 (INCLUDES INVESTMENT AND BORROWING STRATEGIES) 59 - 97

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

7. OUTPUT OF THE INTERNAL AUDIT SECTION 98 - 154

To accept this report on the work of the Internal Audit Section in the period from 29 September 2025 to 25 January 2026, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

8. INTERNAL AUDIT PLAN 2025/26 155 - 159

To note the contents of this report as an update on progress against the 2025/26 audit plan, offer comments thereon and accept the report.

9. INTERNAL AUDIT CHARTER 160 - 189

To receive and approve the contents of the Internal Audit Mandate and Charter, to approve it, and support Internal Audit in its undertakings.

10. INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN 2026/2027 190 - 210

To receive and approve the contents of the Internal Audit Strategy and the

Internal Audit Plan for 2026/2027, to approve it, and support Internal Audit in its undertakings.

11. ESTYN AND CARE INSPECTORATE WALES REPORT 211 - 226

To consider and accept the report

12. ARRANGEMENTS FOR THE COMMISSIONING OF SERVICES - CYNGOR GWYNEDD 227 - 250

To review and assess the Council's risk management, internal control, performance management and corporate governance arrangements

To assure that arrangements are in place to monitor and evaluate progress against any recommendations contained therein.

13. AUDIT WALES REPORTS - TEMPORARY ACCOMMODATION, LONG-TERM CRISIS? 251 - 299

To provide an update to the Committee on reports recently published by Audit Wales

- Temporary accommodation, long-term crisis?

14. THE COMMITTEE'S FORWARD PROGRAMME 300 - 302

To consider the work programme

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	3 FEBRUARY 2026
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. 	Following a brief discussion during the January Committee this item has been replaced – see relevant part of this report below – Audit Wales Report – Temporary Accommodation.

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. 	An item is scheduled to be presented during the May 2026 committee meeting.

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 	These action points are expected to be completed in line with the adjusted action plan following the completion of the CIPFA report.
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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 9 October 2025

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>	An item is scheduled to be presented during the May 2026 committee meeting.
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Meeting 15 January 2026

IMPLEMENTING THE DECISIONS OF THE COMMITTEE	<ul style="list-style-type: none"> To accept the contents of the report <p>Note:</p> <ul style="list-style-type: none"> Receive an update on the 5/9/24 items (hold an information session on homelessness) and 10/10/24 (update on Emergency Care Audit recommendations: Flow Out of Hospital) by the next meeting 	A report by Audit Wales is relevant to this action point and is a separate item on this meeting's agenda.
RESPONSE PLAN TO THE OUR BRAVERY BROUGHT JUSTICE REPORT	<ul style="list-style-type: none"> To accept the details of the response plan To thank the Officers for their work and welcome that the Response Plan is being discussed in several forums That a simple and definite summary/front page of the main action points is required 	

	<ul style="list-style-type: none"> • That the Committee receives regular updates on the actions that have been taken or are being considered to be an appropriate and suitable response to the situation • Request by the Committee for Estyn to acknowledge the weaknesses of their report on the Council's safeguarding arrangements, June 2023 • That the Whistleblowing Arrangements and Safeguarding Arrangements need to be among the best - would welcome revisions to these policies - updates on the work, the timetable and manner in which they are being adopted will be required <p>Note: Request to review the last paragraph of point 2.5 of the Response Plan: 'Investigation into the events of 2019 that have been the subject of press coverage' – more context is needed about the independent investigation that was completed and what reason was for the decision not to share the report/findings. Request to set the context for Estyn's commendation of the Council's safeguarding arrangements (June 2023). The wording as it is, is inappropriate given the failures that later emerged.</p>	<p>The report will be considered by the Full Council on 5 February.</p>
REVENUE BUDGET 2025/26 – END OF NOVEMBER 2025 REVIEW	<ul style="list-style-type: none"> • To accept the end of November 2025 report and review of the Revenue Budget • To note the latest financial position regarding the budgets of each department/service. 	<p>No Further Action</p>
CAPITAL PROGRAMME 2025/26 – END OF NOVEMBER 2025 REVIEW	<ul style="list-style-type: none"> • To accept the report and agree the recommendations for the Cabinet to consider 	<p>No Further Action</p>
SAVINGS OVERVIEW: PROGRESS REPORT ON REALISING SAVINGS SCHEMES	<ul style="list-style-type: none"> • To accept the report • To note the progress, position and relevant risks in the context of the Savings Overview <p>Note/Recommendation Offer targeted support on schemes that Departments are unable to realise</p>	<p>This will be under an ongoing review</p>

COUNCIL TAX REDUCTION POLICY UNDER SECTION 13A(1)(C) OF THE LOCAL GOVERNMENT FINANCE ACT 1992	<ul style="list-style-type: none"> • To accept the report setting out the situation and the relevant risks • To welcome the Cabinet's decision to approve the Policy • To welcome that the Policy is under ongoing review and can be adapted as any legislative changes or changes in circumstances are introduced. <p>Note / Suggestion Reword paragraph 3.3 appendix 2 – Equality Impact Assessment to reinforce the statement Add sustainable tourism as a priority area to paragraph 4.5, Cabinet Report</p>	These points will be considered when reviewing the Policy
AUDIT WALES REPORTS– TEMPORARY ACCOMMODATION, LONG-TERM CRISIS?	Postponed until the meeting on 3 February 2026	Item will be presented as part of this meeting's agenda.
THE COMMITTEE'S FORWARD PROGRAMME	<ul style="list-style-type: none"> • To accept the work programme until February 2027 	No Further Action

3. RECOMMENDATION

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

MEETING: **GOVERNANCE & AUDIT COMMITTEE**

DATE: **3 FEBRUARY 2026**

TITLE: **2026/27 BUDGET**

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

ACTION REQUIRED: **To scrutinise the information before the Cabinet recommends the 2026/27 budget to the full Council**

CABINET MEMBER: **COUNCILLOR HUW WYN JONES**

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

1. At its meeting on 10 February, the Cabinet will consider the attached report and conclude regarding the budget to be proposed to the Council, which will include a recommendation regarding the Council Tax increase for 2026/27 (see the decision sought on the front of the attached Cabinet report).
2. The budget will include a programme of savings presented in Appendix 3, together with 'bids' added to the budget which are listed in Appendix 2.
3. Several financial risks and relevant actions to ensure that the budget estimates are robust, are considered in Appendix 10.
4. We will inform the Cabinet on the conclusions and comments of the Committee when presenting the report on 10 February.
5. The Governance and Audit Committee is hereby given the opportunity to consider the financial propriety of the proposals and relevant risks, and to submit comments to the Cabinet on the options.
6. The role of the Committee is not to come to a conclusion on the what the level of savings, or what the Council Tax level should be, but to ensure that the Cabinet and Council are clear of the facts that are presented to it, so that the decision taken is based on sound information.

7. The Governance and Audit Committee is expected to satisfy itself that the information, which is presented in this report and its appendices, is sufficient to allow the Cabinet to make a recommendation on the proposed budget and for the Council to be able to reach a decision based on the information that is to be presented to them.

Appendix:

2026/27 Budget (Cabinet report 10/02/2026)

Meeting: Cabinet

Date: 10 February 2026

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

Subject: 2026/27 Budget

Contact Officer: Dewi Morgan, Head of Finance

2026/27 BUDGET

Decision Sought

Recommend to the Council (at its meeting on 5 March 2026) that:

- 1. A budget of £379,866,050 should be set for 2026/27, to be funded by £264,009,390 of Government Grant and £115,856,660 of Council Tax income (which is an increase of 5.32%).**
 - 2. A capital programme of £40,179,430 in 2026/27 should be established, to be funded from the sources set out in Appendix 4 of the report.**
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1. INTRODUCTION

- 1.1 The Council must set a balanced budget for 2026/27.
- 1.2 This budget is set at a time when Welsh local authorities continue to face financial challenges, where the addition to the settlement does not meet the increase in demand for services.
- 1.3 Cyngor Gwynedd has received a grant increase for 2026/27 of 4.1%, equivalent to a £10.4m increase in external funding. In addition, a further £5.4m has been included to reflect the transfer of responsibilities to the settlement, which is also included in the grant.
- 1.4 By 2026/27, our spending would need to be increased by £23.3m to "stand still" (details are in part 3 below). This includes £9.9m to meet pressures on service budgets (details of the individual 'bids' are in Appendix 2).

- 1.5 It is seen in this report that there are demand pressures on services, as well as inflationary pressures. The 2026/27 budget seeks to protect the services the Council provides to the people of Gwynedd and recommends an 5.32% increase in Council Tax to achieve that objective this year. Forecasts suggest there will be further pressure in aiming to set a balanced budget for 2027/28.
- 1.6 The draft budget has been considered by a majority of Council members at a briefing session on the financial situation held on 27 January 2026 and scrutinised by the Governance and Audit Committee on 3 February. The role of the Cabinet is to recommend a balanced and appropriate budget to the Council meeting on 5 March for 2026/27.
- 1.7 The 2026/27 budget includes savings identified when setting the 2024/25 and 2025/26 budget.
- 1.8 This year we propose to establish a capital programme worth £40.2m in 2026/27, as set out in Appendix 4.
- 1.9 The full Council are required to consider the budget and set Council Tax for 2026/27 based on the issues identified in the following report. This detailed report sets out the factors influencing the proposed revenue budget for 2026/27 and outlines the main changes since 2025/26.

2. WELSH GOVERNMENT GRANT

- 2.1 The Welsh Government has announced the final local authority funding settlement for 2026/27 as follows:

Revenue Support Grant 2025/26 – 2026/27	Total Welsh Authorities £	Cyngor Gwynedd £
2025/26 Government Grant	6,273,340,560	253,588,760
2026/27 Government Grant	6,555,644,540	264,009,390
Increase £	282,303,980	10,420,630
Increase %	4.5%	4.1%

Further details of the final settlement can be found here –

[Local government revenue and capital settlement: final 2026 to 2027 | GOV.WALES](#)

- 2.2 Official Welsh Government figures in the table above show that Cyngor Gwynedd is receiving a grant increase of £10.4m by next year (after adjusting the relative 2026/27 figure to reflect changes to the taxbase and transfers to the settlement), which is a 4.1% increase, while the average across Wales is 4.5%.
- 2.3 Several factors feed into the local government grant allocation formula, such as the county's population, the number of pupils in our schools, and the number of income support claimants.

3. COUNCIL REVENUE EXPENDITURE – 2026/27

3.1 The increase in expenditure required to "stand still" in 2026/27 is set out in the table below.

Additional Expenditure Requirements

	£	£
Base Budget		356,815,330
Staff Salary Inflation	8,298,980	
Reduction Employer Pension Contribution	(3,364,290)	
Other Inflation (suppliers)	6,075,390	
Levies (Fire, ENPA, NRW & CJC)	528,810	
Demography	(846,000)	
Bids – Pressures on Services	9,910,580	
Long Term Empty Dwellings Premium Increase	893,700	
Various Budget Adjustments	(328,460)	
Interest on Balances	(89,090)	
2025/26 Settlement Funding Floor	(1,571,530)	
Reversing 2025/26 NI Employer Grant	3,632,950	
Transfers to the Settlement	163,820	
Net total of increases		<u>23,304,860</u>
Total 2026/27 spending requirements before savings		<u><u>380,120,190</u></u>

3.2 Base Budget 2025/26

Although the net expenditure for 2025/26 was £357m, it is important to note that the Council's actual expenditure is £608m, because we receive a host of specific grants worth £167m and charge an overall income of £84m for services we provide.

3.3 Salary Inflation £8.3m

An agreement was reached on workforce pay (apart from teachers) for April 2025 to March 2026 by agreeing an increase 3.2%. In line with most other local authorities, we had budgeted prudently for a 3.5% increase, with the final agreement a little less than what had been budgeted for.

This budget sets aside the objective of an increase in the 2026/27 pay agreement of 4% for teachers and 3.4% for the remaining workforce (teachers from September 2026, remaining workforce from April 2026).

3.4 Reduction Employer Pension Contribution (£3.4m)

Reduction in employer pension contribution resulting from the three-annual re-valuation.

3.5 Other Inflation £6.1m

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

- Independent Residential Care Homes £1.4m
- Non-residential Care £1.5m:
 - Supported Housing £916k,
 - Domiciliary Care £301k,
 - Other services £281k
- Energy (Electricity and Gas) £692k
- Increase in other prices:
 - Insurance £177k
 - Property rates £150k

3.6 Levies £529k

The levies paid to the relevant bodies will increase as follows between 2025/26 and 2026/27:

- | | |
|---|-------|
| • North Wales Fire and Rescue Authority | £458k |
| • Eryri National Park Authority | £44k |
| • Natural Resources Wales (Special Levies) | £7k |
| • North Wales Corporate Joint Committee (CJC) | £20k |

The net increase of £458k to the North Wales Fire and Rescue Authority levy is equivalent to an increase of 0.42% in council tax.

3.7 Demography (£846k)

Due to a reduction in pupil numbers in schools within secondary (£659k) and primary (£637k), whilst there is an increase in pupil numbers within the special schools £450k.

3.8 Pressures on Services £9.9m

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

It is recommended that bids worth £9.9m for additional permanent resources submitted by Council departments to meet inevitable pressures on their services are approved.

All departments are asked to identify any expenditure the Council must deliver to ensure continuity of basic service. The procedure here is not for desirable new developments, but rather for the continuation of existing basic services.

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

The items presented in Appendix 2 have been thoroughly challenged by the Leadership Team before being recommended for Cabinet approval. Furthermore, a summary of these spending requests were presented at the Budget Seminar held on 27 January 2026.

3.9 Increase in the Premium Rate for Long Term Empty Dwellings £894k

At its meeting on 4 December 2025, the Full Council decided to raise a premium of 150% on homes that have been empty for 12 months or more. Based on the current data, an additional Council Tax yield of £894k is forecasted, with this income being earmarked for housing programmes, community schemes and to deal with the increased challenges of collecting the Premium.

3.10 2025/26 Settlement Funding Floor (£1.6m)

Following the late final settlement for 2025/26, it was decided to use the budget to fund one-off service bids for 2025/26 and risk provision. This budget can be released when preparing the 2026/27 budget.

3.11 Reversing 2025/26 National Insurance Employer Grant £3.6m

The 2025/26 Budget was set on the basis that the Government would partially fund the additional cost arising from increase to the National Insurance threshold and rate paid by the employer. Grant funding was received in 2025/26 and additional budget was provided as part of the 2026/27 settlement; therefore, the grant income target can be reversed.

3.12 Various Budget Adjustments (£418k)

A total reflecting a significant number of adjustments to different budgets across the Council. This includes the impact of an increase in interest receipts of (£90k) in returns in investing balances and the Council's cash flow, and reduced costs of (£329k) due to other budgetary considerations.

4. EXISTING SAVINGS THAT HAVE ALREADY BEEN APPROVED

4.1 Cyngor Gwynedd has delivered £47m of savings plans since 2015/16.

4.2 On 20 February 2024, the Cabinet approved a programme of savings worth £5.2m for the budget of 2024/25 onwards. The profile of this programme is seen in Appendix 3, which shows that £343,090 of these savings are profiled for 2025/26. £5.2m in its entirety was actioned in the 2024/25 budget, with subsequent year savings being bridged by funds/reserves. Therefore, the 2025/26 and 2026/27 savings do not assist in reducing the budgetary gap in those years.

4.3 Furthermore, there are savings plans worth £320k, arising from previous savings programmes to be removed from departmental budgets this year. As in previous years, savings provision has been earmarked to deal with situations where savings slip; the value of the provision this year is £66k, therefore £254k of savings is available to help reduce the 2026/27 gap.

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

Savings that have already been programmed	
	£
Adults, Health and Wellbeing Department	143,090
Environment Department	200,000
Highways, Engineering and YGC Department	91,000
Education Department	98,500
Corporate Services Department	50,000
Saving schemes approved in 2025/26 profiled in 2026/27	81,000
Subtotal	663,590
Less: Savings Provision	(66,360)
Existing Planned Savings 2026/27	597,230

5. FUNDING GAP 2026/27 AND COUNCIL TAX

- 5.1 Part 3 above shows that the Council's spending requirements (before savings and cuts are removed) for 2026/27 are £380.1m. Part 2 noted that the grant from the Welsh Government will be £264m.
- 5.2 As explained in part 4 above, there are a total of £254k of savings and cuts to be utilised to reduce the funding gap.

Establishing the 2026/27 Budget	
	£
2025/26 Base Budget	356,815,330
Additional Expenditure Requirements	<u>23,304,860</u>
2026/27 Expenditure Requirements before Savings	380,120,190
less Welsh Government Revenue Grant Income	<u>(264,009,390)</u>
Funding Gap from Council Tax and further savings	<u>116,110,800</u>

- 5.3 That means there is a residual gap of £116m that needs to be filled.
- 5.4 Furthermore, £254k of savings previously approved for 2026/27 (see Section 4 above), are available and will contribute towards addressing the budgetary deficit.

Funding Gap from Council Tax and Savings	116,100,800
Less Existing Savings already approved	(254,140)
Funding Gap from Council Tax	<u>115,856,660</u>

- 5.5 Further details on the savings and cuts are found in Appendix 3.
- 5.6 It is recommended that the remainder of the gap is to be greeted through Council Tax. Increasing the Tax on individual dwellings by 5.32% will generate £115,856,660 of income, and this would be sufficient to fill the gap.
- 5.7 This will be £7.4m of additional Council Tax income compared to the 2025/26 budget. That equates to a Council Tax increase of £101.48 for properties in Band D, or £1.95 a week. The tax levied by the Police and Crime Commissioner (an increase of 7.01% for 2026/27) and the community councils (various %) will of course be in addition to this.
- 5.8 Background information and the context for setting the Tax level is set out in Appendix 6.

- 5.9 If Council members wanted a less than 5.32% increase in the level of Tax, then fewer permanent resources would have to be committed to deal with the pressures on services, there would be a need to find savings and cuts, or a combination of both.
- 5.10 The choice between maintaining services and taxation is always a difficult one. For 2026/27 it is expected that the proposal to raise the tax by 5.32% to meet the pressures on services while setting a balanced budget will be a similar level to most authorities in north Wales.

6. CONCLUSIONS / BUDGET 2026/27

- 6.1 This report and the appendices set out the factors that should be considered when establishing the 2026/27 budget and historic savings will still have to be harvested and the level of tax will need to be raised to set a balanced budget.
- 6.2 It is recommended that revenues of £380.1m be spent, having added £23.3m, which includes the provision of £9.9m to address demand for services.
- 6.3 Having received a grant from Welsh Government of £264m, relying on £254k of savings. The level of Council Tax will need to increase by 5.32% to generate £115.9m of income to close the 2026/27 funding gap.

Balanced budget for 2026/27	
	£
2026/27 Expenditure Requirements before Savings	380,120,190
2026/27 Savings Total	<u>(254,140)</u>
2026/27 Budget	<u>379,866,050</u>
To be funded from -	
Grant Income	264,009,390
Council Tax (yield after raising 5.32%)	<u>115,856,660</u>
2026/27 Budget	<u>379,866,050</u>

- 6.4 This will involve setting a net budget of **£379,866,050**. A breakdown of the budget per service is given in Appendix 1.

7. CAPITAL

- 7.1 The 2019/20 onwards asset strategy was established by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme, and we are adding to that by 2026/27. Details of the current capital programme can be found in Appendix 4.
- 7.2 The two tables shown in Appendix 4 reflect the capital requirements, together with the funding, for setting the 2026/27 to 2028/29 capital budget, to establish a total programme worth £40,179,430 in 2026/27, to be funded from the sources analysed in Appendix 4.
- 7.3 The table in Appendix 4 states that £500k is available annually for the funding of capital bids. For 2026/27, there is £840k worth of capital bids to be funded, (as detailed in Appendix 2b), using uncommitted resources to fund the difference.

8. LONGER TERM STRATEGY

- 8.1 Welsh Government has reached an agreement with Plaid Cymru to set a budget for 2026/27. The Senedd elections are in May 2026, and since we do not know who will form the government after that, we have no forecasts for a local government settlement for the following years.
- 8.2 In considering the increased demand for services on the Council, in the face of shrinking provision because of cuts, there will need to be an early, fundamental consideration of what the Council can provide and how. As can be seen in Appendix 3, savings and cuts plans have been programmed for 2026/27 but work will commence immediately after setting the budget for 2026/27 on updating a Medium-Term Financial Plan that recognises the situation as envisaged.

9. OTHER CONSIDERATIONS AND VARIOUS ASSESSMENTS

- 9.1 The current level of the Council's general balances is £7.9m. Given the increased pressures expected on the Council's budgets over the next few years, it is considered that this level of balances will be appropriate to reserve for practical cash flow and unexpected expenditure. Information on the balances and reserves is presented in Appendix 7.
- 9.2 Appendix 5, 'Addressing the Schools Budget in 2026/27', explains the position of the Gwynedd schools' budget.
- 9.3 In determining a budget, Cabinet and Council must consider the impact of their decisions in terms of equality, in line with the statutory duties placed on the Council through the Equality Act 2010. Appendix 8 deals specifically with the duty, including the statutory finance officer's comments on the whole Budget in terms of equality. The assessment confirms that there will be a positive overall impact from the continuity of services that are considered a priority for protection and funding to the additional level of demand, and it is not believed that any negative impacts will be significant.
- 9.4 The Council complies with the requirements of the Well-being of Future Generations (Wales) Act 2015 and the recommendations in the report are based and developed in accordance with the statutory duty on the Council under Section 3 to undertake sustainable development in all its activities. As usual, more detailed information about the Well-being Act and relevant conclusions is provided at Appendix 9.
- 9.5 The statutory finance officer must express a view on the robustness of the estimates. An appropriate risk assessment and confirmation is presented at Appendix 10.
-

Views of the local member

Not a local issue

Views of statutory officers

Monitoring Officer:

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

Head of Finance:

I have worked with the Cabinet Member to prepare this report and confirm the contents. Having considered all the risks outlined in Appendix 10 to the report, and the mitigation, I consider that the Council's Budget for 2026/27 is robust, adequate, and achievable.

APPENDICES

- 1 Proposed Budgets
- 2 Summary of Bids
- 2a Permanent Revenue Bids
- 2b Capital Bids
- 3 Savings and Cuts
- 4 Capital
- 5 Dealing with the Schools Budget in 2026/27
- 6 Council Tax
- 7 Balances
- 8 Assessing the Impact on Protected Characteristics, the Welsh Language and Socio-Economic Disadvantage
- 9 Well-being of Future Generations (Wales) Act 2015
- 10 The Statutory Finance Officer's Statement on the Robustness of Estimates

APPENDIX 1 - BUDGET SUMMARY

PROPOSED BUDGETS BY DEPARTMENT 2025/26												
	Base Budget 2025/26	Pay, NI and Pension Inflation	Other Inflation	Demography	Transfer to the Settlement	NI Grant Income Target Adjustment	Pressure on Services	2025/26 Settlement Floor Funding	Present Savings	Long Term Empty Dwellings Premium Increase	Various Adjustments	Base Budget 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DEPARTMENTS												
Central Education	20,908	103	293	0	0	0	2,114	0	(99)	0	(110)	23,209
Schools' Budget	100,846	3,158	612	(846)	0	0	0	0	0	0	50	103,820
Economy and Community	4,909	92	80	0	0	0	0	0	0	0	(6)	5,075
Adults, Health and Wellbeing	82,365	355	2,839	0	0	0	3,326	0	(143)	0	136	88,878
Business Service and Care Commissioning	3,133	30	14	0	0	0	0	0	0	0	(18)	3,159
Children and Supporting Families	25,984	300	370	0	0	0	791	0	0	0	0	27,445
Highways, Engineering and YGC	17,676	201	(82)	0	0	0	180	0	(91)	0	(100)	17,784
Environment	18,028	146	96	0	0	0	152	0	(200)	0	7	18,229
Housing and Property	9,727	105	279	0	0	0	2,000	0	0	0	(12)	12,099
Corporate Management Team and Legal	2,831	20	4	0	0	0	619	0	0	0	(5)	3,469
Corporate Services	8,085	167	(6)	0	0	0	439	0	(50)	0	21	8,656
Finance	9,167	96	19	0	0	0	221	0	0	0	(2)	9,501
DEPARTMENTAL TOTAL	303,659	4,773	4,518	(846)	0	0	9,842	0	(583)	0	(39)	321,324
Corporate and Capital Matters	56,944	162	2,086	0	164	3,633	68	(1,572)	(14)	894	(379)	61,986
TOTAL GROSS	360,603	4,935	6,604	(846)	164	3,633	9,910	(1,572)	(597)	894	(418)	383,310
Less Community Council Precepts	(3,444)	0	0	0	0	0	0	0	0	0	0	(3,444)
TOTAL GROSS EXPENDITURE	357,159	4,935	6,604	(846)	164	3,633	9,910	(1,572)	(597)	894	(418)	379,866
Balances and Specific Reserves	(343)	0	0	0	0	0	0	0	343	0	0	0
NET EXPENDITURE TOTAL =	356,816	4,935	6,604	(846)	164	3,633	9,910	(1,572)	(254)	894	(418)	379,866
Financed By:-												
Grant	248,390											264,009
Council Tax	108,426											115,857
Total Income	356,816											379,866

APPENDIX 2 - SUMMARY OF BIDS

Bids		Permanent (£)	Capital (£)
Group A	Additional resources to cover the true cost of providing existing services, dealing with historical overspend which is beyond the department's ability to resolve and/or additional pressures in 2026/27 due to increases in cost and demand	7,554,920	
Group B	Matters which the Cabinet have already decided to support during the year and has therefore pre-empted the bidding process	1,302,840	
Group C	New matters for 2026/27	1,052,820	
Capital 1	Ysgol y Faenol - funding to increase parking space for the use of the school and community centre		300,000
Capital 2	(Cist Gwynedd) Community Support Fund		150,000
Capital 3	Construction of a flood defence wall along the River Beuno, Bontnewydd. 15% contribution towards grant (£2.5m scheme)		70,000
Capital 4	Funding to fund adaptations to Council Headquarters to comply with well-being and equality requirements		90,000
Capital 5	Digital Transformation Board – digital accounts for the workforce - One-off spending on digital equipment/resources		230,010
		9,910,580	840,010

APPENDIX 2a - PERMANENT REVENUE BIDS 2026/27

Group	Title of Bid	Recommended permanent sum (£)
A	Additional resources to cover the true cost of providing existing services, dealing with historical overspend which is beyond the department's ability to resolve and/or additional pressures in 2026/27 due to increases in cost and demand	
1A	Increase in school transport charges (school buses)	664,000
2A	Free Breakfast Programme – Primary Schools	90,000
3A	Compensating for reductions in Youth Service Support Grant to protect existing provision	66,090
4A	Increased cost of IT Systems (Planning, cloud and specialist helpline)	112,430
5A	Funding for the role of the Assistant Head of Transport post as temporary funding has expired	101,810
6A	Increase in the costs of receiving income via card payments	191,450
7A	Funding for roles relating to filing systems on a permanent basis as temporary funding has expired	69,390
8A	Increase in volume of older people's cases (OT, Safeguarding, Risk Assessment)	161,060
9A	Increasing the budget for Mental Health residential care as a result of increased demand	1,126,850
10A	Increasing the budget for Supported Accommodation for Adults with Disabilities to live independently – increase in the number of individuals requiring support	1,092,350
11A	Supporting and caring for more individuals with learning disabilities as they turn 18	277,000
12A	Increased staff resources across all Care Homes to respond to national standards of care	464,000
13A	Reduction in income from Salary Sacrifice schemes	15,000
14A	Funding on a permanent basis for the role of an e-learning officer to lead on mandatory training modules as temporary funding has expired	53,370
15A	Continue to fund an Occupational Health post as temporary funding has expired	49,510
16A	Additional responsibilities in a number of roles due to new statutory requirements relating to children	70,790
17A	Funding for additional workers following the admission of Asylum Seekers without parents as part of the National Transfer Scheme	120,000
18A	Family Support – children in care who remain at home with their families (new statute)	320,000
19A	Funding an increase in contributions towards the costs of the North Wales Adoption Service	60,000
20A	Contributions to collaborative cases between Derwen and the Health Board and costs of specialist medical and legal services in cases within the Children's sector	250,000
21A	Land Maintenance – increased costs of opening graves due to new statutory health and safety requirements and reduced income due to the loss of external contracts over several years	180,000
22A	Increasing the Coroner's service to 3.5 days per week	19,820
23A	Essential Maintenance to Council buildings such as schools, care homes, libraries and leisure centres	2,000,000
		7,554,920
B	Matters which the Cabinet have already decided to support during the year and has therefore pre-empted the bidding process	
1B	Establishment of the Gwynedd Additional Learning Needs and Inclusion service and the Pupil Referral Units – Restructuring of the Additional Learning Needs and Inclusion	437,430
2B	Funding for Safeguarding Champion role	49,510
3B	Increase in care fees for third sector organisations to support individuals with Learning Disabilities	231,400
4B	Additional safeguarding costs relating to the Our Bravery Brought Justice response plan	584,500
		1,302,840

C New matters for 2026/27		
1C	Increase the Special Schools Budget to match our statutory duties	252,000
2C	Increasing the Additional Learning Needs budget of mainstream schools	563,000
3C	Gwynedd Schools Welsh Language Charter Co-ordinator - fund on a full-time basis rather than part-time as present	41,840
4C	Administering random testing (alcohol and drugs)	10,000
5C	Social Media Content Officer to promote key messages and share timely information with the public	56,990
6C	Scrutiny / Welsh Language Officer to address increased demand in work programmes	45,830
7C	Digital accounts for the frontline workforce out in the field	68,160
8C	Continue to fund contribution to Mantell Gwynedd after temporary funding has expired	15,000
		1,052,820
Total		9,910,580

APPENDIX 2b - CAPITAL BIDS

CAPITAL BIDS 2026/27		
Bid	Title of Bid	Recommended sum (£)
Capital 1	Ysgol y Faenol - funding to increase parking space for school use and users of Canolfan Penrhosgarnedd to mitigate safety risks following increasing school capacity	300,000
Capital 2	Community Support Fund (Cist Gwynedd) within the Economy and Community Department which supports voluntary groups to develop projects in local communities	150,000
Capital 3	Funding for the Highways, Engineering and YGC Department to build a flood defence wall along the River Beuno, Bontnewydd. The funding is a 15% contribution towards a grant which is part of a £2.5m scheme. It will contribute directly to flood risk mitigation along Dol Beuno and surrounding estates.	70,000
Capital 4	Funding to fund adaptations to the Council Headquarters. The modifications will enable the Council to respond to requirements in the area of well-being and equality and to comply with the workplace regulations such as the Health, Safety and Well-being (1992) and the Equality Act (2010)	90,000
Capital 5	Digital Transformation Board – The one-off funding on digital equipment will address operational barriers that arise on a daily basis and ensure access to digital accounts such as digital systems and training for the Council's workforce and reduce reliance on 'paper' processes	230,010
		840,010

APPENDIX 3

SAVINGS AND CUTS

1. Cyngor Gwynedd has realised £47m of savings schemes since 2015/16.
2. Once again this year as in previous years the grant from the Welsh Government was not sufficient to meet inflation, and as the pressure continues in various areas such as adult care, waste and homelessness, substantial savings was required to be found.
3. Two savings scheme worth £91,000 from the Highways, Engineering and YGC Department, one scheme worth £98,500 from the Education Department and one scheme worth £50,000 from the Corporate Services Department, which derive from previous savings programmes which relate to 2026/27. In addition to this there are £81,000 worth of saving schemes that have been approved in 2025/26 but are profiled in 2026/27.

The schemes have already been approved by the Council, and is therefore not the subject of a decision this year. It has also followed a proper statutory process, see below for information.

Savings	Total £
Combine the sewerage and private drains work with another service within the Highways, Engineering and YGC Department	56,000
Reduce the Fleet Service resource within the Highways, Engineering and YGC Department	35,000
Reducing provision following GwE being dissolved	98,500
Reduce the resource within the Print Room	50,000
Saving schemes approved in 2025/26 profiled in 2026/27	81,000
TOTAL	320,500

4. On 20 February 2024, the Cabinet approved £5.2m worth of savings and cuts for the 2024/25 budget onwards, which came into effect in line with the profile below, with £343,090 profiled for 2026/27. The whole £5.2m was implemented in setting the 2024/25 budget and therefore the 2025/26 and 2026/27 savings do not help to reduce the financial gap in those years.

SAVINGS AND CUTS SCHEMES PROFILE 2024/25 ONWARDS

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

5. Due to the current economic climate, it is inevitable that Local Authorities must continue to look at savings and cuts to help the financial situation. Following the announcement of the financial settlement for 2026/27, the outlook is now less critical than originally anticipated. Although Gwynedd ranks 20 of the 22 Councils, the announcement of a floor of 4.1% means that there is no immediate need to implement savings for 2026/27, but savings for subsequent years will need to continue to be identified which are likely to be much more challenging. The savings will be subject to a report during 2026/27.

6. Therefore, in summary, the following savings and cuts have been profiled to be realised in 2026/27:

	£
25/26 savings profiled to 26/27	320,500
24/25 savings and cuts profiled to 25/26	343,090
TOTAL	663,590

CAPITAL

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

CAPITAL PROGRAMME			
	2026/27 £'000	2027/28 £'000	2028/29 £'000
Council Schemes :			
Sustainable Communities for Learning Schemes	8,218	3,451	0
Industrial Units	1,407	122	0
Levelling Up and Shared Prosperity Fund Schemes	4,917	708	0
Maritime and Leisure Schemes	2,322	1,215	1,650
Adults' and Children's Homes/Centres	3,464	700	0
Highways, Bridges and Municipal	3,641	1,300	1,006
Coastal Flood Protection	760	2,998	0
Environment and Waste Schemes	1,911	60	60
Housing Schemes/Strategy	4,967	3,860	3,860
Property Schemes	244	194	194
Departmental Vehicles	6,532	1,879	244
Digital Equipment	785	1,249	976
Other Schemes	511	712	362
Capital Bids (Unallocated)	500	500	500
PROGRAMME TOTAL	40,179	18,948	8,852

3. The programme will be funded as follows:

CAPITAL PROGRAMME FUNDING			
	2026/27 £'000	2027/28 £'000	2028/29 £'000
Supported Borrowing	4,063	4,063	4,063
Other Borrowing	5,123	362	362
Grants and Contributions	14,410	4,878	2,547
Capital Receipts	0	0	0
Departmental and Corporate Revenue	0	0	0
Capital Fund	9,076	4,350	-670
Renewals and Other Funds	7,507	5,295	2,550
PROGRAMME FUNDING TOTAL	40,179	18,948	8,852

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the full Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme.

5. The profiles for the schemes was established by the Chief Executive in consultation with the Heads of Department and is dependent on the scheme requirements and the resources available.
6. The above tables therefore reflect the general capital requirements and funding for setting the 2026/27 to 2028/29 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2024/25 to 2033/34.
7. The 2026/27 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is higher than anticipated when the asset strategy was established. I have adjusted the programme accordingly.
8. Therefore, the full Council is asked to establish a total programme worth £40,179,430 for 2026/27, to be funded from the sources noted in the table in part 3 above.

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2026/27

1. **Background:** There will be a normal increase in the Gwynedd schools' quantum this year, as the Council (unlike some local authorities) funds inflation, pay increments, and demography.
2. **Pay Inflation:** The schools' budget will increase by **£3.4m** for inflationary pay increases. This will cover the cost of teachers' 4% pay increase for the 5 months April – August, which is the full year effect of the September 2025 pay agreement, and the cost of an estimated further increase of 3% for the September 2026 pay agreement (for the 7 months September 2026 – March 2027). The increase in non-teaching staff costs for April 2025 and an estimate of 3% for April 2026 is also included.
3. **Other Inflation:** The schools' budget will increase by **£599k** for other inflationary increases, mainly increases in energy costs.
4. **Non-teaching Staff Pension:** There will be a 3% decrease in employer pension contribution rate from April 2026, resulting in a decreased cost of (£455k).
5. **Staff Pay Increments:** £562k will be added towards the budget for 2026/27 to deal with increments and a reduction of (£340k) for staff turnover.
6. **Demography (pupil numbers):** The schools' budget will reduce this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual number of pupils in September 2025 will be used to calculate 2026/27 allocations. The situation varies from school to school, but overall, the impact of decreasing pupil numbers means that the schools' budget will reduce (£846k), which includes a reduction of (£637k) for the Primary sector, a reduction of (£659k) for the Secondary sector, and an increase of £450k for special schools. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in the schools.
7. **Bids Recommended for Approval:** The bids section (Appendix 2) of this report shows that there is a recommendation to agree to fund permanent 'bids' for the Education Department for 2026/27 totalling **£2,158k**, which includes funding school transport and additional learning needs and integration.
8. **Savings and Cuts:** Following implementing cuts totalling £1.966m in 2023/24 and 2024/25, there are no plans to implement further savings on schools in 2026/27.

9. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2026/27 following the same distribution method as 2025/26.
10. **Overall Conclusion:** Having taken all the above factors into account, the schools' budget will be higher in 2026/27 than in 2025/26.

APPENDIX 6

COUNCIL TAX

1. It is a key decision for Full Council members to make, in light of the considerations presented in this report, to establish the exact level of Council Tax increase for 2026/27. The key to this is achieving an appropriate balance between the need to spend on services for the most vulnerable in our society, and the tax increase that is suitable to be levied on the residents of Gwynedd.
2. In the historical assumptions made in our medium-term financial strategy, we used a figure of 5% as an estimate of the average increase in Wales. However, the level that has had to be raised has varied annually, largely to reflect the gap that existed as a result of the Welsh Government grant settlement.
3. The increase seen in Cyngor Gwynedd Tax, and the average increase across Wales, since 2016/17 is set out below:

Year	Cyngor Gwynedd	Wales
2025/26	8.66%	7.1%
2024/25	9.54%	7.8%
2023/24	4.95%	5.5%
2022/23	2.95%	2.2%
2021/22	3.7%	3.6%
2020/21	3.9%	4.6%
2019/20	5.8%	6.2%
2018/19	4.8%	4.9%
2017/18	2.8%	3.0%
2016/17	4.0%	3.6%

In 2025/26 Cyngor Gwynedd's Band D Council Tax level was £1,907 while the average tax level for Welsh counties was £1,747.

More information is found in this document: [Council Tax levels: April 2025 to March 2026 | GOV.WALES](#)

4. This year, it is recommended that the tax be raised by 5.32% for 2026/27. That would generate £115m of tax (compared to £108m in 2025/26), which includes £9.9m of Premium yield. That would equate to a Council Tax increase of £101.48 for a Band D property, or £1.95 a week. The tax charged by the Police and Crime Commissioner (an increase of 7.01% for 2026/27) and the community councils (% variable) will of course be in addition to this.

5. Over 8,335 homes in Gwynedd receive some element of support towards their Council Tax through the Council Tax Reduction Scheme, and over 61% of Gwynedd properties are in bands below band D. In addition, there are a wide range of statutory exemptions and discounts available, which are related to the status of the property.
6. We do not yet know exactly what the average increase will be across Wales in 2026/27, but the latest information is that there will be quite a wide range across Wales. The proposal to raise the tax by 5.32% is consistent with the situation across north Wales. Every additional 1% tax would adjust the financial gap we would need to find by around £1,100,040. Therefore, 3.5% would mean adjusting the financial gap by approximately £3,850,150 whilst 5% would involve adjusting the financial gap by approximately £5,500,210.
7. The choice between maintaining services and taxation remains a difficult one, of course, and it is up to all members to take stock and arrive at the balance that they consider appropriate. However, further to informal discussions at members' forums, **a Council Tax increase of 5.32% is recommended, which would be a weekly increase of £1.95 or £101.48 annually, with a Band D tax of £2,008.97 for 2026/27.**

COUNCIL TAX PREMIUM PRODUCTS ON EMPTY PROPERTIES AND SECOND HOMES

8. At the Full Council meeting on 4 December 2025, it was decided to continue with the premium of 150% on second homes and increase the premium on properties that have been empty for 12 months or more from 100% to 150% for 2026/27. It is estimated that the Council will receive £9.9m of income in 2026/27 from the premium, which is an increase of £0.9m. £6.9m of the money has been allocated to a fund to implement the Housing Action Plan, which will aim to provide housing for young people in our communities, and £3m to the homelessness budget.
9. All income must be incorporated and related expenditure met in the 2026/27 budget.

APPENDIX 7

BALANCES

1. Local authorities need a prudent level of 'working capital' to maintain adequate cash flow and meet unforeseen expenditure. It is projected that the Council will have general balances of about £7.9m at the end of this financial year, representing around 1.3% of the Council's gross revenue expenditure.
2. We have noted, on more than one occasion, that due to the turbulent circumstances we will be facing in the years ahead, it is appropriate to keep sums in reserve in order to deal with problems that could arise.
3. Nothing has happened in the meantime to change this opinion, as the demand for care, homelessness and waste services continues, the risk also continues. Therefore, the need to ensure that we have appropriate balances to deal with any financial shock is still relevant.
4. **The Council has a number of specific reserves** established to meet specific expenditure needs. These are also part of the Council's budget, of course, and have been scrutinised annually. Attention was given to the specific reserves by the Cabinet on 13 May 2025 and the Governance and Audit Committee on 22 May 2025, when it was approved to transfer £3.775 million from various reserves to the Transformation Reserve, and also de-committed £375,000 from the Transformation Reserve to finance the Council's priorities and fund one-off bids for the future. I review the level of these reserves continually, and **the intention is to conduct another review by May 2026**, to consider how much scope there will be for the Council to change its priorities within these reserves.
5. In their report "Meeting the Financial Challenges facing Local Authorities in Wales" (2014), the **Wales Audit stated** (in paragraph 1.8):

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

6. This message was reinforced by Audit Wales, which reported in October 2020 on the financial sustainability of Welsh local authorities. While Gwynedd Council's usable

reserves are in the upper quartile of the range of Welsh local authorities (in terms of the size of their usable reserves), **Audit Wales' opinion is that:**

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

A copy of the report can be found here:

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

More recently, in September 2025 in their report “Strategic Management of Balances and Reserves” on the strategic management of balances and reserves of the Council, Audit Wales' view was that the Council has clear and structured governance arrangements for managing its reserves. A key strength is the ongoing 'harvesting' process, which reviews reserves at several points throughout the year.

A copy of the report can be found here:

[Gwynedd Council – Strategic Management of Balances and Reserves](#)

7. I am convinced that the Council’s use of balances is a totally appropriate action.
8. The Council’s balances has been a key instrument. As the Council will have balances of about £7.9 million, we will have kept the bulk of the balances in reserve again, so they are available to 'bridge' the financial position if required.

APPENDIX 8

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

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

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

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

1) Details

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

The Council's Budget for 2026/27.

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

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

1.3 Who is responsible for this assessment?

Dewi Morgan, Head of Finance.

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

March 2025, when considering the Council's financial outlook for the period 2026/27 to 2028/29 immediately following the establishment of the 2025/26 Budget.

The Council's Medium Term Financial Plan was approved by Cabinet on 16 September 2025 – this plan identified a significant gap that would need to be filled by a combination of Council Tax increases and cuts if the settlement remained with little increase, as was being suggested at the time.

Detailed work commenced on 24 November 2025, the date of the announcement of the provisional local government revenue and capital settlement: 2026 to 2027.

Following the announcement of the financial settlement for 2026/27, the outlook is now less critical than originally anticipated. Although Gwynedd ranks 20 of the 22 Councils, the announcement of a floor of 4.1% means that there is no need to rush to implement savings for 2026/27, but savings for subsequent years will need to continue to be identified which are likely to be much more challenging. Each of the individual savings' schemes will be subject to an equality impact assessment.

2) Action

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

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

- Discussions between service accountants and senior officers in the departments to consider bids and savings plans.
- All Council members invited to a budget seminar on 27 January 2026.
- Close collaboration between the Chief Executive, Corporate Directors, and finance officers in the consideration of bids.
- Cabinet Members have had the opportunity to express their views on the assessment of bids.
- Governance and Audit Committee has the opportunity to scrutinise the budget on 3 February.
- Cabinet to consider the draft budget on 10 February and make a recommendation to the Full Council.
- Full Council to set budget for 2026/27 and set Council Tax rate on 5 March.

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

The budget outlined here seeks to continue to provide appropriate outcomes for all residents of the county. The increase in Government funding this year is not sufficient to meet demand

for services as well as inflation, therefore in order to set a balanced budget there is a need to raise council tax and look for financial savings.

Every savings plan that is in the programme for implementation has been subject to an Equality Impact Assessment at the time it was introduced. It is recognised that there is potential for an impact that would disproportionately affect those with protected characteristics, but where possible the departments that own the savings have proposed efficiency savings plans rather than cuts. In addition, the individual savings plans have been subject to appropriate impact assessments that support the financial decisions presented here.

2.3 What was the result of the engagement?

There has not been a consultation process.

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

The 2026/27 budget is framed on an "incremental" principle. That is, the 2025/26 budget will be used as a base budget, making a number of adjustments before arriving at a draft budget for 2026/27:

- Staff Pay Inflation
- Other Inflation (suppliers)
- Increase in levies
- Adjustments to reflect changes in demography
- Financial bids to address service pressures
- Technical adjustments to the budget
- Increase or decrease in borrowing and interest costs on balances
- Realising savings that have already been agreed
- Additional savings that must be introduced

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

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

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

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

No

3) Identifying the Impact

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

Characteristics	What type of impact?*	In what way? What is the evidence?
Race (including nationality)	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Disability	Positive	The bidding process detailed in Appendix 2 includes additional expenditure on social services and delaying or eliminating savings in this area.
Sex	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Age	Positive	The recommended budget includes a significant increase in the budget of the Adults, Health and Well-being Department.
Sexual orientation	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Religion or belief (or non-belief)	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Gender reassignment	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Pregnancy and maternity	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.
Marriage and civil partnership	Positive	The fundamentals of our budget, and the system that leads up to it, is to have a positive impact on the lives of the people of Gwynedd.

The Welsh language	Positive	<p>The Council's budget includes ensuring that resources have been put in place to support fully bilingual services.</p> <p>The Council's Corporate Plan is the Council's main policy document and includes a number of schemes that promote the Welsh language. The budget is being drawn up to implement that policy.</p> <p>In drawing up the budget, particular attention was given to the Well-being of Future Generations Act, including the seven well-being goals. That includes addressing the sixth aim, 'Culture and the Welsh Language'.</p>
Socio-Economic Disadvantage	Positive	<p>The nature of the Council's services means that the pressures on services address socio-economic inequality since the measures recommended to deal with pressures on services take this into account.</p> <p>The Council's budgets, and in particular the successful bids, are designed to ensure that the authority can continue to direct resources to reduce discrimination on the grounds of socio-economic disadvantage.</p> <p>Any increase in the Council Tax rate is a financial pressure on the people of Gwynedd, but over 8,100 receive some support towards their Council Tax through the Council Tax Reduction Scheme. Elected members will come to a decision on the appropriate balance to be found between council tax increases and the need to provide services to the people of Gwynedd.</p>

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

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

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

The Council's Plan is the Council's main policy document and includes a number of schemes that promote the Welsh language. The Cyngor Gwynedd Plan for 2023-28 was adopted by the Full Council on 2 March 2023 and reviewed in March 2024 and in March 2025. The budget is being drawn up to implement that policy.

This year, in drawing up the 2026/27 Budget, the Council had to consider the practicality of savings that had previously been identified as savings to be removed from departmental budgets and had already been approved in previous years. The statutory processes included the completion of an equality assessment which includes a question about impact on the Welsh language. When decisions about savings were discussed in the 2020/21 Budget report, it was concluded that **no impact** had been identified on the Welsh language but that there is a need to monitor this on implementation.

When preparing the Budget reports annually since 2021/2022, consideration is given to the intended impact of these budgets on the Welsh language. In line with practice an equality assessment has been completed which includes a question about the impact on the Welsh language. This procedure continues for 2026/27.

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

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

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

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

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

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

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

4) Analysing the Results

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

There will be an overall positive impact from the continuation of services that were seen as priorities to be protected and funded to meet the additional level of demand.

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

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

4.3 What should be done?

Choose one of the following:

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

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

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

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

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

5) Monitoring

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

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

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

APPENDIX 9

WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015

1. The work of planning and preparing the recommendations has taken place in the context of the above Act's requirements. Although the recommendations derive from difficult financial choices, the Council has acted on the basis of the principle of acting in a way that addresses the statutory duty in Section 3 to undertake sustainable development and achieve the Council's Well-being Objectives. This is addressed by identifying and evaluating options for savings, but also by making decisions and choices from the perspective of providing sufficient resources in order to support an appropriate level of services.
2. This budget reflects the following five ways of working the Council is required to consider when applying sustainable development.
 - Looking to the long term - The budget plans for the future, by identifying the needs and demand for services not only in 2026/27, but in the future, and takes a strategic approach to ensure services are sustainable.
 - Understanding issues and preventing them – The budget process facilitates an understanding of the financial position, so that issues can be tackled at the source. Also, the series of Members' Workshops have aided an understanding of the financial strategy.
 - Taking an integrated approach – Cyngor Gwynedd's policies and budgeting practices, and this year's budget proposals, have been considered from the perspective of all well-being goals.
 - Working in a collaborative way – Where better services can be provided by collaboration and working with partners, the budget process and savings strategy encourages this, internally and externally, where that is more sustainable.
 - Including the population in decisions – Part of the budget process included engagement with residents, customers, and partners.
3. Main conclusions for the 2026/27 budget regarding the 7 well-being goals:
 - Prosperous – Neutral (add to the resources of services that put an end to poverty)
 - Resilient - Positive (prudential long-term approach to funding services and enable the Council's Plan)
 - Healthier – Positive (funding additional 'care' service requirements)
 - More Equal - Positive (taxing in order to fund 'welfare' services)
 - Cohesive Communities – Neutral (continue to fund services that protect people)
 - Culture and Language – Positive (by funding bilingual services)
 - Globally Responsible – Neutral (continue to fund digital, environmental, and cooperative projects)

4. Regarding specific financial savings schemes, as part of the corporate and departmental savings regime in previous years when the savings schemes were approved, where appropriate there was a specific well-being assessment for each individual scheme.
5. Generally, coupled with the Council's Plan and Well-being Objectives, this budget supports the Council to realise strategic objectives

APPENDIX 10

THE STATUTORY FINANCE OFFICER'S STATEMENT ON THE ROBUSTNESS OF ESTIMATES

1. This statement is provided in accordance with Section 25 of the Local Government Act 2003, which requires the Council's Chief Financial Officer to report to Members on:
 - The robustness of the estimates made for the purposes of the Council's budget calculations.
 - The adequacy of the proposed financial reserves.
2. Members are required to have regard to this report when considering the budget and council tax for the forthcoming financial year.
3. Appendix 7 outlines the position of the balances and reserves, while this statement confirms the robustness of the budgetary estimates underpinning the budget.
4. The budget estimates are based on assumptions about future expenditure and income and inevitably include an element of risk from assumptions. The impact of this risk can be mitigated through contingency plans, contingency budgets, and financial reserves.

Economic context

5. A revised Medium-Term Financial Plan (MTFP) was adopted by the Cabinet on 16 September 2025, setting out the financial outlook for the 3-year period commencing on 1 April 2026. The estimates within the MTFP were based on the latest available forecasts on the change in income the Council will receive over the period (through Government Grant and Council Tax), and the additional expenditure requirements over the same period.
6. When adopting the revised MTFP, there was a lack of clarity regarding the increase of Aggregate External Finance ("settlement") for 2026/27. On the one hand, it was noted that an addition to the public sector budget from the Westminster government last year was a first step towards addressing the impact of underinvestment over a decade or more. On the other hand, a warning was issued that the Government in Cardiff cannot increase public spending under the current economic circumstances.

7. However, following a budget deal between the Welsh Government and Plaid Cymru, Cyngor Gwynedd has received a 4.1% increase in its settlement for 2026/27 after the base for 2025/26 was adjusted when drawing up the settlement. The Council is therefore in a stronger position in 2026/27 than originally envisaged, although the increase in settlement as a percentage is the second lowest in Wales before considering the funding floor that was put in place.
8. There are elections to the Senedd in May 2026 and there remains significant uncertainty in future Welsh Government funding beyond 2026/27.

History of financial management

9. Over the past two financial years, the Council has been unable to keep within its budget. The revenue budget review at the end of November 2025 predicted that Council departments would overspend £5.3 million by the end of the 2025/26 financial year, as follows:

Departments	£'000
Adults, Health and Well-being	3,062
Children and Families	1,856
Highways, Engineering and YGC	492
Environment	685
Housing and Property	248
Other Departments	(1,012)
Total 2025/26 Forecasted Overspend	5,331

10. The Medium-Term Financial Plan included a detailed programme of work to address the financial situation faced by the Council.
11. The MTFP reflects the expected continuation of demand-led pressures, particularly in social care and homelessness prevention. These continue to be modelled using trend data.

12. In their report *Financial Sustainability Review – Cyngor Gwynedd*, Audit Wales noted "Overall we found that there was a significant increase in the number of Council departments overspending in the last two financial years, and it has developed arrangements to review its budgets. It is yet to set out how it will address future funding gaps."
13. Work has been carried out to look closely at the overspending in the areas of social care (which represent 76% of all overspending), and that work is ongoing.
14. This budget is therefore being presented in a context where the Council has been unable to provide services within its budget, particularly in the areas of high demand.

Compliance with the codes and standards

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

Robustness of estimates

Inflation

16. Overall inflation has remained above the Bank of England's target of 2% during 2025/26 and independent forecasts received show that inflation rates are expected to remain that way in 2026/27. Based on the Bank of England's forecasts and the independent advice obtained from Arlingclose, our independent treasury management advisors who have reviewed the BoE's assumptions, we believe overall inflation will remain between 2% and 3% on average during the year.
17. The pay agreement outlook included in the budget reflects the latest forecasts. Based on recent trends and the economic outlook, a projected 2026/27 increase of a 4% pay deal for teachers and 3.4% for the remaining workforce have been included in the budget. I am satisfied that prudential estimates of inflation levels have been used.

Income assumptions

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

Grant assumptions

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

Savings Risk

23. On 20 February 2024, Cabinet approved £5.2m worth of savings for the 2024/25 budget onwards. The programme profile is shown in Appendix 3 of the budget report, which shows that £343,090 worth of savings have been profiled for 2026/27. The whole £5.2m was implemented in the 2024/25 budget, with subsequent years' savings being bridged from funds. Therefore, the savings of 2025/26 and 2026/27 do not help reduce the financial gap in those years.
24. Two savings scheme worth £91,000 from the Highways, Engineering and YGC Department, one scheme worth £98,500 from the Education Department and one scheme worth £50,000 from the Corporate Services Department, which derive from previous savings programmes which relate to 2026/27.
25. In addition to this there are £81,000 worth of saving schemes that have been approved in 2025/26 but are profiled in 2026/27.
26. Some Council departments have a history of inability to deliver on their savings plans and that presents a significant risk to long-term financial sustainability. I believe this is the biggest risk in setting this budget. In line with the usual procedure, we will mitigate the risk by ensuring that departments and Cabinet members have ownership of the savings schemes, and regularly monitor the relevant progress. The budget also includes a strategy of providing 10% of the value of new savings schemes over the lifespan of the programme to deal with situations where there is slippage in savings programmes.

Interest Rate Risks

27. Interest rates can affect the revenue budget through interest earned – i.e. an increase in the interest rate would mean more income. In line with the Council's Investment Strategy, the budget does not depend on overly high returns. Interest rates are expected to continue to fall steadily in the 2026/27 financial year. However, due to a combination of changes in interest rates and cash available for investment, we anticipate receiving over £89k more interest in 2026/27 than in 2025/26.

Adequacy of reserves

28. The latest audited Statement of Accounts for Cyngor Gwynedd showed that the overall level of earmarked reserves on the balance sheet date (31 March 2025) was £110.8 million, up from £101.8 million on 31 March 2024. The reserves include the Council's Financial Strategy Fund which is in place to be available to deal with overspending within departments. It is anticipated that there will be around £18 million in this fund on 1 April 2026 which I consider to be a sufficient level for 2026/27.
29. Further, Cyngor Gwynedd has £7.9 million of general funds which are reserved for true crisis situations. I deem this level to be adequate for the production of the 2026/27 budget but the level will be reviewed further early in the financial year.
30. Audit Wales published their report *Strategic Management of Balances and Reserves – Cyngor Gwynedd* in September 2025; the report was considered by the Council's Governance and Audit Committee on 11 September 2025.
31. The work had been completed during May and June 2025 detailing year-end figures for 2024/25. The report concluded that "Cyngor Gwynedd has clear and structured governance arrangements for managing its reserves. The Council Chief Finance Officer regularly advises members and officers on reserve levels and usage. A key strength is the Council's ongoing "harvesting" process, which reviews reserves at multiple points throughout the year. However, there is no formal strategy or framework to guide decisions on reserve levels, which could help ensure that reserves are used effectively and provide assurance that they're consistently aligned with the Council's objectives".
32. In response to the report, I have committed to develop a reserves strategy – to set a direction by adopting a strategy to ensure clarity on the use of reserves – by 31 March 2026.

Views of the Statutory Finance Officer

Having considered all the risks set out above and mitigations, I consider the budgets to be robust, adequate, and achievable.

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	3 FEBRUARY 2026
SUBJECT:	CAPITAL STRATEGY 2026/27 (INCLUDES INVESTMENT AND BORROWING STRATEGIES)
PURPOSE:	TO EXPLAIN AND SCRUTINISE THE PROPOSED CAPITAL STRATEGY FOR 2026/27
ACTION:	Receive the information, consider any risks arising from the strategy before it is presented to the full Council for adoption.
RESOLUTION SOUGHT:	Due to relevant national regulations, a decision by the full Council on the annual Capital Strategy is required. Further to the presentation by officers from Arlingclose, the Council's Treasury Management Consultants, members of the Audit and Governance Committee are asked to receive the report, note the relevant information and risks, and support the Cabinet Member for Finance's intention to submit the strategy to full Council for approval
CONTACT OFFICER:	DEWI MORGAN, HEAD OF FINANCE
CABINET MEMBER:	COUNCILLOR HUW WYN JONES, FINANCE CABINET MEMBER

INTRODUCTION

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

CAPITAL EXPENDITURE AND FINANCING

3. Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
4. In 2026/27, the Council is planning capital expenditure of £40.2m as summarised below:

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

	2024/25* Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
General Fund Services	85.0	94.1	40.2	18.9	8.9
General Fund Leasing *	5.3	0.0	0.0	0.0	0.0
TOTAL	90.3	94.1	40.2	18.9	8.9

* £5.3m of capital expenditure in 2024/25 arose from a change in the accounting for leases and does not represent cash expenditure.

5. The main General Fund capital projects in 2026/27 include:
 - Sustainable Communities for Learning Schemes - £8.2m
 - Departmental Vehicles - £6.5m
 - Housing Schemes/Strategy - £5.0m
 - Levelling Up/Shared Prosperity Fund Schemes- £4.9m
 - Highways, Bridges and Municipal - £3.6m
 - Adults' and Children's Homes/ Centres - £3.5m
6. **Governance:** The Council has a 10 year Asset Strategy, a plan of the Council's capital spending priorities based on the requirements of departments. Part of the strategy includes an unallocated sum. From this amount departments are able to bid annually for funding for capital schemes. Bids are collated by the Finance Department. The Cabinet appraises all bids based on priorities and makes recommendations. The capital bids and asset strategy are presented to Cabinet and to full Council annually.
 - For full details of the Council's capital programme, refer to **Appendix A**.
7. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources

(revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative (PFI)). The planned financing of the above expenditure is as follows:

Table 2: Capital Financing in £ millions

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
External Sources	66.5	53.3	14.4	4.9	2.5
Own Resources	11.5	26.4	16.6	9.6	2.0
Debt *	12.3	14.4	9.2	4.4	4.4
TOTAL	90.3	94.1	40.2	18.9	8.9

* £5.3m of debt financing arose from a change in the accounting for leases and does not represent cash expenditure.

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

Table 3: Replacement of Debt Finance in £ millions

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
Minimum Revenue Provision	5.9	6.9	6.8	7.0	6.9

- The Council's full Minimum Revenue Provision Statement is available in **Appendix B** to the Capital Strategy Statement. This statement has been revised for 2026/27.
9. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £2.4m during 2026/27. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

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

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m	31.3.2029 Budget £m
General Fund Services *	179.9	187.4	189.8	187.2	184.7

* £5.3m of the CFR increase in 2024/25 onwards arose from a change in the accounting for leases.

10. **Asset Management:** To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. The Asset Strategy was revised for the 10 year period from 2024/25 to 2033/34 and was approved by the full Council on 11/07/2024, see Item 7 on the agenda :

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

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

Table 5: Capital Receipts in £ millions

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m
Asset Sales	0.3	0.1	0.0	0.1	0.0
Loans Repaid	0.0	0.1	0.1	0.0	0.1
TOTAL	0.3	0.2	0.1	0.1	0.1

TREASURY MANAGEMENT

12. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

13. Due to decisions taken in the past, the Council currently has £75.7m borrowing at an average interest rate of 5.49% and £130.7m treasury investments at an average rate of 4.13%.
14. **Borrowing Strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

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

15. Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

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

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m	31.3.2029 Budget £m
Debt (incl. PFI and leases)	100.1	79.0	73.4	71.0	70.1
Capital Financing Requirement	179.9	187.4	189.8	187.2	184.7

16. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.
17. **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £21.5m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m	31.3.2029 Budget £m
Borrowing	94.2	73.9	69.4	68.0	67.8
Liability Benchmark	-31.4	59.1	84.4	81.8	79.3

18. The table shows that the Council expects to remain borrowed above its liability benchmark up until 2026. This is because the Council holds reserves, and cash outflows to date have been below the assumptions made when the loans were borrowed.
19. **Affordable Borrowing Limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

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

	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m	2028/29 Limit £m
Authorised Limit – total external debt	200	200	200	200
Operational Boundary – total external debt	190	190	190	190

- Further details on borrowing are in the Treasury Management Strategy in **Appendix C**.
20. **Treasury Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
21. The Council’s policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss

against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury Management Investments in £millions

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m	31.3.2029 Budget £m
Near-Term Investments	141.0	83.5	55.0	45.0	35.0
Longer-Term Investments	11.9	13.0	13.0	13.0	13.0
TOTAL	152.9	96.5	68.0	58.0	48.0

- Further details on treasury investments are in the Treasury Management Strategy in **Appendix C**.
22. **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- The treasury management prudential indicators are on pages 5 and 14 to 16 of the Treasury Management Strategy in **Appendix C**.
23. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the Treasury Management Strategy approved by full Council. Quarterly reports on treasury management activity are presented to the Governance and Audit Committee. The Governance and Audit Committee is responsible for scrutinising treasury management decisions. An annual seminar is held for the members of the Governance and Audit Committee and full Council by Arlingclose, our investment advisors and was held on 30th January and 26th February 2026 respectively for the 2026/27 financial year.

INVESTMENTS FOR SERVICE PURPOSES

24. The Council can make investments to assist local public services, including making loans to local small businesses to promote economic growth and to support the housing strategy. In light of the public service objective, the Council

is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

25. **Governance:** Decisions on service investments are made by the relevant Head of Service in consultation with the Head of Finance. Most loans are capital expenditure and would therefore also be approved as part of the capital programme. The relevant Head of Service is responsible for ensuring that adequate due diligence is carried out before investment is made.

LIABILITIES

26. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit as it occurs (currently valued at £0m). It has also set aside £7.5m to cover risks of provisions, of which relates to Waste Sites. The Council is also at risk of having to pay for contingent liabilities relating to the capping and aftercare requirements for the Council's Landfill Sites, and also a potential insurance liability relating to the insurance arrangements of its predecessor authorities and the closure of the Municipal Mutual Insurance (MMI) Fund. In accordance with the accounting requirements, no money has been set aside for such contingent liabilities.
27. **Governance:** Decisions on incurring new discretionary liabilities are taken by Heads of Services in consultation with the Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by the Finance Department. New material liabilities are reported to the Governance and Audit Committee.
- Further details on reserves to cover liabilities are on page 11 of the 2024/25 Statement of Accounts

<https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Performance-and-spending/Statement-of-accounts-2024-25/Statement-of-Accounts-2024-25.pdf>

REVENUE BUDGET IMPLICATIONS

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

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

	2024/25 Actual	2025/26 Forecast	2026/27 Budget	2027/28 Budget	2028/29 Budget
Financing Costs * (£m)	8.5	10.2	9.9	9.7	9.6
Proportion of Net Revenue Stream (%)	2.5%	2.9%	2.6%	2.5%	2.4%

* Financing costs for 2024/25 includes a £0.9m increase due to a change in the accounting for leases. Subsequent years will also reflect this change.

- Further details on the revenue implications of capital expenditure are included in the 2026/27 Budget:

<https://democracy.gwynedd.llyw.cymru/ielistmeetings.aspx?cid=136&year=0>

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

KNOWLEDGE AND SKILLS

30. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance is a qualified accountant with a number of years' experience, and the Assistant Head of Housing and Property is a chartered surveyor and member of the Royal Institute of Chartered Surveyors. The Council has qualified staff and pays for junior staff to study towards relevant professional qualifications including CIPFA, ACCA and AAT.
31. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
32. The relevant staff attend CIPFA and Arlingclose training events to ensure that we are aware of the latest developments, and that knowledge and skills are kept up to date.

CAPITAL

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

CAPITAL PROGRAMME			
	2026/27 £'000	2027/28 £'000	2028/29 £'000
Council Schemes :			
Sustainable Communities for Learning Schemes	8,218	3,451	0
Industrial Units	1,407	122	0
Levelling Up and Shared Prosperity Fund Schemes	4,917	708	0
Maritime and Leisure Schemes	2,322	1,215	1,650
Adults' and Children's Homes/Centres	3,464	700	0
Highways, Bridges and Municipal	3,641	1,300	1,006
Coastal Flood Protection	760	2,998	0
Environment and Waste Schemes	1,911	60	60
Housing Schemes/Strategy	4,967	3,860	3,860
Property Schemes	244	194	194
Departmental Vehicles	6,532	1,879	244
Digital Equipment	785	1,249	976
Other Schemes	511	712	362
Capital Bids (Unallocated)	500	500	500
PROGRAMME TOTAL	40,179	18,948	8,852

3. The programme will be funded as follows:

CAPITAL PROGRAMME FUNDING			
	2026/27 £'000	2027/28 £'000	2028/29 £'000
Supported Borrowing	4,063	4,063	4,063
Other Borrowing	5,123	362	362
Grants and Contributions	14,410	4,878	2,547
Capital Receipts	0	0	0
Departmental and Corporate Revenue	0	0	0
Capital Fund	9,076	4,350	-670
Renewals and Other Funds	7,507	5,295	2,550
PROGRAMME FUNDING TOTAL	40,179	18,948	8,852

4. The asset strategy from 2019/20 was approved by the Council on 7 March 2019. On 11 July 2024 the strategy was revised and approved by the full Council with the period extended to 2033/34. It is incorporated as part of the Capital Programme.

5. The profiles for the schemes was established by the Chief Executive in consultation with the Heads of Department and is dependent on the scheme requirements and the resources available.
6. The above table therefore reflects the general capital requirements (together with the funding) for setting the 2026/27 to 2028/29 budget, whilst the individual scheme details were established by the Council in the 10 year asset strategy, 2024/25 to 2033/34.
7. The 2026/27 Supported Borrowing and General Capital Grant figure in the financial settlement from Welsh Government is higher than anticipated when the asset strategy was established. I have adjusted the programme accordingly.
8. Therefore, the full Council is asked to establish a total programme worth £40,179,430 for 2026/27, to be funded from the sources noted in the table under part 3 above.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2026/27

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.
2. The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The WG Guidance requires the Council to approve an Annual MRP Statement each year, and provides a number of options for calculating a prudent amount of MRP, but does not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
4. MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Council's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.
 - For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure over the expected useful life of the assets in equal instalments, starting in the year after the capital expenditure was incurred. A prudent measure of the useful life of a variable range of assets is 50 years and in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £1.9m.
 - For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be

charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

- For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
 - Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
 - For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the Capital Financing Requirement (CFR) instead.
5. Capital expenditure incurred during 2026/27 will not be subject to a MRP charge until 2027/28 or later.
 6. Based on the Council's latest estimate of its Capital Financing Requirement (CFR) on 31st March 2026, the budget for MRP has been set as follows:

	31.03.2026 Estimated CFR £m	2026/27 Estimated MRP £m
Capital expenditure before 01.04.2008 and supported capital expenditure after 31.03.2008	134.3	2.8
Unsupported capital expenditure after 31.03.2008	48.1	3.0
Leases and Private Finance Initiative	5.0	1.0
Total General Fund	187.4	6.8

7. Capital Receipts - Proceeds from the sale of capital assets are classed as capital receipts, and are typically used to finance new capital expenditure. Where the

Council decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Council's MRP calculations will be used to reduce the MRP charge in respect of the same assets over a period up to their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in up to 10 equal instalments starting in the year after receipt is applied.

Treasury Management Strategy Statement 2026/27

1. Introduction

- 1.1** Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2** Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Council to approve an investment strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3** In accordance with the WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, change in the Council's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

2. External Context

2.1 Economic background

The most significant impacts on the Council's treasury management strategy for 2026/27 are expected to include: the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.

The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that

disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.

The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.

The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.

2.2 Credit outlook

Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook

remains stable, and credit conditions are expected to remain close to the range seen over the past two years.

While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the Council's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

2.3 Interest rate forecast (December 2025)

Arlingclose currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.

Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

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

- 2.4** For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 3.0% and that the Council will not need any new long-term loans in 2026/27.

3. Local Context

- 3.1** On 31st December 2025, the Council held £75.7m of borrowing and £130.7m of investments. This is set out in further detail at **Appendix 2**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Capital Finance Requirement	179.9	187.4	189.8	187.2	184.7
Less: Other debt liabilities *	-6.0	-5.0	-4.1	-3.1	-2.3
Loans CFR	173.9	182.4	185.7	184.1	182.4
Less: External borrowing **	-94.2	-73.9	-69.4	-68.0	-67.8
Internal borrowing	79.8	108.4	116.4	116.2	114.6
Less: Balance sheet resources	-232.8	-149.8	-126.9	-126.9	-126.9
Treasury Investments (or new borrowing)	153.0	41.4	10.5	10.7	12.3

*PFI liabilities

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

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

3.3 Table 1 shows that the Council does not need to borrow long term in the near future. If there is a requirement, short term borrowing will be used to reduce the interest rate.

3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2026/27.

4. Liability benchmark

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

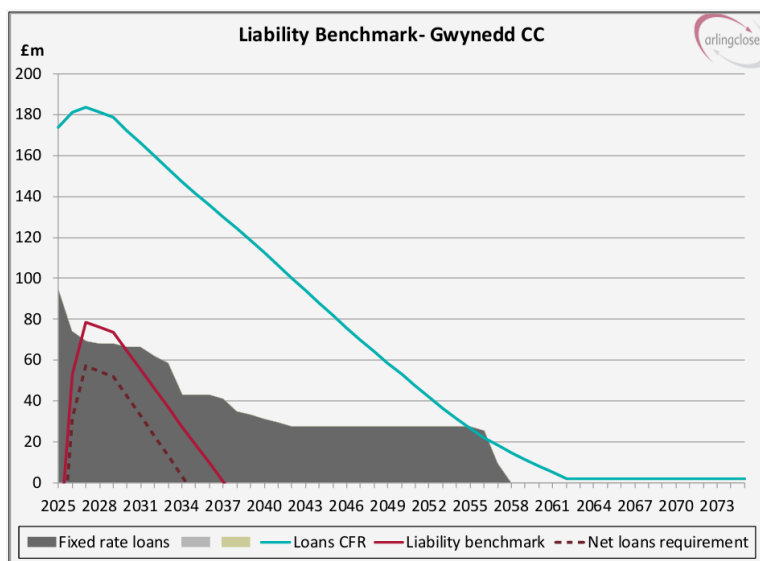
The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold

to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability Benchmark

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
CFR	179.9	187.4	189.8	187.2	184.7
Less: Balance sheet resources	-232.8	-149.8	-126.9	-126.9	-126.9
Net loans requirement	-52.9	37.6	62.9	60.3	57.8
Plus: Liquidity allowance	21.5	21.5	21.5	21.5	21.5
Liability Benchmark	-31.4	59.1	84.4	81.8	79.3

- 4.2** Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes no further debt funded capital expenditure, minimum revenue provision on new capital expenditure based on a 50 year straight line method. This is shown in the following chart together with the maturity profile of the Council's existing borrowing:



The chart shows that there is no need to borrow long- term based on current projections, but there might be a short- term requirement across the year end.

5. Borrowing Strategy

- 5.1** The Council currently holds £75.7 million of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow long term in 2026/27 but may

need to borrow short term for cash flow reasons. In the future, the Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

5.2 Objectives

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

5.3 Strategy

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short- term interest rates have fallen over the past year, and are expected to fall a little further, and it is likely to be more cost effective over the medium term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and/or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2026/27 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable

certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

5.4 Sources of borrowing

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

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
- National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
- any institution approved for investments (see below)
- any bank, building society or insurance company authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Gwynedd Pension Fund)
- Capital market bond investors
- Retail investors via a regulated peer-to-peer platform
- Special purpose companies created to enable local authority bond issues

5.5 Other sources of debt finance

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

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback
- Similar asset based finance

5.6 Short-term and variable rate loans

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

5.7 Debt rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest

rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

6. Treasury Investment Strategy

6.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held on behalf of the Council, Gwynedd Pension Fund and UKSPF grant. In the past 12 months, the Council's investment balance has ranged between £74.3 and £194.8 million, and similar levels are expected to be maintained in the forthcoming year.

6.2 Objectives

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

6.3 Strategy

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

6.4 Environmental, social and governance (ESG) considerations

Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, and the Council is committed to being a responsible investor. The Council will actively seek to invest in organisations that minimise their impact on the world in consideration of environmental, social and

governance factors when placing any investments with current or new counterparties. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

6.5 Business models

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

6.6 Approved counterparties

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

Table 3: Approved investment counterparties and limits

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

Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10m

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

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

**** Time limit** – These start on the earlier of the date that the Council is committed to make the investments and the date that cash is transferred to the counterparty.

6.7 UK Government

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

6.8 Local authorities and other government entities

Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

6.9 Secured investments

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

6.10 Banks and Building Societies (unsecured)

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

6.11 Registered providers (unsecured)

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

6.12 Money Market Funds

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

6.13 Strategic Pooled funds

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

6.14 Real Estate Investment Trusts

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

6.15 Other investments

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

6.16 Operational bank accounts

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

6.17 Risk assessment and credit ratings

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

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

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

6.18 Reputational aspects

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

6.19 Other information on the security of investments

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall, but will protect the principal sum invested.

6.20 Investment limits

The Council's revenue reserves available to cover investment losses are forecast to be £109 million on 31st March 2026. In order that no more than 9.2% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

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

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

Table 4: Additional limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Investments held in a broker's nominee account	£20m per broker
Foreign countries	£8m per country

6.21 Liquidity management

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

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

7. Treasury Management Prudential Indicators

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

7.1 Security

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

Credit risk indicator	Target
Portfolio average credit score	6.0

7.2 Liquidity

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

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

7.3 Interest rate exposures

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

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1,105,508
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1,105,508

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

7.4 Maturity structure of borrowing

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

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

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

7.5 Long- term treasury management investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long- term treasury management investments will be:

Price risk indicator	2026/27	2027/28	2028/29	No fixed date
Limit on principal invested beyond year end	£40m	£20m	£20m	£20m

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

8. Related Matters

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

8.2 Financial Derivatives

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

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

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

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

8.3 External Funds

Included within the Council balances are the balances for Gwynedd Pension Fund and Welsh Church Fund. The interest income is allocated to each institution based on daily balances.

8.4 Markets in Financial Instruments Directive

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

9. Welsh Government Guidance

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

10. Financial Implications

- 10.1** The budget for investment income in 2026/27 is £1.0 million based on an average investment portfolio of £32.6 million at an interest rate of 3.0% for deposits and £13 million of pooled funds at a return of 3.7%. The budget for debt interest paid in 2026/27 is £4.4 million, based on an average debt portfolio of £73 million at an average interest rate of 5.7%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

11. Other Options Considered

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater

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

Appendix 1 – Arlingclose Economic & Interest Rate Forecast December 2025

Underlying assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.

- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher.

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Appendix 2- Existing Investment & Debt Portfolio Position

	31.12.2025 Actual Portfolio £m	31.12.2025 Average Rate %
External Borrowing:		
Public Works Loan Board	75.7	5.49
Total external borrowing	75.7	5.49
Other long- term liabilities:		
Leases	1.6	0.00
Total other long-term liabilities	1.6	0.00
Total gross external debt	77.3	5.49
Treasury investments:		
Bank and Building Societies (unsecured)	1.2	3.15
The UK Government	39.0	3.80
Local Authorities	36.5	4.18
Money Market Funds	41.0	3.91
Pooled funds	13.0	5.69
Total treasury investments	130.7	4.13
Net investments	-53.4	

Appendix 3 – Additional requirements of Welsh Government Investment Guidance

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

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

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

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

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

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

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

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

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

Table 3a: Loan limits

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

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

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

Table 3b: Non-specified investment limits

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

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2025, the Council considers that the scale of its non-financial investments as not significant.

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

Investment advisers: The Council has appointed Arlingclose as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The

quality of this service is monitored by the Head of Finance and the Investment Manager on a regular basis.

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

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

Capacity, skills and corporate governance: Elected members and officers were invited to a presentation by Arlingclose in February and March 2025. The information and discussion at the presentation ensures that the members have the appropriate skills and information to enable them to:

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

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

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	3 FEBRUARY 2026
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 25 JANUARY 2026
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

- 1.1 The Global Internal Audit Standards, Standard 11.3, Communicating Results state *“the chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.”*
- 1.2 Furthermore, Standard 15.1, Final Engagement Communication states *“the chief audit executive must disseminate the final communication to parties who can ensure that the results are given due consideration.”*
- 1.3 The following report summarises the work of Internal Audit for the period from 29 September 2025 to 25 January 2026.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period from 29 September 2025 to 25 January 2026:

Description	Number
Reports on Audits from the Operational Plan 2025-26	21

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period from 29 September 2025 to 25 January 2026, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Commercial Waste Collection	Environment	Waste Collection	Limited	Appendix 1
Follow-up - Arrangements for the Distribution of Bins	Environment	Waste Collection	Limited	Appendix 2
Animal Health	Environment	Trading Standards	Satisfactory	Appendix 3
Follow-up – Freedom of Information Requests	Corporate	-	Satisfactory	Appendix 4
Income – Recovery Arrangements	Finance	Income/Debtors	Limited	Appendix 5
Precepts	Finance	Accountancy	High	Appendix 6
Lloyd George Museum	Economy and Community	Museums and Arts	High	Appendix 7
Tan y Marian	Adults, Health and Wellbeing	Learning Disabilities	Limited	Appendix 8
Y Frondeg	Adults, Health and Wellbeing	Learning Disabilities	Satisfactory	Appendix 9
Follow-up – Plas Pengwaith	Adults, Health and Wellbeing	Residential and Day-Care	Limited	Appendix 10
Follow-up – Llys Cadfan	Adults, Health and Wellbeing	Residential and Day-Care	Satisfactory	Appendix 11
Follow-up – Plas Hafan	Adults, Health and Wellbeing	Residential and Day-Care	Satisfactory	Appendix 12

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Direct Payments	Corporate Leadership Team Adults, Health and Wellbeing	Business Service and Care Commissioning	Satisfactory	Appendix 13
Cegin Arfon	Adults, Health and Wellbeing	Learning Disabilities	Limited	Appendix 14
Siop Galwch Acw	Adults, Health and Wellbeing	Learning Disabilities	Limited	Appendix 15
Canolfan y Gwystl	Adults, Health and Wellbeing	Learning Disabilities	Limited	Appendix 16
Succession Planning YGC	Highways, Engineering and YGC	YGC	Satisfactory	Appendix 17
Business Continuity Planning	Highways, Engineering and YGC	Across the Department	Satisfactory	Appendix 18
Falling Trees	Highways, Engineering and YGC	Management	Limited	Appendix 19
Homelessness Prevention Grant	Housing and Property	Housing	Limited	Appendix 20
Housing Support Grant	Housing and Property	Housing	Satisfactory	Appendix 21

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

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

3. WORK IN PROGRESS

3.1 The following work was in progress as at 25 January 2026:

- Education Outside Schools (*Education*)
- School Transportation Follow Up (*Education/Environment*)
- Breakfast Clubs Follow up (*Education*)
- School Transportation Follow-up (*Environment*)
- Building Control (*Environment*)
- Mandatory Training (*Corporate Services*)
- Fire Arrangements (*Corporate Services*)
- Information Management and Data Protection (*Corporate*)
- Field Workers' Awareness of the Protection Policy (*Corporate*)
- CoLS/LPS (*Adults, Health and Wellbeing*)
- Out-of-County Payments (*Children and Family Support*)
- Crematorium (*Highways, Engineering and YGC*)
- Fleet Management (*Highways, Engineering and YGC*)
- Follow-up – Environment Category Management (*Highways, Engineering and YGC*)
- Emergency Accommodation Costs (*Housing and Property*)
- Crematorium (*Highways, Engineering and YGC*)

4. RECOMMENDATION

- 4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 29 September 2025 to 25 January 2026, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

COMMERCIAL WASTE COLLECTION

1. Background

- 1.1 The Council provides a commercial waste collection service to around 2,000 businesses across Gwynedd. In April 2024, new recycling legislation came into force. This requires that every workplace, such as businesses, the public sector, and charities, must separate their recyclable items by type before they are collected. The implications of the law meant that Cyngor Gwynedd, as a waste operator, also had to collect waste and recyclable materials separately.
- 1.2 Ensuring a source of income from commercial waste and holiday lets is fundamental to the service and is identified as a key risk on the department's risk register.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that there were adequate and effective internal controls in place for managing and administering the Council's Commercial Waste collection service. As the Service was in the process of transferring to a new system, the audit did not encompass the internal controls within the current system but rather focused on holding discussions with relevant staff to identify any obstacles to performing their work effectively and ensuring that the new system addressed these weaknesses.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 At the time of the audit, the Commercial Waste service was in the process of moving towards a new administrative and management system, Bartec. For this purpose, no audit tests were carried out on the current system, with the original intention of reviewing how the features of Bartec would impact and facilitate work arrangements and mitigate risks to the service. Bartec is already being used by the domestic waste service, but unfortunately from the audit's perspective, the adoption timeline for the system has slipped, and is now expected to be operational sometime in 2026/27. It was therefore not practical to conduct an audit of the new system, but this is expected to be the subject of a further internal audit once it becomes operational.
- 5.2 Bartec offers more than the current simple Microsoft Access database system that records business details and requires teams to print a daily collection list from it. Bartec's intention is to facilitate and simplify waste collection by optimising collection routes, managing bins and contracts, tracking collection vehicles and providing real-time updates to staff and customers. Bartec can also facilitate financial arrangements, such as invoicing. The service is seizing this opportunity to review their working arrangements, and a Ffordd Gwynedd workshop held at the end of 2024 highlighted different perspectives and barriers in the current arrangements that need to be overcome.
- 5.3 The effectiveness of any system depends entirely on the quality of the data it contains. It appears that the data in the current commercial waste service system is unreliable, which can lead to the creation of incorrect collection lists to the collection teams and the issuing of incorrect bills to customers. This would mean that it is not appropriate to transfer the data directly to Bartec, and this has contributed significantly to the delay in its adoption. There is an intention for officers to join the collection teams and re-document which bins each business has, and to generate a new database from that. Commercial waste bins do not have official stickers indicating their owner, as per the domestic garden waste scheme, which can create obstacles for the officers. It is therefore essential to have a system that ensures that the data remains accurate after this exercise.
- 5.4 Unreliable data create a risk that bin collectors have collected more, or less, than what businesses have paid for, and therefore that incorrect bills have been issued to customers. Creating a new database based on the exact number of different bins the businesses have is likely to change the service's income levels.
- 5.5 The role of the back office in the current process includes administration, advising customers, and supporting commercial waste collection teams. Currently, all requests, enquiries, or complaints go through the office, or directly to the collection team, but there is no certainty that the current communication arrangements allow every case to receive the appropriate attention and action.

While this arrangement will continue with the new system, Bartec will enable the customer to submit service requests directly through it, reducing the administrative burden on the back office, and updating the database within the system immediately.

- 5.6 Bartec can also respond to certain complaints using its live data, such as delays with the lorry. Teams will be expected to record every collection in Bartec via iPads, noting any reason for not collecting (bin not presented, mixed or contaminated recycling waste, etc.).
- 5.7 As a result of the budget, the commercial waste service is expected to generate a profit for the Council. Arrangements for advertising the service were reviewed, but no proactive marketing is being carried out. The Waste and Recycling Manager confirmed that they began work on this last year in collaboration with experts from 'Local Partnerships', a public body that supports local authorities with various aspects, such as marketing, but no further work has been done. Fees are also intended to be reviewed considering the competition with the private sector.

6. Actions

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

- **Create a new commercial waste database by joining the collection teams, documenting which bins are to be collected, and ensuring that the data remains accurate and up to date.**
- **The Commercial Waste Service is planned to be restructured in 2026.**
- **Promote the service through proactive marketing and review fees.**

ARRANGEMENTS FOR THE DISTRIBUTION OF BINS FOLLOW UP

1. Background

- 1.1 An Internal Audit of Arrangements of the Distribution of Bins was carried out as part of the 2024/25 plan, to ensure that suitable arrangements were in place for the distribution of bins to Gwynedd residents and businesses, taking into account the costs involved. A limited level of assurance was given to the audit, that is, although controls were in place, compliance with the controls needed to be improved and/or new controls introduced to reduce the risks to which the service is exposed.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that the agreed actions resulting from the latest full audit were implemented in a timely manner to mitigate the risks identified. To achieve this, the audit encompassed reviewing supporting records and documentation, as well as conducting a site visit.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Of the 8 actions agreed upon from the original audit, only 2 were found to have been implemented, the conclusions are reported below.

- 5.2 The Assistant Head of Environment confirmed that the service is facing a £200,000 savings plan. One of the considerations to achieve the saving is to relocate the Bin Delivery Service. As such, there will be no expenditure on improving the condition of the warehouse. During a visit to Llwyn Isaf on the 2nd of October, 2025, rain was observed to be collecting in places within the building due to the roof leaking, with rotting cardboard boxes holding the equipment. The items inside were in acceptable condition, and the warehouse was neat and orderly. It was noted that since the full audit, the warehouse is regularly cleaned and organised.
- 5.3 It is noted that although there is a lock on the gates of the depot, all staff members, as well as staff from the 'Biogen' company, (which shares the site) have a key.
- 5.4 Since June 2025, 'Contenur UK Limited' has been recycling old bins on behalf of the Council, paying £250 per tonne. Although there have been 3 collections since then, an invoice hasn't been raised. In addition, no invoice has been raised for collections made by 'Indigo Environmental' for the period 07/02/25-20/06/25, valued at £1,701.00. The Waste and Recycling Manager – Quality Assurance, explained that invoices would be raised shortly, and that in the future there were plans to invoice every 6 months.
- 5.5 No monitoring of stock levels, nor stock checks are conducted. It was confirmed that the service is in the process of procuring a new system ('Bartec'), which would enable not only effective stock monitoring, but also to optimise journeys, with the hope of being able to reduce the use of hire vehicles. However, it has been confirmed that the timetable has slipped, and that the system is not expected to be operational for Bin Delivery Service until February 2026.
- 5.6 It was found that the service is considering alternative options to enable manual staff, who do not have access to the E-learning Portal or the Policy Centre, to complete the Council's mandatory modules and policies.

6. Actions

The relevant officers are committed to implementing the following actions to mitigate the risks highlighted:

- **That stock checks are carried out regularly and effectively.**
- **That income from the sale of old bins is promptly claimed.**
- **That all drivers complete the Council's mandatory E-learning modules.**
- **That all drivers accept mandatory policies, such as Safeguarding.**

ANIMAL HEALTH

1. Background

- 1.1 Local Authorities in Wales have statutory duties to work with local communities to help them comply with the law that has been introduced to protect animal welfare and to prevent the spread of animal diseases. Local Authorities help farmers and businesses comply with the Animal Health Act 2006 and are also responsible for taking action when the laws are broken.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate arrangements were in place by the service to operate in accordance with the requirements of the Animal Welfare Act 2006, and that high standards of animal health and welfare are maintained. To achieve this, the audit encompassed assessing the effectiveness of the for monitoring and responding to emergencies, planning and visit arrangements, staff member training, and reviewing the complaints procedure.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The Council has the right to take possession of any animal where their health and welfare are suffering from unnecessary pain or stress on agricultural land, and animals kept and raised in conditions that do not comply with the Animal Health Act 2006.

A recent case was seen where the Council had to take possession of animals from a farmer in the area due to poor conditions and neglect of the animals, constituting animal welfare offences. The Council was expected to respond to this case within days and find contractors to carry out the urgent work. No paperwork was available, and no formal contract with the contractors had been created, nor had a tender process been followed. The Trading Standards and Licensing Manager explained that this was a case of emergency, and no similar case had occurred in the past.

- 5.2 Another case was seen where the Council had to step in to ensure that the animals on a farm had food and water. It is not the responsibility of Trading Standards officers to feed and look after the animals, so the Council had to find someone at short notice to do the work. It was seen that options were limited in this situation and there were concerns about the health and welfare of animals, so the Council only had a verbal agreement with those willing to do the work. It was noted that each case is different, and that the Council has connections with the Animal and Plant Health Agency (APHA), the Police, and veterinary surgeons to carry out the work.
- 5.3 A copy of the 2011 Trading Standards policy was received, and the Manager explained that the main principles are still being followed, although it is an old policy. No other clear guidance from the service was seen specifying arrangements, procedures, points of contact etc. The Manager agreed that the policy needs updating, and guidance and a list of contractors would also be beneficial, but due to limited capacity and scarce resources within the service, it is difficult to find time to do this as their priority is to ensure animal health and welfare.
- 5.4 The 'Tascomi' system is used to record case details. Over 720 complaints have been recorded in the system, and a random sample of 20 complaints was reviewed. From the sample selected, 14 complaints had been closed and 6 were 'in progress'. Of the complaints that had been closed and completed, on average, it was observed that the service sent a first response to the complaints within 1.18 days and resolved them within 4.73 days.
- 5.5 It was found that the service does not receive additional funding if the Council need to take possession of animals. The Manager explained that there is a national consensus that the Animal Health Act 2006 is no longer fit for purpose, and an example was seen of one Authority that spent over a million pounds following the need to take possession of animals.

6. **Actions**

The Trading Standards service has committed to implementing the following steps to mitigate the risks highlighted.

- **Update the policies and procedures that are in place.**
- **Looking to establish a list of contractors and having a procedure in place to set up an agreement with contractors as soon as possible after the work begins.**

FREEDOM OF INFORMATION ACT – FOLLOW UP

1. Background

- 1.1 A Freedom of Information Internal Audit was conducted as part of the 2024/25 plan, to ensure that appropriate arrangements were in place for administering and processing requests for information under the Freedom of Information Act 2000. As part of the original audit, arrangements for receiving, distributing, collecting and responding to requests under the Act were reviewed.

2. Purpose and Scope of Audit

- 2.1 The audit was intended to ensure that agreed actions resulting from the most recent full audit were implemented in a timely manner to mitigate the risks. To achieve this, the audit included reviewing records or supporting documentation.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Five actions were agreed in the original audit in September 2024, all with a risk rating of 5. The actions have been implemented and the conclusion is reported below, but there is still ongoing work in place to encourage departments and officers to respond within the statutory timeline and to be proactive in making more data sets available on the website (open data).

- 5.2 Since the internal audit was conducted, the Information Commissioner's Office (ICO) was commissioned to conduct an external audit of the Council's Freedom of Information procedures. The external audit was conducted during April 2025, and the report on the findings was published in May 2025. The findings included a 'Reasonable' assurance rating in terms of responses to the requirements of the Act but indicated that there is some room to improve current arrangements in order to reduce the risk of non-compliance with the Act.
- 5.3 One of the risks highlighted in the original internal audit was the failure to update the Publication Scheme regularly in accordance with Section 19 of the Freedom of Information Act. The scheme has now been updated on the website to include the current information.
- 5.4 The original internal audit found that there was a lack of arrangements for processing applications, which therefore caused the Council to fail to respond to applications within the permissible timeframe. Gwynedd's performance was slightly below the UK Government's 2023 Freedom of Information statistics, with Gwynedd's timeliness rate at 77%, compared to a rate of 81% across all monitored bodies. By now, the response rate of Cyngor Gwynedd has improved significantly in 2025/26, rising to 89% for quarter 1, and up to 92.1% in quarter 2.
- 5.5 The Senior Statutory Data Protection Officer confirmed that a work programme has been created, which includes recommendations from the Information Commissioner's Office, and progress on the work programme is reported to the Governance and Audit Committee and to the Response Programme Board.
- 5.6 It was seen that communication had improved with the department coordinators as the support team are communicating with them through Teams to remind them and to ask for responses. In addition, a training session was held for the department coordinators in June 2025, and another session is being held in September to share good practices. Nevertheless, one of the recommendations from the Information Commissioner's Office was that the Council should provide mandatory Freedom of Information training to all staff across the Council, and confirmation was received that a new e-learning module has been created.
- 5.7 It was found that the Senior Statutory Data Protection Officer has shared an email with Council managers containing some guidance on freedom of information requests. A bulletin was included in the email, which is a document outlining how to identify a request for information, a link to the open data page on the website, which includes datasets published on the Council's website, as well as a link to the Freedom of Information Policy and the Publication Scheme. It was observed that more 'open data' sets have been made available on the website since the original audit.

6. Actions

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

- Continue to encourage departments and officers to respond to requests within the statutory timeframe.
- Ensure that recommendations from the Information Commissioner's Office are given attention and completed in accordance with the schedule.

INCOME RECOVERY

1. Background

- 1.1 The Council has raised over £9 million of invoices through the debtor system (from February 2025 to August 2025) and £8.7million worth of aged debts over 6 months old (before 1 February 2025) are still outstanding. The Income Service is responsible for the recovery of debts in compliance with the Council's Constitution together with the Council's Recovery Policy 2024. The average collection rate was reported in August 2025 to be 68.56% within the month with the remainder of the non-recoverable debt accumulating over time.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place to collect, recover and write off the Council's debts and ensure compliance with the Council's Recovery Policy. To achieve this, the audit encompassed reviewing a sample of debts that have been raised, recovered and those that have been written off to ensure that there are appropriate and timely arrangements for identifying and dealing with arrears.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 As part of the audit, the Income Service presented two reports, a report of invoices with the Council's total debts up to 31 August 2025 and a report on each debtor to analyse the number of invoices and debt on the system per debtor, as well as identifying the debtors with the highest debts.

- 5.2 A sample of 40 invoices raised through the Council's debtor system was reviewed to ensure that recovery arrangements had been implemented in accordance with the Council's Recovery policy. In addition, 16 debtors with a high amount of accumulated debt were reviewed against their account. From the checks, it was confirmed that the debts have been promptly recovered, in the first stages, in all cases i.e. a reminder after 28 days from the invoice due date or that arrangements have been put in place to recover a debt such as direct debit, instalment scheme, referral to a responsible officer etc.
- 5.3 Regarding the write-off of debts, for a sample of debts submitted to the Head of Finance for write off in June 2025, appropriate action was seen taken in accordance with the Council's Recovery policy.
- 5.4 Some officers within other departments had rights on the debtor system to allow them to set up invoices themselves. It appears that an audit trail for the recovery procedure exists and that access to the system is properly controlled by administrators' systems with rights set/restricted for all users. The Income Manager demonstrated that there is an audit trail on the system to identify who has also authorised the invoice along with raising it on the system.
- 5.5 However, failures and risks were identified as set out below in several operations or where formal arrangements were not in place for the purposes of recovering the Council's debts.
- 5.6 No guidelines exist for the Income Service, nor instructions for users of the system on setting up and approving invoices. The response received was that officers receive training within each other's departments, as well as instructions that are available on the system's website if officers need assistance. However, with high staff turnover, there is a risk of placing reliance on staff with the experience and expertise to train new staff, which can be challenging in the current climate, with limited resources.
- 5.7 Reviewing a sample of debts found that 75% of debts amounting to around £13.4million had been suspended for various reasons which are identified on the system through different flags. It was analysed that 11% of the debts that have been suspended, amounting to £1.7million, were due to the services requesting suspension or the debt being directed to the relevant service/department (Flags D, E, F). The lack of formal arrangements for following up on the debts mean that there is a high risk that recovery arrangements are placed on hold for the long term without further intervention by the service which delays the recovery process, increases the possibility of bad debts not being collected within the statutory period, and ultimately being written off. 1% of these are accounts that need to be written off exist on the system (worth around £89,600).
- 5.8 In addition to this, cases were referred to the Legal Service by the Income Service in May 2025 but recognition was not received by Legal until the 8th of October 2025 which delays the opportunity for prompt recovery.

- 5.9 There is no service agreement/guidance which identifies responsibilities between the services and the Income Service, which means that there is a lack of accountability within the services to ensure that recovery actions are implemented promptly.
- 5.10 From a sample reviewed, some debtors were found to have received service from the Council despite the fact that they have pre-existing debts which inflates the amount of irrecoverable debts. This is likely to happen especially when services do not check their debts or do not have access to the system to verify them.
- 5.11 Services may not be aware of the bad debts until the Income Service applies to write off the debt which ultimately has an impact on their budget. Once an invoice has been created, it will appear as income in the accounts unless it is deleted or written off, so there is no incentive for the services to provide assistance in collecting the debt promptly. It also means that there is a risk for services to be able to inflate their budget income by introducing invoices in advance on the system. To avoid this, the Senior Recovery Officer reported that some councils reverse the income if the income has not been received/recovered after 2 or 3 months from the date of the invoice.
- 5.12 The Income Manager expressed that historically all departments received a list of their outstanding debts but the exercise has not taken place for a long time. However, the Income Manager believes that the exercise should be reintroduced on a quarterly basis with the aim of services reviewing and taking action.
- 5.13 Following a meeting with the Income Manager and the Senior Recovery Officer, it was reported that only one report is used monthly for identifying all the debts from the debtor system but that the data is extracted manually rather than being generated on 'schedule' from the system. Following further enquiries, it was found that failures in the system hinder the Income Service from being able to work more effectively and efficiently, such as by identifying and creating a report of bad debtors, the ability to put in place dates on the system that needs to be followed up, placing debt on hold with an expiry date so that the debt is not permanently suspended.
- 5.14 The statistics for monitoring the performance of the Income Service were obtained and it was found that the performance measure is the value of various debts over 6 months of age and monthly collection rate. However, while conducting the audit, it was found that some invoices are not recovered by the Income Service as the debt management is out of their hands and hence the responsibility of verifying and going after these debts falls on other departments which distort this data. Examples identified as exceptions and out of the Income Service's debt collection control include:

Debtor/Flag	Balance (31/08/25)	Responsibility
Prefix 'i'	£1,471,548.75	Trunk Road
Legal charge/estate litigation (S,S1,S2,SL)	£3,629,549.44	Care Finance
<i>Betsi Cadwaladr University</i>	£2,625,867.33	Adults

- 5.15 However, it is understood that there are no formalised recovery arrangements for the remaining debt (47%), for identifying who is liable for the collection, recovery and reporting of the remaining debts. This means that the Recovery Service has by default accepted responsibility for the debts even though they have no control over the verification procedures or recovery of the debts.

6. Actions

The Income Service with the support of the Ffordd Gwynedd Senior Consultant is committed to implementing the following actions to mitigate the risks highlighted:

- **Establish a service level agreement setting out service responsibilities together with Income responsibilities to ensure that the Council recovers debts in a timely manner.**
- **Automating the processes that are currently being implemented manually e.g. introducing new bill formats, distributing bills, setting up new payment receipt arrangements and creating reports to facilitate the recovery procedure.**
- **Review invoices with relevant Services to verify debts on the system.**
- **A request to the Management Team to consider changing the income recording/identification procedure so that the Service can decide to reverse the income if the income has not been received/recovered after a specified period.**
- **Request to the Management Team to re-review the responsibilities of reporting recovery statistics which are beyond the control of the Recovery Service.**

PRECEPTS

1. Background

- 1.1 Precept is the tax set by Community Councils and charged on households within their area. Cyngor Gwynedd is responsible for collecting this tax through Council Tax bills, taking into account the number of households within the community, and their band. The money is transferred in instalments to the Community Councils within the year. The precept is used to fund a wide range of work that goes beyond the work done by the Local Authority, such as maintaining cemeteries, repairing bus shelters, or cutting grass and maintaining footpaths.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the precepts of Town and Community Councils were being administered appropriately. To achieve this, the audit covered verifying the procedure for administering the precepts for 2025/26, by reviewing the information received from the Councils to ensure that the Council Tax system was producing accurate bills.

3. Audit Level of Assurance

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

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

4. Main Findings

- 4.1 A sample of 20 Community Councils was selected to ensure that they had received the required precept and that arrangements were in place for Cyngor Gwynedd to collect the correct tax from the dwellings, considering the Community's tax base.
- 4.2 Records from the Accountancy Unit were verified and it was found that emails had been sent out to the Community Councils at the beginning of December 2024, requesting a budget figure to be returned by the end of January 2025, and it was explained that the budget would be paid in two instalments. It was discovered that some of the Community Councils had not responded within the specified timeframe, but it was noted that the Accountancy Unit had contacted them to remind them.
- 4.3 Upon receiving the information from the Community Councils, independent checks were being carried out within the Accountancy Unit to ensure accuracy as well as within the Revenue Service when transferring the information to the Council Tax system.

- 4.4 The Council Tax base is the number of dwellings that are assumed to be in Band D within a Community. The Council Tax base for 2025/25 is calculated by identifying the actual number of dwellings on the Council Tax system as of 31/10/2024 and adjusting it according to forecasts of changes over the following 17 months, further adjusted to consider relevant reductions, converting the different bands to be equivalent to Band D. The calculation of the Council Tax base was discussed with the Council Tax unit and a sample of the figures was reconciled back to the system, and it was found that they were appropriate.
- 4.5 For a selected sample, the requested precept was followed back to the Council Tax system by dividing the precept with the tax base. Formulas were used to ensure that the parameters of other bands within the system – which are proportional to Band D – were correct. A sample of Council tax bills were verified, and the figures were found to be accurate.

LLOYD GEORGE MUSEUM ACCOUNTS

1. Background

- 1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of the UK. The museum is a registered charity and is administrated by Cyngor Gwynedd with help from Friends of the Museum who support and assist with the development of the museum and its educational use. Because the museum's income exceeded the threshold of £25,000, the trustees' account and annual report for 2024-25 must be submitted to the Charities Commission, including an independent examiner's report of the accounts.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to complete the independent examiner's report on the museum's 2024-25 accounts, giving assurance that the accounts presented to the Charities Commission is correct. This was done by reconciling the accounts with the Council's main accounting system, ensuring that the transactions were relevant to the museum.

3. Audit Level of Assurance

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

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

4. Main Findings

- 4.1 Based on the tests carried out, an appropriate audit trail for the figures were seen and the independent examiner's report was completed to state this.

TAN Y MARIAN

1. Background

- 1.1 Tan y Marian is based in the town of Pwllheli and is registered to provide residential care for up to 9 residents over the age of 18 who have learning disabilities and find it difficult to live independently within the community, or who have been assessed as needing support.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper management and maintenance of the home and in accordance with relevant regulations and standards. To achieve this, the audit covered ensuring that the home's arrangements were adequate in terms of administration and staffing, budgetary management, procurement of goods and receipt of income, health and safety, and performance monitoring as well as ensuring that the service users and their belongings were protected.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	7
MEDIUM	8
LOW	1

5. Main Findings

- 5.1 The Care Plans of 3 residents were checked during the visit. It was explained that these receive an annual review by a social worker, as well as monthly internal reviews. For the 3 care plans checked it was found that monthly reviews were not carried out regularly, with 1 plan having not received a monthly review since 2024.

The Manager noted that the content of the plans was up to date, and that they had met the requirements of the social worker carrying out the annual review. For the 3 plans checked, the most recent annual review reports were found to be dated 2024, 2018, and 2014. The Manager suggested that reviews had recently been carried out, but that she had not printed the reports for retention in the plans. Prior to the release of the Draft Report evidence was received that 2 of the 3 plans had been reviewed within the last year.

- 5.2 On one occasion, it was found that no record of a residents' personal items was present in their care plan, with the records of two other residents inadequate.
- 5.3 Some of the residents' individual risk assessments, such as 'Bathing', 'Make and Pour a Cup of Tea', had not been reviewed since 2018. This was the case for 2 out of the 3 care plans checked. It was also difficult to pinpoint the date of the last review, with the staff of the home signing and dating in various places on the document. The homes' generic risk assessments were found to be up-to-date, reviewed in the last year, but again, there was no order on the part of signing and dating.
- 5.4 Since October 2022 adult care home workers have been required to register with Social Care Wales. For the sample of 10 staff members whose training records were checked, 2 were not found to have registered. This was brought to the attention of the Manager. It was confirmed that 1 has now finished working due to medical reasons, with the remaining member of staff having recently registered.
- 5.5 Of the 4 staff members files selected for review, 3 were found to have been supervised in the last month, although they had not been supervised since 2024 prior to that. For the remaining member of staff, they had not received supervision since April 2024, where they are expected to take place every three months.
- 5.6 The home's Asset Register was not checked following confirmation from the Manager that it had not been reviewed for 3 years.
- 5.7 For the 4 residents whose pocket money records were checked, it was found that receipts for ice cream van spending were missing on several occasions, however, given the minimal spending, and the fact that vans do not give receipts, it is assumed that this is acceptable.
- 5.8 It was found that tests had been carried out on the alarm and fire extinguishers on the week of the visit, however, several tests had been failed prior to that, with tests not carried out at all for the period 08/05/25-20/06/25. It is noted that they are expected to be held weekly.
- 5.9 The home records staff training internally on a dedicated spreadsheet. Although the Manager noted that the spreadsheet was fairly up-to-date, it was found that no training had been identified for the Manager or the Deputy, with the records of the rest of the staff also incomplete compared to certificates seen at the home, and records on the Gwynedd Job System. Of the 10 members of staff selected for reviewing their First Aid training, none were found to have received training since 2018, where it is expected to be renewed every 3 years.

- 5.10 Similarly, it was confirmed on the Gwynedd Jobs System that none of the 10 staff members selected had read any of the Council's policies, including the Safeguarding Policy. The Manager explained that staff did not have access to the Policy Centre, with a paper copy of the Safeguarding Policy available at the home. Nor was it seen that a Safeguarding poster was displayed anywhere in the home.
- 5.11 Not all staff members who provide medication appear to have current training. Of the 10 staff members randomly selected for checking their training records, only 7 provide medication. While the 7 have completed relevant training in the last 3 years, it has been found that none have completed a competency test in the last year.
- 5.12 The temperature of the medicine room is not monitored daily as expected. The records were checked for July, and the temperature was not recorded for 25/07/25.
- 5.13 When returning medicine, it was found that the home does not use 'Return of Medication' forms, instead recording details such as the resident's name, the name of the medicine, the number of medicines and the reason for disposal on A4 paper. This will be signed by 2 members of staff, and arrangements will be made for the local pharmacy to collect. It was found that the pharmacy did not sign off on collection, and that there was no alternative documentation attesting to this. The Manager noted that this has been the procedure for years, and that the pharmacy never signed. The Learning Disabilities Delivery and Developmental Manager seconded that BCUHB was also satisfied with the arrangements.
- 5.14 It was found that the home did not keep all records of incidents resulting from an error with medication together in the medicine room, but rather in the individual files of the relevant residents. Following an enquiry on the numbers of incidents this year, and to view the corresponding records, the Manager confirmed that she was not aware of the numbers, but that there was a recent incident, and that they would collect the documents from the resident's file and submit them to the Auditor. However, these records could not be found.

6. Actions

The Manager is committed to taking the following steps to mitigate the risks identified:

- **Arrange a meeting with relevant staff to remind them of the frequency of reviewing care plans, maintain records and conducting regular checks to detect any underperformance.**
- **Ensure that the reports of the latest Annual Reviews are retained in the care plans.**
- **Ensure that a current record of residents' belongings, in the form of a list or photographs, is kept in their care plans.**
- **Remind relevant staff of the frequency of reviewing individual risk assessments, establishing an effective procedure for recording reviews.**
- **Keep proper records of staff registration dates, regularly monitoring and reminding staff when renewals are required.**

- Compile a supervision and appraisal rota, ensuring that all staff receive supervision every 3 months, and an annual appraisal.
- Ensure that the home has a current record of all its belongings, arranging an annual review, or when buying/disposing of items.
- Arrange for resident care plans to be kept in a safe, locked place.
- Clearly label each resident's pocket money purse.
- Update the training spreadsheet to include up-to-date information, ensuring timely renewal of any training, in particular, First Aid.
- Arrange for all staff to read the Safeguarding Policy, and for appropriate records to be maintained.
- Display a 'Safeguarding' poster in an appropriate place, where all members of staff will see it.
- Ensure that all staff who provide medication complete relevant training as soon as possible, including competency tests, and that a record is kept on the home's training spreadsheet.
- Ensure that all staff responsible for the provision of medication read the Medication Policy annually, and/or when there is any change, keeping appropriate records.
- Remind the relevant staff to record the temperature of the medicine room daily.
- Ensure use of correct documentation when disposing of medication.
- Create a dedicated folder for keeping records of events, educating staff of the new arrangements, to enable better monitoring and pattern identification.

Y FRONDEG

1. Background

- 1.1 Y Frondeg Home is based in the town of Caernarfon and is registered to provide residential care for up to 11 residents over the age of 18 who have learning disabilities and find it difficult to live independently within the community, or who have been assessed as needing support.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper management and maintenance of the home and in accordance with relevant regulations and standards. To achieve this, the audit encompassed reviewing that the home's arrangements were adequate in terms of administration and staffing, budgetary management, procurement of goods and receipt of income, health and safety, and performance monitoring as well as ensuring that the service users and their belongings were protected.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	3
MEDIUM	7
LOW	1

5. Main Findings

- 5.1 The Care Plans of 3 residents were reviewed. It was explained that these receive a monthly review by key employees, who record any change to the resident's condition or practices on a 'post-it', with the Manager then entering the information onto electronic records, printing a current copy for the care plan. Of the 3 plans checked, only 1 had been reviewed monthly for 2025, 1 had not been reviewed since March 2025, and the other had no record of having been reviewed at all in 2025.

The Learning Disability Delivery and Developmental Manager noted that the statutory requirement is to review the plans every 3 months, but that the home maintains monthly reviews as good practice.

- 5.2 Some of each resident's individual risk assessments, such as 'Out in the Community', 'Driving in the Car', and 'Malnutrition and Dehydration', had not been reviewed since 2024, where they are expected to be reviewed every 6 months. This was the case for the 3 care plans checked. Similarly, it has been found that only 1 of the home's generic risk assessments are current, with the remainder unreviewed for over a year.
- 5.3 Of the 4 staff members selected for checking their staff files, only 1 has been found to have been supervised within the last 3 months. For the remaining 3, they have not been supervised since 2024. 1 of the 4 has been evaluated in the past year, with another 1 not evaluated since 2023. There was no evidence that any of the other 2 had ever been evaluated, despite working at the home for some years.
- 5.4 For a sample of 4 members of staff, it was also checked that the hours worked for the month of July were in line with those submitted to the Payroll Service. Discrepancies were observed for 2 members of staff for week ending 26/07/24, where the hours submitted to the Payroll Service were less than what was worked, from half an hour for 1 member of staff, and 1.5 hours for the other. This Assistant Manager investigated in detail during the visit and concluded that a mistake had occurred and would arrange a correction in the next payroll run.
- 5.5 It was found that the home's Inventory Register had not been reviewed since 2023.
- 5.6 4 residents were randomly selected for checking their pocket money records. On each occasion the amount of money within the purse agreed with the home's records. However, it was found that there were not many transactions. It was clarified that there are currently 10 residents in the home, of which the Council has financial responsibility over 7 of them. It was found that the home kept a record of spending on the cards, a separate record for each resident (E11 forms). The date of expenditure and the total amount is noted, attaching the receipt, with a member of staff signing. However, it is not possible to conduct a reconciliation, as the home does not receive any bank statements.
- 5.7 Staff did not sign the visitor book on all occasions when leaving the home. While confirming time of departure, the book wasn't signed on several occasions for the month of September.
- 5.8 The home records staff training internally on a dedicated spreadsheet. Although the Manager noted that the spreadsheet was up to date, it was found that no training had been identified for some members of staff, with others not included on the spreadsheet at all. Of the 10 staff selected for reviewing their training records, 4 were found to have no current fire training, and 3 no Moving and Handling training, or current First Aid training.

- 5.9 It was confirmed on the Gwynedd Jobs System that none of the 10 staff members selected had read any of the Council's policies, including the Safeguarding Policy. The Manager explained that staff did not have access to the Policy Centre, with a paper copy of the Safeguarding Policy available at home. It was noted that staff have access to self-service, and therefore the E-learning Portal. The 10 staff members selected were found to have completed several of the Council's mandatory modules.
- 5.10 The temperature of the refrigerator in the medicine room is not accurately recorded on all occasions. The NHS Medicines External Audit on 25/06/25 noted that neither the minimum nor maximum temperature was being recorded. It was found that the home has since purchased a new thermometer, which calculates the different temperatures. A new, simpler thermometer had since been installed.
- 5.11 While keeping proper records of incidents as a result of medication error, the records are kept electronically only on the personal files of the residents. Hence, it was difficult to confirm how many cases have been in 2025.
- 5.12 It was found that the home has a comprehensive Statement of Purpose, but it is not delivered to the standard expected by the Authority.

6. Actions

The Manager is committed to taking the following steps to mitigate the risks identified:

- **Arrange a meeting with relevant staff to remind them of the frequency of reviewing care plans, and to keep proper records, carrying out regular checks to detect any underperformance.**
- **Update care plans regularly to avoid information being lost.**
- **Remind relevant staff of the frequency of reviewing generic and individual risk assessments.**
- **Strive to adhere to the supervision and appraisal rota, ensuring that all staff receive supervision every 3 months, and an annual appraisal.**
- **Continue to train a Senior Carer to enable them to maintain supervision.**
- **Ensure accuracy in the submission of hours worked to the Payroll Service.**
- **Ensure that the home has an up-to-date record of all its belongings, arranging an annual review, or when buying/disposing of items.**
- **Check bank balances online regularly, maintaining reconciliations with the expenditure receipts.**
- **Arrange for a poster to be placed at the visitor book reminding everyone to sign and confirm a time when leaving.**
- **Ensure that the relevant members of staff receive First Aid and Moving and Handling training as soon as possible.**
- **Arrange for all staff to read the Safeguarding Policy, and for appropriate records to be kept of all who have done.**
- **Create a dedicated folder for keeping records of events, educating staff of the new arrangements, to enable better monitoring and pattern identification.**
- **Review the standard of the Statement of Purpose.**

PLAS PENGWAITH FOLLOW-UP

1. Background

- 1.1 An internal audit of Plas Pengwaith Home was carried out as part of the 2024/25 audit plan, to ensure that suitable arrangements were in place for managing and maintaining the home appropriately and in accordance with relevant regulations and standards. A limited level of assurance was given to the audit, although controls were in place, compliance with the controls needed to be improved and/or new controls introduced to reduce the risks to which the service is exposed.

2. Purpose and Scope of the Audit

- 2.1 The audit was intended to ensure that the agreed operations resulting from the latest full audit were implemented in a timely manner to mitigate the risks identified. To achieve this, the audit covered reviewing supporting records and documentation, as well as conducting a site visit.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	3
MEDIUM	1
LOW	0

5. Main Findings

- 5.1 The home was visited on 04/09/25. Following ringing the bell at the entrance, the Auditor was allowed entry by a resident. Although legally acceptable, with no member of staff present, there is a risk of unauthorised persons gaining entry, and insufficient records of everyone who is in the building for fire purposes. It was explained by the Manager that the bell of the main entrance had been heard, but the door was not approached as she was aware that the resident would open it.

- 5.2 Of the 5 agreed actions from the original audit, only one was found to have been implemented, the conclusions are reported below.
- 5.3 It was confirmed that supervision with members of staff is expected to be carried out every 3 months, as well as an annual appraisal. It was found that the Manager had put together a dedicated rota for arranging for everyone to receive sessions in a timely manner, however, it was noted that it was difficult to free up staff to be able to conduct the sessions. Of the 4 members of staff selected for the verification of their records, 2 were found to have not been evaluated in over a year, with no record that the other 2 had ever received an appraisal. In terms of supervision, 2 have not been seen to have been supervised since 08/11/24 and 01/03/23. Although the remaining 2 had received supervision within the last 3 months, prior to that, they had not been supervised since 06/02/24 and 22/06/23. This had already been highlighted in the full audit, as well as by Quality Assurance in their reports following visits on 05/02/24 and 19/05/25.
- 5.4 The Clerk now maintains a record the date purchase order were created. For the sample of 10 invoices selected between the period 01/04/25-19/08/25, it was found that a purchase order had been created on all occasions prior to receipt of the invoice, with all invoices correctly recorded, and paid in a timely manner.
- 5.5 After checking the Fire Logbook, it was found that tests were not being carried out in a timely manner on all occasions. The fire extinguishers had not been tested since 26/06/25, where they are expected to be tested weekly. In addition, although the escape routes were checked within one week of the date of the visit, it was found that 7 weeks had been missed between the period 13/03/25-04/09/25. It was also found that records were not dated on all occasions, making it difficult to confirm when exactly the tests were carried out.
- 5.6 It was confirmed that night staff are responsible for carrying out stock checks on reserve medicines, i.e. complete, unopened medicines, on a weekly basis. It was noted that members of staff kept a 'running count' of medicines opened/in use, on each occasion following the provision of the medicine, noting the figure on the MAR ('Medication Administration Record') form. Checks on the reserve medicines were found to be accurate, and carried out in a timely manner. However, from the sample of 7 different medications on use checked (for 5 different residents), it was found that there was no running count at all for 2, and therefore the homes records were insufficient to enable confirmation that the correct number of tablets were present. This was also found to be the case for several randomly checked medications, which were not part of the selected sample. The Manager noted that she had recently discussed the issue at the staff meetings. It was confirmed that new MAR forms would be prepared immediately, and the number of medicines present would be recorded. It is noted that an external Medication Audit was also carried out on 20/06/25 where it was noted that medicines that had already been provided were not recorded on the MAR forms.

- 5.7 It was found that there is now a new thermometer in the medication room, and that the temperature was within the correct scales on almost all occasions. However, there are still cases where room and refrigerator temperatures are not recorded daily as expected. This was also noted in the External Medication Audit dated 20/06/25.

6. Actions

The Manager is committed to taking the following steps to mitigate the risks identified:

- **Ensure that fire tests are carried out in a timely manner, and recorded appropriately, considering allocating the task to a specific member of staff.**
- **Ensure that proper records are kept of medications in use, reminding staff of the need to record the correct number of medications on the MAR sheets on each occasion when providing medicine.**
- **Remind night staff to check and record the temperature of the fridge and medication room daily, carrying out regular checks.**
- **Strive to adhere to the supervision and appraisal rota, ensuring that all staff receive sessions in a timely manner, and that any missed sessions are rescheduled promptly.**
- **Ensure that any recommendations or findings arising from internal and external audits are addressed within the stated timeframe.**

LLYS CADFAN FOLLOW-UP

1. Background

- 1.1 An Internal Audit of Llys Cadfan Home was carried out as part of the 2024/25 plan, to ensure that suitable arrangements were in place for managing and maintain the home appropriately and in accordance with relevant regulations and standards. A limited level of assurance was given to the audit, although controls were in place, compliance with the controls needed to be improved and/or new controls introduced to reduce the risks to which the service is exposed.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that the agreed actions resulting from the latest full audit were implemented in a timely manner to mitigate the risks identified. To achieve this, the audit covered reviewing supporting records and documentation, as well as conducting a site visit.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	4
LOW	0

5. Main Findings

- 5.1 Of the 8 agreed actions from the original audit, 4 were found to have been implemented, the findings are reported below.
- 5.2 It was found that the home's Statements of Purpose, the Welsh and English versions, although containing all the information expected, was not presented to the standard expected by the Authority, with font size and style varying throughout the document, capital letters in mid-sentences, and unhighlighted headings.

- 5.3 Although the Manager confirmed that the home's Property Register received an annual review, the register could not be found during the visit for presentation to the Auditor.
- 5.4 It was found that the visitor's book was not completed on all occasions. For September 2025, there were a large number of occasions where staff and visitors did not sign or confirm arrival or departure times. The Manager explained that following the full audit last year, she had created a poster and displayed it at by the book reminding everyone to complete each section correctly. However, the poster had recently been taken down for re-decorating.
- 5.5 The home's generic risk assessments are kept electronically, with paper copies also available in a folder to allow better access for staff. It was found that several assessments, such as 'Medicine', Slips Trips and Falls', and 'Arts and Crafts', had not been reviewed for over a year.

6. Actions

The Manager is committed to taking the following steps to mitigate the risks identified:

- **Review the standard of the Statement of Purpose.**
- **Ensure that the home has an up-to-date record of all its belongings, arranging an annual review, or when buying/disposing of items.**
- **Arrange for a poster to be placed at the visitor book reminding everyone to sign and confirm arrival and departure times.**
- **Remind relevant staff of the frequency of reviewing generic risk assessments, carrying out regular checks to ensure that reviews are completed in a timely manner.**

PLAS HAFAN FOLLOW UP

1. Background

- 1.1 An Internal Audit of Plas Hafan Home was carried out as part of the 2024/25 plan, to ensure that suitable arrangements were in place for managing and maintaining the home appropriately and in accordance with relevant regulations and standards. A limited level of assurance was given to the audit, although controls were in place, compliance with the controls needed to be improved and/or new controls introduced to reduce the risks to which the service is exposed.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that the agreed actions resulting from the latest full audit were implemented in a timely manner to mitigate the risks identified. To achieve this, the audit covered reviewing supporting records and documentation, as well as conducting a site visit.

3. Audit Assurance Level

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

Assurance Level	Description
SATISFACTORY	Controls are in place to achieve objectives but there are aspects where tightening of the arrangements is expected to further mitigate the risks.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Of the 7 actions agreed from the original audit, 5 were found to have been implemented, the conclusions are reported below.
- 5.2 Care plans are kept in cupboards in the foyer. Where previously the keys were kept on an overhead hook, where all visitors to the home had access, a key safe is now located near each cupboard, with all staff aware of the code. However, while walking around the home, it was found that one cupboard was open, with the keys in the lock. The Manager explained that staff were currently updating the plans in the room next door, which is why the cupboard door was open.

- 5.3 A sample of 4 members of staff were selected, verifying that the hours for them on the work rota for a period of 3 weeks between 06/07/25-26/07/25 were in accordance with the spreadsheet submitted to the Payroll Service. One staff member's hours could not be reconciled at all, with the home's records confirming contract hours of 21 hours per week for her, but the spreadsheet indicating a 14-hour contract. It was explained that the staff member in question had reduced her hours from 21 down to 14, but that was not until the 27th of July. The Manager noted that they had not realised that the contract hours had been changed on the spreadsheet before, adding that similar adjustments were the responsibility of the Support Service. The Support Service confirmed that they had implemented the change in hours in accordance with the staff member's request, which was from the 27th of July. It was therefore asked why the spreadsheet dated 6th of July stated the contracted hours as 14 hours instead of 21 hours. No response had been received as of the release of the draft report. The pay slip of the staff member concerned was checked on the CYBORG (Payroll system) system, the August payslip, which is salary for the hours worked for the month of July, with that also confirming basic pay based on contract hours of 14 hours. There is a likelihood that the staff member did not realise the error as salary arrears was paid to all Council staff members that month as well. All evidence was submitted to the Home's Manager for investigation, suggesting that any due hours be paid to the staff member as soon as possible.
- 5.4 Of the 10 staff selected for the verification of their training records, it was found that all relevant staff members had completed Fire, First Aid, Movement and Treatment, and Medication training within the last 3 years.

6. Actions

The Manager is committed to taking the following steps to mitigate the risks identified:

- **Remind staff to lock the cupboards where care plans are kept on all occasions, keeping the key in the safe.**
- **Investigate discrepancies in the hours paid to one member of staff, in consultation with the Support Service, and ensure that any hours due are paid as soon as possible.**

DIRECT PAYMENTS

1. Background

- 1.1 1,941 of Direct Payments were made from the period April to August 2025 amounting to the equivalent of £2.1million. There has been an encouragement to increase the numbers over the last few years to reduce reliance on traditional care through the Council. Direct Payments (DP) are paid to an eligible person that meets the criteria and an assessment from Social Services. The Direct Payments Team implement DP applications referred by the Social Services for Adults and Children Department and provides support to the social workers.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place to process Direct Payments (DP) and to check compliance with the relevant regulations such as the Care and Support (Direct Payments) (Wales) Regulations 2015 and the Social Services and Well-being (Wales) Act 2014. To achieve this, the audit encompassed checking the processing arrangements for direct payment applications to ensure that applications were processed in a timely and accurate manner against the care assessment, reviewing monitoring arrangements, financial records and care plans to support the direct payments.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The initial meeting was held in July 2025 and found that the Service has been undergoing transformation over the past few years and continues to operate on new plans since the appointment of the Resource and Financial Planning Manager in November 2022. Many improvements were underway and as a result the audit will be conducted and reported in two parts. Part one of the audit reports on the risks identified to date and part two will report on the operations planned to be implemented/completed by the end of January 2026 and any further risks that need to be mitigated, where relevant.
- 5.2 There is an increase in the numbers receiving DP and social workers seem to have been provided with regular support through contact, visits and conversations. These activities raise awareness of direct payments and enable the social workers to recommend where appropriate, the provision of care through DP to their clients, explain how DP works, encourage and support them effectively.
- 5.3 For the audit, a sample of managed and non-managed direct payments were selected. The sample was checked to ensure that the DP Service received a care plan or instructions from the Social Workers with an assessment of the hours of care. From the sample verified, it was found that proper instructions were given and the payments were processed correctly. Where there was a difference to the care plan, the DP Officer explained that clients were unable to employ a carer and were therefore claiming fewer hours than they were entitled to.
- 5.4 When checking the sample, no regular reviews (at least once a year) of the care plans was seen. The Direct Payments Officer expressed that care plans are not received following every review by the social workers, only for ones where changes affect the DP, although there is a possibility that some do not receive an annual review. Procedure have recently been put in place for identifying high amounts of DP accumulated in individuals' bank accounts, which suggests that the money is not being used and that the social workers need to carry out a review to confirm the reasons/ the client situation in order to be able to make the decision to whether they need to recover the payments. This is currently operational for managed DP only due to the convenience of checking the bank statements through the third party companies. For the 'non-managed', it is dependent on the willingness of the individual receiving DP to promptly provide the bank statements for carrying out checks.
- 5.5 It is the Social Workers responsibility to validate care applications and the Care Finance Team carry out a financial assessment on the client to identify if the individuals need to contribute towards their care. The social workers refer any DP requests to the DP Officer for implementation and payment will be received on the basis of the hours assessed. All payments are paid gross to DP accounts.

Adjustments are made i.e. if the individual is responsible for contributing towards their care costs, an invoice is raised by the Care Finance Team following the processing of the payments by the DP Officer, which is recorded on the WCCIS system.

- 5.6 The Resource Manager explained that the payments are processed on monthly runs and is loaded by IT and interfaced into the Council's payments system. Access to the monthly runs was granted and it was found that it was possible to reconcile the amounts to the main spreadsheet by the Payments Officer. The DP Officer is responsible for processing the payments with the Resource and Financial Planning Manager approving the payments.
- 5.7 No formal agreement was seen with terms and conditions in place for DP's clients prior to the receipt of any payments. The Resource Manager expressed that this is also a restriction to carrying out monitoring work on DP usage, and as such, an agreement has been drafted and is in the process of being reviewed by the Legal Service (August 2025).
- 5.8 To facilitate the monitoring process, the Resource and Financial Planning Manager reported that the service has decided to operate on 'prepaid cards' rather than allowing clients open their own accounts in the future. It is planned to transfer all clients to 'prepaid cards' which will allow the Council to receive direct access to the bank statements for inspection should it be required in the future.
- 5.9 No formal documentation has been distributed to DP's clients highlighting the client's responsibilities and spending constraints and as a result, there is a risk that DP clients are not aware or acting inappropriately.

6. Actions

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

- **Distribute a direct payments agreement with a clarification letter to DP clients to agree.**
- **Responsibilities are communicated through a letter and a formal agreement to ensure clients are aware of their expectations to managing DP.**
- **Establish arrangements and a plan for the regular monitoring of DP expenditure.**
- **Obtain the bank statements of clients with high DP balances and conducting enquiries with the social workers for reviewing the care plans.**
- **Establish arrangements for the provision and transfer of clients to use 'prepaid cards'.**
- **Conduct DP expenditure validation checks.**

CEGIN ARFON

1. Background

- 1.1 The Learning Disability Service has a number of community hubs across Gwynedd, among them, Cegin Arfon. In this setting, individuals with learning disabilities receive employment opportunities and learn new skills in a way that is open to the community. The café is located at Arfon Leisure Centre and sells drinks, cakes and light meals.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper management and maintenance of the learning disability centres and in accordance with relevant regulations and standards. To achieve this, the audit covered visiting a sample of centres and ensuring that arrangements were adequate in terms of administration and staffing, budgetary management, procurement of goods and receipt of income, health and safety, and performance monitoring as well as ensuring that the service users and their belongings were protected.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	2
MEDIUM	4
LOW	1

5. Main Findings

- 5.1 The café was visited on the afternoon of Friday, 7th November 2025. Service users were not present. The café was found to be clean and organised, with staff engaging with customers in a pleasant manner.

- 5.2 It was found that the café did not keep a register of staff or users on site. The Learning Disability Support Service Leader explained that there is a very small group of staff and users on site at any given time.
- 5.3 It was confirmed that staff are expected to complete Food Hygiene training every 3 years. The records of all staff members (4 in total) were checked, where it was found that none had completed training since 2020. It was also found that staff had not completed many of the Council's mandatory E-learning modules, with none having accepted the Safeguarding Policy. By the time the draft report was released, it was confirmed that the relevant member of staff had commenced a Food Hygiene course, and that a training matrix is being developed to allow better monitoring.
- 5.4 It was not seen that an Asset Register was maintained. However, a proper register had been created prior to the release of the Draft Report.
- 5.5 Prior to the visit, data was exported from the ledger in relation to the kitchen's expenditure, selecting a sample of 10 transactions and asking to see the corresponding invoices. It soon became apparent in the audit that, due to difficulties in locating the invoices, there were no adequate arrangements in place for recording, ordering, or paying for goods. The Leader agreed that the audit had been an eye-opener, and by the time of the visit, had established an effective system for orderly recording and keeping invoices together. Before the release of the Final Report it was confirmed that a Clerk was now available to support Cegin Arfon.
- 5.6 During the visit the kitchen's income records were checked for a period of one week at the end of October 2025. On each occasion the money and income from the PDQ machine matched end-of-day receipts from the till. However, an inconsistency was observed in the kitchen's banking arrangements
- 5.7 It was confirmed that staff did not receive an annual appraisal at all, and that the Leader was not able to carry out supervision every 3 months as expected.

6. Actions

The Learning Disability Support Service Leader is committed to implementing the following actions to mitigate the risks highlighted:

- **Order an attendance board to be located on the kitchen wall.**
- **Create an Asset Register, ensuring that any new items are added promptly, and any items that are disposed of are deleted.**
- **Arrange for all staff to complete Food Hygiene training every 3 years.**
- **Remind staff of the need to complete the Council's mandatory e-learning modules.**
- **Ensure that all staff read the Safeguarding Policy.**
- **Continue with the new arrangements of orderly recording and keeping invoices, investigating why there is no need for purchase orders.**
- **Ensure that money is banked regularly.**
- **Establish effective arrangements for ensuring staff receive an annual appraisal and supervision every 3 months.**

SIOP GALWCH ACW

1. Background

- 1.1 The Learning Disability Service has several community hubs across Gwynedd, among them, Siop Galwch Acw. The shop is located in Caernarfon town centre and helps to develop employment and creative opportunities for users through crafts and art.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper management and maintenance of the learning disability centres and in accordance with relevant regulations and standards. To achieve this, the audit covered visiting a sample of centres and ensuring that arrangements were adequate in terms of administration and staffing, budgetary management, procurement of goods and receipt of income, health and safety, and performance monitoring as well as ensuring that the service users and their belongings were protected.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	1
MEDIUM	3
LOW	1

5. Main Findings

- 5.1 The shop was visited on Thursday, 18th December 2025 in the presence of the Learning Disability Support Service Leader, the Clerk, and several other members of staff. The staff were welcoming and willing to help, with all the required documents ready and waiting for the Auditor. Users seemed to enjoy themselves and communicate easily and cheerfully with staff, while participating in activities in clean and safe areas.

- 5.2 However, it was found that staff do not receive an annual appraisal or supervision every 3 months on all occasions. Of the 4 members of staff selected for the verification of their records, it was found that all were last supervised 4 months prior to the date of the visit. No appraisal records were seen. It is noted that lack of evaluation is a weakness across the service, and that they are looking at ways to carry them out effectively.
- 5.3 It was not seen that an Asset Register was kept. It was suggested that it would be beneficial to have an up-to-date register for insurance purposes. The Learning Disability Support Service Leader noted that she had already started compiling a register.
- 5.4 It was found that the shop does not have effective arrangements for recording and processing income. With the till being old and failing to create proper reports, the shop staff must record all sales manually, on paper. It was explained that the sales record at the till is used to reconcile the money, but does not reconcile on all occasions, with staff sometimes forgetting to record each transaction. The Auditor was surprised that the shop did not have a TR34 book for recording the income and confirming sales codes. It was noted that the only record following banking is a receipt, which is kept in the safe in the store. It is noted that out of the 5 income samples the Auditor asked to see the receipts for, receipts were missing for 4 of them.
- 5.5 It was found that fire tests were not being carried out in a timely manner on all occasions, with tests on fire exits and fire extinguishers not being carried out since 29/10/25, where they are expected to be carried out weekly
- 5.6 A Safeguarding poster was not seen displayed in the shop. The Auditor arranged for a copy to be provided. It is noted that while the lack of email addresses for staff makes it difficult to access the Safeguarding Policy, it has been found that commendable efforts have been made to familiarise staff with the contents.

6. Actions

The relevant officers are committed to implementing the following actions to mitigate the risks highlighted:

- **Compile a supervision and appraisal rota, ensuring that all staff receive supervision every 3 months, and an annual appraisal.**
- **Ensure that the shop has an up-to-date record of all its belongings, arranging an annual review, or when buying/disposing of items.**
- **Establish effective arrangements and a specific timetable for reconciliation and processing of income, ensuring the use of TR34 forms as to enable an adequate audit trail.**
- **Ensure that fire tests are carried out in a timely manner, and appropriate records are maintained.**
- **Display a Safeguarding poster in a prominent location.**

CANOLFAN Y GWYSTL

1. Background

- 1.1 The Learning Disability Service has several community hubs across Gwynedd, among them, Canolfan Y Gwystl. The centre is the main hub for the Dwyfor area and offers new opportunities for users including a takeaway meal service, Popty Prysor kitchen, and a hairdressing salon.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the proper management and maintenance of the learning disability centres and in accordance with relevant regulations and standards. The audit encompassed visiting a sample of centres and ensuring that arrangements were adequate in terms of administration and staffing, budgetary management, procurement of goods and receipt of income, health and safety, and performance monitoring as well as ensuring that the service users and their belongings were protected.

3. Audit Assurance Level

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

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

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The centre was visited on Tuesday, 11th of November 2025 in the presence of the Learning Disability Support Service Leader and Deputy Leader. The staff were welcoming and willing to help, with all the required documents ready and waiting for the Auditor. Users seem to enjoy themselves and communicate easily and cheerfully with staff, while participating in activities in a clean and safe environment.

- 5.2 Although visitors to the centre were signing in and out appropriately, it was found that there were insufficient fire records for the staff members on site. There is a document next to the Visitor Book where staff can mark their attendance, however, very few staff use it, and there is no place to record arrival and departure times
- 5.3 Staff do not receive an annual appraisal or supervision every 3 months on all occasions. Of the 4 members of staff selected for the verification of their records, 1 was found to have no record of supervision at all, with the remaining 3 having been last supervised in 2020 and 2019. The Learning Disability Delivery and Developmental Manager confirmed that lack of appraisals is a weakness across the service, and that they are looking at ways to do this effectively.
- 5.4 It was confirmed that timesheets are only prepared for casual staff at the centre. It was explained that the hours worked were recorded on an 'attendance sheet', which was then used to create a timesheet to be submitted to the Payroll Service. While the Vice Leader prepares the leaflets, staff members check and sign them. It was decided to verify each staff member's timesheets for September 2025, comparing the claimed hours against the 'attendance sheet'. For the period, 4 members of staff had submitted timesheets. Of the 4, the hours for 2 could be agreed. Discrepancies were found for the remaining 2, where entire shifts were recorded on the 'attendance sheet' without being recorded at all on the timesheets.
- 5.5 It was seen that an Asset Register was not maintained. It was suggested that it would be beneficial to have an up-to-date register for insurance purposes.
- 5.6 A sample of 10 staff members were selected to review their training records. Of the 10, none had current fire training, with 7 without current Movement and Handling training either. First Aid training for 4 staff members had come to an end, with only 6 having completed the mandatory Safeguarding e-learning module. It is noted that staff training is only recorded on the Gwynedd Job System.
- 5.7 It was clarified that the Support Workers did not have a Council email address, and therefore did not have access to the Policy Centre. The records of the Gwynedd Job System confirmed this, as none of the 10 members of staff in the sample had read the Safeguarding Policy. It is noted, however, that the Leader is also among the sample, who has an email address. It was confirmed that every effort is being made to enable access for all staff.
- 5.8 A sample of 5 users was selected for checking their individual risk assessments. It was found that there were several assessments for each user. While some of the assessments have been reviewed in the past year, some have also been found to have not been reviewed since 2017. The Leader suggested that these had been reviewed but had not been signed. It was noted that the centre's generic risk assessments are all up to date.

6. Actions

The relevant officers are committed to implementing the following actions to mitigate the risks highlighted:

- Ensure that members of staff sign in and out of the centre, noting arrival and departure times.
- Compile a supervision and appraisal rota, ensuring that all staff receive supervision every 3 months, and an annual appraisal.
- Investigate discrepancies in the hours paid to two members of staff, ensuring that any hours due are paid promptly.
- Ensure accuracy in the preparation of timesheets, encouraging staff to check that the hours are correct before signing.
- Ensure that the centre has an up-to-date record of all its property, arranging an annual review, or when buying/disposing of items.
- Consider creating a training spreadsheet to enable better monitoring, ensuring timely renewal of any training after it has ended First Aid, Fire, and Moving and Handling.
- Remind staff to complete the Council's mandatory e-learning modules, continuing to strive for access for all to the Policy Centre.
- Ensure that users individual risk assessments receive regular reviews, at least once a year.

YGC SUCCESSION PLANNING

1. Background

- 1.1 Ymgynghoriaeth Gwynedd Consultancy (YGC) is a commercial entity within the Highways, Engineering and YGC department of Cyngor Gwynedd, carrying out civil engineering and construction work.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that YGC has appropriate workforce planning arrangements, to meet client requirements for the future. To achieve this, the audit encompassed reviewing succession arrangements for key roles, and the steps the department is taking to develop staff so they can step up when opportunities arise.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 It's good practice for every department to plan its workforce for the future, identifying key roles and putting arrangements in place to try to ensure succession. The 'Human Resources Intranet' raises awareness of the need for workforce planning, explains why it is important, and provides support on how to do it.
- 5.2 YGC operates in a specialist, multidisciplinary industry, and Senior Officers are expected to hold relevant professional qualifications such as RICS, IEng, CEnv and CEng. This is essential to attract work and generate income for the Council. The department has already recognised the risk of current workforce members approaching retirement age, and the need to maintain a skilled and qualified workforce to meet future business needs.

- 5.3 To this end, YGC has prepared a new Business Plan committing to invest in the professional development of its staff and to plan strategic succession. To support this, a Workforce Planning Strategy is being drafted. Workforce planning and succession issues have been discussed informally, but the aim is to formalise these arrangements within the new strategy. A meeting is planned for January 2026 to assess YGC's short, medium and long-term business needs — the first of such meetings intended to be held twice a year. These meetings will aim to ensure that workforce planning aligns with YGC's Business Plan and strategic goals.
- 5.4 As the work is in progress, the audit will be revisited in 2026–27 to ensure that the strategy is operational and bearing fruit.

6. Actions

The Assistant Head has committed to implementing the following to mitigate the risks highlighted.

- **That YGC's Workforce Planning Strategy is formally approved and that plans aligned with the strategy are put into action.**

BUSINESS CONTINUITY PLAN

1. Background

- 1.1 A Service Continuity Plan is a proactive planning process that seeks to ensure that critical services continue to be delivered during a crisis. They detail plans and actions that ensure users are not left without services they depend on in cases where there is a significant unexpected disruption or a complete failure to deliver the service.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that department had appropriate arrangements in place to continue providing services during a period of crisis. To achieve this, the audit included reviewing business continuity arrangements, including response arrangements, management, lessons learned, risk logs, training and monitoring.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 It was observed that work had been carried out on the development and improvement of Service Continuity Plans for the Highways, Engineering and YGC department in accordance with the requirements of the new template of the Business Continuity Management Framework of the Regional Emergency Planning Service of North Wales Councils. The department is in a much better position than it was a few months ago, and was one of the first departments within the Council to collaborate with a leader from the Regional Emergency Planning Service of North Wales Councils (GCAR-CGC) to draft the document and mitigate the risks that an emergency would pose.

- 5.2 It was asked where the plan is kept, and the Head confirmed that a hard copy will be available in the Office of the Head's Secretary in Penrallt, Caernarfon. An electronic copy will also be available on the department's iGwynedd site, where all key staff of the department have access to it.
- 5.3 The department has a risk register that considers the main risks that could affect day-to-day operations, and it was found that these risks have been included in the Continuity Plan. Some of the main risks identified in the risk register are floods, severe weather, climate change, and security and IT risks. A clear link was observed between the continuity plan and the risk register, with service priorities listed, as well as solutions and business continuity action steps for various events, e.g., loss of staff, loss of IT systems, loss of utilities, loss of access to property and workplaces, and loss of key suppliers.
- 5.4 It was observed that the department had designated staff in senior or leadership positions to implement the plan and ensure timely compliance in the event of an emergency. Part 8 of the plan includes a list of these staff with their contact details and responsibilities. The Head explained that no exercises on the plan have taken place so far, but if an update or issue arises, 'toolbox talk' sessions are held with the workplace. There were no formal records of any lessons learned or post-incident reports available. Scenario exercises and training to test the Plan is something the department wants to consider. The Head is Chair of a weather Group for North Wales, and there is also an emergency Group among Council department heads that has been meeting quarterly since the pandemic.
- 5.5 The Council works with neighbouring councils to assist in an emergency. The Council can also ask other local authorities for help when needed, and a list of providers is included in the Continuity Plan. Although Cyngor Gwynedd has not requested assistance so far, it has been successful in providing support to other authorities, e.g., Flintshire recently in a case of fire.

6. Actions

The Highways, Engineering and YGC has committed to implementing the following steps to mitigate the risks highlighted.

- **Provide training on the Plan and scenario exercises to test its effectiveness, and the department's ability to continue operating during a crisis.**
- **Follow the correct procedure for recording any lessons learned and create reports following events.**

FALLING TREES

1. Background

- 1.1 Gwynedd Council owns and manages several areas where trees and shrubs grow. Many of these areas offer some degree of public access, and therefore the Council has a duty of care to ensure, as far as is reasonably practicable, that all trees on their land are maintained in an acceptable condition and do not pose an unreasonable danger to persons or property.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements are in place to ensure that the Council complied with statutory duties under the Highways Act 1980, and the Tree Preservation Orders regulations. To accomplish this, the audit encompassed reviewing the tree management policy, the frequency of inspections, risk grading methods, operations along with insurance arrangements. As the Department of Highways, Engineering and YGC are responsible for the majority of the Council's tree stock and serve as the main service for operational tree matters, the audit has focused mainly on their arrangements. Nevertheless, the findings are relevant across the entire Council.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 The Council recognises that the management of falling trees poses corporate risks to the Council, and as a result has been included on the corporate risk register. Not only are there obvious environmental risks, but economic and health and safety risks from trees or branches falling on individuals, buildings, roads and vehicles.
- 5.2 At present, several small teams are responsible for different trees across areas of Gwynedd, with a dedicated Ash Dieback team set up in response to any ash dieback disease. Engineers from the Arfon, Dwyfor and Meirionnydd areas were questioned about their arrangements for conducting inspections of the trees, and it was discovered that only reactive work is currently being undertaken, where they will cut down trees as required. Annual proactive audits are not carried out by Highways teams, and they do not use a system to record their work.
- 5.3 A member of the Internal Audit Service brought a dangerous branch to the attention of the department via the Council's website. The branch had split above a public driveway and was about to fall. An officer came to inspect the branch within the hour, and the branch was safely cut within three weeks. The engineers will often use contractors and contact the ash dieback team to enquire if they have the capacity to carry out work from them.
- 5.4 A sample of trees assessed to be high risk (excluding ash trees were subject to specific internal audit) was selected across the three areas. As no records were available from the Highway teams, the Ash Team was questioned, and the sample was selected from their system, Ezytree, which also includes general trees. From the sample selected, and the records reviewed, it was found that 8 of the 15 trees had been inspected by the ash dieback team in the last two years. Some of the trees in the sample are located on or around Bontnewydd school, Glan y Môr school, Parc y Dre Caernarfon, Harlech park, some near parts of the A499, A497 and A493. The majority of the trees assessed as high risk were found to remain standing without further operation despite a recommendation to cut them down. The hope is that trees will be inspected at least every two years, and fragile trees annual until they have been pruned, but the lack of resources creates a risk of not being able to achieve this. Despite the relatively low probability of a tree or branch falling and causing injury or death, it is difficult to prove whether the current inspection is sufficient.
- 5.5 The Ash Dieback Senior Officer was questioned about the above sample and confirmed that the trees remain on the system and have not been cut. Their practice is to check the inspection data annually to gather ash tree information, and if they find trees that are not ash trees, they send a report to the responsible department for action. He confirmed that they are continuing to go through the data for the current year and the tree lists will go out as soon as possible to the appropriate teams. The Assistant Head of Department expressed that there is a need to have one Corporate tree team across the Council, but that this is quite a long way off at the moment.

- 5.6 Due to a lack of resources, the teams prioritise based on the likelihood and impact of an incident, and therefore inspect trees that are on, or close to, main roads, schools, cemeteries, and other public open spaces. As a result, several quieter roads and lands are still awaiting planned inspections, with the need to revisit high-risk sites to determine whether tree condition degradation is priority.
- 5.7 The shortage of resources is known to the Council, but several bids for additional funding to employ foresters have been unsuccessful. A successful application would have meant being able to sustain more of the work program and cutting trees.
- 5.8 A Tree Risk Management Policy is being developed at the time of the audit. However, the challenging resource situation means there is a risk that the trees will not be inspected and treated as frequently as indicated in the planned schedule.
- 5.9 A Corporate Tree Group has been established to develop a strategy that sets a long-term vision for the Council's trees and woodlands. The strategy will establish principles to protect, maintain, manage risk, and expand trees across several work streams. The strategy will include policies and plans that align with these principles.

6. Actions

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

- **Publish the Tree Risk Management Policy as final.**
- **Ensure that further discussions within the Corporate Tree Group are held in order to establish a single Corporate team across the Council to manage trees.**
- **Submit a bid for more resources.**
- **Cutting the trees that have been identified as high-risk in areas of high priority, within the resource limitations of the Service.**

HOMELESSNESS PREVENTION GRANT 2024-25

1. Background

- 1.1 The Welsh Government allocated a £895k grant to Gwynedd during 2024/25 as part of a homelessness prevention campaign, divided into the 'No one left out' element (£663k) to fund support such as temporary accommodation and support that cannot be funded through the Housing Support Grant, £172k for discretionary homelessness prevention support to be used in a flexible way with the overall aim of preventing homelessness and supporting measures that reduce dependence on temporary accommodation, and £60k to fund a Strategic Coordinator position.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure the appropriateness of the audit certificate for 2024/25 by verifying the claimed costs, as well as ensuring that the Service complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 In accordance with the requirements of the grant offer letter, an audit certificate for 2024/25 is required to be completed by 30 September 2025. The audit certificate confirms, among other things, the total grant allocated to the Authority, the expenditure, and the grant claimed during the year. However, no grant claims were submitted during the year and therefore the payments have not been paid to the Authority. It was decided not to sign the audit certificate until the grant has been received. This issue was also raised during the 2023/24 internal audit of the grant.

- 5.2 The grant offer letter states that the funding must be claimed on a quarterly basis in accordance with the Welsh Government's timetable, and they reserve the right to withdraw the grant offer if the Council does not claim promptly. A claim for the whole year was submitted after the end of the financial year, but no progress report was submitted, which is one of the required supporting documents the Welsh Government requires before releasing the money. The Service is in the process of preparing the report.
- 5.3 The Homelessness Prevention Grant has now ended, and from 2025/26 onwards, the Welsh Government has transferred the equivalent funding into the core financial settlement.

6. Actions

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

- **Submit a progress report to the Welsh Government and the Council's Head of Finance to be able to claim the Homelessness Prevention Grant.**

HOUSING SUPPORT GRANT

1. Background

- 1.1 The Housing Support Grant is an early intervention grant programme, which helps prevent people from becoming homeless, stabilise their situation in terms of housing, or help individuals that could become homeless to find a home and retain it. It supports vulnerable people to address problems such as debts, employment, tenancy management, substance misuse, violence against women, domestic and sexual abuse, and mental health issues. Up to £7.4m was allocated to Gwynedd by the Welsh Government during 2024/25-

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to certify the Housing Support Grant's audit certificate for the 2024/25 financial year, by reviewing the costs claimed, as well as ensuring that the Service had complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

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

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

5. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 In accordance with the requirements of the grant offer letter, an audit certificate is required to be completed by 30 September 2025. The audit certificate confirms, among other things, the total grant allocated to the Authority, the expenditure, and the grant claimed during the year. The certificate also requires the Internal Auditor to confirm that the expenditure is appropriate and contributes towards achieving the objectives of the grant, in line with the requirements of the offer letter.

5.2 Although the audit certificate wasn't completed within the timetable, based on the tests carried out it was found that there is an audit trail to the figures and assurance can be given on the appropriateness of the Housing Support Grant audit certificate for the 2024/25 financial year. All the money has been claimed and received during the year.

6. Actions

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

- **Ensure that the 2025/26 audit certificate is submitted to the Welsh Government in accordance with the timetable.**

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	3 FEBRUARY 2026
TITLE	INTERNAL AUDIT PLAN 2025/26
PURPOSE OF REPORT	TO GIVE THE COMMITTEE AN UPDATE ON PROGRESS AGAINST THE 2025/26 AUDIT PLAN
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	FOR INFORMATION

1. INTRODUCTION

- 1.1 This report is a progress report on completion of the 2025/26 Internal Audit Plan.

2. SUMMARY OF PROGRESS AGAINST THE PLAN

- 2.1 The 2025/26 Internal Audit Plan is included in Appendix 1, with the status of the work as at 25 January 2026. The status of the work in the operational plan at that date was as follows:

Audit Status	Number
Planned	7
Field Work Started	13
Awaiting Review	1
Draft Report Issued	2
Closed	0
Final Report Issued	27
Total	50
Cancelled	6

- 2.2 The service aims to have 95% of the audits in the plan to be either closed or with the final report released by 31 March 2026. The quarterly profile of this indicator is as follows:

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

- 2.3 As seen from the table above, Internal Audit's actual achievement up to 2 January 2026 was **54%** - out of **50** individual audits contained in the amended 2025/26 plan, **27** had been released in a finalised version/completed or closed.

3. AMENDMENTS TO THE PLAN

- 3.1 Initially, an estimated 580 days of audit resources was available to complete the 2025/26 Audit Plan. This was based on the staff resources available, including reasonable allowances for 'non-productive' activities, such as annual leave, sickness, training, management, and meetings.
- 3.2 In accordance with best practice and the Global Internal Audit Standards, the Internal Audit Plan is subject to continuous review to ensure that it remain current and reflect changes in the business environment. To this end, the Audit Plan needs to be flexible, and the plan is reviewed and updated on a regular basis.
- 3.3 To reflect the above in the Audit Plan, it was decided to modify or cancel/delay the following audits:

Audits	Days	Amendment/Cancelled
Cegin Arfon	+6	Additional
Siop Galwch Acw	+9	Additional
Canolfan y Gwystl	+10	Additional
Follow-up - Breakfast Clubs	+3	Additional
Follow-up - Category Management - Environment	+3	Additional
Follow-up – Street Cleaning Overtime	+3	Additional
Total	+34	
Learning Disability Centres	-25	Cancelled
General Follow-up	-9	Adjustment
Total	-34	

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

4. RECOMMENDATION

- 4.1 The Committee is asked to note the contents of this report as an update on progress against the 2025/26 audit plan, offer comments thereon and accept the report.

Department	Audit	Audit Status	Assurance Level
Education	Education Outside Schools	Program and Briefing Note Agreed	
	Additional Learning Needs	Planned	
	School Transportation Follow Up	Field Work Started	
	Breakfast Clubs Follow Up	Program and Briefing Note Agreed	
	Post-16 Provision in Schools Grant	Final Report	High
	Schools - General	Planned	
Environment	Commercial Waste Collection	Final Report	Limited
	School Transportation Follow Up	Awaiting Review	
	Arrangements for the Distribution of Bins Follow Up	Final Report	Limited
	Animal Health	Final Report	Satisfactory
	Building Regulations	Field Work Started	
Corporate Services	Mandatory Training	Draft Report	
	Fire Arrangements	Field Work Started	
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	Field Work Started	
	Freedom of Information Follow Up	Final Report	Satisfactory
	General Follow Up	Planned	
	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	Field Work Started	
	Posts Without Budgets	Cancelled	
	Information Management - Establishments	Draft Report	
	Field Workers Awareness of Safeguarding Policy	Field Work Started	
Finance	IT Audits	Planned	
	Harbour Statement of Accounts 2024/2025	Final Report	High
	Income - Recovery Arrangements	Final Report	Limited
	Precepts	Final Report	High

Department	Audit	Audit Status	Assurance Level
	Treasury Management	Planned	
Economy and Community	Lloyd George Museum	Final Report	High
	Welsh Church Fund	Final Report	High
	Beach Plan	Cancelled	
	Hafan	Cancelled	
Adults, Health and Wellbeing	Plas Hedd Care Home	Final Report	Limited
	Plas Y Don Care Home	Final Report	Limited
	Tan Y Marian Care Home	Final Report	Limited
	Y Frondeg Home	Final Report	Satisfactory
	Care Home Follow Up	Cancelled	
	Follow-up Plas Pengwaith	Final Report	Limited
	Follow-up Llys Cadfan	Final Report	Satisfactory
	Follow-up Plas Hafan	Final Report	Satisfactory
	DOLS/LPS	Field Work Started	
	Direct Payments	Final Report	Satisfactory
	Day Centres - Banking Arrangements	Cancelled	
	Learining Disability Centres	Cancelled	
	Cegin Arfon	Final Report	Limited
	Siop Galwch Acw	Final Report	Limited
	Canolfan Y Gwystl	Final Report	Limited
Children and Supporting Families	Out of County Placements	Program and Briefing Note Agreed	
Highways, Engineering and YGC	Falling Trees	Final Report	Limited
	YGC Succession Planning	Final Report	Satisfactory
	Business Continuity Planning	Final Report	Satisfactory
	Bangor Crematorium	Field Work Started	
	Fleet Management	Field Work Started	
	Ash Dieback	Final Report	Limited

Department	Audit	Audit Status	Assurance Level
	Category Management - Environment Follow Up	Program and Briefing Note Agreed	
	Street Cleaning Overtime Follow Up	Planned	
Housing and Property	Emergency Accommodation Costs	Planned	
	Homelessness Prevention Grant 2024/25	Final Report	Limited
	Housing Support Grant	Final Report	Satisfactory

COMMITTEE	GOVERNANCE AND COMMITTEE
DATE	3 FEBRUARY 2026
TITLE	INTERNAL AUDIT CHARTER
PURPOSE	TO PRESENT THE INTERNAL AUDIT MANDATE AND CHARTER TO THE COMMITTEE
AUTHOR	LUNED FÔN JONES, AUDIT MANAGER
ACTION	TO APPROVE THE CHARTER

1. INTRODUCTION

- 1.1 The Relevant Internal Audit Standard Setters (RIASS) have determined that the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA) are a suitable basis for the practice of internal auditing in the UK public sector, subject to further requirements as set out in the Application Note – Global Internal Audit Standards in the UK Public Sector.
- 1.2 The Application Note provides UK public sector-specific context, interpretation of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.
- 1.3 CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. It is aimed at those responsible for ensuring effective governance arrangements for internal audit. In Cyngor Gwynedd, that responsibility is that of the Governance and Audit Committee.
- 1.4 The Code states “the chief audit executive”¹ has a responsibility to prepare a charter that conforms with GIAS in the UK public sector. The audit committee² should be satisfied that it covers the governance arrangements for internal audit. It must include the mandate derived from the regulations³, plus any additional agreed mandate, and include internal audit’s reporting line to the committee.
- 1.5 The internal audit mandate provide details on the internal audit’s function’s authority, role and responsibilities.

¹ Audit Manager

² Governance and Audit Committee

³ The Accounts and Audit Regulations (Wales) 2014

- 1.6 The internal audit charter is a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of services and other specifications.
- 1.7 The Charter sets out the arrangements the internal audit function needs to achieve its purpose. Internal audit's role include:
- supporting the delivery of the authority's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls
 - championing good practice in governance through assurance, advice and contributing to the authority's annual governance review
 - advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
 - access to the authority's interests in collaborative and arm's-length arrangement
- 1.8 The Global Internal Audit Standards stipulate several key elements that should be included in an internal audit charter. These elements ensure that the internal audit function is clearly defined and operates effectively within an organisation. The main components are:

Mandate: which clearly states the purpose and mission of the internal audit function.

Definitions: definition of the terms 'board' and 'senior management', for the purposes of the internal audit function.

Organisational Position: defines internal audit's position within the organisation, ensuring it has sufficient authority and independence which includes unrestricted access to senior management and the board.

Reporting Relationships: specify to whom the internal audit function reports, and the Chief Audit Executive's functional reporting relationship with the board.

Scope of Work: Outline the range of activities and services provided by the internal audit function, including assurance and consulting services .

Types of Services: Detail the specific types of audits and reviews the internal audit function will perform.

Authority: Grant the internal audit function access to all necessary records, personnel, and physical properties to perform its duties effectively.

Professional Standards: Commit to adhering to the IIA's standards and code of ethics.

Quality Assurance and Improvement: Include provisions for ongoing quality assurance and improvement programs to maintain high standards of performance.

2. RECOMMENDATION

- 2.1 The Governance and Audit Committee is asked to receive and approve the contents of the Internal Audit Mandate and Charter, to approve it, and support Internal Audit in its undertakings.



INTERNAL AUDIT CHARTER

Mission Statement

To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee. Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the Governance and Audit Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

INTERNAL AUDIT CHARTER

1. PURPOSE

1.1 The work of Internal Audit strengthens the Council's ability to create, protect and sustain value by providing the Governance and Audit Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

1.2 Internal Audit assists Cyngor Gwynedd to enhance:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

1.3 The Internal Audit Service is most effective when:

- It is performed by competent professionals in accordance with the Global Internal Audit Standards and the additional requirements as set out in the Application Note of the Standards in the UK Public Sector, and the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) produced by CIPFA.
- The internal audit function is independently positioned with direct accountability to the Governance and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Role and Responsibilities within the Public Sector

1.4 The Internal Audit function within the public sector will focus on:

- Ensuring compliance with laws and/or regulations.
- Identifying opportunities to improve the efficiency, effectiveness and economy of processes and programs.
- Determining whether public resources are adequately safeguarded and used appropriately to provide services in an equitable manner.
- Assessing whether performance aligns with its strategic objectives and goals.

2. INTERNAL AUDIT MANDATE

- 2.1 The Internal Audit Mandate refers to the internal audit function's authority, role and responsibilities, granted by the Governance and Audit Committee and applicable legislation.

Authority

- 2.2 There is a statutory requirement for an Internal Audit service in Local Authorities. This is implied in Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".
- 2.3 The Accounts and Audit Regulations (Wales) 2014 state:
- (1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.
 - (2) Any officer or member of that body must, if the body requires—
 - (a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and
 - (b) supply the body with such information and explanation as that body considers necessary for that purpose.
 - (3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.
 - (4) The finding of the review referred to in paragraph (3) must be considered as part of the consideration of the system of internal control referred to in regulation 5(3), by the committee or body referred to in that paragraph.
- 2.4 Furthermore, the Local Government (Wales) Measure 2011, as amended by the Local Government and Elections (Wales) Act 2021 requires the appointment of a Governance and Audit Committee to oversee the authority's internal and external audit arrangements.
- 2.5 The internal audit function's authority is in the Council's Constitution and the Internal Audit Charter. The Internal Audit Function has authority to:
- Have full and unrestricted access to all functions, data, records, information, physical property and personnel pertinent to carrying out internal audit responsibilities. Internal Auditors are accountable for confidentiality and safeguarding records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communication to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

2.6 The Council's Financial Procedure Rules include provision for an Internal Audit service within the authority:

16.12	INTERNAL AUDIT
PURPOSE:	
The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972. Accordingly, internal audit is an independent and objective appraisal function established by the authority for reviewing the system of internal control.	
16.12.1	A continuous internal audit, under the independent control and direction of the Head of Finance, shall be arranged to carry out an examination of accounting, financial and other operations of the Council in accordance with the Accounts and Audit Regulations.
16.12.2	The Internal Audit function shall be conducted, as far as is practicable, in accordance with the Global Internal Audit Standards. The Audit Manager is the designated "Chief Audit Executive" pursuant to the Standards.
16.12.3	An Internal Audit Charter shall be prepared which will be approved and reviewed by the Governance and Audit Committee.
16.12.4	The Audit Manager will usually report directly to the Head of Finance. However, he/she may also report to or turn to the Chief Executive, the relevant Corporate Director, the Monitoring Officer and the Chairman of the Governance and Audit Committee if, in specific circumstances he/she considers it necessary.
16.12.5	<p>The Head of Finance and the Audit Manager, or their authorised representative shall have authority to :-</p> <ul style="list-style-type: none"> (a) enter at all reasonable times on any Council premises, land or contract sites; (b) have access to all records, documents and correspondence relating to any financial and other transaction of the Council; (c) require and receive such explanations as are in his/her opinion necessary concerning any matter under examination; (d) require any employee of the Council to produce cash, stores or any other Council property under his control.

16.12.6	The Head of Finance shall agree the medium-term and annual audit plans prepared by the Audit Manager which takes account of the characteristics and relative risks of the activities involved. The plans shall be approved by the Governance and Audit Committee.
16.12.7	All relevant managers shall consider and respond promptly to audit reports findings. Chief Officers shall ensure that any agreed actions to mitigate risks identified during the audit are carried out in a timely and efficient fashion in accordance with the agreed action plan.
16.12.8	<p>The Audit Manager shall report regularly to the Governance and Audit Committee:</p> <ul style="list-style-type: none"> (a) On the results of Internal Audit work in the preceding period. (b) On any substantial control weaknesses discovered or audited. (c) On any agreed actions that were not implemented within the agreed timetable, where a failure to act on those action would prolong a substantial control weakness. (d) Progress on completion of the Internal Audit Plan for the current year.

Independence, Position and Reporting Relationships

- 2.7 The Standards contain terminology that need to be defined clearly within the local Charter, namely the “Board”, the “Chief Audit Executive” and “Senior Management”.

“Board

The Standards define the Board as ***“the highest-level body charged with governance”***.

In accordance with the Council’s Scheme of Delegation, consideration of and responding to reports by the Internal Audit Service is a function that has been delegated to the Governance and Audit Committee.

For the purpose of this Internal Audit Charter, therefore, the Governance and Audit Committee undertakes the role “Board” within Cyngor Gwynedd in order to fulfil the requirements of the Standards.

“Chief Audit Executive”

The Audit Manager is the “Chief Audit Executive” in accordance with the terminology in the Standards.

“Senior Management”

“Senior Management” is defined as ***“the highest level of executive management of an organization that is ultimately accountable to the board for executing the organization’s strategic decisions, typically a group of persons that include the chief executive officer or head of the organization”.***

- 2.8 The Audit Manager will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
- 2.9 In Cyngor Gwynedd, the Head of Finance is the officer who has the responsibility for "the proper administration of the Council's financial affairs" in accordance with section 151 of the Local Government Act 1972. Consequently, Internal Audit is located within Finance.
- 2.10 In the context of communicating the results of internal audit work and discussing the work plan, the Audit Manager is accountable to the Head of Finance, but has the freedom to report directly to the Chief Executive, the relevant Corporate Director, the Monitoring Officer or the Governance and Audit Committee if he/she is of the opinion that this is necessary, and in practical terms it is the Audit Manager who releases all reports to Internal Audit’s customers.
- 2.11 The Audit Manager will confirm to the Governance and Audit Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Audit Manager will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.
- 2.12 The Audit Manager will disclose to the Governance and Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfil its mandate.
- 2.13 In line with CIPFA’s Code of Practice for the Governance of Internal Audit in UK Local Government (2025) on behalf of those charged with governance, senior management have established and made arrangements to safeguard internal audit’s independence. These arrangements include:

- Ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference to its scope, performance of engagements or communication of results.
- Ensuring that the Audit Manager reports in their own right to the Governance and Audit Committee on the work of internal audit.
- Providing opportunities for the Audit Manager to meet with Governance and Audit Committee without senior management present. At least one such meeting must be held each year.
- Where there are actual or potential impairments to the independence of internal audit, senior management will work with the Audit Manager to remove or minimise them or ensure safeguards are operating effectively.
- Recognise that if the Audit Manager has additional roles and responsibilities beyond internal auditing or if new roles are proposed, that could impact on the independence and performance of internal audit, the impact will be discussed with the Audit Manager and the views of Governance and Audit Committee sought.
- Where needed, appropriate safeguards must be put in place by senior management to protect the independence of internal audit and support conformance with professional standards.

2.14 In local government, matters around the appointment, removal, remuneration and performance evaluation of the Audit Manager will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit. The Governance and Audit Committee should provide feedback on the proposed job description and the performance evaluation of the Audit Manager should include feedback from the chair of the Governance and Audit Committee.

2.15 The Governance and Audit Committee must support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the Audit Manager. The Audit Manager must have the right of access to the chair of the Governance and Audit Committee at any time. The Governance and Audit Committee can escalate its concerns about internal audit independence to those charged with governance.

Changes to the Internal Audit Mandate and Charter

2.16 Circumstances may justify a follow-up discussion between the Audit Manager, Governance and Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the Audit Manager, Governance and Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

3. Governance and Audit Committee Oversight

3.1 The Governance and Audit Committee's Terms of Reference states its responsibility to *"provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to the Council that those arrangements are effective"*.

3.2 To establish, maintain, and ensure that the Council's Internal Audit function has sufficient authority to fulfil its duties, the Governance and Audit Committee will:

- Discuss with the Audit Manager and senior management, as appropriate, the authority, role, responsibilities, scope and services (assurance and/or advisory) of the Internal Audit function.
- Ensure the Audit Manager has unrestricted access to and communicates, and interacts with the Governance and Audit Committee, including in private meeting without senior management present.
- Discuss with the Audit Manager and senior management other topics that should be included in the Internal Audit Charter.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with the Audit Manager to consider changes affecting the organisation, such as the employment of a new chief audit executive (audit manager) or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter.
- Approve the risk-based internal audit plan.

- Consider the adequacy of internal audit's resources.
- Collaborate with senior management on the qualifications and competencies expected of the audit Manager to ensure conformance with the Global internal Audit Standards, the Application Note of the Standards in the UK Public Sector, and CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government.
- Provide input to senior management on the performance evaluation of the Audit Manager.
- Receive communications from the Audit Manager about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and reviewed annually.
- Make appropriate inquiries of senior management and the Audit Manager to determine whether scope or resource limitations are inappropriate.
- Discuss with the Audit Manager and senior management the "essential conditions" described in the Global Internal Audit Standards.

4. Audit Manager Responsibilities

Ethics and Professionalism

4.1 The Audit Manager will ensure that internal auditors:

- Conform with the Global Standards, Application Note and Code of Practice including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality. (See Appendix A).
- Conform with the Seven Principles of Public Life (the Nolan Principles), (selflessness, integrity, objectivity, accountability, honesty and leadership).
- Every internal auditor shall be required to sign a Declaration of Auditor Independence annually which incorporates the duty to adhere to the Seven Principles of Public Life.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

4.2 The Audit Manager will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

- 4.3 If the Audit Manager determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- 4.4 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.
- 4.5 Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:
- Assessing specific operations for which they had responsibility within the previous year.
 - Performing operational duties for the Council or its affiliates.
 - Initiating or approving transactions external to the internal audit function.
 - Directing the activities of any Council employee that is not employed by the internal audit function, except where such employees have been appropriately assigned to internal audit teams or to assist internal auditors.
- 4.6 Internal auditors will:
- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, to the Audit Manager, Governance and Audit Committee, management or others.
 - Exhibit professional objectivity in gathering, evaluating, and communicating information.
 - Make balanced assessments of all available and relevant facts and circumstances.
 - Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

4.7 The Audit Manager has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Governance and Audit Committee and senior management. Discuss the plan with the Governance and Audit Committee and senior management and submit the plan to the Governance and Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Governance and Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Governance and Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Governance and Audit Committee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the Governance and Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Governance and Audit Committee and senior management.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Audit Manager cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Governance and Audit Committee.

4.8 In order to facilitate the work of the Governance and Audit Committee, the Auditor Manager will:

- Attend committee meeting and contribute to the agenda
- Participate in the committee's review of its own remit and effectiveness
- Seek to ensure that the committee receives and understands documents that describe how internal audit will fulfil its objectives (e.g. the risk-based plan, annual work programmes, progress reports)

Communication

4.9 The Audit Manager will report regularly (at agreed intervals) to the Governance and Audit Committee and senior management regarding:

- The internal audit function's mandate and Internal Audit Charter.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Governance and Audit Committee that could interfere with the achievement of the Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite
- Annual assurance conclusion for use by the Governance and Audit Committee in the annual report to Full Council.

- 4.10 A formal report will be written for most audit assignments, except for some small audits where significant weaknesses were not discovered and where a full audit report was not deemed necessary. In these cases, memoranda will be sent to the relevant officers.
- 4.11 Where appropriate, each report will be placed in one of four assurance levels based on an evaluation of the internal control environment and the number of risks identified together with their risk score.

The current risk score will be categorised in one of four risk categories:

RISK LEVEL	SCORE
VERY HIGH	20 – 25
HIGH	12 – 16
MODERATE	6 - 10
LOW	1 - 5

- 4.12 The general assurance levels of audits are as shown in the table below:

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

The use of assurance levels is likely to be less appropriate for reports that have been prepared following a special investigation, or for work containing “consultancy” aspects.

- 4.13 Following completion of audit work, a draft report of the findings as well as any areas of risks identified is prepared for the relevant managers so that they have an opportunity to consider the findings and possible solutions to mitigate risks and correct any factual errors. A period of 2-3 weeks is given to managers to respond to the draft, but a longer period will be considered if a request for an extension is received. If a response is not received by the stipulated date, the report is assumed to be acceptable and a final report will be issued. If comments are received, these will be considered (and the draft report may or may not be modified) before the final report is issued. If there is no agreement to mitigate risk(s), that will be addressed in the final report.

- 4.14 After an appropriate period, Internal Audit will conduct follow-up testing to ensure that what was agreed is operational. The results of follow-up work will be reported to Chief Officers and the Governance and Audit Committee.

5. Quality Assurance and Improvement Programme

- 5.1 The Audit Manager will develop, implement, and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit function. The QAIP will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and Code of Practice, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.
- 5.2 The programme will also assess compliance with laws and/or regulations relevant to internal auditing such as the Relevant Internal Audit Standard Setters' (RIASS) Application Note and CIPFA's Code of Practice.
- 5.3 If applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.
- 5.4 Annually, the Audit Manager will communicate with the Governance and Audit Committee and senior management about the internal audit function's QAIP, including the results of internal self-assessments (ongoing monitoring and periodic self-assessments) and external assessments.
- 5.5 External assessments will be conducted at least once every five years by a suitably qualified, independent assessor or assessment team from outside the Council.

6. Scope and Types of Internal Audit Services

- 6.1 The scope of internal audit covers the entire breadth of the organisation, including all the Council's activities, assets and personnel.
- 6.2 The scope of internal audit activities also encompasses but is not limited to:
- Objective examinations of evidence to provide independent assurance and advice to management and the Governance and Audit committee on risk management, governance and internal controls.
 - Provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.

- Assist in ensuring the objectives of the Council are being met.
- Provide advice and support to management to enable an effective control environment to be maintained.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud and to investigate allegations of fraud, bribery, corruption and other irregularities.

6.3 Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

6.4 In addition to assurance work, the internal audit function may also:

- Provide financial advice to Council services, in particular on Financial Procedure Rules, Contract Standing Orders and Procurement, Financial Codes of Practice and the Council's Anti-fraud, Anti-corruption and Anti-bribery Strategy.
- Perform advisory services in relation to governance, risk management and controls provided that the internal audit function does not assume management responsibilities. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements.
- Assist service managers to prevent fraud and to investigate fraud on behalf of the Head of Finance, and offering advice and guidance on control improvements to avoid similar occurrences in future.

- Cyngor Gwynedd's anti-fraud, anti-bribery and anti-corruption strategy states that members and the general public are encouraged to report concerns of fraudulent or corrupt behaviour by contacting the Head of Finance or the Audit Manager.
- Provide consulting services on specific projects (if capacity allows). An audit assurance level will not be provided on such projects.

7. SUPPORT FOR INTERNAL AUDIT

7.1 In line with CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government (2025), internal audit's activities require access to and support from senior management, Governance and Audit Committee and those charged with governance. Support allows internal audit to apply their mandate and charter in practice and meet expectations.

7.2 Support means:

- Championing the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work.
- Facilitating access to senior management, Audit Committee and the authority's external auditor.
- Assisting, where possible, with access to external provider's assurance such as regulators, inspectors and consultants.
- Engaging constructively with internal audit's findings, opinions and advice.
- Building awareness and understanding of the importance of good governance, risk management and internal control for the success of the authority, and of internal audit's contributions.

7.3 Support also means putting in place conditions to enable internal audit's work:

- When senior management agree organisational structures, they must ensure that the direct reporting line of the Audit Manager is not lower than a member of the senior management team and has access to all members of the team. The Audit Manager should be a senior manager, providing them with the necessary profile to fulfil the function's mandate.
- The organisational position of the Audit Manager should be supported by direct reporting to the Governance and Audit Committee.

7.4 The audit committee can demonstrate its support for internal audit by:

- enquiring of senior management and the Audit Manager about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively.

- considering the audit plan or planning scope and formally approving or recommending approval as appropriate.
- meeting at least annually with the Audit Manager in sessions without senior management present.

8. INTERNAL AUDIT RESOURCE REQUIREMENTS

- 8.1 Internal Audit comprises of the Audit Manager and two Audit Leaders, and three Senior Auditors. If the Audit Manager is of the opinion that he/she does not have sufficient resources to allow him/her to give an opinion on the control environment in accordance with the requirements of the Standards, he/she shall report this to the Head of Finance and also to the Governance and Audit Committee.
- 8.2 The Audit Leaders are responsible for supervising and reviewing work and for allocating the audit plan as projects for individual auditors.
- 8.3 A Management Team (comprising the Audit Manager and the Audit Leaders) will meet regularly to monitor performance and share information. The Audit Manager will meet with the Head of Finance to discuss performance and agree on Internal Audit's strategic direction.
- 8.4 From time to time, to reflect audit needs, and in the context of the resources available and the Council's Financial Procedure Rules, the Internal Audit service shall acquire external expertise to assist with audit work and in order to maintain the skill levels of permanent staff. This has been particularly true for the area of computer audit work, but other types of audit are not excluded from such arrangements.

9. TRAINING

- 9.1 Members of the Internal Audit Service are actively encouraged to attend various seminars and courses to gain specialist knowledge in key areas including fraud, corruption and irregularities, IT, project management based on the PRINCE2 methodology, procurement and contracts. The training will be delivered either in-house or by attending external courses arranged by providers such as CIPFA.
- 9.2 Cyngor Gwynedd's Internal Audit Service aims to continue to develop and reinforce the mix of skills and experience within the Service. The Internal Audit Service will continue with its objective of ensuring that a minimum of two auditors (not including the Audit Manager) will be qualified with a CCAB body or the IIA, in addition to ensuring that at least one auditor will be receiving training for a Professional qualification at any one time.

- 9.3 To comply with the CIPFA and ACCA qualification, Internal Auditors holding this qualification are required to undertake a minimum hours of continued professional development each year.

ETHICS AND PROFESSIONALISM

All internal auditors are required to conform with the standards of ethics and professionalism. If internal auditors are expected to abide by other codes of ethics, behaviour, or conduct, such as those of an organization, conformance with the principles and standards of ethics and professionalism contained herein is still expected. The fact that a particular behaviour is not mentioned in these principles and standards does not preclude it from being considered unacceptable or discreditable.

While internal auditors are responsible for their own conformance, the chief audit executive is expected to support and promote conformance with the principles and standards in the Ethics and Professionalism domain by providing opportunities for training and guidance. The chief audit executive may choose to delegate certain responsibilities for managing conformance but retains accountability for the ethics and professionalism of the internal audit function.

Principle 1 Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behaviour.

Integrity is behaviour characterized by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts, even when facing pressure to do otherwise, or when doing so might create potential adverse personal or organizational consequences. In simple terms, internal auditors are expected to tell the truth and do the right thing, even when it is uncomfortable or difficult.

Integrity is the foundation of the other principles of ethics and professionalism, including objectivity, competency, due professional care, and confidentiality. The integrity of internal auditors is essential to establishing trust and earning respect.

Standard 1.1 Honesty and Professional Courage

Internal auditors must perform their work with honesty and professional courage.

Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions.

Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.

The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.

Standard 1.2 Organisational Ethical Expectations

Internal auditors must understand, respect, meet and contribute to the legitimate and ethical expectations of the organisation and must be able to recognise conduct that is contrary to those expectations.

Internal auditors must encourage and promote an ethics-based culture in the organisation. If internal auditors identify behaviour within the organisation that is inconsistent with the organisations ethical expectations, they must report the concern according to applicable policies and procedures.

Standard 1.3 Legal and Ethical Behaviour

Internal auditors must not engage in or be party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.

Internal auditors must understand and abide by the laws and/or regulations relevant to the Council, local government and the jurisdictions in which the organisation operates, including making disclosures as required.

If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.

Principle 2 Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgements, fulfil their responsibilities, and achieve the 'Purpose of Internal auditing' without compromise. An independently positioned internal audit function supports internal auditors' ability to maintain objectivity.

Standard 2.1 Individual Objectivity

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgements based on balanced assessment of all relevant circumstances.

Internal auditors must be aware of and manage biases.

Standard 2.2 Safeguarding Objectivity

Internal auditors must recognise and avoid or mitigate actual, potential and perceived impairments to objectivity.

Internal auditors must not accept any tangible or intangible item, such as a gift, reward, favour, that may impair or be presumed to impair objectivity.

Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings.

When performing internal audit services:

- Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months.
- If the internal audit function is to provide assurance services where it previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such as individual objectivity is managed. Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function.
- If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

The chief audit executive must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.

Standard 2.3 Disclosing Impairments to Objectivity

If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.

If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, board, and/or senior management and determine the appropriate action to resolve the situation.

If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concerns with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situations. (See also Standard 11.4 Errors and Omissions.)

If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board. (See also Standard 7.1 Organisational Independence.)

Principle 3 Demonstrate Competency

Internal auditors apply knowledge, skills and abilities to fulfil their roles and responsibilities successfully.

Demonstrating competency requires developing and applying the knowledge, skills and abilities to provide internal audit services. Because internal auditors provide a diverse array of services, the competencies needed by each internal auditor vary. In addition to possessing or obtaining the competencies needed to perform services, internal auditors improve the effectiveness and quality of services by pursuing professional development.

Standard 3.1 Competency

Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.

Internal auditors must engage only in those services for which they have or can attain the necessary competencies.

Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies. (See also Standards 7.2 Chief Audit Executive Qualifications and 10.2 Human Resources Management.)

Standard 3.2 Continuing Professional Development

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certification must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.

Principle 4 Exercise Due Professional Care

Internal Auditors apply due professional care in planning and performing internal audit services.

The Standards that embody exercising due professional care require:

- Conformance with the Global Internal Audit Standards.
- Consideration of the nature, circumstances, and requirements of the work to be performed.
- Application of professional scepticism to critically assess and evaluate information.

Due professional care requires planning and performing internal audit services with the diligence, judgement, and scepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible.

Standard 4.1 Conformance with the Global Internal Audit Standards

Internal Auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.

The internal audit function's methodologies must be established, documented and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results.

If the Standards are used in conjunction with the requirements issued by other authoritative bodies, internal audit communication must also cite the use of the other requirements, as appropriate.

If laws or regulations prohibit internal auditors or internal audit functions from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.

When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing non-conformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communications.

Standard 4.2 Due Professional Care

Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- The organisation's strategy and objectives.
- The interests of those for whom internal audit services are provided and the interests of other stakeholders.
- Adequacy and effectiveness of governance, risk management and control processes.
- Cost relative to potential benefits of the internal audit services to be performed.
- Extent and timeliness of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of risks to the activity under review.
- Probability of significant errors, fraud, non-compliance, and other risks that might affect objectives, operations and resources.
- Use of appropriate techniques, tools and technology.

Standard 4.3 Professional Scepticism

Internal auditors must exercise professional scepticism when planning and performing internal audit services.

To exercise professional scepticism, internal auditors must:

- Maintain an attitude that includes inquisitiveness.
- Critically assess the reliability of information.
- Be straightforward and honest when raising concerns and asking questions about inconsistent information.
- Seek additional evidence to make a judgement about information and statements that might be incomplete, inconsistent, false or misleading.

Principle 5 Maintain Confidentiality

Internal Auditors use and protect information appropriately.

Because internal auditors have unrestricted access to the data, records, and other information necessary to fulfil the internal audit mandate, they often receive information that is confidential, proprietary, and/or personally identifiable. (See also Principle 6 Authorised by the board and its standards.) This includes information in physical and digital form as well as information derived from oral communication, such as formal or informal meeting discussions. Internal auditors must respect the value and ownership of information they receive by using it only for professional purposes and protecting it from unauthorised access or disclosure, internally and externally.

Standard 5.1 Use of Information

Internal auditors must follow relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organisation's legitimate and ethical objectives.

Standard 5.2 Protection of Information

Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.

Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organisation and internal audit function.

Considerations specifically relevant to the internal audit function include:

- Custody, retention, and disposal of engagement records.
- Release of engagement records to internal and external parties.
- Handling of, access to, or copies of confidential information when it is no longer needed.

Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.

Internal auditors must manage the risk of exposing or disclosing information inadvertently.

The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.

The Application Note: Global Internal Audit Standards in the UK Public Sector provides further general context for the UK public sector. The GIAS generally and GIAS 1.2 (Organisation's Ethical Expectations) specifically describe the importance of internal auditors encouraging and promoting an ethics-based culture alongside personal adherence to the ethical expectations of their organisation. This need for ethical behaviour is especially relevant in the UK public sector where those delivering public services are both servants of the public and stewards of public resources. The government has set out Seven Principles of Public Life (also known as the 'Nolan Principles') that apply to all public servants (including contractors working in the public service).

The Seven Principles of Public Life

- **Selflessness:** Holders of public office should act solely in terms of the public interest.
- **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

- **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty:** Holders of public office should be truthful.
- **Leadership:** Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Internal auditors working in the UK public sector must apply these alongside all other relevant ethical frameworks.

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	3 FEBRUARY 2026
TITLE	INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN 2026/2027
PURPOSE	TO PRESENT THE INTERNAL AUDIT STRATEGY AND ANNUAL PLAN TO THE COMMITTEE
AUTHOR	LUNED FÔN JONES, AUDIT MANAGER
ACTION	TO APPROVE THE STRATEGY AND ANNUAL PLAN

1. INTRODUCTION

- 1.1 The proposed Internal Audit Strategy and Internal Audit Plan for 2026/27 is attached for review and consideration by the Governance and Audit Committee.

2. BACKGROUND

Internal Audit Strategy

- 2.1 Global Internal Audit Standards (GIAS), specifically Standard 9.2 “Internal Audit Strategy” stipulates that the chief audit executive¹ must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation. A new Internal Audit Strategy has been developed which aligns the key priorities, objectives and strategic risks faced by the Council into the work of the internal audit function over the next three years. This helps to provide strategic direction to the internal audit function and support the Council in its approach to delivering its key objectives and allocates internal audit resources appropriately.
- 2.2 The Standard states that the internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. The internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate.

Internal Audit Plan

- 2.3 Global Internal Audit Standards (GIAS), Standard 9.4 “Internal Audit Plan” states that the chief audit executive must create an internal audit plan that supports the achievements of the organisation’s objectives.

¹ Audit Manager

- 2.4 The Internal Audit Plan is based on an assessment of the Cyngor Gwynedd's strategies, objectives and risks.
- 2.2 The risk-based plan takes into account the requirement to produce an annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. (The Code)
- 2.3 For internal audit to remain relevant, it must adapt to changing expectations and maintain alignment with the Council's objectives. The Internal Audit Strategy is fundamental to remaining relevant — playing an important role in achieving a balance between cost and value, while making meaningful contributions to the Council's overall governance, risk management, and internal controls.
- 2.4 A systematic and structured process was used to develop the Internal Audit plan, helping to enable the Internal Audit Service to achieve its vision and mission.

3. RECOMMENDATION

- 3.1 The Governance and Audit Committee is asked to receive and approve the contents of the Internal Audit Strategy and the Internal Audit Plan for 2026/2027, to approve it, and support Internal Audit in its undertakings.



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INTERNAL AUDIT STRATEGY AND PLAN 2026/27

Mission Statement

To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee. Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the Governance and Audit Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

INTERNAL AUDIT STRATEGY AND AUDIT PLAN

2026-27

1. INTERNAL AUDIT - OUR VISION STATEMENT

- 1.1 ***"To be a trusted pillar in governance, risk management, and control, recognized for our excellence in providing innovative, insightful, and proactive internal audit services. We aim to continuously enhance the Council's ability to achieve its strategic objectives, safeguard public resources, and foster transparency and accountability. Through our commitment to maintaining high standards, conformance with professional standards and dedication to continuous improvement, we strive to be a catalyst for positive change and a foundation of the Council's integrity and success."***

2. PURPOSE STATEMENT

- 2.1 **Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.**

Internal auditing enhances the organisation's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

3. INTERNAL AUDITING AND THE PUBLIC INTEREST

- 3.1 Internal auditing plays a critical role in enhancing an organisation's ability to serve the public interest. While the primary function of internal auditing is to strengthen governance, risk management, and control processes, its effects extend beyond the organisation. Internal auditing contributes to an organisation's overall stability and sustainability by providing assurance on its operational efficiency, reliability of reporting, compliance with laws and/or regulations, safeguarding of assets, and ethical culture.

4. INTERNAL AUDIT STRATEGY AND PLAN

- 4.1 In developing the internal audit strategy and plan, consideration was given to how Cyngor Gwynedd:
- Establishes strategic objectives and makes strategic and operational decisions.

- Oversees risk management and control.
 - Promotes an ethical culture.
 - Delivers effective performance management and accountability.
 - Structures its management and operating functions.
 - Communicates risk and control information throughout the organisation.
 - Coordinates activities and communications among the Governance and Audit Committee and external providers of assurance services, e.g. Audit Wales.
- 4.2 The Strategy sets out how the service will be delivered and developed and is underpinned by the Internal Audit Charter that includes the internal audit's function mandate, organisational position, reporting relationships, authority, scope of work, types of services and other specifications.
- 4.3 Global Internal Audit Standards (GIAS), specifically Standard 9.2 Internal Audit Strategy stipulates that ***“the chief audit executive¹ must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation.”***
- 4.4 Global Internal Audit Standards (GIAS) Standard 9.4 states ***“the chief audit executive must create an internal audit plan that supports the achievement of the organisation's objectives.”***
- 4.5 The annual risk-based plan takes into account the requirement to produce an annual conclusion and report.
- 4.6 In preparing the internal audit plan, the Audit Manager considered the following:
- Engagements required by laws or regulations.
 - Engagements critical to the organisation's mission or strategy.
 - Areas and activities with significant levels of risk.
 - Whether all significant risks have sufficient coverage by assurance providers.
 - Advisory and ad hoc requests.
 - The time and resources required for each potential engagement.
 - Each engagement's potential benefits to the organisation, such as the engagement's potential to contribute to the improvement of the organisation's governance, risk management, and control processes.
- 4.7 In order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register, the Cyngor Gwynedd Plan along with any other significant developments. This is to ensure that the Council's key controls in order to deal with its main risks are addressed.

¹ Audit Manager

4.8 For each risk on the register, a current score is provided, which is the score following an objective assessment of the control arrangements that are currently in place. Consideration is given to two factors:

- The Impact of the risk in the event of it being realised
- The Likelihood that it will occur.

4.9 Impact scores vary from 1 (Visible impact) to 5 (Catastrophic impact), and the Likelihood scores from 1 (very unlikely) to 5 (occurring now). The risk score is calculated by multiplying the impact score and the likelihood score. The comparative level of the risks is calculated as follows:

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

4.8 The Cyngor Gwynedd Plan 2023-28 sets out the Council's vision and priorities. 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 our 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.

4.9 The Plan was adopted by the Council at its meeting on 2 March 2023, but it is very much a living document which will evolve over time. The Plan is reviewed on an annual basis.

- 4.10 The audit plan is derived from an objective review of the risks that may affect the provision of the Council's services, and consultation with Heads of Departments and Senior Officers. Cyngor Gwynedd's Financial Procedure Rule 16.12.6 states: ***"The Head of Finance shall agree the medium-term and annual audit plans prepared by the Audit Manager which takes account of the characteristics and relative risks of the activities involved. The plans shall be approved by the Governance and Audit Committee."***
- 4.11 When preparing the audit plan, detailed in Appendix A, consideration was given to what the Service needs to do in order to achieve its purpose. The audit plan has been cross-referenced where applicable to the Corporate Risk Register and Cyngor Gwynedd Plan.
- 4.12 The 2026/2027 Internal Audit plan will also give appropriate consideration to the following:
- Will be aware at all times of the potential occurrence of fraud or corruption. We will therefore take advantage of the National Fraud Initiative and undertake proactive fraud prevention work.
 - Continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit review.
- 4.13 The audit plan will remain flexible in order to reflect any emerging issues or changes to risks and priorities of Cyngor Gwynedd. Any revisions or amendments to the Plan will be reported to the Governance and Audit Committee in the usual manner.
- 4.14 To ensure flexibility, Internal Audit will use the AGILE methodology where possible. The objectives of applying the Agile principles are:
- Increasing audit quality
 - Short audit cycles
 - More interaction with the auditee
 - Providing insights
- Agile provides a more flexible and dynamic Internal Audit Planning as a result of continuous risk monitoring.
- 4.15 It is projected that approximately 760 days of audit resources will be available to complete the 2026/27 audit plan. This is based on analysis of the staffing resources available, including reasonable allowances for "unproductive" work such as holidays, illness, training, management and meetings and a provision for responsive and follow-up work.

- 4.16 Cyngor Gwynedd's Internal Audit Service provides an Internal Audit Service to several external clients including approximately 75 town and community councils, Eryri National Park, Byw'n Iach, and the North Wales Corporate Joint Committee. These days have already been taken into consideration when calculating the number of days available to deliver Cyngor Gwynedd's Plan, i.e., 760 days.
- 4.17 The 2026/2027 Audit Plan will be a plan with flexibility to enable the internal audit function to support the Council in any emerging issues and to act promptly on any risks posed by those issues.

5. REPORTING

- 5.1 The Audit Manager shall report regularly to the Governance and Audit Committee:
- On the results of Internal Audit work in the preceding period.
 - The internal audit plan and performance relative to its plan.
 - Significant revisions to the internal audit plan.
 - On any substantial control weaknesses discovered or audited.
 - Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus that could interfere with the achievement of the Council's strategic objectives.
 - On any agreed actions that were not implemented within the agreed timetable, where a failure to act on those action would prolong a substantial control weakness.
 - Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.
 - Progress on completion of the Internal Audit Plan for the current year.

6. ANNUAL CONCLUSION AND REPORT

- 6.1 The requirements of Domain IV, Standard 11.3 of the Global Internal Audit Standards 2024 (the "Standards") and the Code of Practice for Internal Audit refers to the requirement for the chief audit executive to form an annual assurance opinion based on the annual programme of audit work as well as assurance obtained by other means.
- 6.2 The Audit Manager shall prepare an Annual Conclusion and Report to the first meeting of the Governance and Audit Committee after the end of the financial year, in accordance with the Standards.
- 6.3 The Annual Report will principally include:
- An annual opinion on the framework for governance, risk management and control.

- A summary of the Internal Audit work completed from which the conclusion is derived.
- An analysis of the utilisation of staff resources.
- Results of Internal Audit's Achievement measures.
- Internal Audit Quality Assurance and Improvement Programme.

7. FOLLOW-UP

7.1 Standard 15.2 of the Global Internal Audit Standards: Confirming the Implementation of Recommendations or Action Plans requirements states:

“Internal auditors must confirm that management has implemented internal auditors’ recommendations or management’s action plans following an established methodology, which includes:

- ***Inquiring about progress on the implementation.***
- ***Performing follow-up assessments using a risk-based approach.***
- ***Updating the status of management’s actions in a tracking system.”***

7.2 To this end, it is stated in paragraph 4.14 of the Internal Audit Charter ***“After an appropriate period, Internal Audit will conduct follow-up testing to ensure that what was agreed is operational. The results of follow-up work will be reported to Chief Officers and the Governance and Audit Committee.”***

7.3 Managers who do not address issues/risks arising from Internal Audit work may be required to attend the Controls Improvement Working Group.

8. INTERNAL AUDIT RESOURCE REQUIREMENTS

8.1 As detailed in the Internal Audit Charter, paragraph 8.1 ***“if the Audit Manager is of the opinion that he/she does not have sufficient resources to allow him/her to give an opinion on the control environment in accordance with the requirements of the Standards, he/she shall report this to Head of Finance and also to the Governance and Audit Committee.”***

8.2 From time to time, to reflect audit needs, and in the context of the resources available and the Council's Financial Procedure Rules, the Internal Audit service shall acquire external expertise to assist with audit work and in order to maintain the skill levels of permanent staff. This has been particularly true for the area of computer audit work, but other types of audits are not excluded from such arrangements.

9. TRAINING AND DEVELOPMENT

- 9.1 The Internal Audit Service will continue to invest in training to ensure the team continues their professional development and stays abreast of emerging risks and developments. We will also participate in the mandatory corporate training, as required.
- 9.2 The Internal Audit Service is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional accountancy qualification as well as several members of the team continuing professional training during 2026/27.
- 9.3 To comply with the CIPFA and ACCA qualification, Internal Auditors holding this qualification are required to undertake a minimum hours of continued professional development each year.

10. PERFORMANCE INDICATORS

- 10.1 “Performance Challenge” meetings will be held four or five times a year in the presence of the Cabinet member for Finance, The Chief Executive or the Corporate Director and the Head of Finance. The Council Leader will attend one meeting per annum.
- 10.2 The key performance indicator for Internal Audit will be reported at each Governance and Audit Committee.

11. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 11.1 The quality and improvement programme is established by the Audit Manager to evaluate and ensure the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives and pursues continuous improvement. The programme will include both internal and external assessments.
- 11.2 The Standards require the internal audit function to maintain a quality assurance and improvement programme based on an internal assessment which can be carried out on an ongoing basis and periodically, supplemented at least every five years by a full independent external assessment.
- 11.3 Results from the quality assurance and improvement program, which include the internal audit function’s conformance with The IIA’s Global Internal Audit Standards and action plans to address the internal audit function’s deficiencies and opportunities for improvement will be reported to the Governance and Audit Committee.

11.4 The IIA Core Principles for Internal Auditing specify that the following principles underpin an effective Internal Audit service:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement.

AUDIT PLAN 2026-2027

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	To provide advice and support when considering issues regarding internal controls during reviews.	Governance - Culture L1	12	An Efficient Gwynedd – To promote a culture of open and inclusive working which always puts the needs of the people of Gwynedd at the centre of everything we do.
Corporate	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	Work is to be undertaken to ensure that robust arrangements are in place for dealing with the risks of fraud and corruption and the National Fraud Initiative which is run by Audit Wales.	D2	4	An Efficient Gwynedd - To make the best use of all financial resources.
Corporate	Whistleblowing Policy	A review of the arrangement following the adoption of a new Policy.	Governance – Conduct L2	4	An Efficient Gwynedd – To promote a culture of open and inclusive working which always puts the needs of the people of Gwynedd at the centre of everything we do.
Corporate	Use of Consultants	Review appointment arrangements and the value for money received by appointing consultants.			An Efficient Gwynedd - To make the best use of all financial resources.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Corporate	Follow up - General	To undertake follow up reviews on the actions agreed from 2025/26 audits.			
Corporate	Business Continuity Plan / Emergency Plan	Ensure that Departments have established Business Continuity Plans to ensure they can operate in an emergency.	M2	10	An Efficient Gwynedd.
Corporate	Health and Safety – Departmental Arrangements	Ensuring that departments hold regular health and safety forums to identify any concerns in relation to the health and safety of the workforce.	Governance – Health, Safety and Wellbeing L23	15	An Efficient Gwynedd – To be an organisation that looks after our workforce's well-being and embeds the principles of equality naturally in all parts of the organisation.
Corporate	Lone working	Risk for employees who work alone within the Council to be threatened physically, mentally or sexually while doing their job.	C81	12	An Efficient Gwynedd – To be an organisation that looks after our workforce's well-being and embeds the principles of equality naturally in all parts of the organisation.
Corporate Services	Procurement - People Category Management	Review of category management and procurement arrangements to ensure compliance with current legislation.	C7	9	An Efficient Gwynedd - To make the best use of all financial resources.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Corporate Services	Health and Safety - Accident Reporting	In response to adopting a new Policy.	L23	15	An Efficient Gwynedd – To be an organisation that looks after our workforce's well-being and embeds the principles of equality naturally in all parts of the organisation.
Education	Post-16 provision in Schools Grant	Requirement under the financial terms and conditions.			
Education	Additional Learning Needs	Children and young people in educational settings have access to an educational psychologist or specialist to support their learning and social development.	A17	12	Tomorrow's Gwynedd – Tailored support from professional services to meet their additional learning needs.
Education	Schools - General	Annual provision for work involving providing advice and support.			
Education	Safeguarding Policy	Ensuring school staff are familiar with the School Safeguarding policy and arrangements.	A42	6	A Caring Gwynedd - Safeguarding children, young people and vulnerable adults.
Education	Supply Teachers	Ensuring that the arrangements for appointing supply teachers are in accordance with official protocols.	L14	12	Tomorrow's Gwynedd - The opportunity to develop into rounded citizens, who are content and confident in the world.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Education	Headteachers and Leaders' Pay	A review of the salaries of Headteachers and Leaders in primary and secondary schools, ensuring that they are consistent with the appropriate designated pay scales.	L14	12	A Prosperous Gwynedd - High-quality jobs
Environment	Commercial Waste Administration	Review of Bartec system – ensuring it delivers value for money and it's used to its full potential.	B62	10	An Efficient Gwynedd – To make the best use of all financial resources.
Environment	Pollution Control	Review of the complaints received by the Service in relation to noise, smoke, dust etc and ensure that there is prompt response/action.	B69	16	A Green Gwynedd
Environment	Street works	Audit to encompass safety, income, quality of work from providers and communication arrangements with the public.	B8	8	
Environment	Building Control Enforcement	Ensuring that appropriate enforcement arrangements are in place and a review of the associated costs.	B67	16	An Efficient Gwynedd – To make the best use of all financial resources.
Environment	Building Control - Invoicing and Recovery	Overview of the billing arrangements and ensuring that there is prompt action to recover arrears.	B47	6	An Efficient Gwynedd – To make the best use of all financial resources.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Housing and Property	Legionella	Receive assurances on the new arrangements to ensure they meet statutory requirements.	I47	15	A Caring Gwynedd - Ensuring that children, young people and their families live happy lives and reach their potential in terms of their education, health and well-being.
Housing and Property	Smallholdings	Revisiting an area that has been problematic for several years.	I30	6	A Prosperous Gwynedd - Strong and resilient communities
Housing and Property	Council Tax Premium Fund	At the request of the Corporate Director – review of reporting arrangements.			A Homely Gwynedd - Help the residents of Gwynedd to own an affordable home in their community
Housing and Property	Housing Support Grant	Requirement of the grant conditions and it states in the Corporate Risk Register that there is a risk that the Grant is not being used to its full potential to reduce homelessness.	I10	12	A Homely Gwynedd – Ensure that no-one is homeless in Gwynedd.
Housing and Property	Housing Support Grant - Commissioning Arrangements	Requirement of the grant conditions and it states in the Corporate Risk Register that there is a risk that the Grant is not being used to its full potential to reduce homelessness.	I10	12	A Homely Gwynedd – Ensure that no-one is homeless in Gwynedd.
Finance	Payroll system	A review of the project management arrangements.	D17	15	An Efficient Gwynedd – To make the best use of all financial resources.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Finance	IT Audits	Cybersecurity etc – that the Council has suitable arrangements in place to properly withstand and recover in the event of cyber-attacks and that there are security measures in place to protect data and systems.	D8	20	An Efficient Gwynedd – Digital scheme
Finance	Harbour Statement of Accounts 2025-26	This is a statutory requirement.			
Finance	Council Tax – Recovery and Writing Off Debts	With the current financial situation, it is necessary to ensure that appropriate recovery arrangements are in place and to comply with the constitution for writing off any debts.	D18	16	An Efficient Gwynedd – To make the best use of all financial resources.
Finance	Treasury Management	Verify that appropriate controls are in place over investments and CHAPS.	Governance – Internal Controls L18	4	An Efficient Gwynedd – To make the best use of all financial resources.
Finance	Pensions Service	Governance and administration arrangements following new legislation.			A Prosperous Gwynedd - High-quality jobs
Economy and Community	Welsh Church Fund – Financial Audit	An independent audit will be needed if the fund's income is over £25,000.			
Economy and Community	Community Hubs	Cyngor Gwynedd is supporting a network of Community Hubs across the county – a review of the arrangements.			A Prosperous Gwynedd - Strong and resilient communities

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Economy and Community	Balchder Bro	A grant of £1.5m received, expenditure of £750k in 2025/26 and £750k in 2026/27.			A Prosperous Gwynedd - Strong and resilient communities
Economy and Community	Community Support Fund - Cist Gwynedd	A review of a sample of grants awarded to ensure their accuracy.	E12	8	A Prosperous Gwynedd - Strong and resilient communities
Economy and Community	Signage Scheme	Project Management review.			A Welsh Gwynedd - Ensure that promoting the Welsh language is a key part of all the Council's work, and any plans that impact the people of Gwynedd.
Economy and Community	Glyn Rhonwy	Health and Safety arrangements	E60	12	A Prosperous Gwynedd - Sustainable tourism for the benefit of communities.
Economy and Community	Lloyd George Museum – Financial Audit	An independent audit will be required if the fund's income is over £25,000.	E30	6	
Economy and Community	Victoria Dock	Review the agreement with the Harbour Trust.	E56	12	An Efficient Gwynedd – To make the best use of all financial resources.
Economy and Community	Hafan, Pwllheli	A review of Hafan's administrative and financial procedures including contractual arrangements.	E19	6	A Prosperous Gwynedd - Sustainable tourism for the benefit of communities.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Economy and Community	Beach Management	Ensure that a Beach Management Plan has been developed and operational to ensure the safety of people where there may be dangers to life.	E17	12	A Prosperous Gwynedd – Sustainable tourism for the benefit of communities.
Adults, Health and Wellbeing	Cefn Rodyn, Hafod Mawddach and Bryn Blodau – Establishment Audits	Ensure that the arrangements for the management and maintaining the home are appropriate and in accordance with relevant regulations and standards. The audit will encompass ensuring that the home's arrangements are adequate in terms of staffing and administration, budgetary control, procurement of goods and Services, health and safety, and monitoring performance and ensuring that Service users and their property are safeguarded.	F2	16	A Caring Gwynedd – Providing high-quality care and support in the right place at the right time.
Adults, Health and Wellbeing	Direct Payments	To ensure that direct payments are processed accurately and as far as possible, used correctly to meet individuals' care and support needs	F6	15	A Caring Gwynedd – Enabling the residents of Gwynedd to live independently in suitable accommodation with dignity for as long as possible in their community.
Adults, Health and Wellbeing	Residential Homes – Follow-up	Plas Hedd and Plas y Don – audits received a limited assurance level in 2025-26.	F2	16	A Caring Gwynedd – Providing high-quality care and support in the right place at the right time.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Adults, Health and Wellbeing	Learning Disability Centres – Follow Up	Learning disability centres have received a limited assurance level in 2025–2026.	F2	16	A Caring Gwynedd – Providing high-quality care and support in the right place at the right time.
Adults, Health and Wellbeing	Mental Health Placements	At the request of the Statutory Director of Social Services due to the significant increase in mental health placements and the costs involved.	G9 F1	20 20	A Caring Gwynedd - Safeguarding children, young people and vulnerable adults.
Adults, Health and Wellbeing	Agency Staff costs	A joint review with the Provider Service (Adults) of the costs of employing agency workers in the Council's residential homes.	Governance – Workplace Planning L14	12	An Efficient Gwynedd - To make the best use of all financial resources.
Children and Supporting Families	Commissioning arrangements due to new legislation	At the request of the Statutory Director of Social Services			An Efficient Gwynedd - To make the best use of all financial resources.
Highways, Engineering and YGC	Pricing arrangements	At the request of the Corporate Director. Review of YGC arrangements in relation to income targets/budgeting and internal pricing arrangements.	H29	9	An Efficient Gwynedd - To make the best use of all financial resources.
Highways, Engineering and YGC	Public Toilets	Review of the Partnerships Plan with Community and Town Councils.			A Prosperous Gwynedd - Strong and resilient communities.
Highways, Engineering and YGC	Sustainable Urban Drainage Systems	Review of arrangements within the Sustainable Urban Drainage Systems Team.			An Efficient Gwynedd - To provide adequate and suitable staffing resources for delivering services.

DEPARTMENT	AUDIT	PURPOSE	CORPORATE RISK REGISTER REFERENCE	RISK SCORE	GWYNEDD PLAN – PRIORITY AND AMBITION
Highways, Engineering and YGC	Bereavement Services	A review of the income of burial fees in Council cemeteries and the availability of burial grounds.	H21	12	
Corporate Leadership Team	CareCubed	At the request of the Corporate Director of Social Services. System used to calculate external home care (disability and old age).	F2	16	A Caring Gwynedd – Enabling the residents of Gwynedd to live independently in suitable accommodation with dignity for as long as possible in their community.
Corporate Leadership Team	Invoice Payment Arrangements	A review of verification, authorisation and payment of invoices arrangements by the Business Service and Care Commissioning team.	F6	15	An Efficient Gwynedd - To make the best use of all financial resources.

NAME OF COMMITTEE	Governance and Audit Committee
DATE OF MEETING	5 February 2026
ITEM TITLE	Estyn and Care Inspectorate Wales Report
OBJECTIVE	Provide the Committee with an update on the report(s) recently published by Care Inspectorate Wales and Estyn – Joint Audit (November 2025) and on the work intended to be carried out in response to the recommendations in the report
RECOMMENDATION	Members are asked to accept the report.
AUTHOR	Dylan Owen, Director of Social Services

1. BACKGROUND

- 1.1. The Governance and Audit Committee has a function to review and assess the Council's risk management, internal control, performance management and corporate governance arrangements and as part of this function there is an expectation to consider the reports of external inspection bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.2. As well as considering reports in practice, committees are expected to assure themselves that arrangements are in place to monitor and evaluate progress against any recommendations included in the reports.
- 1.3. The copy of the ESTYN/CIW report has been included as **Appendix 1**. See also the [link to the Action Plan in response to the Justice Through Our Courage Report](#), which has already been considered by the Governance and Audit Committee in its meeting on the 15th of January (item 6). **Appendix 2** contains a table showing which recommendations are already being addressed through this Action Plan, along with any that need to be incorporated or given further consideration. Dylan Owen, Gwynedd's Director of Social Services, will attend the meeting to elaborate on the response, set context and respond to any questions.

Joint inspection with a focus on safeguarding in

Gwynedd Council

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

Date of inspection: November 2025

by

Estyn, His Majesty's Inspectorate for Education

and Training in Wales

and Care Inspectorate Wales

This report is also available in Welsh

Context

In September 2023, the headteacher of Ysgol Friars, Bangor was arrested on suspicion of sexual abuse and exploitation of a school pupil. Later, on 15th May 2024, he was found guilty of sexual offences against 4 female victims and was imprisoned for 17 years. In October 2025, an extended child practice review commissioned by the North Wales Child Safeguarding Board '[Our Bravery Brought Justice 2024](#)' was published. The purpose of this inspection was to evaluate developments in Gwynedd Local Authority's safeguarding arrangements since September 2023. The inspection team considered one key question:

How well are children protected from individuals who may pose a risk to them and when concerns are raised about those who care for them or work with them, either in a paid or voluntary role?

There were four specific focus areas under consideration:

- The voice of the child
- Multi-agency joint working
- Governance and leadership
- Training and support

The findings within this report cover a broad evidence base and a comprehensive range of activities. These are as follows:

- A meeting with the independent chair of the Gwynedd Recovery Board
- A meeting with the joint chairs of the North Wales Child Safeguarding Board
- A meeting with members of the education and social care scrutiny boards
- Meetings with practitioners, staff, officers, managers, senior officers, elected members, leaders of scrutiny committees (a total of 20 meetings)
- Visits to 6 schools
- Workshops with children and young people in schools
- A meeting with Gwynedd Youth Forum
- A meeting with a group of school governors
- Case tracking meetings with statutory agencies and partner agencies
- A workshop with a group of child and family practitioners
- A workshop with a group of managers
- A questionnaire for children and families services staff
- A questionnaire for partner agencies
- A questionnaire for Gwynedd school headteachers
- Scrutiny of sample files (24 child safeguarding cases under Section 3 and Section 5 of the Wales Safeguarding Procedures for the period between 1/09/24 and 30/09/25)

- Scrutiny of all relevant policies
- Scrutiny of the terms of reference of a wide range of forums and panels at all levels
- Scrutiny of minutes of meetings at departmental, local, cross-authority and regional level
- Evaluation of training and professional development resources

Areas for improvement

1. Establish a corporate policy on the voice of the child and align arrangements for listening to the voice of the child under the Wales Safeguarding Procedures to ensure consistency across the education department and the children and families services; use messages from children and young people's forums to influence strategic planning directly
2. Establish corporate quality assurance arrangements that measure the impact of child safeguarding and protection work on practice and on children's well-being and use the findings to inform decisions, prioritise resources and strengthen governance at all levels
3. Strengthen safeguarding training for all staff and governors, ensuring it is fit for purpose and includes information on grooming and establish robust processes to evaluate the impact of training on practice
4. The local authority must:
 - inform the referrer within 7 working days of the referral outcome
 - engage with the child when they state that they are at risk of harm, abuse or neglect
 - strengthen commissioning arrangements and the monitoring of service agreements
 - ensure regular involvement of key practitioners in strategy discussions

Main findings

The voice of the child

Gwynedd local authority leaders have taken positive steps to strengthen the voice of the child to ensure that children's views inform work across a range of services. There is clear evidence of clear intention and leadership that aligns with the principles set out in the Well-being of Future Generations (Wales) Act 2015 and the United Nations Convention on the Rights of the Child. The approach shows a firm commitment to viewing children and young people as active partners when planning services. Although these foundations are appropriate, the authority is not yet able to provide clear evidence of the strategic impact of this work. Systems are developing appropriately but have not reached a point where children's views influence policy consistently and lead to significant changes.

The "Llais Ni" (Our Voice) strategy and information pack for schools are examples of methodical planning that promotes the participation of children and young people at school, district (Arfon, Dwyfor, Meirionnydd) and county level. They are based on a suitable

model which provides a clear framework for consultation, action and providing feedback. As a result, schools respond positively and provide more formal opportunities for pupils to voice their opinions. However, there is no current and consistent evidence that these arrangements have led to operational decisions by the local authority. Work continues to develop, but the impact on changing policy or culture within the authority remains limited.

The local authority's multi-agency approach encourages strong co-operation between children and family services, education and the youth service. Documents such as the Family Referral Form are evidence of practice that places the child at the centre of the assessment process, taking into account their experiences and needs in a sensitive manner. A 'what matters' approach enables practitioners to identify family strengths and challenges to create more relevant support plans. However, this approach is not used consistently across all teams. This leads to situations where the voice of the child is not always included from the outset.

The local authority has established appropriate multi-agency arrangements to strengthen the safety and well-being of children, with policies and resources to support safeguarding practice. The importance of professional development is recognised, and leaders have shared a range of purposeful resources for staff to support them in ensuring that the voice of the child is at the heart of their work and that they consider the effect of decisions on their well-being. Questionnaires for partners show that most feel that the voice of the child is a central element of safeguarding investigations. However, it was observed that there are not sufficiently standardised and consistent arrangements for giving children feedback following safeguarding meetings or discussions, where it would be appropriate to do so. This leads to inconsistent experiences for children.

In the child protection cases that were scrutinised, when children are included fully in investigations as part of section 47 arrangements, sufficient attention is given to their voice. This includes detailed records containing the child's exact words, and this is good practice. Although multi-agency joint working is usually suitable, there are gaps in the way in which information about the voice of the child is shared between services, particularly in urgent or complex contexts. This affects the local authority's ability to form a complete picture of the child's experience and feelings when responding to a concern.

There are recent improvements in the way in which practitioners include the child's views in section 5 reviews, where there is an allegation against a person or persons in a position of trust. In the majority of cases, children's views are more prominent and inform actions. However, current practice lacks consistency. Practitioners do not always incorporate the child's voice when they have made an allegation against a person in a position of trust, particularly if a decision is made not to convene a strategy discussion, or following a decision of no further action made at strategy discussion.

The Safeguarding and Welfare Team (education) that was formed in March 2025 demonstrates a growing commitment to ensuring that the voice of the child is a core part of safeguarding work in schools. Through regular school visits, annual questionnaires and collecting statements from pupils systematically, the team gathers valuable information about learners' experiences and needs. This has led to improvements in safeguarding work and better consistency across most schools in Gwynedd. In cases where there is a section 47 investigation, the team's support has led to more consistency in terms of including the child's opinions and, generally, their views are more evident in informing actions.

In most of the schools visited, there are robust arrangements in place to ensure that pupils' voices and opinions are heard. This is done through well-being forums, the work of the school council, sub-panels and internal and national questionnaires. Most pupils have a clear understanding of how their schools, and their staff keep them safe. As a result, they feel safe and know whom to turn for support. They are able to name the key safeguarding staff and those who are available to offer them support. Pupils of all ages appreciate the opportunity to discuss topics that are important to them, such as healthy relationships, e-safety and managing emotions. They take pride in the fact that their school promotes a culture of respect and friendship above all else. In some schools, direct feedback from pupils to the local authority has led to practical changes, for example more sensitive methods of seeking opinions or creating resources that explain safeguarding processes more clearly to young people.

The local authority shows a commitment to including the voice of young people through the district youth forums and the authority-wide Gwynedd Youth Forum. Members of the forum represent young people's views confidently on issues such as well-being, rights and opportunities. The forum provides them with valuable opportunities to develop their ability to influence and co-operate with each other and with adults. However, there is no formal framework that defines roles and responsibilities nor clear enough arrangements to bring the forum's ideas to the attention of leaders or policy committees. As a result, the forum's strategic influence on the local authority's work is limited and its voice is not included systematically enough in the county's formal safeguarding processes.

Within the Youth Service, there are appropriate arrangements for developing the voice of the child and a clear commitment to establishing systems to listen to their views through valuable thematic projects that reflect the voices of young people. For example, there are opportunities to provide feedback on community safety or online experiences, and this helps to improve the department's understanding of the challenges faced by young people. The service provides appropriate opportunities for young people to voice their opinions through their school forums and the area forum. However, there is currently no formal system to gather and use this information systematically enough at county level.

Feedback is not used consistently enough to inform strategic decisions, and there is not yet any clear evidence of a direct effect on service priorities or policies.

The youth service shows a strong commitment to supporting young people through targeted projects that address complex social and educational needs. Work with young people aged 11–25 provides valuable opportunities to develop life skills and community links. However, there is a lack of a clear strategic structure to assess the impact of this work. There are no sufficiently systematic self-evaluation or monitoring processes in place to ensure the success of these projects or to ensure that young people's voices influence decisions. As a result, there is significant potential, but without a clear framework to realise it fully.

There are positive examples of practice where young people take part in key decisions, particularly on interview panels for management positions in the Youth Service and teaching positions in schools. This shows leaders' trust in their ability to contribute meaningfully, but the practice has not been expanded sufficiently across all schools.

Overall, Gwynedd local authority has laid a firm foundation for promoting and embedding the voice of the child in its work. There is evidence of thorough planning, structured approaches and a genuine commitment to children's rights. However, the impact of children's voices has not been established fully and there is not yet sufficient evidence of sustainable change. The local authority has set a clear direction and firm foundations for establishing and maintaining a participatory culture, but it is too early to see the impact of these efforts on day-to-day operations, safeguarding processes and outcomes for children.

Multi-agency joint working

The local authority is committed to strengthening multi-agency working for the benefit of children and families in Gwynedd. There is an established culture of multi-agency cooperation on many levels across children and families services and the education department. The membership of senior leaders, education and children's services officers in a wide range of the local authority's multi-agency forums and panels ensures that the work of those departments has an appropriate influence on decisions and policies. These include the Corporate Parenting Panel and the Grooming and Exploitation Panel, which bring relevant staff together to identify needs and plan specific work. Beneficial multi-agency work can be seen through the Gwynedd and Anglesey Community Safety Partnership, where information is shared by the police and other agencies on relevant issues such as county lines, domestic abuse, hate crimes and antisocial behaviour. As a result, leaders plan work streams and proactive community projects. Managers and officers contribute appropriately to regional discussions and projects, such as the Children's Regional Partnership Board and North Wales Safeguarding in Education Officers Forum.

At an operational level, there is a generally strong relationship between external agencies, such as the police, departments of Betsi Cadwaladr University Health Board and third sector organisations. On the whole, information is shared appropriately, for example through weekly police multi-agency risk assessment meetings (MARAC), and this contributes to effective joint working. However, there are examples where there is unacceptable delay from schools and other agencies before referring or sharing information with the children and families services. This prevents key workers from responding to potential safeguarding issues in a timely manner and leads to a lack of credibility in joint working. In other examples, schools do not always receive an acknowledgement from the children and family services department following a referral, particularly when sharing a concern under section 5 of the Wales Safeguarding Procedures. This leads to confusion regarding the appropriateness of the referral, a lack of certainty regarding any follow-up and a risk to the effective safeguarding of children.

In a questionnaire to headteachers of schools in Gwynedd and in face-to-face discussions during the inspection, most schools indicate satisfaction in being able to contact the children and families service directly for advice. They express the same satisfaction regarding the availability of staff to provide them with guidance on child safeguarding. They also praise the quality and impact of the cooperation with social workers when pupils are placed on the child protection register and where there are care and support plans for children and their families.

Officers within the Safeguarding and Welfare Team (education) contribute beneficially to some relevant forums and carry out a bridging role between schools and children's services appropriately. The work of this team is developing suitably and has led to an increase in the support provided to schools on safeguarding and well-being issues. As a result of this guidance and support, headteachers and designated safeguarding persons in schools note that they have a better understanding of safeguarding issues and can exemplify confidently how this has had a positive effect on their practice. Overall, there is regular communication between Safeguarding and Welfare Team (education) officers and social workers, and this allows them to share relevant information with schools, when necessary. Despite this new and valuable development, their roles and responsibilities are not clear across services, and this sometimes leads to confusion in terms of responsibilities and in the guidance or advice given.

There are strengths in the way in which the children and families service complies with the Wales Safeguarding Procedures (WSP), but elements of this work are inconsistent. Arrangements for screening referrals regarding children and families are robust and timely. Appropriate consideration is given to the well-being of all involved in a safeguarding investigation process, including the person against whom an allegation is

made. The children and family services department holds strategy discussions where concerns have been expressed about a child's safety. However, this does not always occur within the statutory timescale. For the most part, only children's services and the police attend strategy discussions. This is the minimum in terms of the expectations of the WSP, and the contribution of key practitioners is expected in these discussions. There are examples where representation from other agencies would have been beneficial. In a majority of cases, key partners attend strategy meetings in accordance with Section 5 of the WSP. Good attention is also given to the three aspects that need to be considered, namely harmful and/or criminal behaviour and suitability to work or volunteer with children, or care for them. Discussions are held that are both suitable for safeguarding and risk management arrangements, in addition to employment and legal matters. Minutes of strategy meetings show that purposeful discussions have taken place, which have led to an agreed outcome in line with the four outcome categories (substantiated, unsubstantiated, unfounded, deliberately invented or malicious).

Arrangements for conducting child protection case conferences are robust. The notification and information gathering period is timely and suitable. There are purposeful contributions to discussions from a range of external agencies, and this leads to a strong mutual understanding of the situation of children and the challenges facing families. Recently, the independent chair of these conferences has cooperated with the head of the Safeguarding and Welfare Team (education) to improve the information gathering forms from schools, and this is beginning to lead to consistency in terms of the quality and usefulness of the information shared.

There are secure joint working arrangements between schools and multi-agency partners to support the well-being of children and young people, and this has strengthened over time. Very often, core group meetings are held in the school itself to plan and review support for children on the child protection register, and this facilitates discussions well. A strong feature of the work of schools is the collaboration with external partners to provide interventions, learning experiences and support for vulnerable pupils. In the schools visited, there is consistency in provision for pupils' emotional development. This includes support from specific members of staff, beneficial social interventions, sessions by school counsellors and external mental health specialists and collaboration with officers within the inclusion service, 'Ysgol Bro'. In most schools, there are quiet and calm areas where children can go to receive care, comfort and support, when this is needed.

Governance and leadership

Senior leaders have a clear vision for ensuring strong safeguarding procedures within the local authority. They are open to learning and determined to address the improvements necessary to make a difference. The Chief Executive, along with other senior officers, sets a

decisive mindset for safeguarding children and young people, and reinforces the culture of safeguarding in all aspects of the local authority's work. On the whole, leaders support their workforce sensitively while also encouraging them to improve practice, where necessary, by equipping them to make decisions in order to improve.

Elected members, including the leader, leaders of the education portfolio and children and family services portfolio, along with members of scrutiny boards, are all committed to addressing the issues requiring improvement. Governance structures across several layers within the local authority, through the Cabinet, scrutiny committees, the Strategic Safeguarding Panel and the Programme Board, together ensure formal arrangements of appropriate challenge and reporting. They place safeguarding as the local authority's highest priority and are targeting purposeful additional resources to strengthen provision.

Overall, the local authority's leadership and governance of safeguarding is moving in a positive direction and there is a clear corporate prioritisation of safeguarding across the local authority. A Recovery Board is in place, which provides credible independent challenge to the local authority's governance of safeguarding. The Board operates with a clear purpose, taking into account the recommendations of the Child Practice Review. Board members scrutinise the developments of the local authority's response plan, expecting evidence of impact and not just activity. The independent chair sets suitable expectations in terms of accountability. The work of the Board strives to hold leaders to account when moving from editing plans to delivering and demonstrating impact. However, some aspects are progressing at a slower pace and there is little evidence demonstrating the effectiveness of actions. This limits the ability of board members to ensure that the envisaged improvements are realised consistently at school and corporate level.

There is evidence of embedding learning from recent events and there is a more open feel to scrutiny and learning across departments. For example, the local authority has conducted an internal audit of the awareness of field staff of the corporate safeguarding policy, and regular performance reporting across departments includes a firm focus on safeguarding. A wide range of relevant fora and panels allows leaders to share and discuss their work. This contributes well to a mutual understanding of roles and responsibilities and provides relevant stakeholders with an overview of the local authority's work.

The Strategic Safeguarding Panel has corporate responsibility for overseeing child and adult safeguarding arrangements at local authority levels and is accountable to the Cabinet. The aim of this is to try to provide assurance to Elected Members and the statutory Corporate Director that suitable arrangements and procedures are in place. However, the impact and quality of arrangements are not measured sufficiently. For example, there is a lack of systematic analysis of the link between the level of training, workforce performance and the impact on safeguarding processes. There is a strong

emphasis on activity data, but outcome information or learning from reviews is limited. The children and families service does not regularly share information about safeguarding referrals with the commissioning department. This limits managers' ability to monitor the effectiveness of commissioned services and to support decisions around safeguarding and quality assurance.

The local authority has made decisive changes. Safeguarding visits are now standardised across all schools and the monitoring of mandatory training and Disclosure and Barring Service (DBS) checks is stronger. Openness of reporting has increased. The education scrutiny committee has conducted an investigation to assess whether safeguarding arrangements in Gwynedd's schools are appropriate and implemented consistently across the county. This endeavour reflects the committee's commitment to ensuring improvements, in addition to decisive governance of this area. However, there is currently no evidence of the final results or findings of this work and, therefore, the impact on policy or school practice is limited.

Joint working between the education department and children and family services has strengthened over time and additional resources supports schools and the local authority substantially. A few leaders in children and families services have taken on significant additional responsibilities recently and this has created additional pressure and burden. However, there is a risk to the sustainability of the temporary arrangements and long-term security, which may affect speed and consistency in the standard of practice. Senior leaders are aware of these challenges and are currently planning sufficient resources to mitigate this risk.

Many schools demonstrate appropriate safeguarding arrangements. These include up-to-date policies, regular training for designated personnel and governors, safeguarding reports for governing bodies and more organised self-evaluation methods. However, the local authority acknowledges that the ability to scrutinise effectively varies between governing bodies. New safeguarding visit arrangements by the Education Safeguarding and Welfare team have been useful in establishing an initial picture and in supporting schools in relation to their safeguarding arrangements. However, arrangements for ensuring the quality of those visits, or the way in which findings are fed back to school and corporate governance, are not incisive enough. This limits schools' ability to effect change and make improvements to safeguarding arrangements.

The local authority demonstrates a clear strategic commitment to embedding the voice of the child in safeguarding practice and policy development. The draft Child's Voice Strategy, for example, sets out the vision, values and legislative framework, and information packs for young people explain their roles in recruitment and policy making. Although the workforce's awareness of the importance of promoting the voice of the child is strong, there is no formal policy. In addition, there is very little systemic measurement of

the impact of the voice of the child, and this limits the assurance that children's views influence service decisions consistently. To date, it is not clear enough that the local authority takes advantage of identifying good practices of learning from national practices in relation to the voice of the child to have a positive influence on its local policies and arrangements.

Recent changes to management roles have affected the consistency of the local authority's attendance and contributions to the Regional Safeguarding Board, but engagement is now more consistent. This shows a commitment to working in an ongoing partnership.

Training and support

Gwynedd local authority is developing a comprehensive, coherent and ambitious system in terms of training and support to ensure child safety across its education and social services. The Effective Child Protection (ECP) model has been created and developed by a senior leader in the children and families service and has been disseminated successfully across the department. The approach is based on national principles and reflects a strong commitment to ensuring that practitioners understand and are able to implement their statutory responsibilities. Leaders are beginning to discuss how to extend the ECP training across the local authority and beyond and with designated safeguarding persons in schools.

Social work practitioners express satisfaction with the good support they receive from managers and colleagues to help them carry out their work. They appreciate the availability of line managers to offer regular support, guidance and supervision. This helps to ensure regular opportunities for practitioners to discuss and reflect on their practice.

There is a wide range of professional learning and development opportunities at different levels, with specific Group B and Group C (different categories of training depending on the level of practice) safeguarding training programmes that align with the national standards of learning and development of the Wales Safeguarding Procedures. The mixed approach, face-to-face sessions and e-modules, ensures accessibility and promotes broad participation across the workforce. The core training covers the general principles of safeguarding and offers relevant information about recognising the signs of physical or emotional abuse. The use of online resources, such as modules on Hwb and the Safeguarding Dashboard, shows a commitment to transparency and accountability. The monitoring system enables the tracking of the completion of training, identifying gaps and ensuring that practitioners keep their qualifications up to date. This facilitates a clear picture of progress and supports the management of evidence-based information.

The inclusion of areas such as identifying abuse, understanding relevant legislation and promoting the principle that safeguarding is everyone's responsibility, is evidence of a professional and co-ordinated approach. However, there is no specific training on grooming. A lack of focus on the subtle and multifaceted nature of grooming, particularly when the behaviour takes place online or in familiar social contexts, creates a potential risk for children and adults. Not all members of school staff, practitioners or governors feel confident in recognising the early signs of psychological control, inappropriate influence or abusive relationships hidden under the guise of care. As a result, they may fail to recognise early signs of grooming or fail to respond promptly, thereby undermining a culture of reporting and accountability. Providing specialist training could ensure that all members of the workforce understand and respond confidently and correctly to the risks of grooming or new risks and trends, thereby strengthening the local authority's safeguarding arrangements further.

Additional resources for governors and school leaders demonstrate a proactive approach to strengthening safeguarding leadership and promote professional reflection through scrutiny templates and self-evaluation tools. This helps create a culture of accountability and clear expectations at all levels. Based on the responses of those we engaged with, governors are committed and value the support and training provided. They demonstrate a clear understanding of their responsibilities and implement appropriate arrangements for Disclosure and Barring Service checks and compliance with safeguarding requirements. Practices such as regular meetings between the designated safeguarding governor and the designated safeguarding person and annual safeguarding learning walks are evidence of an organised approach to monitoring and improvement. However, there is room to strengthen some aspects. Although training for governors is comprehensive and accessible, there is not yet sufficient evidence to show the extent to which it changes practice or improves understanding on the ground. Evaluating impact often focuses on participation or course completion, rather than changing culture or behaviour in schools. As a result, it is difficult to assess the real impact on children's safety. Some governors also continue to show a lack of confidence in challenging school leaders on safeguarding issues, relying too much on the opinions of individuals.

The Safeguarding and Welfare Team has strengthened training and support arrangements through an accessible and responsive service for schools. Support, which includes offering prompt expertise, providing a dedicated helpline and a systematic approach to dealing with concerns and allegations, reflects a coherent arrangement. However, monitoring and reporting are still being developed and evidence of impact on school practice is limited. Safeguarding audit reports show inconsistent quality and a lack of clarity regarding actions for improvement. These reports contain generic and repetitive comments, with criticism that is too general and without specific guidelines. No timescales or milestones

have been identified for monitoring progress, and this reduces their usefulness as a practical improvement tool.

Although the local authority's policies are thorough and extensive, for example safeguarding, safe recruitment, e-safety and whistleblowing, there is a lack of a link between the documents and practical methods of evaluating their impact on practice. Additionally, there is no formal process for annual safeguarding reviews. This shortcoming hinders progress and the ability to measure impact over time.

Despite these gaps, the local authority has identified areas of training that need to be strengthened. The current combination of training programmes, online resources and scrutiny tools at school and government level reflects a professional, structured approach based on national principles. The use of theoretical models to support practice shows an understanding of the importance of professional reflection and accountability. This strengthens staff's ability to learn continuously and develop an organisational culture which focuses on safeguarding and responsible leadership, but it is too early to measure the full effect of this approach. Plans are promising and show a clear vision, but evaluation systems are still being developed. Without effective measures of impact, there is a risk that the planned work will not have a practical influence on the safety and well-being of children.

In general, the local authority's strengths lie in its structure, strategic clarity and commitment to ensuring that the workforce is confident and qualified in terms of safeguarding children. The approach is proactive, collaborative and ambitious. However, to ensure continuous improvement and sustainable impact, more effective and clear evaluation processes need to be developed to measure change on the ground. As the system matures, monitoring the evidence of impact and building the confidence of the workforce will be key to realising the strategic ambition and to ensuring measurable improvements to the lives of children in Gwynedd.

Copies of the report

Copies of this report are available from the local authority, from the Estyn website www.estyn.gov.wales and CIW website WWW.careinspectorate.wales

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

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

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Estyn / CIW Improvement Area	Is the Recommendation included in the Response Plan Board's work programme?	Whose Responsibility?
1. Establish a corporate policy on the voice of the child and align arrangements for listening to the voice of the child under the Wales Safeguarding Procedures to ensure consistency across the education department and the children and families services; use messages from children and young people's forums to influence strategic planning directly	Yes Theme 1: CPR-1, NEW-1, CPR-6, Theme 2: CPR-11	Gwern ap Rh Dylan Owen
2. Establish corporate quality assurance arrangements that measure the impact of child safeguarding and protection work on practice and on children's well-being and use the findings to inform decisions, prioritise resources and strengthen governance at all levels.	Yes Theme 2: NEW-2, NEW-3, NEW-7, NEW-10 and the Quality Assurance Framework	Dylan Owen
3. Strengthen safeguarding training for all staff and governors, ensuring it is fit for purpose and includes information on grooming and establish robust processes to evaluate the impact of training on practice	Yes Theme 1: CPR-3 Theme 3: CPR-18, RP-C2, RP- B1b, RP-C2d, RP- B1a	Gwern ap Rh Ian Jones
4. The local authority must:		
a) inform the referrer within 7 working days of the referral outcome	Not in the Response Plan at the moment. Will be added to the workstream under Theme 2.	Dylan Owen
b) engage with the child when they state that they are at risk of harm, abuse or neglect	Yes Theme 1: CPR-6 Theme 2: CPR-11	Dylan Owen
c) strengthen commissioning arrangements and the monitoring of service agreements	Not included in the Response Plan. This will be implemented in collaboration with the Social Services Business Service.	Dylan Owen
d) ensure regular involvement of key practitioners in strategy discussions	Yes Theme 2: NEW-3, NEW-7	Dylan Owen

COMMITTEE	Governance and Audit Committee
DATE	3 rd February 2026
TITLE	Arrangements for the Commissioning of Services – Gwynedd Council
PURPOSE OF THE REPORT	To update the Committee on the recently published report(s) by Audit Wales on the Council's Commissioning arrangements
ACTION	Members are asked to accept the report
AUTHOR	Arwel Evans, Procurement Manager

1. BACKGROUND

1.1. The Governance and Audit Committee has a function to review and assess the Council's risk management, internal control, performance management and corporate governance arrangements and as part of this function there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).

1.2. As well as considering reports in practice, committees are expected to assure themselves that arrangements are in place to monitor and evaluate progress against any recommendations contained therein.

1.3. A copy of **the report 'Arrangements for the Commissioning of Services – Gwynedd Council'** is included as **Appendix 1** with an organisational response document included as **Appendix 2** outlining what we as a Council intend to do to respond to the recommendations within the report.

1.4 It does not appear that there is any specific legislation regarding commissioning other than the well-being act that is specific to the Care sector. The Well-being of Future Generations Act sets out a general legal framework for how to design services.

1.5 Audit Wales do not provide sources of best practice or recommend standard guidance to follow in the field of commissioning.

2. METHOD OF THE AUDIT

2.1 Audit Wales noted that the objective of the audit was to find out when commissioning services, is the Council putting in place appropriate arrangements to ensure value for money in the way it uses its resources?

2.2 Criteria in Appendix 1 were used to conclude this by reviewing examples of the Council's work in the following areas:

2.3 The sample of service areas that we reviewed in the Council were:

- Adult Advocacy Service;
- Snowdon Sherpa bus network; and also
- Byw'n Iach Leisure Centres.

2.4 This audit did not include a review of the Council's procurement arrangements nor contract management arrangements.

3. FINDINGS OF THE AUDIT

3.1 Overall, the Auditor found that the Council cannot demonstrate that it achieves value for money as a matter of routine through its commissioned services. A summary of the main reasons why they came to this conclusion has been set out below:

- There is no systematic order across the Council. (Ref. 16)
- Lack of consideration and assessment of full commissioning options. (Ref. 17)
- Lack of use of information and data to make decisions. (Ref. 18)
- Lack of long-term resource planning (Reference 19&20)
- Lack of monitoring arrangements (Reference 21)
- Lack of a wider impact assessment on other services (Reference 22)
- Lack of involvement of partners and wider stakeholders (Reference 23&24)
- Lack of review of commissioning approach for improvement and learning (Reference 25)

4. RESPONSE TO THE AUDIT

4.1 The auditor made the following recommendations:

- Establish consistent commissioning arrangements
- Embedding arrangements across the Council

4.2 We have drafted a response form to the recommendations and the Council's **Corporate Commissioning Guidance has been attached in Appendix 3**. We will also look to review our impact assessment to incorporate any changes that are needed.

Attachments

Appendix 1 - Arrangements for the Commissioning of Services – Gwynedd Council

Appendix 2 – Gwynedd Commissioning Arrangements Managerial Response Form

Appendix 3 - The Council's Corporate Commissioning Guidance

Arrangements for commissioning services – Cyngor Gwynedd

Audit year: 2023-24

Date issued: June 2024

Document reference: 4973A2025

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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.

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Summary report

Why we did this audit

Our audit duties

- 1 We are carrying out this audit under the duties contained within:
 - section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) to help enable the Auditor General to be satisfied (or not) that the Council has put in place proper arrangements to secure value for money in the use of its resources; and
 - section 15 of the Well-being of Future Generations (Wales) Act 2015 to help enable the Auditor General to assess the extent to which the Council is acting in accordance with the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This audit may also inform a study for improving value for money under section 41 of the 2004 Act.

Our objectives for this audit

- 3 Our objectives for this audit are to:
 - provide assurance that councils have proper arrangements for commissioning services to secure value for money in the use of resources;
 - provide assurance that councils are acting in accordance with the sustainable development principle in commissioning services; and
 - explain how councils approach the commissioning of services and inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.
- 4 We are undertaking this audit at each of the 22 principal councils in Wales.

Why commissioning is important

- 5 Commissioning is the process by which the Council designs services it intends to deliver. It starts with defining the service and the desired outputs and outcomes and ends when the Council organises its method of delivery. For example, by establishing a delivery team internally, or through procuring an external supplier.
- 6 Commissioning arrangements can help to ensure services are delivered economically, efficiently and effectively. Conversely, weaknesses in commissioning arrangements can reduce both the impact and value for money of services, even if the processes which follow, such as procurement and contract management are robust.



What we looked at and what does good look like¹

- 7 We reviewed the Council's arrangements for commissioning services and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources.
- 8 This audit did not cover procurement arrangements or the Council's contract management arrangements.
- 9 The audit sought to answer the overall question: **In commissioning services does the Council put in place proper arrangements to secure value for money in the use of its resources?**
- 10 We used the audit criteria set out in **Appendix 1**, which also shows how the criteria relate to the audit questions. This has been informed by our cumulative knowledge as well as the question hierarchy and positive indicators we have developed to support our Sustainable Development Principle examinations.



Our audit methods and when we undertook the audit

- 11 Our findings are based on document reviews, and interviews with the senior officer(s) responsible for the development of the Council's strategic approach to commissioning. We also interviewed senior officers with responsibility for services that the Council has commissioned externally.
- 12 Given the wide range of council services, we undertook sample testing of the arrangements the Council has put in place to commission services. To do this we selected three services where the Council has taken the decision to commission services externally and examined the commissioning arrangements the Council has put in place. The sample of service areas we reviewed in the Council were:
 - An adult advocacy service commissioned jointly with Isle of Anglesey County Council.
 - The arm's-length Byw'n Iach leisure service.
 - The Sherpa'r Wyddfa network of bus routes, commissioned jointly with Eryri National Park Authority and Conwy County Borough Council.
- 13 The evidence we have used to inform our findings is limited to these sources. We undertook this work during December 2024 to February 2025.

¹ Defined as 'what should be' according to laws or regulations, 'what is expected' according to best practice, or 'what could be', given better conditions.

- 14 We are undertaking this work at each of the 22 principal councils in Wales and, as well as reporting locally to each council, we also intend to produce a national report.



What we found

- 15 Overall, we found that **the Council is not able to demonstrate that it routinely secures value for money through its commissioned services**. We set out below why we reached this conclusion.
- 16 We found that individual service areas clearly define the service the Council intends to commission and its intended outcomes. They can also describe how the commissioned service helps the Council meet its statutory duties. However, the Council does not have arrangements to ensure that this happens systematically across all service areas. Having a clear understanding of why services are being commissioned, what they are intended to achieve, and the different options available are important elements of arrangements to secure value for money.
- 17 The Council does not routinely conduct a comprehensive options appraisal of commissioning options before deciding to commission a service. We found that the Council commissions some services to external providers based on the previous delivery model for the service area rather than considering alternative options. There is also currently no corporate oversight of the contract periods across different service areas. This means, opportunities could be missed to secure value for money. For example, by better alignment between the service areas to prepare a more comprehensive options appraisal; or by identifying opportunities to commission services jointly across departments. By not considering the full range of possible delivery methods, the Council cannot be assured that the option it has chosen provides the best value for money. The scale of options appraisals can be applied proportionately according for example to the cost and complexity of the commissioned service.
- 18 The Council uses a broad range of information from internal and external sources to develop its understanding of the current and long-term factors that are likely to impact commissioned services. It has also identified information sources that will be useful when next making commissioning decisions and how it could improve its use of data. For example, data published by Transport for Wales will be pertinent to the next commissioning cycle for public transport, as will analysing service user comments already collected by the Council to establish the root causes of demand on a service.
- 19 The Council uses this information to plans individual commissioned services over an appropriate timeframe in accordance with the needs of that service area. The Council can describe why it has chosen the contract length for its commissioned services and how these periods will meet short-term needs. However, it less clear

how the Council's commissioning arrangements ensure its commissioned services meet long-term needs.

- 20 The Council has a limited understanding of long-term resource implications when commissioning services. The Council's budget includes short-term costs for its commissioned services, and the Council includes contractual clauses which set out the arrangements for managing additional future costs. However, it is unclear how the Council considers the whole-life costs of commissioned services as part of its commissioning approach. The Council has considered how some financial risks would impact commissioned services but has not modelled the impact of a range of future budget reduction scenarios. Considering both the long and short-term implications of commissioning decisions reduces the risk of not achieving value for money over the longer-term.
- 21 The Council does not have corporate arrangements to ensure that commissioned services consistently assess and monitor value for money. We saw examples of how services set out how the value for money of commissioned services will be monitored over the short, medium- and long-term. However, the lack of corporate arrangements to ensure this is done systematically makes it difficult for the Council to have oversight and assurance that value for money has been secured through its commissioned services.
- 22 The Council has a limited awareness of the wider impacts its commissioned services could have. The Council does not always consider alignment between its commissioned services and its well-being objectives. For example, only one of the commissioned services we reviewed referred to them. Similarly, the Council does not systematically consider how services can maximise their contribution to the well-being objectives of other public sector bodies. The Council also provided limited evidence of how it considers the impact its commissioned services could have on the national well-being goals. By not considering the wider impact of commissioned services, the Council risks missing opportunities to secure multiple benefits and avoid duplication.
- 23 The Council does not have arrangements to ensure it routinely involves those affected by commissioned services in their design and delivery. As a result, the Council does not have assurance that it considers the full diversity of views in deciding how to commission services.
- 24 The Council does not routinely identify all potential partners that it could work with to commission services for example jointly, or via other partnership models. We saw examples of partnership working where the Council has identified and pursued opportunities to improve value for money by commissioning services in partnership. However, the Council does not routinely consider all opportunities for partnership working across all service areas. Working with the right people and partners can help the Council ensure that it commissions services that meet the needs of its communities, and that it delivers those services in a way that maximise value for money.

- 25 The Council does not regularly review the effectiveness of its approach to commissioning. The Council does not widely share nor apply lessons learnt from its approach to commissioning across the organisation nor with partners. Evaluating the cost and effectiveness of commissioning arrangements is important to help identify areas for improvement, and share learning, and therefore to secure value for money.

Our recommendations for the Council

Exhibit 1: our recommendations for the Council

Recommendations

R1 Establish consistent commissioning arrangements

To enable the Council to assure itself that its decisions for commissioning services are consistently shaped by:

- Comprehensive options appraisal (paragraph 17);
- planning over an appropriate timescale and balancing short and longer term needs (paragraph 19);
- an understanding of the long-term resource implications (paragraph 20);
- setting out how it will assess and monitor value for money (paragraph 21);
- ensuring that wider impacts of commissioned services are maximised (paragraph 22); and
- working with the right people and partners to design and deliver the service (paragraphs 23 and 24).

R2 Embedding arrangements across the Council

To ensure services across the Council learn from commissioning activity, the Council should embed commissioning arrangements by:

- raising awareness of commissioning arrangements and expectations (paragraph 15);
- systematically evaluate the value for money of its approach to commissioning services (paragraph 25); and
- share learning from commissioning activity across departments and with external partners where relevant (paragraph 25).

Appendix 1

Audit questions and criteria

Overall question: In commissioning services does the Council put in place proper arrangements to secure value for money in the use of its resources?

Level 2 questions	Level 3 questions	Criteria
Does the Council have a clear rationale for commissioning services?	Does the Council clearly define the services it intends to commission and why?	<ul style="list-style-type: none"> • The Council sets out a clear definition of the services it intends to commission • The Council sets out 'why' it needs to commission the services including: <ul style="list-style-type: none"> – the intended outcomes/impact of delivering the service – if/how the service helps the Council meet its statutory duties
	Does the Council conduct a comprehensive options appraisal of commissioning options before deciding to commission a service?	<ul style="list-style-type: none"> • The Council considers the full range of commissioning options for providing the service – options might include for example: <ul style="list-style-type: none"> – in-house provision, – partnership arrangements or approaches to commissioning within and across sectors – externalising the service to another provider through a trust or other arrangement – contracting the service through a tender process • The Council considers the cost-benefits of the options from the perspective of economy, efficiency and effectiveness – including over the short, medium and long-term • The Council includes the costs of contract management within its assessment of commissioning options • The Council includes an assessment of risk for each commissioning option as part of the assessment of cost-benefits • The Council uses a broad range of information from internal and external sources to develop an understanding of the current and long-term factors that are likely to impact on commissioned services
Is the Council planning over an appropriate timescale?	Does the Council consider what long-term means when commissioning services?	<ul style="list-style-type: none"> • The Council considers what long term means in planning its approach to commissioning services – i.e. how far ahead it can/should plan and why. • The Council considers how it will balance short and long-term needs when planning the commissioning of services including for example

		when determining the timeframe for contracts or other commissioning arrangements
	Does the Council understand long-term resource implications when commissioning services?	<ul style="list-style-type: none"> • The Council thinks about the resources it will need over the medium and longer term (whole life costs) to deliver commissioned services • The Council considers how a range of future budget reduction scenarios could be implemented to commissioned services.
	Does the Council set out how it will monitor the value for money of commissioned services over the short, medium and long-term?	<ul style="list-style-type: none"> • The Council sets out the monitoring arrangements it will follow for the commissioned service • The Council should set out how value for money of commissioned services will be assessed and monitored including: <ul style="list-style-type: none"> – costs and benefits; and – Progress towards short, medium and longer term milestones and measures
Has the Council thought about the wider impacts its commissioned service could have?	In commissioning services, does the Council consider how it can maximise their contribution to the Councils well-being objectives?	<ul style="list-style-type: none"> • The Council considers how commissioned services will impact on all of its own well-being objectives to secure multiple benefits, avoid duplication or any unintended consequences. E.g. consideration of longer-term objectives, local supply chain, market resilience and impact of contract length of time, bio-diversity, carbon reduction
	In commissioning services, does the Council consider how services can maximise their contribution to the well-being objectives of other public sector bodies?	<ul style="list-style-type: none"> • The Council considers how commissioned services will impact on the well-being objectives of other public sector bodies to secure multiple benefits and avoid duplication or any unintended consequences
	In commissioning services, does the Council consider how services can maximise their contribution to the National Well-being Goals?	<ul style="list-style-type: none"> • The Council considers how commissioned services will impact on the national well-being goals to secure multiple benefits and avoid duplication or any unintended consequences
Is the Council working with the right people and partners to design and deliver its commissioned services?	Has the Council identified who it needs to involve?	<ul style="list-style-type: none"> • The Council understands who will be directly and indirectly affected by commissioned services. This has been informed by a stakeholder analysis or similar.
	Is the Council involving the full diversity of people?	<ul style="list-style-type: none"> • The Council involves the full diversity of views in deciding how to commission services. • The Council uses the results of involvement activity to inform how it will commission services, including its impact on groups who share protected characteristics
	Is the Council collaborating with the right partners?	<ul style="list-style-type: none"> • The Council has a good understanding of which partners and potential partners it could work with

		<p>to commission services to improve value for money. This has been informed by comprehensive analysis of potential partners and their priorities.</p> <ul style="list-style-type: none"> • Where opportunities to improve value for money by commissioning of services in partnership are identified, the Council pursues them.
Does the Council have arrangements in place to evaluate the value for money of its approach to commissioning?	Does the Council routinely evaluate the effectiveness of commissioning arrangements?	<ul style="list-style-type: none"> • The Council regularly reviews the effectiveness of its approach to commissioning including: <ul style="list-style-type: none"> – The extent to which commissioned services meet the objectives the Council has set – The value for money of chosen commissioning models including consideration of inputs, outputs and outcomes.
	Does the Council routinely share any lessons learned to inform future commissioning exercises?	<ul style="list-style-type: none"> • The Council shares and applies any lessons learned from its approach to commissioning widely across the organisation, and with partners where relevant.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Management response form

Audit Wales use only	
Audited body	Cyngor Gwynedd
Audit name	Arrangements for commissioning services
Issue date	19/06/2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
R1	<p>Establish consistent commissioning arrangements</p> <p>To enable the Council to assure itself that its decisions for commissioning services are consistently shaped by:</p> <ul style="list-style-type: none">• Comprehensive options appraisal (paragraph 17);• planning over an appropriate timescale and balancing short and longer term needs (paragraph 19);• an understanding of the long-term resource implications (paragraph 20);	<p>In accordance with the principles of Ffordd Gwynedd in establishing and reviewing the purpose of services, it is the duty of Managers and/or Head of Service to ensure that:</p> <ul style="list-style-type: none">• The need is clearly defined.• Ensure that an options appraisal has been completed.• Complete an impact assessment (Long-term – short and long term).• Create a business plan to assess resource needs (costs) including a	During the financial year 2026/27	Heads of Service

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
	<ul style="list-style-type: none"> setting out how it will assess and monitor value for money (paragraph 21); ensuring that wider impacts of commissioned services are maximised (paragraph 22); and working with the right people and partners to design and deliver the service (paragraphs 23 and 24). 	<p>timetable/expenditure profile, monitoring arrangements to ensure value for money and any other improvements sought.</p> <ul style="list-style-type: none"> Completion of impact assessment (Content) and (Collaboration). 		
R2	<p>Embedding arrangements across the Council</p> <p>To ensure services across the Council learn from commissioning activity, the Council should embed commissioning arrangements by:</p> <ul style="list-style-type: none"> raising awareness of commissioning arrangements and expectations (paragraph 15); systematically evaluate the value for money of its approach to commissioning services (paragraph 25); and 	<p>The Council's Corporate Services will:</p> <ul style="list-style-type: none"> Based on the principles of Ffordd Gwynedd create a Commissioning Plan/Corporate Business Plan. Include a clause in the Procurement Policy of the expectations prior to commencement of procurement procedure. Consider whether 	<p>By March 2027</p> <p>By March 2027</p>	<p>Procurement Manager</p> <p>Procurement Manager</p>

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
	<ul style="list-style-type: none"> share learning from commissioning activity across departments and with external partners where relevant (paragraph 25). 	<p>performance clauses can be incorporated into the agreement.</p> <ul style="list-style-type: none"> Share the findings of the audit and action plan with Heads of Services. Carry out a review if what is set out in A1 and A2 is completed with the Corporate Governance Group. <p>The Council's Services will:</p> <ul style="list-style-type: none"> Regularly report on performance measures paying particular attention to whether the service salutes purpose and delivers value for money. Share learning from commissioning activity across departments and with external partners where relevant 	<p>By March 2027</p> <p>By March 2027</p> <p>During the Departmental Performance and Improvement Meetings.</p> <p>During the Departmental Performance and Improvement Meetings, Management</p>	<p>Head of Corporate Services</p> <p>Head of Corporate Services</p> <p>Heads of Services</p>

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
			Meetings and Regional Meetings	

GWYNEDD COUNCIL COMMISSIONING GUIDANCE

What is Commissioning

Commissioning is the process of establishing what services are needed, now and in the future, to meet the needs of local people, and to ensure that they are designed and delivered in a way that meets any statutory duties.

The Commissioning Cycle

The commissioning cycle is important because it provides a systematic framework to understand needs, plan services, implement them effectively, and review outcomes to ensure resources are used efficiently and deliver better results for the community

Commissioning encourages us to consider in particular:

1. Analyse (Understanding Needs)

- Needs Assessment: Gather data on population needs, demand trends, and gaps.
- Stakeholder Engagement: Involve service users, communities, and partners early.
- Market Analysis: Understand provider capacity, risks, and opportunities.
- Policy Alignment: Ensure compliance with statutory duties (e.g., Well-being Act, equality).

2. Plan (Designing the Service)

- Define Outcomes: Focus on long-term, measurable improvements rather than just outputs.
- Co-production: Design services collaboratively with users and providers.
- Risk & Resource Planning: Assess financial sustainability and workforce implications.
- Social Value: Embed principles like prevention, sustainability, and community benefit.

3. Do (Implementing)

- Service Model Selection: Decide delivery approach (in-house, partnership, external).
- Contracting Approach: Choose flexible arrangements that support innovation.
- Performance Framework: Set KPIs linked to outcomes, not just activity.
- Communication: Maintain transparency with stakeholders during implementation.

4. Review (Evaluate & Improve)

- Impact Measurement: Assess whether outcomes and well-being goals are met.
- Continuous Improvement: Use feedback loops to refine commissioning strategy.
- Market Development: Support providers to adapt and innovate.

- Accountability: Report progress against statutory objectives and community priorities.

Service Design

The Well-being Act proposes a service design framework based on the 5 ways of working.

- **Long term:** the importance of balancing short-term needs with the need to safeguard the ability to also meet long term needs.
- **Prevention:** how acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
- **Integration:** considering how public bodies' well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
- **Collaboration:** acting in collaboration with any other person (or different parts of the body itself) that could help the body meet its well-being objectives.
- **Involvement:** the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Commissioning Plan

Each service is required to provide a commission plan which includes:

- An options appraisal.
- Details on intended outcomes and benefits.
- An analysis of the contribution the service makes to the Council's corporate priorities and to the Well-being of Future Generations (Wales) Act 2015.
- An equality impact assessment.
- Key stakeholders.
- Resources required.
- Risks and opportunities.

This plan must be complete before any procurement process to appoint a provider begins.

Further information

National framework for commissioning care and support: code of practice - [National framework for commissioning care and support: code of practice](#)

Future generations framework for service design - [Future Generations Framework for Service Design](#)

MEETING	Governance and Audit Committee
DATE	3 February 2026
TITLE	Audit Wales Reports
PURPOSE	Provide an update to the Committee on reports recently published by Audit Wales – Temporary accommodation, long-term crisis?
RECOMMENDATION	Members are asked to accept the reports.
AUTHOR	Lora Williams, Audit Lead, Audit Wales Dewi W. Jones, Council Business Support Service Manager

1. BACKGROUND

- 1.1. The Audit and Governance Committee has a role to review and assess the risk management, internal control, performance management and corporate governance arrangements of the Council and as part of this role there is an expectation to consider the reports of external review bodies such as Audit Wales, Estyn and Care Inspectorate Wales (CIW).
- 1.2. As well as actively considering reports the committee are expected to assure themselves that there are arrangements in place to monitor and evaluate progress against any recommendations contained in them.
- 1.3. A copy of the national report published by Audit Wales on ‘Temporary accommodation, long-term crisis?’ is included as **Appendix 1**. An organisational response document is included in **Appendix 2** which outlines what we as a Council propose to do in response to the recommendations within the report. An **Officer from the Housing and Property Department** will attend the meeting to respond to any questions if necessary.

Temporary accommodation, long-term crisis?

July 2025



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The Auditor General also audits local government bodies in Wales and conducts local government value for money studies.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg

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Summary report

Audit Snapshot

Why we did the audit

- 1 This audit was carried out to identify opportunities to improve the value for money of councils' approaches in responding to the demand for temporary accommodation. We also aimed to explain the cost and increase in demand for temporary accommodation and councils' plans to deal with these challenges. In addition, we set out to provide assurance on how public money is being spent to tackle the need for temporary accommodation and provide evidence on where change is needed.
- 2 In particular, we looked at how councils measure, and try to improve, the value for money of what they spend on temporary accommodation. We also looked at whether councils are adapting to a preventative approach by better equipping their workforce, working with partner organisations and improving their understanding of demand for temporary accommodation.

Temporary accommodation

- 3 Demand for temporary accommodation has increased almost five-fold in the last decade. A significant reason for this was the Welsh Government's 'no-one left out' approach which was adopted during the pandemic to ensure everyone had access to a safe place to live. The Welsh Government provided additional funding to councils to implement this policy. Due to continued high levels of demand and rising costs, councils are spending considerable amounts of money providing accommodation for people who are often in crisis.
- 4 Reducing demand for temporary accommodation is important for councils' future financial sustainability. It is also important to ensure they are able to provide the right support for often vulnerable people to help them towards better outcomes.
- 5 Where councils need to provide temporary accommodation, it is important that councils understand whether or not they are securing value for money. This means having an understanding of the both the cost and quality of provision. It also includes understanding whether they are providing people experiencing homelessness with a place to live which meets their needs, even if it is only a temporary home.

- 6 Even with a focus on prevention, councils are likely to always need to offer a small amount of temporary accommodation for people who are experiencing homelessness. However, if councils and their partners do not reduce demand for temporary accommodation, there remains a risk that short-term solutions become a long-term crisis both for public finances and for people experiencing homelessness.

What we found

- 7 We found that councils:
- are spending considerable amounts of money on temporary accommodation which in many cases does not meet people's needs;
 - do not understand whether they are getting value for money from their temporary accommodation;
 - have made limited progress with improving prevention of homelessness to achieve better outcomes and reduce costs;
 - find it difficult to predict demand for temporary accommodation in the medium to long term;
 - do not have clear plans in place to ensure their workforce is equipped to prevent demand for temporary accommodation; and
 - find it difficult to work well with partner organisations to prevent homelessness.

Focus of our recommendations

- 8 To support councils in overcoming these challenges, we have made recommendations aimed both at improving the value for money of temporary accommodation and reducing demand by preventing homelessness. These recommendations include:
- defining and evaluating value for money;
 - strengthening the planning of homelessness prevention through better use of data; and
 - modelling the impact of policy and legislation changes on councils' workforce needs.

Key facts and figures

- 9 The Housing (Wales) Act 2014 sets out the legislative framework governing housing and homelessness services. The Act outlines the requirements for councils to secure suitable accommodation for a person who is homeless or threatened to be homeless within 56 days.
- 10 Section 68 of the Act requires councils to provide interim accommodation ('temporary accommodation') if they believe a person is homeless, eligible for assistance and has a priority need for accommodation.
- 11 Temporary accommodation is often in the form of bed and breakfast (B&Bs), hotels, hostels or refuges, while a council undertakes investigations into eligibility (priority need, intentionality and local connection tests) or seeks to secure suitable accommodation.
- 12 The Welsh Government's 'Ending Homelessness in Wales: A high level action plan 2021-2026'¹ sets out key components to ensure homelessness is rare, brief and unrepeatable.
- 13 The Welsh Government introduced the Homelessness and Social Housing Allocation (Wales) Bill to the Senedd on 19 May 2025². The Bill aims to 'transform the homelessness system in Wales' and includes a focus on prevention and collaboration between public services, including a widening of responsibility for the identification and prevention of homelessness.
- 14 The Welsh Government has allocated significant investment to this area, including allocating £219.5 million to Homelessness Support and Prevention for 2025-26³.
- 15 Demand for temporary accommodation is significantly outpacing available accommodation. This is shown in **Exhibit 1**, which compares the number of people in temporary accommodation in a given month with the number of people moved into suitable long-term accommodation in that month, between August 2020 and March 2025.

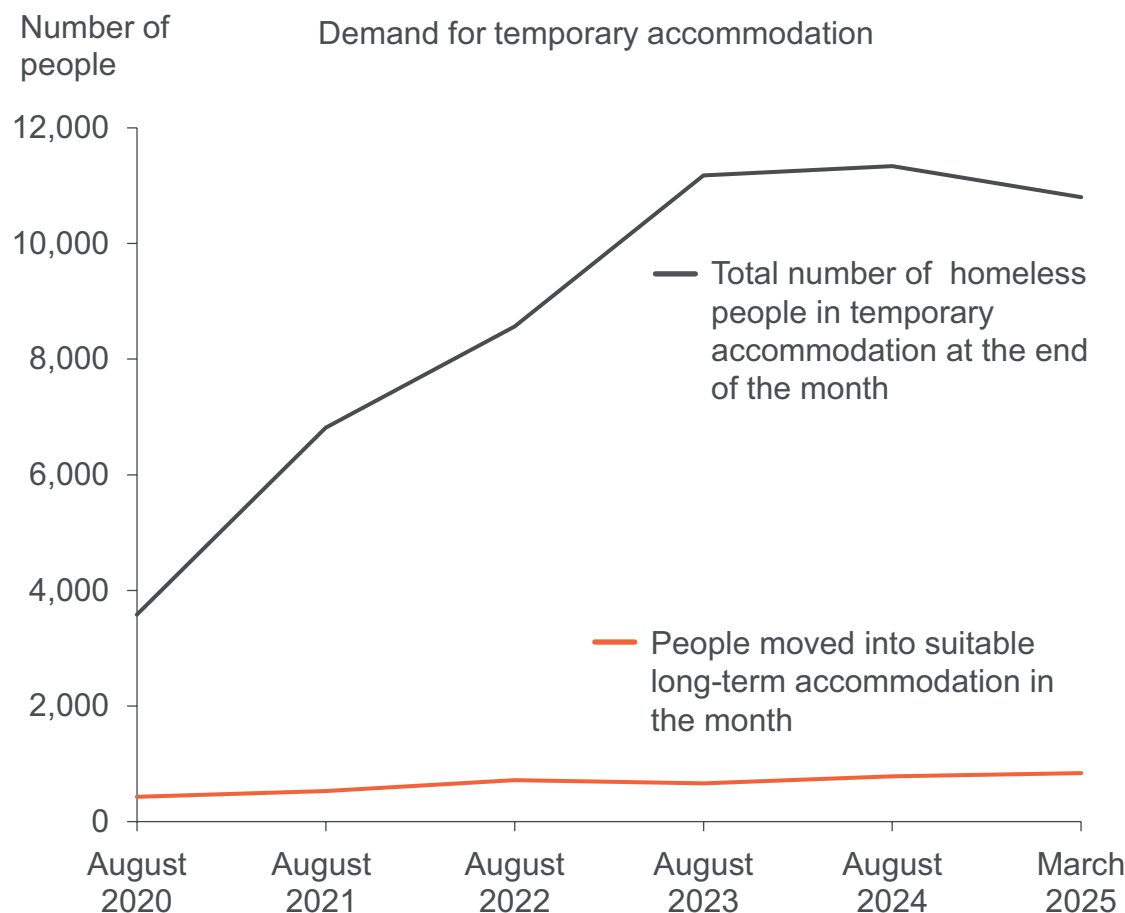
1 Welsh Government, [Ending Homelessness in Wales: a high-level action plan 2021-26](#)

2 Welsh Government, [Landmark Bill sets bold vision for ending homelessness in Wales](#)

3 Welsh Government, [Final Budget 2025 to 2026](#)

Exhibit 1: demand for temporary accommodation in Wales versus availability of suitable long-term accommodation from August 2020 to March 2025

The graph below shows the total number of homeless people in temporary accommodation over time compared with the number of people moved into suitable long-term accommodation between August 2020 and March 2025.



Source: The Welsh Government

Accessed 11 June 2025. Data in this series only available until March, hence the interval between this and the previous data point is seven months. The Welsh Government has told us that monthly data collection was introduced during the coronavirus (COVID-19) pandemic initially as Management Information. From January 2024, these data have undergone the appropriate quality assurance protocols for Official Statistics. Following the introduction of this collection, the Welsh Government worked with local authorities to develop the publication by strengthening the data collection guidance and to improve data quality. Due to this development, there was an improvement in data quality from April 2023. Month-to-month comparisons may not be reliable as there may be seasonal impacts on homelessness or other reasons for fluctuations.

- 16 In March 2025, 10,800 people were in temporary accommodation which represents a 200% increase since collection of this dataset started in August 2020. Of the people in temporary accommodation in March 2025, 24% were children under sixteen years of age⁴.
- 17 Repeat placements in temporary accommodation are common. In March 2025, almost 17% of placements into temporary accommodation were of individuals who had previously been placed into temporary accommodation within the last 12 months⁵.
- 18 There are many complex reasons for the increased demand for temporary accommodation. Some of these are illustrated in **Exhibit 2**.

Exhibit 2: Some of the drivers of demand for temporary accommodation

This exhibit illustrates some of the reasons why demand for temporary accommodation has increased in recent years.

Increased demand for temporary accommodation



Local Housing Allowance rates below market rate



Shortage of key workers to prevent homelessness



Increasing financial pressures on public services



Growing poverty levels and the cost-of-living crisis



COVID-19 pandemic and the Welsh Government's 'no-one left out' approach



Housing supply has not kept up with demand

Source: Audit Wales analysis

- 4 The information on data quality outlined in the source for **Exhibit 1** also applies to the data in this paragraph.
- 5 The information on data quality outlined in the source for **Exhibit 1** also applies to the data in this paragraph.

- 19 This rapid increase in demand for temporary accommodation has led to a significant increase in the amount councils spend on providing temporary accommodation. In 2019, councils spent around £28 million in total, whereas in 2023-24, this had increased to nearly £172 million⁶.

6 Source: Audit Wales survey data

We asked councils to provide figures for gross revenue expenditure on temporary accommodation for the financial years 2019-20 to 2023-24. We asked councils to exclude spending on preventative activity. There may be variations in how councils account for temporary accommodation expenditure and so these figures may include some funding from the Welsh Government.

Our findings

Councils spend a lot of money on temporary accommodation which is often not meeting people's needs

- 20 Stays in temporary accommodation are intended to be short, but increases in demand and lack of accommodation have led to people living in temporary accommodation for longer periods.
- 21 The Welsh Government has set out its aim for homelessness to be brief, rare and unrepeat⁷. To achieve this, the Welsh Government aims to focus on provision of long-term housing solutions to avoid prolonged stays in temporary accommodation.
- 22 There is likely to be a continued use of relatively high levels of temporary accommodation in the short to medium term, due to the difference between current levels of demand and suitable permanent accommodation. This includes people staying in temporary accommodation for longer periods whilst suitable accommodation becomes available. It is therefore important to ensure that temporary accommodation can support people's needs and well-being.

Temporary accommodation often does not meet people's needs and can cause harm

- 23 Living in temporary accommodation can have a significant impact on people's health and well-being. Current provision often does not meet the needs of people including, in particular, groups who share protected characteristics as well as children and young people⁸.
- 24 The Bevan Foundation and Shelter Cymru's report '[Nowhere to call home: Living in temporary accommodation](#)' highlights the experiences of people living in temporary accommodation. The report outlines that living in temporary accommodation can worsen people's mental health due to a range of reasons. These include poor quality accommodation, personal safety concerns, restrictions, abrupt moves and being placed far away from local networks and services such as schools.

7 Welsh Government, [Ending Homelessness: A high level action plan 2021-2026](#)

8 [Tai Pawb, Understanding the experiences of homelessness](#)

- 25 A 2023 study by The Reach Alliance⁹ found that living in temporary accommodation hinders children's ability to play, through, for example, a lack of physical space and strict visitor policies that mean children cannot invite their friends over to play.
- 26 Our fieldwork supports the view that in many cases temporary accommodation provision does not meet the needs of residents, can cause harm and is often not fit for purpose.
- 27 We heard of instances where families with young children and people in recovery from drug addiction were living in unsupported temporary accommodation alongside people with active drug addictions. We also heard examples of people developing substance addictions as a result of their temporary accommodation placement.
- 28 Well-being and personal safety concerns have been so significant for some people that they have chosen to become homeless rather than stay in temporary accommodation.
- 29 Councils told us that it is difficult to ensure temporary accommodation can meet a range of people's needs due to a lack of suitable accommodation, particularly for those with more complex needs.
- 30 However, we found some examples of councils taking a more proactive approach to understand the needs of those living in temporary accommodation and to use this to plan provision. We have included several practice examples from page 25 onwards.
- 31 Having a better understanding of the needs of residents and putting in place services to help meet those needs is more likely to improve outcomes for residents and improve value for money.

Councils do not assess the impact that restrictions placed on residents may have on their quality of life

- 32 Due to the lack of suitable accommodation, 19 councils told us that they often put restrictions in place to protect properties and the people living there.
- 33 Examples of restrictions include
- time curfews, such as residents being unable to enter or leave premises after 10pm each night;
 - limits to the visitors that residents are allowed;
 - bans on use of alcohol;
 - no pets allowed; and
 - no permission for residents to stay away, even to spend a night with family.
- 34 Most councils told us that that they assessed the impact these restrictions may have on users. However, we did not find evidence of councils documenting assessments of the impact these restrictions may have.
- 35 Third sector organisations we spoke to told us that the restrictions placed on people have a negative impact on people's lives. Examples included difficulties gaining employment due to time restrictions, the feeling of being imprisoned and feeling watched by CCTV. They also highlighted the significant impacts on children's well-being and development.
- 36 Fully assessing the impact restrictions may have on well-being provides councils with an opportunity to prevent harm by identifying alternative options or arrangements that can better support well-being. This in turn has the potential to help councils secure better value for money by achieving better long-term outcomes for residents.

Councils are spending significant resources on delivering temporary accommodation which is a risk to their financial sustainability

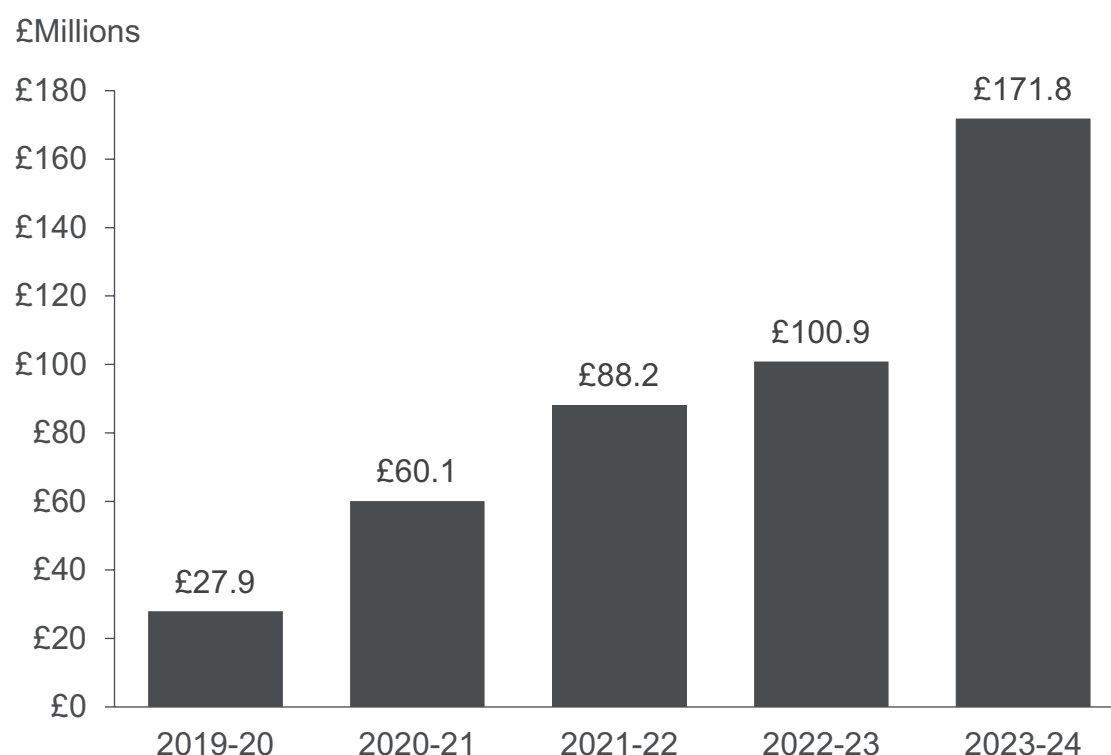
- 37 The total expenditure¹⁰ on temporary accommodation increased by 516% between 2019-20 and 2023-24. This is a rise from £28 million in 2019-20 to £172 million by 2023-24, as can be seen in **Exhibit 3**.

¹⁰ Source: Audit Wales survey data.

We asked councils to provide figures for gross revenue expenditure on temporary accommodation for the financial years 2019-20 to 2023-24. These figures may include some funding from the Welsh Government.

Exhibit 3: total expenditure (revenue and capital) for all councils between 2019-20 and 2023-24

This exhibit shows the combined increase in expenditure in cash terms on temporary accommodation for all 22 principal councils in Wales between 2019-20 and 2023-24.



Source: Audit Wales survey of councils

- 38 Councils spent £356 million of revenue and £92 million of capital funding on temporary accommodation from 2019-20 to 2023-24.
- 39 There are a number of reasons why the amount that councils spend on temporary accommodation has increased in recent years. These include increased demand, rising costs, the length of time that residents are staying in accommodation and complexity of their needs.
- 40 Our surveys indicate that councils are concerned current expenditure on temporary accommodation is not sustainable over the medium to longer term, and that it poses a significant risk to their council's overall financial sustainability.
- 41 This suggests that unless a different approach is taken, including more focus on reducing demand, the costs of providing temporary accommodation may become unsustainable.

What we mean by value for money

- 42 Value for money is about whether money is being used to deliver intended outcomes at the best price. This is also sometimes referred to as ‘cost-effectiveness’. Value for money is commonly associated with the ‘three E’s’ of economy, efficiency and effectiveness. We have summarised these as
- Economy – Getting the right deal – securing the necessary inputs, to help achieve intended outcomes, at the lowest possible cost
 - Efficiency – Doing things right – making the most of the inputs to generate outputs designed to achieve intended outcomes
 - Effectiveness – Getting the right results – achieving the intended outcomes for the short and longer term
- 43 Value for money is therefore not just about costs, but about the quality and effectiveness of the service delivered for the money spent. People living in temporary accommodation are often in a vulnerable situation and need support to help them move into stable and appropriate accommodation.
- 44 Councils have legal duties relating to value for money. The Local Government and Elections (Wales) Act 2021 places a duty on councils to review the extent to which they are using resources economically, efficiently and effectively¹¹.
- 45 Councils are also required to act in accordance with the sustainable development principle. As part of this they are required to balance both short and long-term needs when making decisions on the use of their resources. It is therefore important that value for money is also considered over the longer term. For example, the most cost-effective solutions may often be ones that prevent problems from occurring at all, or from getting worse.

Most councils do not fully assess the value for money of their temporary accommodation provision

- 46 Councils primarily focus on comparison of short-term costs to assess value for money. Our evidence suggests that councils think they have strong arrangements in place to monitor value for money. However, we found that councils generally focus on the cost of provision, but not the outcomes or value it provides.
- 47 In addition, many councils have not benchmarked the costs of their temporary accommodation provision. Less than a third of councils told us they had undertaken benchmarking of their costs. Without benchmarking the costs of temporary accommodation, it is difficult for councils to know if they are providing value for money and to identify areas where they can improve value for money.

11 [Local Government and Elections \(Wales\) Act 2021](#)

- 48 Overall, this suggests that there are weaknesses in councils' arrangements to assess and monitor value for money. It also suggests there is a difference between how well councils think they are assessing value for money, and how well this happens in practice. This makes it difficult for councils to know whether the money they are spending is being used cost-effectively and having the intended impact.

Most councils do not fully assess a range of temporary accommodation options

- 49 Assessment of a range of options for temporary accommodation is an important step in securing value for money. This helps to provide assurance that councils have chosen the option that will provide value for money over the short and long term.
- 50 We found that most councils do not fully assess a range of options when commissioning temporary accommodation. Most councils either do not assess any alternative options at all or have only compared temporary accommodation costs of one or two options.
- 51 For example, many councils are trying to increase private rented sector accommodation for use as both temporary and permanent accommodation. We found that councils are often only comparing the costs of private rented sector options against short-term hotel and bed and breakfast temporary accommodation costs, rather than against a range of other potential options. This makes it difficult for councils to know that they have selected the option(s) most likely to secure value for money.
- 52 Where some councils had considered options in more detail, they were able to identify options that reduced costs and improved quality of provision. For example, Carmarthenshire County Council identified that by utilising buildings no longer needed by the Council or being sold by private landlords, it could improve temporary accommodation quality and deliver significant savings to the council.
- 53 Councils told us that it is difficult to assess all options because they are grappling with increased complexity and levels of demand within a challenging financial context. Councils regularly have to make immediate decisions to provide accommodation the same day and so it is therefore difficult for them to assess a range of options.
- 54 There are also barriers outside of councils' control that can make it difficult to identify options. We heard that challenges in meeting the Welsh Housing Quality Standard can make it difficult to create new temporary accommodation through converting existing properties. For example, we heard of an instance of a council not being able to utilise ex-council housing for temporary accommodation due to one bedroom being centimetres too small.

- 55 We also heard that the local housing allowance rates are a barrier for councils because the rates are significantly lower than market housing rents in most areas. All councils had identified the gap between local housing allowance and market rates as an issue, but most had not undertaken modelling to understand the value for money implications different options may have. The few councils that have used these factors to assess their options have found ways to improve their provision despite these constraints.
- 56 Without assessing a range of options, councils cannot be assured that they have chosen the best option to secure value for money.

Councils do not have arrangements to ensure that the temporary accommodation they commission from external providers delivers value for money

- 57 Most councils that buy temporary accommodation on a room or unit basis, (such as from hotels), do not have processes in place to ensure they secure value for money. This is partly because councils often buy rooms ad hoc through 'spot purchasing'.
- 58 Some councils have been able to significantly reduce the costs of 'spot purchasing' by comparing nightly rates between providers or setting up corporate accounts to access discounts. But council officers described that councils are often at the 'mercy' of providers with regard to costs and quality due to an overall lack of accommodation. This is also supported by our surveys, which highlighted concerns that councils' temporary accommodation does not provide value for money.
- 59 Some councils hire staff with commercial skills to put in place block booking agreements with providers. The purpose of these agreements is to negotiate rates and reduce the risk of fluctuating costs by putting in place longer-term contracts. However, we heard that there are risks with this approach, as councils are sometimes paying for rooms they do not need.
- 60 Although the Welsh Government has set out the need to move away from the use of emergency, temporary and hostel services¹², some councils are likely to continue to source temporary accommodation from providers to manage demand in the short to medium term. It is therefore important that councils have arrangements in place to ensure that value for money can be secured when commissioning temporary accommodation providers.

Most councils that own temporary accommodation do not have clear and planned maintenance arrangements

- 61 Of those councils that own temporary accommodation, we found that most do not have clear maintenance arrangements in place to reduce repair costs and improve quality.
- 62 Poor quality accommodation does not deliver value for money because it negatively impacts on people's health and well-being and leads to additional costs. For example, some councils have incurred expensive repair costs and alternative accommodation costs where repairs have led to longer turnaround times between tenancies.
- 63 A few councils have maintenance plans for temporary accommodation and clearly defined responsibilities for responsibilities within the council. For example, Cardiff Council has a stock transformation plan, through which it assesses the quality of all of its accommodation provision and identifies the work required to bring it up to standard.
- 64 Having arrangements in place for maintaining temporary accommodation can help to prevent homelessness and therefore the resulting costs and impact on residents' quality of life.

Councils have made limited progress with improving prevention of homelessness to achieve better outcomes and reduce costs

- 65 The Welsh Government mandated that councils should improve early intervention and prevention, in 'Ending Homelessness in Wales: A high level action plan' in 2021¹³. This included a requirement for councils to develop rapid rehousing transition plans as part of their Housing Support Programme Strategies by the end of 2022.
- 66 We found that all councils are aware of the need to move from a reactive to preventative approach, however, the extent to which they have made progress with this is highly variable and limited overall.

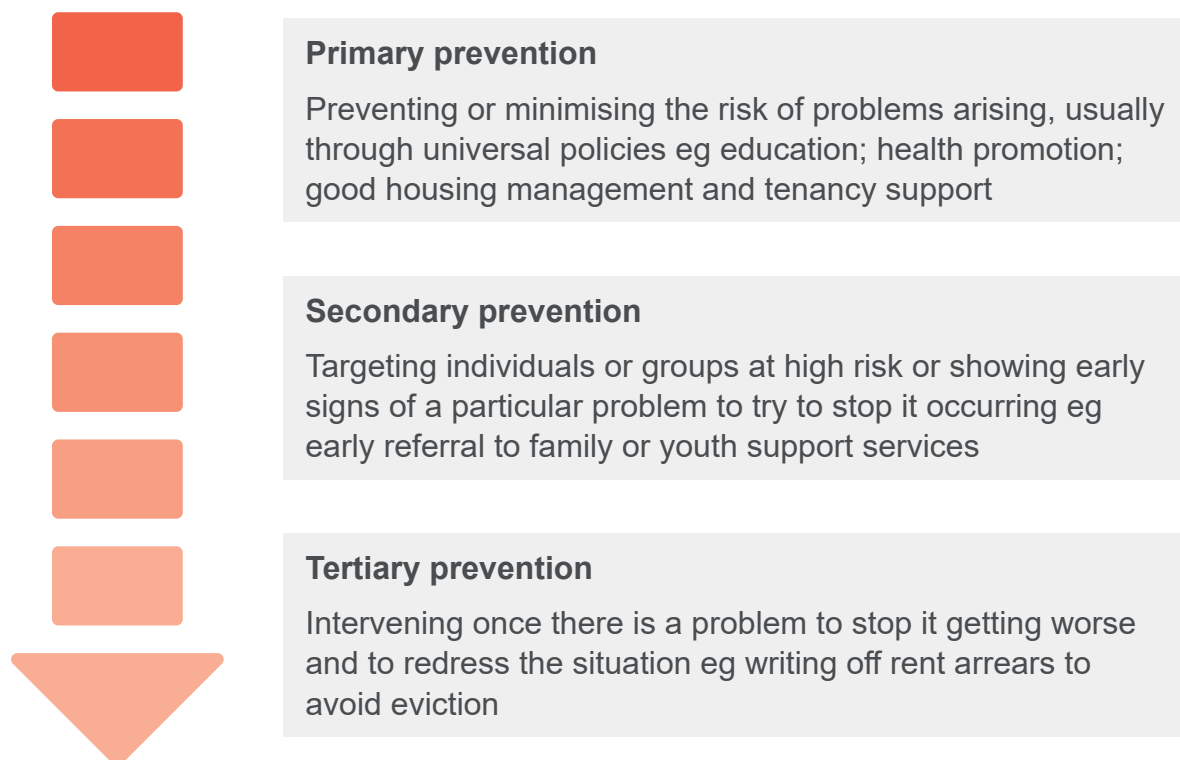
Councils are not planning effectively to prevent demand for homelessness services

- 67 There are three different tiers of homelessness prevention: primary, secondary and tertiary. As shown in **Exhibit 4**, primary prevention is the earliest form of prevention, followed by secondary, and then tertiary. 'Ending Homelessness in Wales' states that 'the earliest preventions are most effective and most cost effective and should always be the interventions of first choice'.

Exhibit 4: the tiers of homelessness prevention

The exhibit below summarises the three tiers of homelessness prevention and provides a summary description of each.

Most effective



Least effective

Source: Audit Wales graphic using text from 'Ending Homelessness in Wales'

- 68 We found that, while all councils have Rapid Rehousing Transition Plans in place, the quality of these plans is variable. Only around half of councils have plans which include primary, secondary and tertiary approaches to prevent demand for temporary accommodation. Other councils mainly include secondary and tertiary approaches in their plans.
- 69 Most councils make good use of data to help them understand barriers to prevention. However, only a few councils and their partners regularly assess how well their prevention approaches are working. Some councils carry out no evaluation at all, and it is not yet clear in most councils if their approaches to prevention have been effective. By not making use of the full range of preventative approaches, councils risk missing opportunities to prevent the need for temporary accommodation at the earliest opportunity and to address costs.

- 70 For example, Denbighshire County Council has used data to model the impact its plans could have. The Council's Rapid Rehousing Transition Plan sets out that investing £2.54 million in key priorities, such as action to reduce demand, could save up to £22 million in private bed and breakfast costs over ten years. This would be a saving of approximately £20 million and equate to a nearly 800% return on investment over that time. Whilst this is an estimate, it does suggest that there are significant cost savings that could be achieved by many, if not all, councils by more effectively planning to prevent demand for temporary accommodation.

Councils find it difficult to predict demand in the long term and many are not confident they will be able to meet that demand

- 71 To effectively reduce and prevent demand for temporary accommodation, councils will need to improve their understanding of demand for homelessness services, including temporary accommodation. They will also need to improve the way in which they identify people at risk of homelessness.
- 72 Councils have a good awareness of the drivers of demand for temporary accommodation in the short term, supported by good use of data. But councils find it harder to predict demand in the medium to long term. This was supported by our survey results which showed that councils are generally confident in their ability to predict demand for accommodation over the short term, but less so for the medium term, and even less for the longer term.
- 73 Over half of councils told us they did not have a fully costed, approved plan in place to resource the projected demand for temporary accommodation over the next three to five years. Many councils told us that they find it difficult to cost their plans for temporary accommodation in the short, medium and long term. This was due to not being able to accurately predict demand or forecast what the costs will be for private providers in the future.
- 74 Councils are heavily reliant on the Welsh Government's grant funding for delivering action to address temporary accommodation. This poses the risk that councils may struggle to fund temporary accommodation costs if the grant funding is withdrawn.
- 75 Some councils have undertaken more detailed planning. For example, of the eight councils that clearly had modelled future demand, most had modelled over a medium-term period (five years). Denbighshire County Council used a ten-year period, and Rhondda Cynon Taf County Borough Council has projected demand up to 2037.

- 76 We recognise that predicting demand is challenging, as demonstrated by recent unforeseeable events such as the pandemic and the cost-of-living crisis. However, using available evidence and data to try and predict demand can help councils to plan for long-term sustainability. It can also help councils to improve their financial planning for homelessness services and move to a more preventative approach.

Many councils do not have clear plans in place to ensure their workforce is equipped to prevent demand for temporary accommodation

- 77 Staff in homelessness teams often do difficult and demanding jobs. 'Ending Homelessness in Wales: A high level action plan 2021-2026' includes an action to 'develop a resilient and valued workforce recognised for their expertise'. The aim of this action is to promote the sector as a career and move towards a 'psychologically informed approach' in housing services. To move from a reactive to a preventative model, homelessness teams in councils will need to work in a different way and may require new skills.
- 78 The Welsh Government's 2024 survey of the housing and homeless workforce found that frontline housing workers in councils more commonly provided neutral or negative responses to the statement 'I am valued for my skills and experience' than frontline workers in other organisations¹⁴. Many respondents to the survey felt workloads and expectations on staff were too high and some raised concerns over how much of the workforce had appropriate skills to implement person centred trauma informed support¹⁵.
- 79 In response to our survey, 95.5% of councils agreed or strongly agreed that staff in their homelessness teams are under significant pressure and 50% had seen an increase in sickness absences in the homelessness service in the last two years due to workload pressures. Staff abuse, a lack of time to upskill and job satisfaction were given as key staffing challenges. Additionally, 45% of councils told us that they struggle to recruit effectively into their homelessness services and many raised difficulties with recruiting specialist staff.
- 80 Most councils have taken some action to equip their workforce with the requisite skills and increase capacity, for example, by creating dedicated staff posts to work on prevention and bringing dedicated social workers into housing teams. However, half of councils told us they had not yet modelled the impact of recent and likely future policy changes on the skills and capacity needed in their workforce, nor have they identified their future workforce needs.

14 Welsh Government, [Ending Homelessness Outcome Framework: Workforce Survey](#)

15 Welsh Government, [Ending Homelessness Outcome Framework: Workforce Survey](#)

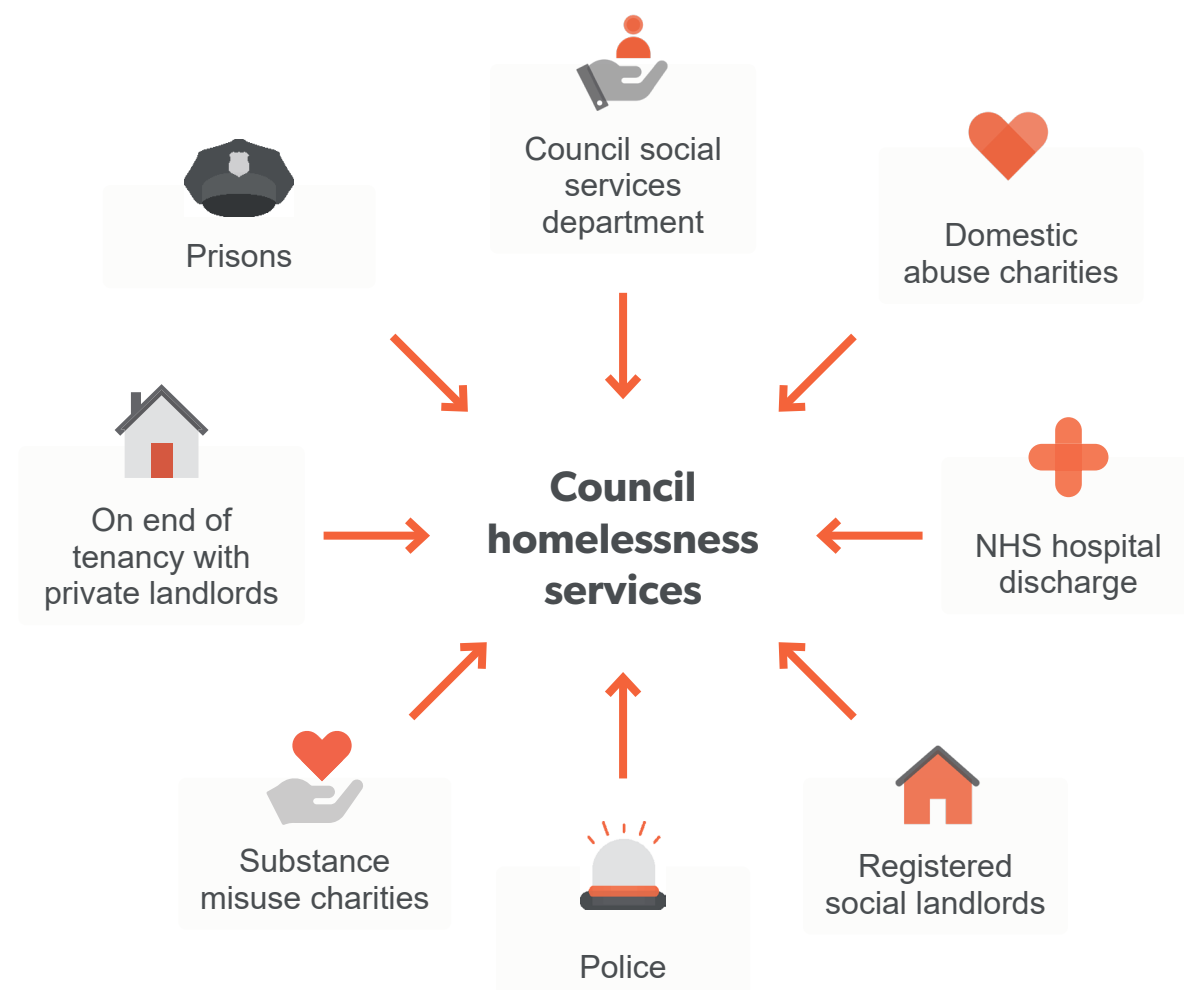
- 81 There has been a rapid increase in demand which has caused councils to focus on responding to this demand in the short term in order to meet their statutory duties. However, without a clear understanding of the future skills and capacity needed, councils risk failing to equip their workforce to work preventatively and being able to reduce demand for temporary accommodation.

Partnership working to prevent homelessness is not always effective or providing value for money and there is limited evaluation of it

- 82 There are many routes by which people access homelessness services. For example:
- on leaving prison;
 - after hospital discharge;
 - due to eviction by their landlord.
- 83 **Exhibit 5** illustrates more of these routes.

Exhibit 5: some of the routes by which people access homelessness services

The diagram below shows some of the routes by which people access homelessness services.



Source: Audit Wales analysis

- 84 Therefore, to improve prevention of homelessness, councils need to work with partners such as the prison service, the NHS and private landlords. They also need to work with third sector organisations which provide support, for example, substance misuse charities.

- 85 Generally, councils do not have a comprehensive understanding of which partners they could work with to help reduce homelessness. Responses to our surveys indicate that councils understand which partners they should collaborate with. But our interviews with council officers and document reviews show a more variable picture. Most councils have mapped some aspects of their homelessness service such as the mental health pathway. But they are not fully clear on who does what in preventing demand for temporary accommodation.
- 86 Partnership working is not always effective in reducing the demand for temporary accommodation. Most councils feel they have effective partnership working arrangements in place with key partners to address demand for temporary accommodation. However, our evidence suggests the effectiveness of partnership working is mixed. Many councils have effective partnership working arrangements for some pathways and/or partners, but rarely all. Some council officers also told us that due to pressure on other public services, they often end up 'plugging the gaps'.
- 87 If councils and their partners do not clearly understand their respective roles and responsibilities, there is a risk that services will be duplicated which could potentially waste resources. Or there may be gaps in services, which means councils and their partners could miss opportunities to identify and support people at risk of homelessness.
- 88 There is also limited evaluation of partnership working to prevent demand for homelessness. Only a few councils carry out any significant evaluation of its effectiveness. If councils do not evaluate the effectiveness of partnership working, it is difficult for them to know if they are providing value for money or to identify opportunities to improve homelessness prevention.

Ineffective prevention is reducing value for money in councils and the wider public sector

- 89 Missing opportunities to prevent homelessness and improve well-being for those experiencing homelessness is impacting on people's lives and leading to increased costs for councils. Councils are unlikely to achieve value for money from their temporary accommodation provision until they improve homelessness prevention. This is because preventing homelessness from occurring, or re-occurring is likely to both reduce the cost of providing temporary accommodation and improve outcomes.
- 90 Councils told us that difficulties in engaging with public sector partners is a significant barrier to improving homelessness prevention. This not only means that councils are not able to provide value for money for their homelessness prevention expenditure but also has financial implications for the wider public sector.

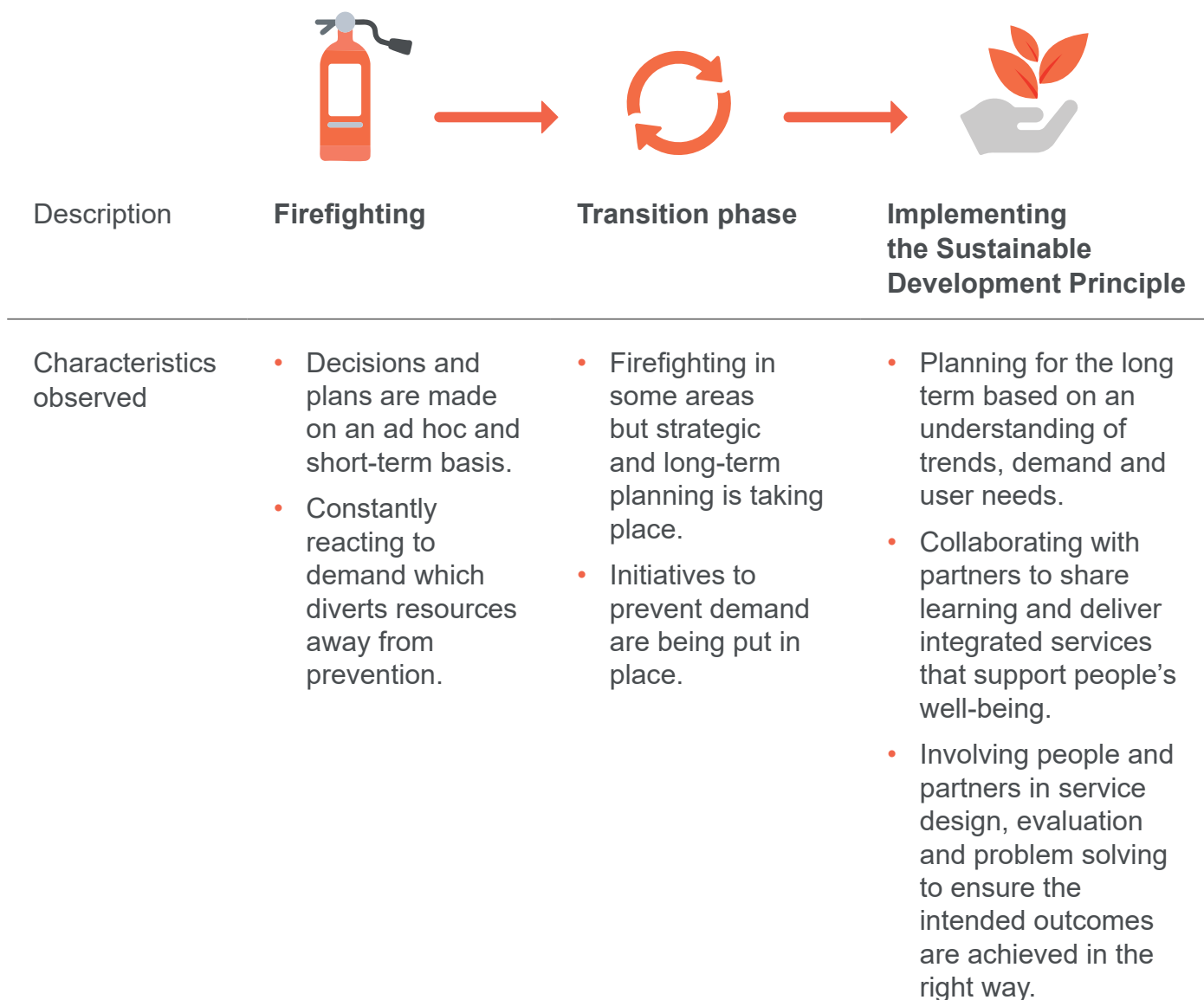
- 91 The Welsh Government commissioned an evaluation of homelessness interventions which included a value for money assessment¹⁶. This assessment found that while cost-benefits for the public sector can vary, a rehousing approach combining stable and suitable housing with the right support had the potential for significant cost avoidance for health, criminal justice, social care and homelessness services.
- 92 The financial benefits of successfully preventing demand for homelessness services and achieving better outcomes for people's lives may not always be seen within one organisation. Not being able to immediately or directly see the impact of money spent can make it difficult for councils and public bodies to invest in prevention or providing greater levels of support. However, there is potential for public bodies to secure better value for money by working together to ensure people have stable and suitable housing.
- 93 The Welsh Government outlined in 'Ending Homelessness' that acute spending to manage the impact of a strongly negative situation does little to prevent problems recurring in future. For example, the potential recurring cost of temporary housing for people who repeatedly experience homelessness or the long-term cost of supporting children who have suffered Adverse Childhood Experiences (ACEs) because of the loss of their home.
- 94 The human cost of homelessness is not quantifiable in the same way as the financial cost, but it clearly has a significant impact. Homelessness can lead to family separation and delays in children's development. It can also have a negative effect on health and wellbeing. A failure to improve prevention of homelessness is likely to cause considerable problems for councils and their communities, both in the short and longer term.

There are approaches that councils could potentially use to improve the current situation

- 95 Current financial challenges and increased demand for temporary accommodation in recent years means that many councils are operating in ‘firefighting’ mode. This means they are focused on managing demand, delivering statutory duties and providing accommodation in the short-term rather than working to prevent demand over the medium and longer-term. The risks of this approach were highlighted in the Auditor General’s report *From Firefighting to Future-proofing – the challenge for Welsh public services*¹⁷. We have summarised this in **Exhibit 6**.
- 96 Unless councils are able to focus more on prevention, alongside a stronger focus on the value for money of current provision, they will continue to provide an expensive service that risks not meeting people’s needs.

Exhibit 6 – from firefighting to future proofing

The exhibit below sets out a description and characteristics for the different stages of 'firefighting', 'transition phase' and 'implementing the sustainable development principle' in relation to public services.



Source: Audit Wales diagram informed by an infographic from the National Audit Office's guide [Improving Operational Delivery in Government](#)

97 We have identified practice examples that councils might find helpful to improve their approach to temporary accommodation provision. These have been grouped into four themes below.

Planning and using data

- 98 Neath Port Talbot Council has undertaken medium-term financial planning in relation to housing and homelessness. This identifies:
- recurring costs;
 - forecasted increases in demand including allowance for children transitioning to adulthood placements;
 - the investment needed for its transformation programmes;
 - cost of homelessness pressures;
 - the projected budget shortfall to meet the demand for temporary accommodation; and
 - the likely use of reserves is also stated across the full period.
- 99 Analysis of data has also enabled Neath Port Talbot Council to identify repeat episodes of homelessness and hospital admissions for people owed a statutory aftercare duty due to complex mental health needs¹⁸. The Council has developed a proposal to address this to deliver better support and outcomes for service users.
- 100 The Chartered Institute of Housing Scotland worked with partners to develop a framework for enabling a more consistent approach to monitoring rapid rehousing transition plans¹⁹. The framework is set out against the aims of homelessness being prevented, brief and non-recurring, and sets out indicators, measures and actions that councils can use to monitor progress in meeting these aims.
- 101 The Built for Zero²⁰ programme run by Crisis focuses on improving the use of data to understand who is experiencing homelessness, what they need to move into a home and how homelessness changes over time.

18 [Mental Health Act 1983](#)

19 [Rapid Rehousing Transition Plans Report](#)

20 Crisis UK, [Built for Zero: Together we will end homelessness](#)

Understanding and responding to the needs of those living in temporary accommodation

- 102 Carmarthenshire County Council has developed plans for a short-stay accommodation and support centre specifically for young people aged 18 to 25 with complex needs. The centre provides a protected environment where needs can be supported by a multi-agency team for up to six months, while permanent accommodation is found.
- 103 Conwy County Borough Council has developed two shared housing schemes which provide support and accommodation for people who are homeless upon release from prison.
- 104 Conwy County Borough Council has also placed an officer within some of its temporary accommodation to provide support for residents. This includes help with seeking employment and advice on available benefits. We heard that there has been high demand for this service, and it has led to successfully removing barriers that prevented some people accessing employment and, consequently, permanent accommodation.

Partnership

- 105 Homeless Link has created a partnership self-assessment tool²¹. This tool can help to assess current partnership arrangements and identify actions to strengthen arrangements where needed.
- 106 Crisis has developed a Homelessness Alliance²² in partnership with the UK Government. Local businesses can join the alliance by signing and implementing pledges that commit them to preventing their employees becoming homeless. This is designed to encourage local businesses to help prevent homelessness.

Assessing options

- 107 Greater Manchester Combined Authority and the UK Government developed a cost-benefit analysis tool²³ to assess the value for money to the public sector of different intervention options that may not be easy to compare. The tool can help partners work together to better understand the relationship between the money spent by the public sector as a whole and the benefits delivered. The tool is supported by guidance and a unit costs database that provides financial data on a range of public sector activities, including housing, health and social services. The tool can be used to support a better understanding of value for money of different options to meet and prevent demand for temporary accommodation.

21 Homeless Link, [Partnership self assessment framework](#)

22 Crisis UK, [Sign up to our Homelessness Alliance](#)

23 Greater Manchester Combined Authority, [Research: Cost Benefit Analysis](#)

- 108 Local Partnerships has developed a homelessness prevention model²⁴. The model can be used to help quantify the costs and benefits of homelessness prevention programmes.
- 109 Denbighshire County Council's Rapid Rehousing Transition Plan contains a detailed assessment of options over a ten-year period, including the financial impact per annum. The plan also sets out how the Council's chosen approach to temporary accommodation meets its aim to have accommodation that can be used flexibly as demand changes over time.
- 110 Neath Port Talbot Council found that it was operating most of its temporary accommodation at a loss. The Council modelled a range of options and identified that it would be more cost-effective to purchase the temporary accommodation it was leasing. This is because the Council identified that it could fully recover its costs within a few years and then be able to invest income generated from rents at local housing allowance rates back into the service.
- 111 Isle of Anglesey County Council has drawn on The Temporary Housing Dilemma – Strategies for Local Authorities²⁵ report published by Copping Joyce. The report contains a matrix that can help councils to assess the implications of different approaches to providing temporary accommodation.
- 112 The Hertfordshire Growth Board²⁶ has sponsored a review of temporary accommodation options to assist councils to better meet the housing needs of people living in temporary accommodation whilst securing value for money. Three proposals have been identified to have the highest potential to impact the supply and management of homelessness accommodation:
- development of a Hertfordshire Temporary Accommodation Predictive Model to better understand and manage future demand;
 - development of a multi-district or Hertfordshire wide accommodation pathway for homeless people with complex needs (originally a housing first service);
 - development or commissioning of hospital stepdown accommodation.

24 Local Partnerships, [Homelessness prevention report and tool](#)

25 Copping Joyce Surveyors, [The Temporary Housing Dilemma - Strategies for Local Authorities](#)

26 Local Government Association, [Joint Review of Temporary Accommodation Provision: how can we improve the availability of appropriate temporary accommodation across the county](#)

113 Success will be measured through:

- measurable improvements in the life chances for households in temporary accommodation;
- increased return on financial investment in provision of temporary accommodation; and
- increased collaboration and shared learning from experience by bringing together the required expertise into one co-ordinated programme.

114 This approach provides an example for how partners can work collaboratively to identify temporary accommodation options.

Increasing accommodation options and improving quality

115 We found examples of innovative solutions being used to try to improve the value for money of temporary accommodation and increase accommodation options:

- Cardiff Council has used modern construction methods to create accommodation on brownfield land. The Yr Hafan²⁷ site has delivered high quality, energy efficient temporary accommodation with support permanently on site and a community building to provide training, education and creche facilities for residents.
- Cardiff Council has a stock transformation plan through which it assesses the quality of all of its accommodation provision and identifies the work required to bring it up to standard.
- Linc Cymu Housing Association has created high quality, energy efficient homes on an underutilised car park for people previously living in temporary accommodation in Newport²⁸.
- Carmarthenshire County Council identified that it could deliver improved quality temporary accommodation to support residents' wellbeing and deliver significant savings to the council by utilising buildings that were no longer needed by the Council or being sold by private landlords.
- When a local landlord decided to sell a large number of homes, Neath Port Talbot Council identified an opportunity to increase social housing stock and prevent homelessness by working with local RSLs to purchase some of the properties. The Council is not stock holding, but collaborative working with the Welsh Government enabled the Council to increase its number of owned properties.

27 Cardiff Council, [Hafan \(Old Gas Works Site\) – Ferry Road, Grangetown](#)

28 Zed Pods, [Hill Street House](#)

116 There may be opportunities for some councils to work more with communities and the third sector to expand their provision and provide support to people living in temporary accommodation. Mapping out potential partners could help councils to identify new opportunities or opportunities to work more effectively with the third sector. Examples of initiatives run by the third sector include:

- Many organisations deliver Housing First schemes in Wales, including The Wallich and The Salvation Army. Housing First teams work closely with councils to rapidly find people a permanent home alongside intensive support to sustain their home.
- Depaul runs Nightstop which enables volunteer hosts to provide emergency overnight accommodation to young people.
- Housing Justice Cymru runs programmes such as:
 - Faith in Affordable Housing which brings redundant church land and buildings back into use as social housing;
 - Hosting Project which supports volunteer households to host refugees and asylum seekers; and
 - Citadel is a volunteer-led homelessness prevention project which provides support to people experiencing homelessness to find and/or sustain a tenancy and establish a home.



Our recommendations

Exhibit 7: recommendations

The table below sets out the recommendations that we have identified following this study.

Recommendations

Value for money

- R1 We found that councils are not able to demonstrate that they are securing value for money in their temporary accommodation provision. To address this councils should:
- ensure the full range of approaches and options for temporary accommodation provision are considered; and
 - set out how they will assess and monitor the overall value for money of temporary accommodation provision, including:
 - the intended outcomes; and
 - the information they will use to assess the economy, efficiency and effectiveness of their temporary accommodation provision.

Recommendations

Planning for prevention

R2 We found that while all councils have Rapid Rehousing Transition Plans in place, these are of variable quality. To effectively plan to prevent homelessness councils should:

- ensure they use relevant data to make the best possible estimate of future demand for homelessness services;
- include a range of primary, secondary and tertiary approaches in their plans, with the emphasis on primary prevention where possible;
- model the impact of policy changes on the skills and capacity needed in their workforce;
- identify the workforce they will need to address demand for temporary accommodation in the future; and
- set out how they will assess and monitor the economy, efficiency and effectiveness of their approach to preventing and reducing demand for temporary accommodation.

Partnership working

R3 We found that partnership working in preventing homelessness is often not effective. To improve this councils should:

- work with their partners to:
 - identify existing respective roles and responsibilities;
 - agree how to address gaps in and/or duplication of services;
- regularly evaluate the effectiveness of their partnership working for homelessness prevention.



Appendices

1 Audit scope, approach and methods

1 Audit scope, approach and methods

Scope

We sought to answer the question ‘Are there opportunities to improve the value for money of temporary accommodation services?’

To answer this, we looked at what councils are doing to ensure they secure value for money in their current approach to providing temporary accommodation. We also looked at whether councils are effectively preventing demand for temporary accommodation services.

We developed our audit criteria based on learning from our previous audits of Homelessness demand²⁹, Rough sleeping³⁰ and Poverty³¹. We also used research from relevant organisations and stakeholders on the key issues around temporary accommodation to inform these criteria.

Approach

Our approach in this audit has been to understand the cost of, and increase in demand for, temporary accommodation and councils’ plans to deal with these challenges. We aimed to identify how public money is being spent to tackle the need for temporary accommodation and provide evidence on where change is needed. We also aimed to support improvement by highlighting opportunities to improve value for money and citing examples of good practice.

We aimed in particular to consider the needs of, and outcomes for, people experiencing homelessness as part of this work.

29 [Audit Wales, How Local Government manages demand – Homelessness](#)

30 [Audit Wales, Rough Sleeping in Wales – Everyone’s problem; no-one’s responsibility. Audit Wales, July 2020](#)

31 [Audit Wales, ‘Time for change’ – Poverty in Wales. Audit Wales, November 2022](#)

Methods

Our fieldwork was completed between September 2024 and April 2025, utilising the following methods:

- document review: we reviewed key documents from all 22 councils. These included rapid rehousing transition plans, progress monitoring reports for rapid rehousing transition plans, and Medium Term Financial Plans. We also reviewed workforce plans, business cases and tender documents to support the commissioning of temporary accommodation. We also reviewed documents that evidenced long-term demand modelling and planning and agreements that underpin key partnerships.
- literature review: we reviewed key relevant policy and research documents.
- local interviews: we met with relevant senior officers and councillors from five councils.
- national interviews: we met the Welsh Government, research organisations and homelessness charities.
- surveys: we carried out surveys of the section 151 officers and heads of housing in all 22 councils. We received responses from all councils for both surveys.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Management response form



Audit Wales use only	
Audited body	Cyngor Gwynedd
Audit name	Temporary accommodation, long-term crisis?
Issue date	06/08/2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
R1	<p>Value for Money</p> <p>We found that councils are not able to demonstrate that they are securing value for money in their temporary accommodation provision.</p> <p>To address this councils should:</p> <ul style="list-style-type: none">• ensure the full range of approaches and options for temporary	<ul style="list-style-type: none">• The Homelessness Service has carried out an inspection of all properties used to accommodate households, including their facilities and owners based on Government-defined 'Fit and Proper Person' requirements. <p>As a result of those inspections, recommendations were made for improvements to the property and/or property business arrangements.</p>	Ongoing	Homelessness Manager	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
	<p>accommodation provision are considered; and</p> <ul style="list-style-type: none"> • set out how they will assess and monitor the overall value for money of temporary accommodation provision, including: <ul style="list-style-type: none"> - the intended outcomes; and also - the information they will use to assess the economy, efficiency and effectiveness of their temporary accommodation provision. 	<p>The intention is to continue with the arrangements to carry out these inspections on a regular basis. The Homeless Review (to comply with section 51 of the Housing (Wales) Act 2014) will take place during 2025/26 which will surely reinforce the work that has already taken place.</p> <ul style="list-style-type: none"> • The Service will continue to challenge costs on a regular basis, writing to property owners highlighting the emergency accommodation cost situation and setting an acceptable maximum nightly cost. • Following the creation of an internal system for recording and monitoring emergency accommodation bookings and expenditure, we have seen an improvement in the efficiency of our 	<p>Ongoing as required</p> <p>Ongoing</p>	<p>Homelessness Manager</p> <p>Homelessness Manager</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		<p>processes, and have a better overview of our spending. We will continue with these arrangements including setting up weekly meetings between our accountant, finance team and Homelessness Service Manager to monitor expenditure in order to identify patterns and proactively identify solutions.</p> <ul style="list-style-type: none"> • Meetings with the Council's Procurement Unit have been arranged to discuss the situation and emergency accommodation procurement options with the aim of facilitating arrangements and ensuring value for money. • Have and continue to identify suitable properties to buy for the purpose of accommodating homeless individuals e.g. Crown Building, Caernarfon and Tŷ 	<p>September 2026</p> <p>Ongoing</p>	<p>Homelessness Manager</p> <p>Assistant Head of Housing and Property</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		Glyn, Bangor. Our hope is that this will lead to savings and a better standard of accommodation for homeless individuals.			
R2	Planning for Prevention We found that while all councils have Rapid Rehousing Transition Plans in place, these are of variable quality. To effectively plan to prevent homelessness councils should: <ul style="list-style-type: none"> • ensure they use relevant data to make the best possible estimate of future demand for homelessness services; • include a range of primary, secondary and tertiary approaches in 	<ul style="list-style-type: none"> • It is unclear whether this is a problem in Gwynedd, and our Rapid Rehousing Plan has been praised by the Government. • We can confirm that the Action Plan of our Rapid Rehousing Plan is currently being reviewed and that progress has been made. <p>As mentioned above, we are embarking on a Homelessness Audit which will eventually form the basis for our Homelessness Strategy. Alongside this we are</p>	End of 2026	Commissioning Team Leader	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
	<p>their plans, with the emphasis on primary prevention where possible;</p> <ul style="list-style-type: none"> • model the impact of policy changes on the skills and capacity needed in their workforce; • identify the workforce they will need to address demand for temporary accommodation in the future; and • set out how they will assess and monitor the economy, efficiency and effectiveness of their approach to preventing and reducing demand for temporary accommodation. 	<p>undertaking a Needs Assessment as part of the planning process for the Housing Support Grant which will form the basis of the Housing Support Strategy. According to the latest expectation from the Government, both these strategies will be merged into a single Housing Support and Homelessness Strategy. While the timeline for the rollout of these strategies has been extended to April 2027, we plan to roll out our strategy before the end of 2026.</p> <ul style="list-style-type: none"> • This Strategy, based on the information identified in the Needs Assessment and Homelessness Review, will consider all options for the provision of homelessness 			

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		<p>prevention services, whether statutory or otherwise.</p> <ul style="list-style-type: none"> • A rapid rehousing ethos will be woven into the strategy to ensure that those values underpin the strategic direction of the strategy. • In terms of data, a new computer system allows us to get a better overview of a situation and key data. The specification was formulated with data needs in mind, ensuring that our decisions are data-driven. • We have commissioned research from the Council's in-house Research and Analytics Unit to look at presentation patterns with a view to proactively trying to prevent cases. 	<p>March 2026</p> <p>Ongoing</p>	Homelessness Manager	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		<ul style="list-style-type: none"> We have purchased and continue to purchase properties across the county to proactively try to prevent homelessness. We have identified critical roles in workforce planning and ensured we have staff in place to respond to demand. Continue to report on levels of homelessness prevention through the Council's internal Performance Challenge and Support procedure. Established a "Homelessness Group" which reports to the Chief Executive and Cabinet Member. During the meeting, the Council's homelessness situation is reported to highlight efficiency and identify 	<p>September 2025</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Assistant Head of Housing and Property</p> <p>Head of Housing and Property</p> <p>Head of Housing and Property</p> <p>Head of Housing and Property</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		key patterns, including preventative work.			
R3	<p>Partnership Working</p> <p>We found that partnership working in preventing homelessness is often not effective. To improve this councils should:</p> <ul style="list-style-type: none"> • work with their partners to: <ul style="list-style-type: none"> - identify existing respective roles and responsibilities; - agree how to address gaps in and/or duplication of services; • regularly evaluate the effectiveness of their partnership working for homelessness prevention. 	<ul style="list-style-type: none"> • Again, it is unclear whether there is evidence of a lack of partnership working in Gwynedd, and WG has recognised the Gwynedd Housing Partnership as an example of good partnership working practice. • However, it is true that there is increasing pressure on every single public area in Wales e.g. probation service, health service, which in turn makes it increasingly difficult for organisations to work in partnership due to conflicting priorities. 	October 2025		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		<ul style="list-style-type: none"> We have asked that this issue be included on the agenda of a meeting between North Wales local authorities and the WG's Housing Minister in October 2025. Continue to discuss in the Partnership Board Allocation and Lettings sub-group. Further information is expected following the new Homelessness Bill in light of its recommendations to make partnership working statutory. We are ready to respond when that happens. As referred to above, the Needs Assessment and Homelessness Review will ensure that there is comprehensive engagement and consultation with partners and 	<p>Ongoing</p> <p>Ongoing</p>	<p>Head of Housing and Property</p> <p>Assistant Head of Housing and Property</p> <p>Homelessness Manager</p>	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales Only
		<p>stakeholders in the field of homelessness and homelessness prevention. It is anticipated that the Housing and Homelessness Support Strategy will encompass themes of partnership working across the field and will search for opportunities to do so in order to mitigate the impact of homelessness. The content of the strategy will also incorporate the changes brought about by the introduction of the Homelessness and Social Housing Allocation Act where there is an emphasis on partnership working.</p>			

Forward Programme of the Governance and Audit Committee to March 2027

May 2026

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 Reports and Organisational Response

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September 2026

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Annual Report of the Governance and Audit Committee 2025-26

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

Recommendations And Improvement Proposals of External Audit Reports

The Council's Arrangements for Dealing with Complaints

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Final Accounts for the Year Ended 31 March 2025 and Relevant Audit
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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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November 2026

Implementing the Decisions of the Committee
Treasury Management 2026-27 Mid-Year Review
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Implementing the Decisions of the Committee
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Capital Programme 2026/27 – End of November 2026 Review
Savings Overview: Progress Report on Realising Savings Schemes
Audit Wales Reports
Savings 2027/28
Capital Strategy 2027/28 (including Investment and Borrowing Strategies)
Budget 2027/28
Governance Risks Mid-Year Update
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March 2027

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Review of the Committee's Self-Assessment Work Programme

Treasury Management Quarterly Report

Half-yearly Risk Report

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Internal Audit Strategy and Annual Internal Audit Plan 2027/28

Recommendations And Improvement Proposals of External Audit Reports

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